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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Large Power Dynamic Pricing Rate.	Application 24-06-014
And Related Matter.	Application 24-12-008

SUPPLEMENTAL OPENING BRIEF
OF THE PUBLIC ADVOCATES OFFICE

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby submits its supplemental opening brief pursuant to the Administrative Law Judge's July 8, 2026 *Ruling Modifying Schedule and Providing Supplemental Opening Brief Instructions* (Ruling). The Ruling directs parties to address the following five issues:[1]

1) In Decision (D.) 25-08-049, the Commission recognized that flat volumetric charges and large non-coincident demand charges (NCDCs) can significantly diminish load-shifting incentives for customers. Should all, or a portion of, these flat volumetric energy charges be recovered through a supplemental fixed charge?

2) Is there a cost-based argument for why residual fixed costs should be recovered based on a customer's 15-min peak monthly demand? Should some portion of these residual revenues be recovered through a supplemental fixed charge?

3) Should all, or some portion of, line-item charges be converted from flat cents-per-kWh charges to fixed charges for non-residential customers?

4) What process should the Commission adopt to ensure that price limits are set appropriately?

5) Is SCE's implementation timeline for the Standard Dynamic Rate reasonable and what process should the Commission initiate to enable SCE's customers to have continued access to a dynamic rate, or dynamic rate pilot?

First, under the price limiter proposal, the Commission should convert the flat volumetric grid MDCC charge for residential and small commercial customers to a supplemental fixed charge, structured consistent with Public Utilities Code Section 739.9 for residential customers. However, under the subscriptions proposal, it should order the conversion only with same-class revenue recovery and tracking safeguards. Second, a customer's maximum demand is a cost-based basis for recovering residual distribution costs. This should be recovered through a non-coincident demand charge (NCDC) or a fixed charge, not through time-varying rates. Third, Cal Advocates takes no position on Question 3 but reserves the right to reply to other parties' positions. Fourth, the Commission's decision should direct Southern California Edison

[1] Administrative Law Judge's Ruling Modifying Schedule and Providing Supplemental Opening Brief Instructions (July 8, 2026) (Ruling) at 1–2, 5.

Company (SCE) to submit its initial price limits by Tier 3 advice letter, approved by resolution before the limits take effect. Fifth, Cal Advocates takes no position on Question 3 but reserves its right to reply to other parties' comments on this issue, and notes that the Commission should open the two new tracks identified in its opening brief without adopting the community choice aggregator (CCA) incentive budget.

II. QUESTION 1: THE COMMISSION SHOULD CONVERT THE FLAT GRID MDCC CHARGE TO A SUPPLEMENTAL FIXED CHARGE UNDER THE PRICE LIMITER PROPOSAL, AND ONLY WITH REVENUE-NEUTRALITY SAFEGUARDS UNDER THE SUBSCRIPTION PROPOSAL

The answer to Question 1 depends on the customer protection mechanism the Commission adopts. Cal Advocates proposes price limiters in place of subscriptions.[2] SCE agrees that price limiters would be appropriate for the Standard Dynamic Rates, and Small Business Utility Advocates (SBUA) also supports them.[3]

If the Commission adopts the price limiter proposal, it should also convert the flat volumetric grid MDCC energy charge to a supplemental fixed charge for residential and small commercial customers. SCE's own testimony establishes feasibility: "If subscriptions are eliminated for specific customer classes, SCE does not anticipate issues with revenue recovery associated with the dynamic rate."[4] The Commission recognizes that flat volumetric charges "can significantly diminish load-shifting incentives."[5] The approximately 6.5 cents per kilowatt-hour (kWh) charge, the figure the Ruling attributes to SCE's workpapers, mutes the dynamic price signal on every kilowatt-hour consumed; a fixed charge removes that effect.[6] SCE proposes using a lower EPMC scalar for grid charges, set at 50% of the standard grid-related EPMC scalar for the rate class, with the remaining 50% allocated to the dynamic rate. This two-

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[2] Ex. CA-05 at 2, line 26; at 3, line 1 through 2.

