

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

Order Instituting Rulemaking to Advance  
Demand Flexibility Through Electric Rates.

R.22-07-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS  
ON ADMINISTRATIVE LAW JUDGE'S RULING ON TRACK B STAFF  
PROPOSAL TO EXPAND EXISTING PILOTS**

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## **SUMMARY OF RECOMMENDATIONS**

- Community choice aggregator (CCA) participation in the expanded pilots will depend on decisions made by each CCA's governing board regarding whether the pilot fits within that CCA's needs and unique circumstances;
- The Staff Proposal on Existing Dynamic Rate Pilot Expansion (Staff Proposal) should be clarified regarding how the proposed funding will be allocated among the investor-owned utilities (IOUs) and participating CCAs, and across cost categories;
- The Staff Proposal should be clarified regarding expanded pilot implementation in terms of customer enrollment, marketing, education, and outreach, evaluation, and IOU/CCA coordination; and
- CCAs should be allowed to join the pilots in phases, either in June 2024, June 2025, or June 2026, to maximize CCA participation.

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California Community Choice Association<sup>1</sup> (CalCCA) submits these comments in response to (1) *Administrative Law Judge's Ruling on Track B Staff Proposal to Expand Existing Pilots*<sup>2</sup> (Ruling), dated August 15, 2023, requesting party comments on the Track B staff proposal to expand existing pilots to support near-term summer reliability, (2) *Procedural Email Granting Extension for Track B Ruling Comments*, dated August 24, 2023, granting the extension of deadlines for comments (to September 18, 2023) and reply comments (to October 6, 2023) on the Ruling, and (3) *Procedural Email Granting Extension for Track B Ruling Comments*, dated September 13, 2023, granting a second extension of the deadlines for filing comments (to September 25, 2023) and reply comments (to October 9, 2023).

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<sup>1</sup> California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

<sup>2</sup> Rulemaking (R.) 22-07-005, *Administrative Law Judge's Ruling on Track B Staff Proposal to Expand Existing Pilots* (Aug. 15, 2023):  
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K407/517407755.PDF>.

## I. INTRODUCTION

Energy Division's Staff Proposal on Existing Dynamic Rate Pilot Expansion (Staff Proposal) provides significant opportunities to further evaluate the impact of dynamic pricing on grid reliability. Existing pilots, including the Valley Clean Energy (VCE)/Pacific Gas & Electric Company (PG&E) Agricultural Pumping Dynamic Rate Pilot (AgFIT), have preliminarily demonstrated load shifts beneficial to grid reliability while providing customer savings in connection with dynamic rates.<sup>3</sup> For this reason, CalCCA supported the expansion of the AgFIT pilot in its December 2022 comments on the Scoping Memo.<sup>4</sup> Expansion of existing dynamic rate pilots as proposed by the Staff Proposal will allow testing of additional use cases implementing dynamic rates.

Each unique community choice aggregator's (CCA's) participation in any of the proposed pilots will depend on a determination by that CCA's governing board whether such participation fits within the needs and goals of the local community it serves. This CCA rate and program autonomy is reflected in the Staff Proposal's invitation, but not direction, for CCAs to participate along with PG&E and Southern California Edison Company (SCE). To facilitate each CCA's assessment of whether and how it will participate, CalCCA provides recommendations and seeks clarifications as set forth below:

- CCA participation will depend on decisions made by each CCA's governing board regarding whether the pilot fits within that CCA's needs and unique circumstances;

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<sup>3</sup> See Ruling, Attachment 2, *Preliminary Assessment of Valley Clean Energy's Agricultural Pumping Dynamic Rate Pilot* (May 26, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K407/517407316.PDF>.

<sup>4</sup> See R.22-07-005, *CalCCA Comments on Assigned Commissioner's Phase 1 Scoping Memo and Ruling* (Dec. 2, 2022), at 5-7: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M499/K659/499659049.PDF>.

- The Staff Proposal should be clarified regarding how the proposed funding will be allocated: (1) among the investor-owned utilities (IOUs) and participating CCAs, and (2) across cost categories;
- The Staff Proposal should be clarified regarding expanded pilot implementation in terms of customer enrollment, marketing, education, and outreach (ME&O), evaluation, and IOU/CCA coordination; and
- CCAs should be allowed to join the pilots in phases, either in June 2024, June 2025, or June 2026, to maximize CCA participation.

## **II. CCA PARTICIPATION IN THE EXPANDED PILOTS WILL DEPEND ON CCA BOARD APPROVAL AND EACH CCA’S UNIQUE CIRCUMSTANCES**

If the Staff Proposal is adopted, the California Public Utilities Commission (Commission) will require PG&E and SCE to expand the pilots, and CCAs will have the option to participate in the expanded pilots.<sup>5</sup> CalCCA supports the Staff Proposal’s recognition that each CCA retains its exclusive statutory and regulatory autonomy to determine whether and how to participate.<sup>6</sup> Given the promising results demonstrated by the VCE/PG&E AgFIT pilot, CCAs are eager to consider participation, but each unique CCA will need to determine if the pilot(s) align with its local community’s needs, goals, and policies. For example, a CCA’s participation in Pilot #1 expanding dynamic pricing to all agricultural customers in PG&E’s service territory may only be prudent for CCAs with sufficient sectors of agricultural customers. Therefore, CCA governing boards will consider all factors impacting their communities prior to deciding whether to participate in the expanded pilots, or to implement a different rate or program more aligned with their needs.

