

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814  
Main website: [www.energy.ca.gov](http://www.energy.ca.gov)  
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2008 Order Instituting Informational  
Proceeding and Rulemaking on  
Load Management Standards

Docket No. 08-DR-01

NOTICE OF EFFICIENCY  
COMMITTEE WORKSHOP

## **Notice of Efficiency Committee Load Management Standards Workshop on Rate Design, Incentives, and Market Integration**

The California Energy Commission's Efficiency Committee will conduct a workshop on rate design, incentives, and market integration as part of its Load Management Standards proceeding. Chairman Jackalyn Pfannenstiel is the presiding member, and Commissioner Arthur H. Rosenfeld is the associate member. Other Commissioners may attend and participate in this workshop. In addition, Commissioners and officials from the California Public Utilities Commission (CPUC) and the California Independent System Operator (California ISO) have been invited to participate.

**TUESDAY, JUNE 10, 2008**

10 a.m.

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street

First Floor, Hearing Room A

Sacramento, California

(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

[www.energy.ca.gov/webcast/](http://www.energy.ca.gov/webcast/)

To participate in the meeting by phone,

please call 888-469-0487 by 10 a.m.

Passcode: LMSTD Call Leader: E. V. (Al) Garcia

If you are planning to attend this meeting, please be aware that drivers can expect traffic congestion and delays due to repair work on Interstate 5 in the downtown Sacramento area. Information on road closures and alternate routes is available at <http://www.fixi5.com/>, or you can call 511 to get information in English and Spanish.

## Purpose

The Efficiency Committee is interested in receiving input on the potential use of the Energy Commission's load management authority to further the orderly adoption of rate structures that support state load management and demand response goals.

This workshop will include an overview of cost-based ratemaking and general rate design. Presentations from the CPUC, investor-owned utilities, and publicly-owned utilities will cover current rate design policy supporting time of use (TOU) and dynamic rates. The Committee is also interested in input on rate design in support of load shifting and energy storage technologies, and how retail tariffs and programs can be integrated with wholesale markets and control area operations.

Possible load management standards concerning rates include, but are not limited to:

- Adopt statewide standard protocols for dynamic rates that establish general principles to follow for dynamic rate design and implementation.
- Require utilities to offer, and CPUC and local governing boards to approve, opt-out critical peak pricing (CPP) rates to all residential and small commercial customers (with a default TOU rate if they opt out), and mandatory CPP for large commercial and industrial customers.
- Require retail tariffs and programs be consistent with wholesale market design or be integrated into control area operations.
- Specify communications standards for participation in wholesale markets or control area operations.
- Require utilities to allow third party aggregation of peak reduction or peak shifting.

## Background

On January 2, 2008, the Energy Commission approved an Order Instituting Informational and Rulemaking Proceeding (OII/OIR) on demand response equipment, rates, and protocols.<sup>1</sup> The purpose of the OII/OIR is to:

- (1) Assess which rates, tariffs, equipment, software, protocols, consumer information, and other measures would be most effective in achieving demand response.
- (2) Adopt regulations and take other appropriate actions to achieve a voluntary, price-responsive electricity market.<sup>2</sup>

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<sup>1</sup> *Demand response* refers to mechanisms to manage the demand from customers in response to supply conditions, for example, having electricity customers reduce their consumption at critical times or in response to market prices. Demand response is generally used to refer to mechanisms used to encourage consumers to reduce demand, thereby reducing the peak demand for electricity.

The Energy Commission has longstanding authority to adopt cost-effective load management standards to reduce and shift peak demand (PRC 25403.5). Under the broad scope established, the Energy Commission “shall consider, but need not be limited to,” the following load management techniques:

- (1) “Adjustments in rate structure to encourage the use of electrical energy at off-peak hours or to encourage control of daily electrical load.”
- (2) “End use storage systems which store energy during off-peak periods for use during peak periods.”
- (3) “Mechanical and automatic devices and systems for the control of daily and seasonal peak loads.”

On March 3, 2008, the Efficiency Committee held a scoping workshop to obtain public input on the development and possible adoption of new load management standards. The workshop included presentations from the Energy Commission, CPUC, California ISO, utilities, researchers, and invited technical experts. Discussions included review of the Energy Commission’s load management standards authority and demand response accomplishments. Participants discussed current plans and research on demand response technology advancements in California, other states, and other countries. The public and other interested parties also had an opportunity to address the Efficiency Committee.

After considering the information presented and discussed at the workshop, as well as the comments received, the Efficiency Committee published a Load Management Standards Efficiency Committee Scoping Order on April 25, 2008. This document can be found at: [[http://www.energy.ca.gov/load\\_management/documents/2008-04-28\\_SCOPING\\_ORDER.PDF](http://www.energy.ca.gov/load_management/documents/2008-04-28_SCOPING_ORDER.PDF)].

