



**California Energy Commission
August 13, 2025, Business Meeting
Backup Materials for LOAD MANAGEMENT STANDARDS COMPLIANCE PLANS**

The following backup materials for the above-referenced agenda item are available as described below:

1. Proposed vote on Load Management Standards compliance plans, memo and order attached below.
 - Proposed Orders attached below
 - CEQA Recommendation Memo attached below
2. Compliance plans and attachments.
 - Ava Compliance Plan:
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=264899&DocumentContentId=101673>
 - Clean Power Alliance Compliance Plan:
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=264676&DocumentContentId=101520>
 - Los Angeles Department of Water and Power Compliance Plan:
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=264426&DocumentContentId=101270>
 - Sacramento Municipal Utility Compliance Plan:
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=264353&DocumentContentId=101118>

For the complete record, please visit: [23-LMS-01](#).

To stay informed about this project and receive documents as they are filed, please subscribe to the Flexible Demand Appliances and Load Management and Demand Response subscription list, which can be accessed here:

<https://public.govdelivery.com/accounts/CNRA/signup/31895>

The subscription service sends out email notifications and direct links when documents are filed in the proceeding docket.

STATE OF CALIFORNIA
STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF:

**Approval of Load Management
Standards Compliance Plans for
Ava, CPASC, LADWP, and SMUD**

Docket No.: 23-LMS-01

[PROPOSED] ORDER

I. BACKGROUND

The Load Management Standards (“LMS”) regulations (Title 20 California Code of Regulations “CCR” section 1621, et seq.) define Ava Community Energy (Ava) and Clean Power Alliance of Southern California (CPASC) as “Large Community Choice Aggregators” (“Large CCAs”), and define Los Angeles Department of Water and Power (LADWP) and Sacramento Municipal Utility District (SMUD) as “Large Publicly-Owned Utilities” (“Large POUs”) and require them to submit plans for complying with the LMS regulations (“plans” or “compliance plans”) to the California Energy Commission (“CEC” or “Commission”) for its review and approval (20 CCR section 1621(c)(8); 20 CCR section 1621(c)(10); 20 CCR section 1623.1(a)(3)).

As Large CCAs and Large POUs, Ava’s, CPASC’s, LADWP’s, and SMUD’s compliance plans must show how they will comply with 20 CCR section 1623.1 of the LMS regulations. Among other things, this requires that the plans show how they will develop marginal cost-based electricity rates or programs, apply to their rate approving bodies for approval, and offer at least one such rate or program to their electricity customers. (20 CCR sections 1623.1(b)(2) and (4).)

In particular, the LMS regulations require that Ava’s, CPASC’s, LADWP’s and SMUD’s compliance plans show how they, with the approval of their rate-approving bodies, will:

1. Upload and maintain their time-dependent electricity rates in the CEC’s Market Informed Demand Automation Server (“MIDAS”) database and assign Rate Identification Numbers (“RINs”) to customers so they can access their electricity rates in real time and manage their energy use to optimize electricity savings and align it with supply and the availability of renewable energy. (20 CCR section 1623.1(c)).
2. Provide customers with access to marginal cost-based electricity rates that vary at least hourly for each customer class for which the rate-approving body determines such a program will materially reduce peak load. (20 CCR section 1623.1(b)(1)). Where such

rates have not yet been approved by a Large CCA's or Large POU's rate-approving body, the Large CCA or Large POU must provide programs identified as cost-effective according to 20 CCR section 1623.1(b)(3) that allow customers to respond to MIDAS signals indicating marginal cost-based rates, marginal prices, hourly or sub-hourly marginal greenhouse gas emissions, or other Commission-approved marginal signals (20 CCR sections 1623.1(b)(3) and (4)). To fulfill these requirements, Large CCAs may apply for approval of marginal cost-based rates that are offered by the Large Investor-Owned Utilities ("Large IOUs", 20 CCR section 1621(c)(8)) in whose service areas the Large CCAs exist (20 CCR section 1623.1(b)(2).)

3. Conduct public information programs to inform customers of the benefits of marginal cost-based rates and automation, which may include saving money, aligning electricity usage with available green energy resources, and reducing use during periods of grid stress (20 CCR section 1623.1(b)(5)).

The LMS regulations also require Ava, CPASC, LADWP and SMUD, and the other regulated load serving entities (LSEs) to jointly build a RIN access tool so that customers and third parties may look up customers' RINs and, with customer consent, program their electrical devices to connect with the rates uploaded to MIDAS (20 CCR section 1623(c)). Large CCAs and Large POUs are not required to document these efforts in their compliance plans, however.

Ava submitted its compliance plan to the CEC on April 11, 2024. CPASC submitted its compliance plan on March 15, 2024. LADWP submitted its compliance plan on December 14, 2023, and SMUD submitted its compliance plan on November 30, 2023.