[3] Opening Brief of Southern California Edison Company (July 1, 2026) (SCE Opening Brief) at 3; Opening Brief of Small Business Utility Advocates (July 1, 2026) (SBUA Opening Brief) at 8–9.

[4] Ex. SCE-06-A at 22, lines 11 through 17.

[5] D.25-08-049, Decision Adopting Guidelines for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company on Demand Flexibility Rate Design Proposals (August 2025) at 61 (recognizing that flat volumetric charges and large non-coincident demand charges "can significantly diminish load-shifting incentives").

[6] Ruling at 2 (citing SCE-04 Amended Workpapers).

step approach reduces non-coincident charges and their impact on customer bills.[7] And, the conversion mechanics are already in the record: Cal Advocates' testimony analyzes converting another flat volumetric component, the Customer Energy Charge Adder, to a per-customer fixed charge.[8] The same analysis applies to the grid MDCC charge.

For residential participants, the Commission should require the supplemental fixed charge to conform to Public Utilities Code Section 739.9 and D.24-05-028. The Commission held that "all fixed charges are subject to the income graduation requirements," and applied that requirement to optional rate schedules.[9] SCE's residential schedules already include the Base Services Charge, which could be expanded to implement the residential portion of the grid MDCC charge.[10] Small commercial customers are outside Section 739.9's residential scope.[11]

If the Commission instead adopts subscriptions, it should order the conversion only if it also adopts the two safeguards that are already in the record. SCE itself cautions that converting a volumetric charge to a fixed charge under a subscription structure raises revenue neutrality concerns, because the subscription baseline is built on the volumetric rate structure the conversion would change.[12] The same concern applies to the grid MDCC charge. The Commission should address under- and over-collections for each dynamic rate from within the same customer class, eliminating cost-shifts to participants and nonparticipants in other classes.[13] SCE does not oppose same-class recovery.[14] The Commission should also require SCE to track revenue over- and under-collections from the dynamic rate so that any intra-class shift can be quantified.[15] Converting a positive volumetric charge to a fixed charge recovers relatively more

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[7] Ex. SCE-04 at 11, lines 16 through 20.

[8] Ex. CA-05 at 16, lines 1 through 19.

[9] Public Utilities Code (Pub. Util. Code) § 739.9(e); D.24-05-028, Decision Addressing Assembly Bill 205 Requirements for Electric Utilities (May 2024) at 85, n.182; D.24-05-028 at 152, Conclusion of Law 27 (finding the flat fixed charges on optional electrification rates inconsistent with the income-graduation requirement).

[10] Ex. SCE-06-A at 21, lines 18 through 21.

[11] Pub. Util. Code § 739.9(e)(1).

[12] Ex. SCE-06-A at 23, lines 11 through 22.

[13] Ex. CA-04 at 6, lines 7 through 9.

[14] Ex. CA-05 at 8, lines 24 through 26; see also Opening Brief of the Public Advocates Office (July 1, 2026) (Cal Advocates Opening Brief) at 23–24.

[15] Ex. CA-02 at 2-15, lines 2 through 4; Cal Advocates Opening Brief at 26.

revenue from lower-usage participants within the class; that known effect is contained by these safeguards and is preferable to moderating the dynamic price signal for every participant.[16] With these safeguards, no costs move between customer classes, preserving the inter-class containment principle as discussed in Cal Advocates' opening brief.[17]

III. QUESTION 2: A CUSTOMER'S MAXIMUM DEMAND IS A COST-BASED BASIS FOR RECOVERING RESIDUAL DISTRIBUTION COSTS, WHICH SHOULD NOT BE RECOVERED THROUGH TIME-VARYING RATES

The Ruling characterizes Cal Advocates as arguing "that scaling demand charges is necessary to recover revenues that can include fixed non-time-dependent costs."[18] To be clear, Cal Advocates' position is that the EPMC scalar "is explicitly used to recover non-marginal costs, which are not time dependent," and that recovering those costs through time-dependent rate structures contradicts cost-causation principles.[19] Residual costs must be recovered through structures a customer cannot avoid by shifting load; a scaled NCDC is one cost-based way to do that, not the only one.

