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11/03/25

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A2403019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California
Edison Company (U 338-E) to Establish
Marginal Costs, Allocate Revenues, and
Design Rates.

Application 24-03-019

PUBLIC ADVOCATES OFFICE OPENING BRIEF

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November 3, 2025

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND AND OVERVIEW	1
II. PROCEDURAL MATTERS	1
III. DISCUSSION.....	2
A. The Commission Should Reject SCE’s PRIME Plus Proposal.....	2
1. SCE’s Proposed TOU-D-PRIME Plus’ On-Peak Demand Charges Do Not Target Hours of Highest Marginal System Stress.	3
2. The Design of SCE’s Proposed TOU-D-PRIME Plus Fails to Incent Consistent, Beneficial Load Reductions.	3
3. SCE’s Claims of Customer Interest and Load Response Are Unsubstantiated.....	4
4. SCE’s TOU-D-PRIME Plus Proposal is Not Supported by Demonstrated Benefits Superior to Existing Dynamic Rate Pilots.....	6
B. The Commission Should Reject SEIA’s Marginal Transmission Cost Proposal and Give No Weight to SEIA’s Testimony on a Time Differentiated Transmission Rate.....	7
1. SEIA’s Inflated MTCC Does Not Align With Actual Costs.	8
2. SEIA’s Proposal Is Premature Given the Commission’s Ongoing Transmission and Distribution Cost Study and Development of MTCC for Demand Flexibility Rates.	9
3. SEIA’s Proposal Improperly Attempts to Modify the ACC Methodology Outside the Commission’s Formal Update Process.	10
4. SEIA’s Testimony on a Time Differentiated Transmission Rate is Out of Scope and Should be Given No Weight.	12
C. The Commission Should Decline to Adopt the Settlement Agreement’s Proposed Use of the Avoided Cost Calculator to Establish Export Compensation.	13
D. The Commission Should Consider the Impact of Baseline Regions on Customer Benefits.	13

IV. CONCLUSION AND REQUESTED RELIEF.....	14
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ATTACHMENT A – Proposed Statement of Fact and Conclusions of Law

TABLE OF AUTHORITIES

	<u>Page(s)</u>
<u>CALIFORNIA PUBLIC UTILITIES CODE</u>	
Section 451	7, 14
Section 454	14
<u>COMMISSION DECISIONS</u>	
D.20-04-010.....	9, 10
D.22-05-002.....	10
D.24-01-032.....	14
D.24-04-010.....	8, 9
D.24-08-007.....	8, 10, 11
D.25-08-049.....	8, 10, 12
<u>COMMISSION RULES OF PRACTICE AND PROCEDURE</u>	
Rule 13.12.....	1

I. BACKGROUND AND OVERVIEW

Pursuant to Rule 13.12 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules) and Administrative Law Judge Poirier's (ALJ) October 3, 2025 Email Ruling (ALJ Email Ruling), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this Opening Brief.

In this brief Cal Advocates will address a proposal from Southern California Edison Company's (SCE) Application, the testimony of the Solar Energy Industries Association (SEIA), Cal Advocates' opposition to the Vehicle to Grid Rate Proposal Settlement Agreement's (Settlement Agreement) use of the Avoided Cost Calculator (ACC) to establish Vehicle-to-Grid Resource Proposal (VGRP) export credits; and TURN's proposal regarding baseline allowances.

Cal Advocates' recommendations are summarized as follows:

- The Commission should reject SCE's PRIME Plus proposal as SCE has not demonstrated measurable benefits compared to existing dynamic rate pilots;
- The Commission should reject SEIA's Marginal Transmission Cost Proposal and give no weight to SEIA's opinions on time differentiated transmission rates as SEIA's positions are unsupported, premature and beyond the scope of this proceeding;
- The Commission should reject the Settlement Agreement's proposed use of the ACC to determine VGRP export credits; and
- The Commission must consider whether TURN's proposal to increase baseline allowances would unevenly affect different customer baseline regions.