20 CCR section 1623.1(a)(3) establishes a process under which the Executive Director of the CEC ("Executive Director") "shall review the plans and either return them to the Large POU or the Large CCA for revision or submit them to the Commission for review and potential approval." The Executive Director "shall make an initial determination whether the plan... is consistent with the requirements of [s]ections 1623.1(a)(1) and (2)."

The Commission approves CCA compliance plans that are consistent with sections 1623.1(a)(1) and (2) "and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2)." "The Commission may place conditions on its approval of [compliance] plans that are necessary to guarantee that the plan... will comply with [sections] 1623.1(a)(1) and (2)." (20 CCR section 1623.1(a)(3)).

The Executive Director conducted an initial review of all the compliance plans submitted under the LMS regulations. The CEC staff reached out to the LSEs, including Ava, CPASC, LADWP and SMUD, collaborated with them, and provided them technical assistance necessary to bring their plans into compliance with the regulations' requirements. The CEC staff docketed formal compliance plan revision requests to LADWP and SMUD on September 14, 2024.

In response, Ava, CPASC, LADWP and SMUD submitted revised compliance plans to the CEC. Ava submitted its revised plan via email on April 4, 2025 and docketed a clean version on July 18, 2025. CPASC submitted its revised plan on July 11, 2025. A key feature of the revised plans is the two CCAs' commitment to participate in the expanded California Flexible Unified Signal for Energy ("CalFUSE") pilots that the California Public Utilities Commission authorized in its Decision D. 24-01-032. These pilots utilize marginal cost-based electricity rates and will be offered by the Large IOU within the service areas of Ava and CPASC. This compliance option is not available to LADWP and SMUD, however.

LADWP submitted its revised compliance plan via email on December 10, 2024 and docketed its plan on June 23, 2025. LADWP does not have advanced metering infrastructure in place to enable implementation of dynamic rates, but LADWP's plan contains programs that will encourage customers to shift their loads.

SMUD submitted its revised compliance plan via email on December 18, 2024 and docketed its plan on June 18, 2025. SMUD's compliance plan points to its current portfolio of programs that encourage load shifting (Critical Peak Pricing (CPP), thermostats, Electric Vehicle Managed Charging, Battery Virtual Power Plan) and argues that in comparison to its current programs, providing access to marginal cost-based rates at this point would not be cost-effective. SMUD's analysis provides a cost estimate that is reasonably substantiated, and a benefit estimate of individual participant that is supported by data and a sound methodology. The CEC staff points out the following issue with SMUD's analysis of marginal cost-based rates: SMUD's participation rate projection of around 0.5% to 1.6% is highly conservative relative to the participation data of domestic and international cohorts. Such low participation projection severely limits the economy of scale that is essential to achieve cost-effectiveness. In particular, SMUD's own evaluation cited participation data of similar rate offerings from Illinois, Oklahoma, Spain, Denmark. The participation data from these cited regions range from 2% to as high as 70%, much higher than SMUD's projection. SMUD's notable conservatism appears to be influenced by the low participation rate of SMUD's own CPP rate. While CEC staff recognize that SMUD's own data should carry additional weight, the degree of such additional weight, and the degree of conservatism should be re-evaluated for reasonableness as more data emerges from similar rates in California in the coming years. The CEC staff also believes that other trail-blazing features in the LMS regulations address some of the potential challenges SMUD anticipates, or past challenges those sample regions faced that might reduce cost-effectiveness. For example, SMUD noted that in Spain, 77% of the customers were not aware of their dynamic rate. LMS regulations effectively address this issue by requiring public education programs and uploading dynamic rates into MIDAS which will enable automation thereby improving customer awareness. Based on the aforementioned considerations, in addition to the analysis supporting the adoption of the LMS regulations, CEC staff believes that compliance with LMS requirements can be cost-effective, including the requirement to provide customers with access to marginal cost-based rates or programs and that SMUD should be afforded more time to evaluate these rates and programs as more data becomes available. Accordingly, the CEC staff recommends that the approval of SMUD's revised

compliance plan be conditioned on SMUD providing an updated analysis on the cost-effectiveness of providing access to marginal cost-based rates or programs to its customers and SMUD submitting this written analysis by August 13, 2028.

SMUD's and LADWP's plans are approvable on the foregoing basis.

The Executive Director reviewed the revised plans Ava, CPASC, LADWP, and SMUD submitted, makes the initial determination that they are consistent with the requirements of 20 CCR sections 1623.1(a)(1) and (2), and submits them to the Commission for review and potential approval pursuant to 20 CCR section 1623.1(a)(3).

As required by 20 CCR section 1623(c), Ava, CPASC, LADWP, and SMUD, are working along with the other load serving entities subject to the LMS regulations in an open, public process to develop the single statewide standard tool (RIN tool) which will allow authorized third parties access to customer electricity rate information. 20 CCR section 1623(c)(2)(A) requires the RIN tool to be submitted by October 1, 2024, but 20 CCR section 1623(c)(2)(B) authorizes the Executive Director to extend this deadline for good cause. The Executive Director finds that good cause exists for extending this deadline to May 8, 2026, as discussed below.

