

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

Rulemaking 22-07-008/15/22
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**OPENING COMMENTS OF THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE ORDER INSTITUTING RULEMAKING TO ADVANCE DEMAND
FLEXIBILITY THROUGH ELECTRIC RATES**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

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The Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates this opportunity to submit its Opening Comments on the Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates (OIR), pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission) and the instructions accompanying the official OIR served on July 22, 2022.

**I.
BACKGROUND**

CEERT is a nonprofit public-benefit organization founded in 1990 and based in Sacramento, California. CEERT is a partnership of major private-sector clean energy companies, environmental organizations, public health groups and environmental justice organizations. CEERT designs and fights for policies that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West. CEERT is working toward building a new energy economy, including cutting contributions to global warming, and reducing dependence on fossil fuels. CEERT has long advocated before the Commission for increased use of preferred resources and for California to move towards a clean energy future.

CEERT has been a party to numerous other Commission proceedings, including, but not limited to, the Resource Adequacy (RA) rulemakings (R.17-09-020, R.19-11-009, and R.21-10-

002), Extreme Weather rulemaking (R.20-11-003), the Integrated Resources Plan rulemakings (R.16-02-007 and R. 20-05-003), Demand Response (DR) rulemaking (R.13-09-011), and the Long-Term Procurement Plan (LTPP) rulemakings (i.e., R.12-03-014, R.13-12-010).

II. SUMMARY

CEERT has long advocated for moving away from reliance on fossil fuel generation, including the elimination of combustion of fossil fuels. As such, CEERT appreciates the Commission opening this new demand flexibility proceeding to examine new approaches to ratemaking that will encourage and provide incentives for distributed energy resources (DERs). The Demand Flexibility Whitepaper is extremely ambitious, but if it can be implemented in a timely manner it would be a critical step in the right direction. However, CEERT is concerned about the numerous delays that have occurred at the Commission since grid reliability concerns have been elevated to an “emergency” starting in 2020. The Commission’s responses to date have not provided sufficient focus on demand side measures to address that emergency.

As such, this proceeding needs to be given high priority. However, the Commission must ensure that this proceeding does not impede other current Commission proceedings, which are exploring and implementing real time pricing and dynamic rates that can be foundational building blocks for the advanced ratemaking approaches that may be examined in this proceeding or elsewhere as a result of the Demand Flexibility Whitepaper. As that Whitepaper made clear, real-time pricing and dynamic rates are critical steps toward achieving the changes hoped for by this OIR.

III.
**THE COMMISSION MUST ACKNOWLEDGE THE CONTEXT SURROUNDING THE
OPENING OF R.22-07-005**

The Order Instituting Rulemaking fails to fully account for the fact that this proceeding is long overdue or that there are now numerous rate pilots and rates being developed for DERs in general rate cases (GRCs) and applications. In 2018, California Solar & Storage Association, California Energy Storage Association, Enel X, Engie Services, Engie Storage, OhmConnect, Inc., Solar Energy Industries Association and Stem, Inc. (Joint Petitioners) submitted a Petition to open a rulemaking to consider whether to order the state’s large electric investor-owned utilities (IOUs) to offer optional real-time pricing (RTP) tariffs to all customer classes and if so, whether to order the IOUs to offer other less complex dynamic rates.¹ On March 19, 2019, the Commission issued Decision (D.) 19-03-002 which is the Decision Denying Petition to Open a Rulemaking to Consider Real Time Pricing for Electricity and Demand Charge Reforms.² D.19-03-002 denied the Petition and stated:

“These issues were within the scope of rate design proceedings concluded in the previous 12 months. Furthermore, these issues are either scheduled for consideration in upcoming proceedings, or are otherwise more appropriately considered in normally scheduled rate design proceedings for the state’s large electric utilities. Petitioners are encouraged to raise the petition’s recommended scoping issues in those proceedings.”³

As a result of this, stakeholders raised these issues in each IOU’s individual general rate case (GRC) 2 applications and separate IOU applications.

The fact that this proceeding was not issued until over three (3) years after the issuance of D.19-03-002 is of extreme concern to CEERT. During that time there has not been any effort to reform rates with a goal of advancing demand flexibility. In July of 2022, Governor Newsom

¹ Petition 18-11-005, submitted November 6, 2018.

² D.19-03-002.

³ *Id.*, at p. 1.

committed to spending \$53.9 billion in order to meet California’s climate goals. Clearly, the need for rate reform is urgent. As such, this proceeding must move quickly in order to ensure that DERs and demand flexibility are adequately supported through rates, as opposed to funding fossil resources as so-called strategic reserves.

CEERT supports the goals of this proceeding but wants to ensure that the ongoing efforts in individual IOU GRC applications and other rate-related applications based on direction from the Commission in D.19-03-002 are not negatively impacted by this proceeding. For example, in D.21-11-017 the Commission authorized Pacific Gas and Electric (PG&E) to implement an optional day-head real time rate for commercial electric vehicle customers.⁴ This decision is one of many that was issued after hard work by stakeholders to develop a rate that would help expand the use of electric vehicles.

IV. THIS PROCEEDING REQUIRES HIGH PRIORITY

Time is of the essence and this proceeding must be given the highest priority. This proceeding, if done timely and effectively, could make a real difference in assisting customers, both large and small, to make a difference to their electric bills when they use power. However, foundational work needs to be done and it needs to be done quickly. It is imperative that these rates be put into practice as soon as possible in order to determine what works and what does not. There are rate structures that may appeal to economists but that customers may not understand or respond to in a meaningful way. Putting rates into practice as soon as possible will help create the environment among service providers that can move this initiative forward more smoothly.

Furthermore, while there is discussion of 2024 as being the year that is of concern because of the closure of Diablo Canyon and the retirement of once-through cooling plants, these

⁴ D.21-11-017.

opt-in rates should be implemented by Summer 2023 in order to prepare for these events and build momentum in implementation. Furthermore, while procurement of demand-side resources appears to be out of scope for this proceeding, CEERT recommends that the Commission reconsider that stance either here or in a new proceeding in order to procure DERs that address reliability needs.

**V.
CEERT COMMENTS ON CATEGORY, NEED FOR HEARING, AND SCHEDULE**

CEERT does not object to the preliminary determinations regarding category, need for hearing and schedule.

**VI.
CONFIRMATION OF PARTY STATUS**

Pursuant to Section 7 at page 11: “Persons who file responsive comments become parties to the proceeding (*see* Rule 1.4(a)(2)) and will be added to the ‘Parties’ category of the official service list upon such filing.” By filing these responsive comments, therefore, CEERT requests “party status” and inclusion on the service list of R.22-07-005 as a party as follows:

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**VII.
CONCLUSION**

CEERT appreciates the Commission’s consideration and the opportunity to provide Opening Comments on the OIR.

Dated: August 15, 2022

Respectfully submitted,

/s/ MEGAN M. MYERS

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