



California Public Utilities Commission
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PRESS RELEASE

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CPUC SETS STAGE TO ENABLE WIDESPREAD DEMAND FLEXIBILITY

SAN FRANCISCO, July 14, 2022 – The California Public Utilities Commission (CPUC), recognizing the importance of demand-side strategies in meeting the state’s climate and reliability goals, today approved the opening of a new public process that seeks to enable widespread demand flexibility through electric rates.

The concept of demand flexibility allows consumers to play a key role in the operation of the state’s electric grid by reducing or shifting their electricity use during peak use periods in response to a price signal or other incentive.

Through a new proceeding opened today, the CPUC will consider demand flexibility policies and modifications of electric rates to: A) Enhance the reliability of California’s electric system; B) Make electric bills more affordable and equitable; C) Reduce the curtailment of renewable energy and greenhouse gas emissions associated with meeting the state’s future system load; D) Enable widespread electrification of buildings and transportation to meet the state’s climate goals; E) Reduce long-term system costs through more efficient pricing of electricity; and F) Enable participation in demand flexibility by customers of investor-owned utilities, community choice aggregators, and direct access providers.

“This Demand Flexibility proceeding opens the door to considering a more holistic, streamlined approach to rate design and load management strategies,” said CPUC President Alice Reynolds. “Creative approaches to customer demand management can help to ensure reliability, increase affordability, support equitable rates, and reduce greenhouse gas emissions, taking us further on the path toward meeting our ambitious climate goals.”

“The Demand Flexibility proceeding is an important step towards designing the advanced future grid in California,” said Commissioner Darcie L. Houck. “Demand flexibility has the potential to enhance and accelerate the state’s energy and climate goals, renewable integration, and high distributed energy resources adoption. It also plays a critical role in improving grid reliability and resiliency, reducing grid emissions, and making electricity rates more affordable and equitable.”

The CPUC has long recognized the critical role of demand response programs and rate design in ensuring system reliability, especially during severe weather events, as California’s electric system continues to integrate greater amounts of renewable generation and energy storage. The rapid growth of electric uses – including electric vehicle charging, distributed energy resources (e.g., solar, battery storage, etc.), and building decarbonization – presents new challenges and opportunities for coordinating demand flexibility to meet system needs on a regular basis.

The proceeding opened today brings the many facets of load management approaches under one umbrella to increase and improve the growth and effectiveness of demand flexibility. The proceeding will consider updates to rate design principles, fixed charge reform, guidance principles for demand flexibility, and approaches to streamline the patchwork of niche rates and demand-side programs to expand the use of demand flexibility beyond early adopters. The proceeding will also consider how demand flexibility guidance principles, policies, rates, tools, and programs can better support equitable and affordable rates for all Californians and advance the CPUC’s [Environmental and Social Justice Action Plan](#).

The proposal voted on is available at

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M492/K688/492688471.PDF>.

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians’ access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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