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<sup>5</sup> See Staff Proposal, at 1 (proposing that the Commission “direct the IOUs to expand certain existing dynamic rate pilots,” while allowing the CCAs to participate).

<sup>6</sup> As noted in footnote one, above, CalCCA represents the interests of 24 out of 25 of the CCAs in California. Each CCA was established after the passage of Assembly Bill (AB) 117 in 2022 enabling local governments to establish CCAs to purchase electricity on behalf of residents and business in place of the IOUs. See AB 117, Stats. 2002; ch. 838 (codified at Public Utilities Code § 366.2). AB 117 incorporates an overall statutory and regulatory framework providing CCA governing boards with operational, procurement, and ratesetting autonomy in favor of local communities establishing the policies for their CCA.

### **III. THE STAFF PROPOSAL SHOULD BE CLARIFIED TO ENABLE CCAS TO EFFECTIVELY ASSESS THEIR SCOPE OF PARTICIPATION IN THE EXPANDED PILOTS**

The Staff Proposal should be clarified to enable CCAs to assess if and how the expanded pilots can be implemented in their service territories. As set forth above, many CCAs are eager to work with the Commission and the IOUs to establish programs under the expanded pilots, especially given the promising results from the AgFIT pilot and the ability to positively impact grid reliability. However, many details of the Staff Proposal must be clarified prior to the CCAs' committing resources to participate, especially given the short timeline for kickoff of the pilots in June 2024. As discussed below, the following aspects of the Staff Proposal should be clarified: (1) proposed budgets, including allocation of funding both to specific load serving entities (LSEs) and within the categories of costs; (2) customer enrollment and eligibility; (3) ME&O among IOUs and participating CCAs; and (4) inclusion of participating CCA data in pilot evaluations.

#### **A. The Staff Proposal's Funding Considerations Should Be Clarified**

CCAs need clarity on the proposed budgets in the Staff Proposal to assess their participation in the expanded pilots. As noted above, CCA governing boards will determine the scope and program design of each CCA's participation in the pilots, including whether sources of ratepayer funding will be needed to enable unbundled customers in their service areas to participate in the pilot(s). To make these determinations, clarity is necessary regarding funding sources, budgets, and the funding categories (including administration, vendor fees, systems and technology, billing, evaluation, and ME&O).

First, the Staff Proposal should be clarified regarding whether CCAs are eligible to receive funding for any category of budgeted costs under the pilots. If CCAs are eligible to seek cost recovery, does such eligibility extend to administrative costs, third party enrollment costs, and/or vendor fees? In addition, the VCE/PG&E AgFIT pilot includes funding for technology incentives



for participants to enable automated load shifting. Will such funding be available to pilot participants, including unbundled customers? If so, what is the amount of funding allocated?

In addition, to the extent funding is insufficient to scale the pilot to all customers wishing to participate, how will the funding be allocated across the load-serving entities offering the pilots, the pilots themselves, pilot rate classes, and individual customers? Will a cap be placed on the number of customers able to participate, or can a LSE place caps based upon funding provided by the Commission? Answers to these questions will provide clarity for CCAs to accurately determine their level and scope of participation in the pilots.

**B. The Staff Proposal Should Provide Further Clarity on Expanded Pilot Customer Enrollment, ME&O, Evaluation, and Coordination between IOUs and Participating CCAs**

The Staff Proposal should be clarified regarding how the IOUs and participating CCAs will coordinate customer enrollment, ME&O, and evaluation of the pilots. For example, with respect to customer enrollment, in many cases CCAs do not have access to data providing information on customer enrollment in certain demand response programs (for example, the Emergency Load Reduction Program). Given the proposed prohibition on dual enrollment for certain programs and the expanded pilots and the inability of CCAs to conduct the dual enrollment check, the IOUs will likely need to perform such dual enrollment checks for CCAs to enroll unbundled customers in its pilot programs. In addition, the Staff Proposal should be clarified regarding how ME&O will be conducted amongst the IOUs and participating CCAs. Finally, the Staff Proposal should address including participating CCA data in the expanded pilot evaluations along with the IOU data.