On April 29, 2008, the Efficiency Committee held a workshop on Smart Grid Activities and Technologies. The workshop included presentations from Energy Commission Public Interest Energy Research program, U.S. Department of Energy, California ISO, investor and publicly owned utilities, and invited technical experts. Discussions covered current utility smart grid development plans, and how state regulations could support and encourage responsible development of a smart grid.

On May 27, 2008, the Efficiency Committee held a workshop on Advanced Metering Infrastructure (AMI). The workshop included presentations from both investor-owned and

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<sup>2</sup> In a price (demand) responsive electricity market, the price of electricity reflects either wholesale market or system operating conditions, and customers respond voluntarily by reducing consumption during higher-price periods. A fundamental element of price response is the allocation of procurement costs by time, resulting in rates that rise or fall with demand, providing incentives for customers to conserve during peak electricity usage periods or shift electricity demand from higher to lower-price periods.

publicly-owned utilities on their AMI business cases and rollout plans in addition to lessons learned in designing, developing, and deploying AMI. The discussion explored the relationship between AMI functionality and the capability of supporting different policy goals, and differences in functionality among current systems.

Information about each workshop, and the Energy Commission’s Load Management Standards proceeding in general, can be found on the Load Management Standards proceeding web page: [[http://www.energy.ca.gov/load\\_management/index.html](http://www.energy.ca.gov/load_management/index.html)].

## Schedule

March 3, 2008	Workshop on the Scope of the Load Management Standards Proceeding
April 29, 2008	Workshop on Smart Grid Activities and Technology
May 27, 2008	Workshop on Advanced Meter Infrastructure (AMI)
June 3, 2008	Comments due from public on May 27, 2008, workshop
<b>June 10, 2008</b>	<b>Workshop on Rate Design, Incentives, and Market Integration</b>
June 17, 2008	Comments due from public on June 10, 2008, workshop
<b>June 19, 2008</b>	<b>Workshop on Enabling Technologies and Communications</b>
June 26, 2008	Comments due from public on June 19, 2008, workshop
<b>July 10, 2008</b>	<b>Workshop on Customer Education and Needs</b>
July 17, 2008	Comments due from public on July 10, 2008, workshop
Early August	Staff report and recommendations for Load Management Standards
<b>Late August</b>	<b>Committee hearing on staff report and standards recommendations</b>

\* Bold entries denote future workshop and hearing dates.

The schedule above shows the past workshop dates and the projected dates of upcoming Efficiency Committee Workshops on the Load Management Standards proceeding. Please note dates are subject to change. If so, changes will be appropriately noticed and posted on the Load Management Standards proceeding web page. Staff reports, workshop notices, presentations, written comments, and other proceeding documents will also be posted in the same location:

[[http://www.energy.ca.gov/load\\_management/index.html](http://www.energy.ca.gov/load_management/index.html)].

## Written Comments

Proposals or other written comments regarding AMI submitted before the workshop are requested by 5:00 p.m. on Thursday, June 5, 2008. Proposals or other written comments to be considered after the workshop must be submitted by 5:00 p.m. on Tuesday, June 17, 2008. Please include the docket number “08-DR-01” and indicate “Load Management Standards: Rates, Incentives, and Markets” in the subject line and first paragraph of your comments. Please hand deliver or mail an original plus 10 paper copies to:

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 08-DR-01  
1516 Ninth Street  
Sacramento, CA 95814-5512

The Energy Commission encourages comments by e-mail. Please include your name or your organization's in the name of the file. Those submitting comments by electronic mail should provide them in either Microsoft Word format or as a Portable Document (PDF) to [\[docket@energy.state.ca.us\]](mailto:docket@energy.state.ca.us). **One paper copy** must also be sent to the Energy Commission's Docket Unit.

Participants may also provide an original and 10 copies at the beginning of the workshop. All written materials relating to this workshop will be filed with the Dockets Unit and become part of the public record in this proceeding.

### **Public Participation**

The Energy Commission's Public Adviser's Office provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [\[pao@energy.state.ca.us\]](mailto:pao@energy.state.ca.us). If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

Please direct all news media inquiries to the Media Office at (916) 654-4989, or by e-mail at [\[mediaoffice@energy.state.ca.us\]](mailto:mediaoffice@energy.state.ca.us). If you have questions on the technical subject matter of this forum, please call Gabriel D. Taylor, P.E., Load Management Standards Proceeding Project Manager, at (916) 654-4045 or [\[LoadManagementOIR@energy.state.ca.us\]](mailto:LoadManagementOIR@energy.state.ca.us).

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JACKALYNE PFANNENSTIEL  
Chairman and Presiding Member  
Efficiency Committee

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ARTHUR H. ROSENFELD  
Commissioner and Associate Member  
Efficiency Committee

Mail List Server: [energypolicy](#) (IEPR); [appliances](#) (Appliances); [efficiencywg](#) (Title-24); [loadmanagement](#) (Load Management); [electricity](#) (Electricity)

Note: California Energy Commission's formal name is State Energy Resources Conservation and Development Commission.