

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

Order Instituting Rulemaking to
Advance Demand Flexibility
Through Electric Rates.

Rulemaking 22-07-005
(Filed July 14, 2022)

**POST-PREHEARING CONFERENCE STATEMENT OF THE
CALIFORNIA ENERGY STORAGE ALLIANCE**

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September 27, 2022

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and pursuant to *E-Mail Ruling Establishing Prehearing Conference Instructions and Requesting Post-Prehearing Conference Statements* issued by Administrative Law Judge (“ALJ”) Stephanie S. Wang on September 1, 2022, the California Energy Storage Alliance (“CESA”) hereby submits this Post-Prehearing Conference (“Post-PHC”) Statement to the *Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates* (“OIR”), filed by the Commission on July 14, 2022.

I. INTRODUCTION.

CESA is a party to Rulemaking (“R.”) 22-07-005 and appreciated the opportunity to participate in the recent prehearing conference (“PHC”) on September 16, 2022. As expressed at the PHC, CESA generally supports the outlined list of issues in scope of the proceeding, as proposed by the ALJ. However, regarding the preliminary proceeding schedule, CESA would like to see consideration of the complexities of dynamic rates before the proposed start of Phase 2 in 2024. In this Post-PHC Statement, CESA focuses on adequately planning for cross-agency coordination among the Commission, California Energy Commission (“CEC”), and the California Independent System Operator (“CAISO”).

II. STATEMENT.

In Opening Comments on the OIR, CESA¹ and other parties² highlighted the importance of considering the impacts of dynamic rates on load forecasting and associated Resource Adequacy (“RA”) requirements within this proceeding. The full benefits of demand flexibility are unlocked by being able to reduce otherwise needed investments in electric generation and grid infrastructure, particularly transmission and distribution infrastructure. This will be done by incorporating customer response to dynamic rates in the CEC’s Integrated Energy Policy Report (“IEPR”) statewide forecast, which flows through to RA obligation determinations, the CAISO’s Transmission Planning Process (“TPP”), and utility distribution planning processes (“DPP”). This importance is reflected in the ALJ’s proposed scope for Phase 2 of the proceeding in Question vi. – “How should the potential impact of demand flexibility rates be incorporated into load forecasting, the determination of resource adequacy obligations, and grid planning?”³

This question is very complex and will likely required more coordination and discussions among agencies and parties than most Commission proceedings. Given that load forecasting falls within the purview of the CEC, CESA recommends that the CEC host, at a minimum, a workshop providing an overview of how the CEC currently considers demand flexibility from time-varying rates, such as time-of-use (“TOU”) rates or distributed energy resources (“DERs”) in the IEPR forecast. During and after the workshop, parties should be able to provide feedback and raise issues that must be addressed as more dynamic rates are developed in the Advanced Demand Flexibility proceeding. CESA also recommends a working group be established at the CEC to focus on load

¹ See CESA Opening Comments at 6-7.

² See Alliance for Retail Energy Markets Opening Comments at 9; CAISO Opening Comments at 5; Enel X Opening Comments at 3; OhmConnect Opening Comments at 5.

³ Ruling, Prehearing Conference Proposed Scope and Schedule (September 2022) Attachment at 2.

forecasting issues, including the impact of exports on the load that needs to be served at any given busbar, node, and/or circuit/feeder. This workshop or working group should meet during Phase 1 in 2023, either within the proposed Track B or in a new dedicated track, given that many modeling issues will remain regardless of the specific dynamic price that is adopted. Additionally, the value of additional complexity in dynamic rates is largely dependent on our ability to reflect customer response accurately in planning processes. Therefore, if dynamic elements cannot be accurately modeled at this time, it is worth considering whether they should be pushed to later iterations of dynamic rates.

III. CONCLUSION.

CESA appreciates the opportunity to submit this Post-PHC Statement and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jin Noh', written in a cursive style.

Jin Noh
Policy Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: September 27, 2022