II. PROCEDURAL MATTERS

The ALJ Email Ruling directed parties to limit opening briefs to the remaining contested issues in this proceeding. On October 2, 2025, the parties filed an Updated Joint Case Management Statement that identified the remaining contested issues as: (1) SCE's PRIME Plus proposal; (2) TURN's proposal to increase the baseline allowance, (3) SEIA's proposal regarding transmission marginal costs and, (4) Cal Advocates'

objection to the Settlement Agreement's use of the ACC to determine VGRP export credits.¹

The ALJ Email Ruling denied Cal Advocates' request to brief the Load Factor Based Rate Option Proposal contained in the Joint Motion for Adoption of Electric Vehicle Rate Design. In compliance with this directive, Cal Advocates' opposition to SCE's proposed Load Factor Based Rate Option is limited to the objections set forth in Cal Advocates' July 23, 2025, Rebuttal Testimony on Commercial Electric Vehicle Rate Design, Chapter 2² and reasserted in the Electric Vehicle Rate Design Settlement Agreement (EV Settlement Agreement).³

III. DISCUSSION

A. The Commission Should Reject SCE's PRIME Plus Proposal.

SCE's proposed TOU-D-PRIME Plus rate misaligns customer incentives with real-time grid needs and it lacks a showing of customer demand for the rate or performance data demonstrating the benefits of the rate.⁴ The Commission should reject TOU-D-PRIME Plus and instead instruct SCE to direct interested customers to the Expanded Dynamic Rate Pilot that is more optimally designed to solicit load response to match real time conditions and enhance grid reliability.

¹ Comments of Cal Advocates to VGRP Settlement Agreement, dated October 6, 2025 (addressing Motion for Approval of VRGP Settlement, dated September 5, 2025).

² Exhibit (Exh.) Cal Advoc-13, Cal Advocates Rebuttal Testimony on Commercial Electric Vehicle Rate Design, Chapter 2, dated July 23, 2025.

³ Cal Advocates joined the Electric Vehicle Rate Design Settlement except to the extent Cal Advocates maintained an objection to SCE's Load Factor Based Rate Option Proposal. (Joint Motion to Adopt Settlement Agreement footnote 1 at 1, Section III.B Load Factor Based Rate Option Proposal at 5 ("While a party to this Settlement Agreement, Cal Advocates maintains its objection to the proposed load-factor based (sliding scale) demand charge option. Cal Advocates recommends studying this issue further in a future rate case with cost-of-service and contribution-to-margin analysis, which can be pursued in the same comprehensive EV rate design proceeding proposed by the Settling Parties in Paragraph A.1.") and Attachment A, Electric Vehicle Rate Design Settlement Agreement, footnote 1 at 1 and Section 5.C.4(a) at 12).

⁴ Exh. Cal Advoc-8, Testimony on TOU-D-Prime, Ch. 7 at 7-4 through 7-9.

1. SCE's Proposed TOU-D-PRIME Plus' On-Peak Demand Charges Do Not Target Hours of Highest Marginal System Stress.

SCE proposes to add summer and winter on-peak demand charges of \$3.18/kW and \$2.62/kW, respectively, assessed on each customer's single highest hourly demand within the fixed 4:00 p.m. to 9:00 p.m. "on-peak" window.⁵ While SCE claims that this proposal provides a more cost-based rate option for participating customers,⁶ it will not encourage customer reductions to occur during the hours when the grid is actually stressed.

Cal Advocates' analysis of SCE's own Peak Load Risk Factors (PLRFs) shows that many of the most critical grid-stress hours occur outside the 4:00–9:00 p.m. peak period.⁷ A customer could incur demand charges for a single late-afternoon spike that does not coincide with any actual system constraint occurring outside the on-peak period, while avoiding additional charges, even if they draw significant load in other hours that are more critical to grid reliability. This temporal misalignment makes SCE's proposed charge a poor instrument to provide cost-based price signals to customers.

