



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking To
Advance Demand Flexibility Through
Electric Rates.

Rulemaking 22-07-005

(Filed July 14, 2022)

**OPENING COMMENTS OF TEMIX INC. TO COMMISSION ORDER
INSTITUTING RULEMAKING TO ADVANCE DEMAND FLEXIBILITY
THROUGH ELECTRIC RATES**

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I. Introduction

TeMix Inc. is pleased to submit the following Opening Comments to the *Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates* (“OIR”) issued on July 22, 2022, with an effective date of July 14, 2022, known as CalFUSE.

TeMix is a California transactive energy services company that has led in the creation of standards and tariffs and in development and demonstration of secure, scalable platforms for dynamic pricing and transactive energy.

Currently, TeMix is providing information technology and consulting services for two demonstration projects of the CPUC’s CalFUSE initiative: one with Southern California Edison (SCE), and the other with Valley Clean Energy (VCE) and Pacific Gas and Electric (PG&E), authorized by Rulemaking 20-11-013.

II. Introduction

TeMix’s comments address Section 3.1, Preliminary Issues, as follows:

“How should the Commission update the rate design principles to enable widespread flexibility to improve system reliability and advance the state’s climate goals in an affordable and equitable way?”

Consistent with the CalFUSE approach, TeMix offers two changes to the ten rate design principles outlined in the CPUC’s R12-06-013. Our suggested two changes are in bold type.

1. *Low-income and medical baseline customers should have access to enough electricity to ensure basic needs*
2. ***Rates should be bi-directional (buy or sell) and be based on ~~marginal cost~~ scarcity pricing recovery of costs***
3. *Rates should be based on cost-causation principles’.*
4. *Rates should encourage conservation and energy efficiency*
5. *Rates should encourage reduction of both coincident and non-coincident peak demand.*
6. ***Rates should ~~be stable~~ incorporate subscriptions for bill stability, understandability and ~~provide~~ customer choice.***
7. *Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals.*
8. *Incentives should be explicit and transparent.*
9. *Rates should encourage economically efficient decision making.*
10. *Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.*

“Should the Commission consider and/or authorize additional pilots, tariffs, programs, and/or studies to make demand flexibility options available to each customer class? If so, what factors should the Commission consider in assessing whether to authorize?”

TeMix suggests the Commission should authorize the CalFUSE tariff as *opt-in* for all customer classes, as soon as possible. The Commission should support further demonstration projects and other means to facilitate more rapid adoption of the CalFUSE approach, e.g., regular state-wide workshops.

“How should the Commission reform demand charges for consistency with the adopted rate principles and demand flexibility guidance?”

TeMix suggests demand charges should be eliminated and replaced by scarcity pricing that places high prices on periods of highest system and circuit loading and low prices on periods of low loading while only and fully recovering allowed costs. This will simplify rate design and accomplish the same purpose as demand charges including recovery of fixed costs. Scarcity pricing will also encourage shifting of load from thermal to renewable sources.

“How should the Commission reform fixed charges for recovery of certain authorized utility costs in accordance with the adopted rate principles and demand flexibility guidance?”

Most utility costs are fixed especially with electrification and decarbonization. The intent of scarcity pricing is to recover more of these costs when the system is stressed. Thus, TeMix suggests the Commission should encourage recovery of all costs, so called “fixed and variable, through scarcity pricing.

“How should the Commission consolidate, modify, or eliminate existing tariffs for consistency with the adopted rate design principles and demand flexibility guidance?”

Existing tariffs would be replaced with CalFUSE tariffs. The subscription component of the tariff can be adjusted so the customer’s total bill remains about the same as the new rate design is implemented.

“How should the Commission ensure universal access to dynamic electricity prices by customers, devices, distributed energy resources, and third-party service providers? How should systems needed for universal access be funded, built, operated, and maintained?”

The Commission should make the CalFUSE approach permanent for IOU distribution operators and encourage adoption by other distribution operators and load serving entities.

The distribution operators and load serving entities should fund the development, implementation and operation and maintenance to ensure universal access. The Commission should oversee the IOU adoption of the platforms to ensure interoperability among adopters.

“How should the Commission inform customers about dynamic rates, ease customers’ transitions to these rates, help them manage and plan their electricity usage, and protect them against bill volatility?”

TeMix supports customer education following the last Rate Design Principle, “Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates and minimizes and appropriately considers the bill impacts associated with such transitions.”

“How should the Commission ensure stable and adequate revenue collection for utilities through demand flexibility rates?”

The subscription component of the CalFUSE rate can be used to ensure stability and adequate revenue collection while allow for highly dynamic rates for more or less usage relative to the subscription for widespread demand flexibility.

III. Conclusions

TeMix applauds the Energy Division for its initiative. This demand-side approach is consistent with current policy and will greatly reduce the complexity of tariffs and programs, especially with increasing renewables, storage, and electrification of transportation by enabling widespread demand flexibility through electric rates.

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Respectfully submitted,

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