The NCDC is assessed on the customer's maximum 15-minute demand in the billing cycle, which measures the distribution capacity the system must stand ready to deliver to that customer whenever the customer's peak occurs.[20] A demand-based charge assigns residual distribution costs in proportion to that capacity whereas a per-customer fixed charge would assign a 500 kilowatt (kW) customer and a 200 kW customer on the same schedule the same amount.[21] Peak-related distribution demand costs are only 13.34% of SCE's distribution revenue requirement; the residual distribution costs at issue are the balance, which is not peak-driven and should not be priced as if it were.[22]

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[16] Ex. CA-05 at 16, lines 15 through 19.

[17] Cal Advocates Opening Brief at 23 through 24.

[18] Ruling at 3.

[19] Ex. CA-04 at 17, lines 3 through 9.

[20] Ex. SCE-01 (A.24-12-008) at 20, lines 3 through 14; Ex. SCE-05 at 13, lines 5 through 9.

[21] Ex. SCE-01 (A.24-06-014), Appendix B at B-2.

[22] Ex. CA-04 at 18, lines 3 through 8.

Industrious Labs, the California Large Energy Consumers Association (CLECA), and the Solar Energy Industries Association (SEIA) each invoke D.25-08-049 to argue against demand-charge recovery of residual costs. Industrious Labs relies on the decision's direction that NCDCs recover only demonstrably customer-specific, non-peak distribution costs.[23] The same decision, however, recognizes that NCDCs "recover distribution capacity costs that are not peak-dependent in a cost-based manner." It describes EPMC-scaled rates as cost-based and the favored starting point, and lists both NCDCs and fixed charges among the acceptable alternate rate design elements.[24]

D.25-08-049 conditions the use of scaled NCDCs; it does not prohibit them.[25] By contrast, the proposals of SEIA and Industrious Labs would move residual fixed costs into time-varying components.[26] Customers with flexible load could avoid those costs by shifting consumption, and the unrecovered balance would fall to all other customers as an implicit subsidy to the flexible customers.[27]

Neither a scaled NCDC nor a supplemental fixed charge is time-varying, and Cal Advocates does not oppose either in principle, subject to one caution. Because a fixed charge assigns every customer the same dollar amount regardless of demand, converting a portion of residual-cost recovery from a scaled NCDC to a uniform fixed charge would reallocate recovery of those costs from the largest-demand customers to smaller-demand customers within each class.[28] Cal Advocates' testimony recommending a revenue-neutral adder in place of the EPMC scalar addresses the crediting mechanism within the dynamic rate; across its testimony, Cal Advocates' single principle is that non-marginal costs belong in rate structures that load-shifting cannot avoid.[29]

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[23] Industrious Labs Opening Brief (July 1, 2026) at 10–11 (quoting D.25-08-049 at 61); Opening Brief of the California Large Energy Consumers Association (July 1, 2026) (CLECA Opening Brief) at 20 (invoking D.25-08-049 at 80); Opening Brief of the Solar Energy Industries Association (July 1, 2026) (SEIA Opening Brief) at 18 (invoking D.25-08-049 at 80).

[24] D.25-08-049 at 61, 69, 80.

[25] D.25-08-049 at 61, 69, 80.

[26] Ex. SEIA-01 at 26, lines 10 through 13; Ex. IL-01 at 4, lines 18 through 21.

[27] Ex. CA-04 at 16, lines 3 through 10; Ex. CA-04 at 18, lines 16 through 23.

[28] Ex. SCE-01 (A.24-06-014), Appendix B at B-2.