2. The Design of SCE's Proposed TOU-D-PRIME Plus Fails to Incentivize Consistent, Beneficial Load Reductions.

The demand charge could punish isolated high usage even if the customer diligently reduces consumption during other high-risk hours, as the charge is triggered by only a customer's single monthly maximum on-peak hour. Conversely, a customer may sustain consistently high usage just below their prior monthly peak and face no further charge, even if those hours coincide with the grid's highest stress points.⁸ This structure

⁵ Exh. SCE-1, Vol. 4 at 88.

⁶ Exh. SCE-07, at 6.

⁷ Exh. Cal Advoc-8, Ch.7 at 7-3 through 7-8 (7-3:6-9 addresses cost causation and 7-8:21-22 addresses SCE's use of speculation).

⁸ Exh. Cal Advoc-8, Ch.7 (See Figure 7.1 and related discussion).

provides neither a reliable nor an equitable incentive for broad demand reduction when and where it is needed most.

3. SCE's Claims of Customer Interest and Load Response Are Unsubstantiated.

SCE has not presented any customer research showing that residential customers with distributed energy resources (DERs) want or understand on-peak demand charges. No survey data, behavioral studies, or pilot results were presented demonstrating that customers either prefer or benefit from such a rate design.² Cal Advocates' discovery confirmed SCE has not evaluated whether these charges outperform simpler time-based energy rates in encouraging customers to manage load.¹⁰ SCE merely provided a study showing some TOU-D-PRIME residential customers may be interested in adopting dynamic rates compared to default rate customers. However, interest in dynamic rates is not the same as interest in on-peak demand charges because SCE's on-peak demand charge does not adjust to match real time grid conditions.¹¹

SEIA explains SCE's proposed peak demand charge as "... a demand charge that residential customers are ill equipped and poorly prepared to manage."¹² While SCE claims the resulting three-part cost-based rate design mirrors well established standards for non-residential rates¹³, residential customers are not commercial customers. As SEIA states, "demand charges are rarely used in residential rates, largely because they are difficult for customers to understand and accept."¹⁴ Demand charges, like those SCE proposes for the TOU-D-PRIME Plus rate, require customers to micromanage aspects of their usage they likely do not understand. Further, SCE has not demonstrated that it is prepared to provide customers with the necessary data to successfully perform under such

² Exh. Cal Advoc-8, Ch.7 at 7-8.

¹⁰ Exh. Cal Advoc-8, Ch.7, at 7-8.

¹¹ Exh. Cal Advoc-8, Ch.7, at 7-8.

¹² Exh. SEIA-01, at 40, lines 18-19.

¹³ Exh. SCE-07, at 5.

¹⁴ Exh. SEIA-01, at 41:19-20.

rates. SEIA testified that SCE does not report maximum one-hour demand on a customer's monthly statement.¹⁵ SEIA further explained that real-time or near-real-time data is not readily available to residential customers through other vendors unless the customer is a solar customer with an internet-connected monitoring system.¹⁶ Finally, even SCE seems to admit that customers may struggle to understand such a rate structure, stating that customers may not be able to discern exactly how much additional savings or cost will result from usage or decrease in usage during the peak period.¹⁷

The assertion that SCE's proposed TOU-D-PRIME Plus would produce greater load response than existing TOU rates is speculative and unsupported by empirical analysis.¹⁸ SCE's filing does not quantify potential cost savings, peak reduction, or customer participation benefits.¹⁹ SCE simply assumes that because customers on the TOU-D-Prime rate demonstrated significant load shifting compared to default TOU rates, even greater load shift can be demonstrated with the new TOU-D-PRIME Plus option.²⁰ SCE presumes that implementing higher differences between on and off-peak period rates would automatically increase customer load response.²¹ SCE uses an "Arc of Price Response" chart representing various utility pilot programs from across the world to support its assumption.²² However, the chart exhibits diminishing returns between price differentials and customer response, as the TOU price differential increases, the marginal price response diminishes. Put another way, SCE uses the "Arc of Price Response" to assume greater load response, but the record shows that assumptions cannot substitute for

¹⁵ Exh. SEIA-01, at 43.