**IV. THE STAFF PROPOSAL SHOULD INCLUDE PHASED PILOT PARTICIPATION TO MAXIMIZE CCA PARTICIPATION**

Energy Division staff should consider providing launch date flexibility to maximize the number of CCAs that can prepare for and launch pilot expansions in their service territories. The

Staff Proposal includes June 2024 start dates for all three pilot expansions,<sup>7</sup> providing CCAs less than nine months from awareness of the opportunity to participate in the expanded pilots to launch. The urgency in California for grid reliability and the need for load shifting away from peak grid stress times is evident and this is central to the Staff Proposal. CalCCA understands and appreciates Energy Division’s desire to set one launch date for all LSEs participating in the expanded pilots. This approach has benefits to the data collection for evaluation, and for providing consistent funding. However, given the contracting, ME&O, and other preparation work required to successfully launch the expanded pilots, nine months may be too short a runway for some CCAs. To allow more time for CCAs to adequately prepare, Energy Division staff should consider allowing a phased approach to expanded pilot launch. Allowing CCAs to launch in June 2024, June 2025, or June 2026, will maximize CCA participation because any interested CCA that may not be able to launch in June 2024 can plan to launch for a subsequent summer. This phased launch approach will ensure that more customers get opportunities to incentivize load shifting via dynamic rates, regardless of whether their CCA is ready to launch by June 2024. In addition, keeping the launch month for each year (i.e., June) consistent will ensure consistency of data for each summer.

## **V. QUESTIONS FOR PARTY COMMENTS**

- 1. Should the Commission authorize Expanded Pilot Proposal #1 to extend the VCE AgFIT Pilot, remove the participation cap, and expand eligibility to all agricultural customers in PG&E territory?**

Yes. Given the promising results of the VCE AgFIT pilot, the Commission should authorize the Expanded Pilot Proposal #1, after providing additional clarity on pilot participation as set forth in CalCCA’s comments above.

- a. Please comment on whether the initial results of the VCE AgFIT Pilot indicate that the pilot has been successful at supporting system reliability to date. (See the attached interim**

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<sup>7</sup> See Staff Proposal, at 4 (Expanded Pilot #1), 7 (Expanded Pilot #2), and 8 (Expanded Pilot #3).

**evaluation report.)**

Yes, the pilot appears to be successful with the limited data gathered to date.

- b. Do you support the staff proposal modifications to eligibility for the pilot?**

Yes.

- c. Do you support the staff proposal modifications to the duration and/or size of the pilot?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

- d. Do you recommend additional marketing, education, and/or outreach for this pilot? If so, please provide details and a proposed budget.**

Yes, with clarifications as set forth in Section III.B., above.

- e. Do you agree with the staff estimates of the costs of expanding and extending the pilot?**

CalCCA requests that the Staff Proposal estimates of costs be clarified as set forth in Section III.A., above.

- f. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

- 2. Should the Commission authorize Expanded Pilot Proposal #2 to expand eligibility of the VCE AgFIT Pilot to certain commercial and residential customers in PG&E territory with no participation cap?**

CalCCA supports expanding eligibility of the VCE AgFIT Pilot but seeks clarification of the expanded pilot as set forth herein.

- a. Do you support the proposed modifications to eligibility for the pilot?**

Yes.

- b. Do you support the proposed modifications to the duration and size of the pilot?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

- c. Do you recommend additional marketing, education, and/or outreach for this pilot? If so, please provide details and a proposed budget.**

Yes, with clarifications as set forth in Section III.B., above.

- d. Do you agree with the proposed estimates of the costs of expanding and extending the pilot?**

CalCCA requests that the proposed estimates of costs be clarified as set forth in Section III.A., above.

- e. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

- 3. Should the Commission authorize Expanded Pilot Proposal #3 to extend the duration of the SCE Dynamic Rate Pilot and expand pilot eligibility?**

- a. Do you support the proposed modifications to eligibility for the pilot?**

Yes.

- b. Do you support the proposed modifications to the duration of the pilot?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

- c. What changes, if any, are necessary to enable CCA customers to participate in this pilot?**

Please see comments in Sections II.-IV., above.

- d. Do you recommend additional marketing, education, or outreach for this pilot? If so, please provide details and a proposed budget.**

Yes, with clarifications as set forth in Section III.B., above.

- e. Do you agree with the proposed estimates of the costs of expanding and extending the pilot?**

CalCCA requests that the Staff Proposal estimates of costs be clarified as set forth in Section III.A., above.

**f. Do you support the proposed timing of implementation of the Expanded Pilot (starting June 2024)?**

Yes, with the addition of the proposed phased approach as set forth in Section IV., above.

**4. Please comment on the proposed evaluation requirements that would apply to the three Expanded Pilots in the Staff Proposal.**

Please see comments in Section III.B., above.

**5. Please comment if any existing Commission requirements or utility program rules may impede customer participation in any of the Expanded Pilots, and if so, explain how such requirements should be modified for the purpose of pilot participation.**

No comment at this time.

**6. Are the proposed modifications to the VCE AgFIT Pilot and SCE Dynamic Rates Pilot consistent with the Commission's Rate Design Principles and Demand Flexibility Design Principles? If not, please provide specific ways to make the proposed modifications consistent with these principles.**

Yes.

## **VI. CONCLUSION**

For all the foregoing reasons, CalCCA respectfully requests consideration of the recommendations herein and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,



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September 25, 2023