

**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)

**COMMENTS OF THE VEHICLE-GRID INTEGRATION COUNCIL ON THE
PROPOSED DECISION ADOPTING RATE DESIGN PRINCIPLES AND DEMAND
FLEXIBILITY DESIGN PRINCIPLES**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Vehicle-Grid Integration Council (“VGIC”) hereby submits these comments on the *Proposed Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles* (“Proposed Decision”), mailed by the Commission on March 17, 2023.

I. INTRODUCTION.

VGIC commends Energy Division (“ED”) staff’s diligent efforts in convening stakeholders to develop comprehensive updates to the rate design principles and establish the new demand flexibility design principles. While VGIC generally supports the move toward unified, dynamic price signals and is encouraged by the CalFUSE framework, it is important to balance the long-term goals of this vision with the immediate impacts and interim steps needed to chart a clear path forward. VGIC recommends that the Commission and ED staff apply each rate design principle in a manner that does not ultimately undercut the goals of the CalFUSE framework. Specifically, it is critical to apply appropriate treatment to Rate Design Principle IX, “Rate design should not be

technology-specific and should avoid creating unintended cost-shifts,”¹ in light of the current and upcoming EV-specific rate offerings. With this in mind, VGIC offers the following recommendations for the Commission as it considers revisions to the PD:

- The Commission should facilitate a thoughtful and gradual transition away from technology-specific rates to avoid creating rate shock for existing or new EV customers.
- The Commission should clarify the implementation timeline for rate design principles within the context of ongoing rate applications.

II. THE COMMISSION SHOULD FACILITATE A THOUGHTFUL AND GRADUAL TRANSITION AWAY FROM TECHNOLOGY-SPECIFIC RATES TO AVOID CREATING RATE SHOCK FOR EXISTING OR NEW EV CUSTOMERS.

While VGIC supports the long-term vision of unified, non-technology-specific price signals, it is important to recognize that the existing suite of available rates do incorporate several technology-specific rates.² Today, EV-specific rate designs for residential and commercial customers represent an important tool for shaping and shifting EV charging load in California. VGIC respectfully requests that the Commission carefully implement Rate Design Principle IX: “Rate design should not be technology-specific and should avoid creating unintended cost-shifts,”³ such that today’s EV-specific rate designs are not abruptly terminated in a manner that would create rate shocks for participating customers or new EV adopters expecting EV-specific rates. Participation in these rates can result in increased off-peak charging, which can reduce system

¹ PD at 2.

² See, for example, *Comments of the VGIC on the Oder Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates*. August 15, 2022. R.22-07-005. Pages 5-7.

³ PD at 2.

costs and the utilization of polluting natural gas “peaker” plants, yielding positive economic and environmental benefits for ratepayers and California at large.

Emerging EV-specific rates like PG&E’s Day-Ahead Hourly Real-Time Pricing (“DAHRTP”) offering and the associated export compensation pilot, PG&E’s proposed V2X Pilot rate design, and SDG&E’s proposed Export Compensation pilot, will play a critical role in informing the development of future dynamic rate and export compensation design in California. These rates can also support innovative multi-DER sites like co-located or integrated energy storage and EV charging, co-located solar and EV charging, or sites with all three types of DERs. If Rate Principle IX is implemented too abruptly, it could jeopardize the opportunity to learn from these emerging EV-specific dynamic rate offerings and pilots.

Today’s automotive manufacturers, EV charging equipment manufacturers, and third-party EV service providers are situated to unlock significant customer participation in California under emerging EV-specific dynamic rates (in addition to program offerings like the Emergency Load Reduction Program). By pursuing a thoughtful, gradual, and appropriately-timed transition away from EV-specific rates, the Commission can avoid (1) creating rate shock for existing or new customers relying on EV-specific rates, (2) disrupting the burgeoning market for flexible charging and discharging solutions, and (3) creating roadblocks to achieving the Commission’s VGI strategies as adopted in Decision 20-12-029 per Senate Bill 676. With this in mind, VGIC urges the Commission to chart a gradual path forward to implementing Rate Design Principle IX that avoids abruptly terminating today’s existing and emerging EV-focused rates.

III. THE COMMISSION SHOULD CLARIFY THE IMPLEMENTATION TIMELINE FOR RATE DESIGN PRINCIPLES WITHIN THE CONTEXT OF ONGOING RATE APPLICATIONS.

As referenced in Section II above, SDG&E has proposed a real-time pricing pilot in A.21-12-006 and an EV-specific export compensation rate in A.21-12-008. In early 2021, the proceedings were consolidated into a single ratesetting proceeding that is currently active. VGIC is a party in that proceeding, and briefs are currently scheduled for late April. If the PD is adopted as at the Commission's April 27th Business Meeting, it is unclear to VGIC how this would impact the ongoing SDG&E proceeding. VGIC respectfully requests that the Commission clarify the implementation timeline for the new rate design principles such that active rate proceedings such as SDG&E's RTP and export compensation application are not impacted.

IV. CONCLUSION.

VGIC appreciates the opportunity to submit these comments on the PD. We look forward to further collaboration with the Commission and stakeholders on this initiative.

Respectfully submitted,



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