¹⁶ Exh. SEIA-01, at 43.

¹⁷ Exh. SCE-07, at 11:7-8 ("customers may not be able to discern exactly how much additional savings or cost will result from usage/avoidance during the peak")

¹⁸ Exh. SCE-07, at 10.

¹⁹ Exh. Cal Advoc-8, Ch.7, 7-8 and 7-9.

²⁰ Exh. SCE-07, at 6 (SCE claims "TOU rates are simple, understandable, and therefore can establish a consistent behavior pattern").

²¹ Exh. SCE-07, at 10.

²² Exh. SCE-07, at 11.

analysis—particularly when demand charges is not equivalent to volumetric TOU pricing. SCE admits that a demand charge structure does not directly contribute to a higher volumetric price that would drive increased response.²³ Finally, while the “Arc of Price Response” analysis shows how well customers shift load between pre-defined TOU periods, Cal Advocates has demonstrated using SCE’s PLRFs the on-peak period is a poor proxy for capturing real time grid stress.²⁴ Therefore, SCE’s proposed TOU-D-PRIME Plus proposal fails to provide a clear and effective price as SCE claims.²⁵

4. SCE’s TOU-D-PRIME Plus Proposal is Not Supported by Demonstrated Benefits Superior to Existing Dynamic Rate Pilots.

The Commission should reject SCE’s proposed Residential TOU-D-PRIME Plus rate²⁶ because the record does not demonstrate that it would deliver measurable improvements in grid reliability, customer savings, or load flexibility compared to the dynamic rate pilots already approved by the Commission. As explained above, the record does not reflect that SCE’s proposed on-peak demand charges would beneficially shift consumption²⁷ as the hours of greatest circuit loading often occur outside SCE’s proposed “on-peak” window--undermining the fundamental premise of SCE’s proposal.²⁸

SCE’s Expanded Pilot conveys hourly generation and distribution prices that track real-time grid conditions²⁹ while TOU-D-PRIME Plus relies on fixed, time-locked

²³ Exh. SCE-07, at 11 (“A demand or peak usage charge structure ... does not directly contribute to a higher volumetric price that would drive increased response as demonstrated through the Arc of Price Response analysis.”)

²⁴ Exh. Cal Advoc-08, at 7-6.

²⁵ Exh. SCE-07, at 7.

²⁶ Exh. SCE-01.

²⁷ Exh. Cal Advoc-08, starting at 7-4 (See Cal Advocates’ analysis of SCE’s PLRF data).

²⁸ Exh. Cal Advoc-8, at 7-6. The TOU-D-PRIME Plus rate would offer time-locked (i.e., always and only applicable to the hours between 4:00 pm and 9:00 pm) on-peak demand charges that do not adjust to grid conditions as they develop.

²⁹ Exh. SCE-07, SCE Rebuttal at 7 (“The underlying TOU rate therefore serves an important role in relieving grid and resource constraints with the dynamic rate acting as an additional layer that further

(continued on next page)

demand charges. A static on-peak demand charge is a blunt instrument that cannot provide meaningful conservation signals at the times when the system most needs relief.³⁰ By contrast, the Expanded Pilot's dynamic price signals directly reflect system conditions and therefore offer a more effective and scalable means of promoting load flexibility and reliability.

Because SCE has not shown that TOU-D-PRIME Plus would provide incremental grid or customer benefits beyond those available under existing dynamic rate options, SCE's proposal is not just and reasonable as required by Pub. Util. Code 451. The Commission should direct SCE to instead focus efforts on encouraging interested customers to participate in the Expanded Pilot.

B. The Commission Should Reject SEIA's Marginal Transmission Cost Proposal and Give No Weight to SEIA's Testimony on a Time Differentiated Transmission Rate.