[29] Ex. CA-04 at 19, lines 9 through 21.

IV. QUESTION 3

Cal Advocates takes no position on Question 3. Cal Advocates reserves the right to respond to this issue in its reply brief.

V. QUESTION 4: THE DECISION SHOULD DIRECT SCE TO SUBMIT ITS INITIAL PRICE LIMITS BY TIER 3 ADVICE LETTER, EFFECTIVE ONLY UPON COMMISSION APPROVAL BY RESOLUTION

Price limits set the maximum amount a dynamic rate participant can be charged, and setting them requires a policy balance: limits set too high expose participants to unaffordable bills, while limits set too low deny participants the opportunity to reduce bills below their otherwise applicable tariff (OAT).[30] The best course remains for the Commission to set the initial price limits in its decision on this record. If the Commission instead uses a post-decision process, only a Tier 3 advice letter preserves Commission-level review.

Staff disposition of an advice letter is reserved for matters that are "ministerial," not ones requiring the exercise of discretion; a matter requiring discretion goes to the Commission for disposition by resolution, and striking the protection-benefit balance for each customer class is discretionary.[31] General Order (GO) 96-B makes Tier 2 treatment available for "a rate change within a price floor and ceiling previously approved by the Commission."[32] Tier 2 thus presupposes Commission-approved limits; here, the initial limits are the very thing awaiting approval.

SCE proposes a Tier 2 advice letter to implement its large power dynamic rate tariff, and proposes no process at all for setting the price limit values.[33] SCE's own testimony answers: "an advice letter (AL) would be an insufficient and unnecessary procedural mechanism" for Commission approval of customer protection measures.[34] This recommendation is consistent with Cal Advocates' opening brief, which objected to resolving contested cost-allocation and implementation showings through Industry Division disposition of advice letters; a Tier 3 advice

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[30] Ex. CA-05 at 3, lines 9 through 17.

[31] GO 96-B, General Rule 7.6.1; D.07-01-024, Fourth Interim Opinion Adopting Remaining General Rules and Industry Rules for Energy and Water as Revisions to General Order 96-A (January 2007) at 9.

[32] GO 96-B, Energy Industry Rule 5.2(2).

[33] SCE Opening Brief at 3–4.

[34] Ex. SCE-06-A at 14, lines 8 through 10; see also Cal Advocates Opening Brief at 9.

letter approved by resolution is full Commission action.[35] Once initial limits are approved, subsequent changes within them are properly addressed in Tier 2 advice letters under GO 96-B's own structure.[36]

VI. QUESTION 5: PILOT TIMELINE AND POST-2027 PROCESS

A. Question 5(a): Cal Advocates reserves its response to SCE's timeline showing for reply

The Ruling directs the parties to address SCE's implementation timeline for the Standard Dynamic Rate, the changes needed relative to the Expanded Pilots, and the duration of each change.[37] Cal Advocates reserves the right to respond to SCE's showing in its reply brief.

B. Question 5(b): the Commission should open the two new tracks and should not adopt the CCA incentive budget

Cal Advocates' opening brief answers Question 5(b): the Commission should expand the scope of this proceeding and open two new tracks, one on the extension and expansion of the Expanded Dynamic Rate Pilot and one on pilot expansion and rate implementation costs.[38] SCE concurs that this consolidated proceeding, rather than a petition for modification, is the appropriate vehicle.[39] The need is concrete. D.24-01-032 authorized the Expanded Pilot only through December 31, 2027, and adopted no mechanism to expand it.[40] Any extension should include a firm end date and a carefully scrutinized budget.

SCE frames its supplemental testimony figures as a "minimum request," and its opening brief asks for an extension through "at least December 31, 2029," while its testimony describes operation through 2030.[41] Open-ended extensions of time and money are not appropriate for

[35] Cal Advocates Opening Brief at 7–11.

[36] GO 96-B, Energy Industry Rule 5.2(2).