SEIA proposes the Commission (1) adopt a marginal transmission capacity cost (MTCC) of \$73/kW-year in this proceeding, and (2) require SCE to present MTCC calculations in its future General Rate Case Phase 2 applications.³¹ SEIA claims its proposal would better reflect reliability-related transmission projects than the Commission-adopted ACC value for transmission.³²

SEIA's MTCC proposal should be rejected for three reasons. First, SEIA's MTCC proposal is unsupported by the evidence. SEIA's proposal is based upon an unjustified assumption of \$1.75 billion annual marginal cost revenue.³³ This significantly

minimizes the number of constrained hours where extreme dynamic prices would be required to reduce a peak constraint.”)

³⁰ Exh. CalAdvoc-8, at 7-9 and 7-10.

³¹ Exh. SEIA-1 at 23:8-13; 27; 62-66.

³² Exh. SEIA-01 at 22:16-21.

³³ Exh. SEIA-1, see fn. 119 at 65. (SEIA incorrectly states “SCE's marginal capacity-related transmission revenues are \$1.75 billion per year, compared to SCE's transmission revenue requirement is \$1.4 billion per year.”)

overestimates SCE's transmission revenue requirement of approximately \$1.4 billion per year.³⁴

Second, SEIA's proposal is premature, if not duplicative of both the Commission's ongoing Transmission and Distribution (T&D) Cost Study adopted in Decision (D.) 24-04-010 and the Commission's guidance for electric utilities to develop MTCC values for inclusion in dynamic flexibility rates.³⁵ Third, SEIA's proposal is out of scope for attempting to circumvent the Commission's established formal ACC methodology update process.³⁶

Finally, SEIA's testimony on Time Differentiated Transmission Rate should be given no weight as it is unsupported, premature, and outside the scope of this proceeding.

1. SEIA's Inflated MTCC Does Not Align With Actual Costs.

SEIA's proposed MTCC results in an annual, transmission marginal cost revenue of \$1.75 billion—a figure that appears only once in a footnote and is unsupported by any underlying workpapers or testimony.³⁷ By contrast, the Commission-adopted MTCC in the ACC relies on SCE's actual FERC-approved transmission revenue requirement of approximately \$1.4 billion per year.³⁸ The fact that SEIA's proposed MTCC results in

³⁴ According to SCE's Formula Transmission Rate Annual Update Filing (filed November 22, 2024, effective January 1, 2025) at p.6, SCE reports a retail base transmission revenue requirement of \$1.344 Billion. [TO2025 Annual Update Filing Letter.pdf](#)

³⁵ D.25-08-049 at 66-67.

³⁶ SEIA has unsuccessfully attempted to increase MTCC through the ACC process on multiple occasions and is attempting the same strategy in this proceeding. For example, see Resolution E-5328 at 11-12 ("SEIA also requests that SCE's 13 other reliability-driven transmission projects approved by the CAISO in the 2022-23 TP or prior TPs that continue to be included in the 2023-24 TP be included into the CAISO-approved reliability projects, including those included in the 2023-24 CAISO Transmission Plan. As noted in D.24-08-007 [at 53-54], the Commission has previously considered and rejected proposals to include the additional transmission projects in the 2024 ACC.").

³⁷ Exh. SEIA-1, see fn. 119 at 65 (Note that SEIA does not cite to any SCE workpapers, FERC Form 1 data, or CAISO Transmission Access Charge revenue allocations in support).

³⁸ Exh. SEIA-01 fn 119 at 65.

marginal cost revenues that is 25 percent more than SCE's actual transmission revenue requirement is evidence that SEIA's MTCC of \$73 kW per year is inflated.

SEIA offers no explanation for why its proposed MTCC results in inflated transmission marginal cost revenues compared to the actual cost of transmission service. The Commission should reject SEIA's inflated MTCC, as it produces inaccurate results.

2. SEIA's Proposal Is Premature Given the Commission's Ongoing Transmission and Distribution Cost Study and Development of MTCC for Demand Flexibility Rates.

In Rulemaking (R.) 22-11-013, SEIA supported the Commission's T&D Cost Study which is intended to identify more accurate and standardized approaches for estimating marginal transmission and distribution costs.³⁹ The T&D study is currently underway and scheduled for integration into the 2028 ACC update cycle.⁴⁰ Adopting SEIA's overly inflated MTCC now—while the Commission's comprehensive T&D study is incomplete—would be premature, inconsistent and duplicative of the efforts towards the T&D study. Moreover, adopting SEIA's inflated MTCC now would call into question the prudence and purpose of the Commission's decision to allow \$1.5 million in ratepayer funds to be spent on the T&D Study.⁴¹

Additionally, the Commission already provided guidance to encourage the development of MTCC for SCE's dynamic flexibility rates stating,

Large IOUs are encouraged to meet and confer to develop a plan to design MTCC price components that complement MGCC [Marginal Generation Capacity Costs] and MDCC [Marginal Distribution Capacity Costs] price components that will be included in DF [demand flexibility] Rate Proposals. We direct the Large IOUs to describe the plan to design MTCC

³⁹ D.24-04-010 at 6.

⁴⁰ D.24-04-010 at 1.

⁴¹ D.20-04-010 at 1.

price components that will be incorporated in DF Rate Proposals... in any new applications.”⁴²

Prematurely adopting SEIA’s proposed MTCC of \$73 per kW year would conflict with, and be duplicative of, ongoing efforts to develop MTCC for SCE’s dynamic flexibility rates.

Another concern with SEIA’s proposal is that, if approved, it could result in multiple approved MTCCs for SCE that vary depending on the end use. For example, if SEIA’s proposal were accepted, SCE could concurrently have Commission approved MTCCs in the ACC, this GRC 2 proceeding, and a third potentially distinct MTCC approved for use in its demand flexibility rates. Such an outcome would exemplify procedural inefficiency.

To avoid inconsistencies and inefficiencies, and to provide an opportunity for integration of the T&D study, the Commission should reject SEIA’s proposed MTCC.

3. SEIA’s Proposal Improperly Attempts to Modify the ACC Methodology Outside the Commission’s Formal Update Process.

SEIA claims to follow the Discounted Total Investment Method (DTIM) used in the ACC to calculate its MTCC but makes its own unvetted updates to the data and methodology used by the Commission.⁴³ The Commission has repeatedly held—through D.20-04-010,⁴⁴ D.22-05-002,⁴⁵ and D.24-08-007⁴⁶—that any update to the ACC’s transmission cost methodology must occur within the formal ACC update process, not

⁴² D.25-08-049 at 67; See also Conclusion of Law 16 and 17 at 141. (Issued August 29, 2025 in R.22-07-005, Order Instituting Rulemaking to Advance Demand Flexibility through Electric Rates.)

⁴³ Exh. SEIA-1 at 30.

⁴⁴ Finding of Fact 13-16 at 88-89 (Establishes and keeps the ACC’s transmission approach within the ACC, not GRCs).

⁴⁵ Finding of Fact 1 & 3; Conclusion of Law 28-29 (Sets the biennial ACC update framework and channels technical and model updates into the staff resolution following the decision).

⁴⁶ Section 9 at 38-39 and pp.56-60 (Reaffirms that avoided T&D/transmission methodology and data selections are handled in the ACC update/resolution, not elsewhere).

through GRC Phase 2 proceedings, so that parties can review data and litigate assumptions.

Indeed, Resolution E-5328 expressly declined to update avoided transmission costs in the 2024 ACC cycle, emphasizing that such changes would require additional stakeholder review to ensure fairness.⁴⁷ Not only does SEIA's unilateral substitution of new California Independent System Operator (CAISO) data⁴⁸ violate the Commission's directive and undermine the consistency and transparency of the ACC framework, but the Commission already declined to adopt a similar transmission cost proposal in D.24-08-007.⁴⁹ The Commission should not allow SEIA to introduce ad hoc changes in this proceeding that would circumvent procedural safeguards and create inconsistent avoided-cost values across proceedings.