[37] Ruling at 4.

[38] Cal Advocates Opening Brief at 31–32; Ex. CA-05 at 20, lines 16 through 19; Ex. CA-05 at 22, lines 3 through 5.

[39] Ex. SCE-06-A at 29, line 22 through 30, line 5; Ex. SCE-06-A at 30, lines 15 through 19.

[40] D.24-01-032, Decision to Expand System Reliability Pilots of Pacific Gas and Electric Company and Southern California Edison Company (January 2024) at 78, Conclusion of Law 19.

[41] Ex. SCE-06-A at 33, lines 8 through 10; SCE Opening Brief at 4; Ex. SCE-06-A at 30, lines 1 through 4.

summary treatment, particularly when the pilot's final evaluation reports are not due until March 1, 2028.[42]

Furthermore, the Commission should not adopt a CCA incentive budget. Clean Power Alliance of Southern California (CPA) supports extending the pilot through 2030 with SCE's proposed $1.2 million of incremental CCA incentives, and argues that Cal Advocates' cost-shift objection rests on "no facts or analysis."[43] The record does not support that characterization. SCE had spent no CCA incentive funds as of May 5, 2026.[44] CPA's own brief repeats SCE's statement that "it is unknown whether the full budget amount will be exhausted."[45] An unspent, unexhausted authorization is not a reasonable basis for authorizing additional funds.

The statutory constraint is independent: Public Utilities Code Section 366.2(a)(4) requires that CCA customers not shift costs to bundled customers, and the CCAs face the same California Energy Commission Load Management Standards (LMS) obligations as the utilities.[46] The Commission should not require bundled customers to continue to subsidize CCAs. The cost-recovery authority CPA invokes does not answer the question presented: D.24-01-032 adopted the CCA enrollment incentive as a specific line item in the pilot budget, $20 per kilowatt-year capped at $1,800,000.[47] Whether to spend new ratepayer dollars on that line for 2028 and 2029 is a prospective question the existing framework does not answer. Finally, CPA's participation narrative, including its asserted 13.9 megawatts of participating load, carries no record citation; CPA filed no testimony, and unsworn factual assertions in a brief carry no evidentiary weight.[48]

If the Commission declines to consider additional funds or pilot changes, it should direct SCE by decision to file a Tier 2 advice letter limited to extending the enrollment period and the pilot stop date. A date-only extension implementing a date the Commission itself sets is

[42] D.24-01-032 at 82, Conclusion of Law 37(d).

[43] Opening Brief of Clean Power Alliance of Southern California (July 1, 2026) (CPA Opening Brief) at 4.

[44] Ex. CA-05 at 21, lines 5 through 11; Ex. CA-05, Attachment 2 at B-4.

[45] CPA Opening Brief at 5.

[46] Pub. Util. Code § 366.2(a)(4); Cal Advocates Opening Brief at 32.

[47] D.24-01-032 at 46; CPA Opening Brief at 2–3 (invoking D.24-01-032 at 55–57).

[48] CPA Opening Brief at 3.

ministerial and therefore appropriate for Tier 2 treatment under the GO 96-B principles discussed under Question 4.[49]

VII. CONCLUSION

Cal Advocates respectfully requests that the Commission: (1) adopt price limiters and convert the flat grid MDCC charge to a supplemental fixed charge for residential and small commercial customers, with the residential portion designed consistent with Public Utilities Code Section 739.9, or, under subscriptions, order the conversion only with same-class recovery and tracking; (2) recover residual distribution costs for medium and large commercial customers through non-time-varying rate structures; (3) direct SCE to submit its initial price limits by Tier 3 advice letter, approved by resolution before the limits take effect; (4) require SCE to carry its burden on the implementation timeline; and (5) expand the scope of this proceeding and open the two new tracks recommended in Cal Advocates' opening brief, without adopting the CCA incentive budget.

Respectfully submitted,

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[49] GO 96-B, General Rule 7.6.1.