The ACC was designed for cost-effectiveness evaluation of DER programs, not to set retail transmission rates. The ACC's marginal transmission cost values reflect the CAISO transmission planning process (TPP), which focuses on reliability deferral valuation, not revenue recovery. Using the ACC's values—or SEIA's modified version thereof—to set retail rates would therefore be analytically inappropriate and inconsistent with the Commission's stated purpose for the ACC framework.

It is appropriate for the Commission to address other marginal costs in this proceeding while not addressing MTCC because the end uses of an adopted MTCC for SCE significantly differs from other marginal costs.⁵⁰ Currently, SCE's MTCC is only used as an input for the ACC, while all other marginal costs serve as inputs for revenue allocation and rate design for all customer classes and rate schedules. Keeping SCE's

⁴⁷ Resolution E-5328 at 10-12 (“While the Energy Division recognizes the benefit generally of using the most recent data available, given the time constraints for approval of the 2024 ACC, it is not feasible for the avoided transmission costs to be revised at this time while also providing all parties with a fair opportunity to review and comment on potential changes to inputs and underlying methodology.”)

⁴⁸ Exh. SEIA-1 at 21 (SEIA updates cost data using the most recent CAISO Transmission Plan).

⁴⁹ D.24-08-007 at 53–56 (Commission found SEIA proposal unsupported and procedurally improper).

⁵⁰ Such as marginal generation capacity costs, marginal energy costs, marginal distribution demand costs, and marginal customer access costs.

MTCC out of scope for this singular proceeding is procedurally more efficient given the sole purpose of the MTCC is currently to inform the ACC, and litigating MTCCs in this proceeding would be duplicative of the soon to be released T&D Cost Study and the Commission ordered guidance in D.25-08-049 for the IOUs to include an hourly transmission capacity price component in demand flexibility rates.⁵¹ In contrast, litigating all other marginal costs should remain within scope of this GRC 2 to inform revenue allocation and rate design. Following the release of the T&D Cost Study and after the IOUs meet and confer on MTCC methodologies, future SCE GRC 2 proceedings should include MTCC within their scope when it would impact rate design.

4. SEIA's Testimony on a Time Differentiated Transmission Rate is Out of Scope and Should be Given No Weight.

SEIA also provides numerous opinions on transmission rates based on its proposed MTCC that are outside the scope of this proceeding and wholly inappropriate. First, SEIA inappropriately advocates for re-designing flat transmission rates for residential and small commercial customers to “a combination of on-peak and mid-peak volumetric TOU rates to recover capacity-related transmission costs, plus a flat volumetric rate to recover the non-time-dependent portion of transmission costs.”⁵² How the Commission addresses time differentiated transmission rates in FERC jurisdictional transmission cases is outside the scope of this proceeding.

Second, SEIA argues Commercial and Industrial transmission rates should be redesigned from non-coincident demand charges to time differentiated volumetric rates or time related demand charges, in combination with a flat volumetric rate to recover non-time dependent revenues.⁵³ Such a redesign is outside the scope of this proceeding.

⁵¹ D.25-08-049 at 66.

⁵² Exh. SEIA-01 at 64:22-25; 65:1.

⁵³ Exh. SEIA-01 at 65.

Lastly, SEIA argues that transmission capacity costs for rate schedule Option S should be recovered through the schedule's daily demand charge.⁵⁴ SEIA's opinions on time differentiated transmission rates should be given no weight, because, again, it is outside the scope of this proceeding.

C. The Commission Should Decline to Adopt the Settlement Agreement's Proposed Use of the Avoided Cost Calculator to Establish Export Compensation.

Cal Advocates hereby incorporates its opposition to the Settlement Agreement's use of the ACC to establish VGRP export credits without further necessary study.⁵⁵ As set forth in Cal Advocates' opposition, the ACC was not developed for use in determining dynamic export rates, but rather to evaluate and inform planning and policies at the Commission. The Settlement Agreement would use average values from the ACC,⁵⁶ which are determined well in advance of when customers would use energy and would not reflect actual, changing grid conditions.

The Commission should instead require an evaluation of the use of the Avoided Cost Calculator for setting EV export credits to ensure the accuracy of ACC-based export credits at reflecting marginal costs, and to gain a better understanding of customer preferences regarding export rates and customer export flexibility.⁵⁷

D. The Commission Should Consider the Impact of Baseline Regions on Customer Benefits.

Cal Advocates did not submit testimony on TURN's proposal to increase the baseline allowance by scaling baseline allowances by the estimated behind-the-meter (BTM) usage from Net Energy Metering (NEM) customers.⁵⁸ TURN's proposal takes

⁵⁴ Exh. SEIA-01 at 65 (SEIA's discussion of Option S starts at 48).

⁵⁵ Comments of the Public Advocates Office to VGRP Settlement Agreement, dated October 6, 2025. (<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=582489355>)

⁵⁶ Settlement Agreement, at 7.

⁵⁷ Cal Advocates Opening Testimony at 9-12; Cal Advocates Rebuttal Testimony starting at 3-5.

⁵⁸ Exh. TURN-01, discussion starting at 2.

into account usage amounts and adoption rates of NEM 1 and NEM 2 customers. While Cal Advocates remains neutral on adoption of this proposal, the Commission in its review of TURN's proposal must consider whether, and to what extent, an individual customers' baseline region will result in benefits for some customers and bill increases for others.

IV. CONCLUSION AND REQUESTED RELIEF

For the foregoing reasons, the Commission should:

1. Reject SCE's Residential TOU-D-Prime Plus proposal and instead direct SCE to encourage customer participation in the Expanded Dynamic Rate Pilot (D.24-01-032);
2. Reject SEIA's MTCC proposal as unsupported by the evidence and premature and reject SEIA's opinions on time-differentiated transmission rates based on its MTCC; and
3. Reject the Settlement Agreement's Proposed use of the Avoided Cost Calculator to establish VGRP export compensation.

Together, these actions would ensure that rate design continues to evolve in a manner that is data-driven, equitable, and consistent with the Commission's statutory obligations to adopt just and reasonable rates under Pub. Util. Code §§ 451 and 454.

Respectfully submitted,

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November 3, 2025

ATTACHMENT A

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PROPOSED STATEMENT OF FACTS AND CONCLUSIONS OF LAW

PROPOSED FINDINGS OF FACT

1. SCE's proposed Residential TOU-D-PRIME Plus rate includes on-peak demand charges that are not aligned with actual hours of grid stress and lacks empirical evidence demonstrating customer understanding or benefits.
2. The Commission has already authorized the Expanded Dynamic Rate Pilot (D.24-01-032), which will test customer responsiveness to dynamic price signals and provide data for future rate development.
3. SEIA's proposed \$1.75 billion transmission revenue requirement and corresponding \$73/kW-year MTCC are unsupported by record evidence and inconsistent with SCE's FERC-approved \$1.4 billion transmission revenue requirement.
4. SEIA's proposal would alter the methodology used to determine marginal transmission costs, extending beyond the scope of this proceeding.
5. SEIA's proposal duplicates issues currently being addressed in the Commission's Transmission and Distribution (T&D) Cost Study adopted in D.24-04-010 and with the concurrent development of MTCC for SCE's dynamic flexibility rates that was encouraged by the Commission in R.22-07-005. In D.25-08-049, the Commission provided guidance to the large electric utilities to meet and confer on developing MTCC price components for their demand flexibility rates.
6. SCE's marginal transmission costs should be considered in future SCE GRC Phase 2 proceedings.

PROPOSED CONCLUSIONS OF LAW

1. Under Pub. Util. Code §§ 451 and 454, rates must be just and reasonable and supported by substantial evidence.

2. SCE's TOU-D-PRIME Plus proposal does not satisfy the Commission's standard for just and reasonable rates, as it lacks evidence of customer interest or benefits.
3. SEIA's proposed marginal transmission cost methodology exceeds the scope of this Phase 2 GRC proceeding.
4. Consideration of SCE's transmission marginal cost methodology updates would be premature in this proceeding and duplicative of the ongoing T&D Cost Study.