A workshop on the RIN tool was held on January 17, 2024. A draft plan for the RIN tool was submitted on October 1, 2024, and on November 15, 2024, the CEC staff published a notice requesting public comment on it. Developing the RIN tool is a complex matter. It involves highly technical issues, implicates sensitive customer information, and is of interest to many stakeholders and members of the public. Based on the comments received, staff's analysis of them and the draft RIN tool plan itself, additional time, public input, and analysis are required before the RIN tool can be finalized. Accordingly, pursuant to 20 CCR section 1621(c)(2)(B), the Executive Director finds that good cause exists to extend the deadline for submitting the final RIN tool to May 8, 2026, the date established in the Commission's Orders 25-0508-05a (covering Pacific Gas & Electric Company ("PG&E"), Southern California Edison ("SCE") and San Diego Gas & Electric ("SDG&E")) and 25-0508-05b (covering San Jose Clean Energy (SJCE), Valley Clean Energy (VCE), and Peninsula Clean Energy Authority (PCEA)).

Although their compliance plans indicate that Ava, CPASC, LADWP, and SMUD are participating in developing the RIN tool as required by 20 CCR section 1623(c), 20 CCR section 1623.1 does not specifically require that Large CCAs and Large POUs document these efforts in their compliance plans.

II. THE EXECUTIVE DIRECTOR'S INITIAL DETERMINATION, FINDING OF GOOD CAUSE AND RECOMMENDATION

20 California Code of Regulations section 1623.1(a)(1) provides that Large CCAs and Large POUs "shall submit a plan to comply with Section 1623.1." 20 CCR section 1623.1(a)(3) then requires the CEC Executive Director to "review the plans and either return them to Large POU or the Large CCA for revision or submit them to the Commission for review and potential approval." The Executive Director "shall make an

initial determination whether the plan... is consistent with the requirements of [s]ections 1623.1(a)(1) and (2).” 20 CCR section 1623.1(a)(3) requires the Commission to approve Large CCA and Large POU compliance plans that are consistent with sections 1623.1(a)(1) and (2) “and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2).” Section 1623.1(a)(3) also provides that the Commission may impose conditions on its approval of the plans.

The Executive Director has reviewed the revised plans submitted by Ava, CPASC, LADWP, and SMUD and makes the initial determination that the plans are consistent with the requirements of the LMS regulations. The Executive Director also finds that good cause exists to extend the deadline for submitting the final RIN tool to May 8, 2026. However, since, as discussed above, the law does not specifically require Large CCAs or Large POUs to document their efforts to develop the RIN tool in their compliance plans (although most do), there is no basis for including the RIN tool’s completion as a condition of approving Ava’s, CPASC’s, LADWP’s, and SMUD’s compliance plans. However, there is a basis for requiring SMUD to re-evaluate its cost-effectiveness determinations regarding providing its customers with access to marginal cost-based rates and programs in three years of the date of this order when it will have additional information regarding the effectiveness of its portfolio of current programs and marginal cost-based rates provided by other LSEs. Therefore, the Executive Director recommends that the Energy Commission approve the revised LMS compliance plans submitted by Ava, CPASC, and LADWP without conditions, and that SMUD’s plan be approved on the condition that it provides an updated analysis on the cost-effectiveness of providing access to marginal cost-based rates or programs to its customers and SMUD submitting this written analysis by August 13, 2028.

III. ENERGY COMMISSION FINDINGS

The CEC makes the following findings:

- 1) 20 CCR section 1621(c)(10) defines Ava and CPASC as “Large CCAs” and 20 CCR section 1621(c)(8) defines Sacramento Municipal Utility District (SMUD) and Los Angeles Department of Water and Power (LADWP) as “Large Publicly-Owned Utilities” (“Large POUs”) for purposes of the LMS regulations (20 CCR section 1621, et seq.).
- 2) 20 CCR section 1623.1(a)(3) requires Large CCAs and Large POUs to submit plans to the CEC for complying with the Load Management Standards regulations. Ava submitted its plan on April 11, 2024, and CPASC submitted its plan on March 15, 2024. LADWP submitted its plan on December 14, 2023, and SMUD submitted its plan on November 30, 2023.
- 3) 20 CCR section 1623.1(a)(3) establishes a process under which the Executive Director of the CEC “shall review the plans and either return them to the Large POU or Large CCA for revision or submit them to the Commission for review and potential approval.”

The Executive Director reviewed the original plans Ava, CPASC, LADWP, and SMUD submitted and sought revisions to them. Ava submitted its revised compliance plan on April 4, 2025. CPASC submitted its revised compliance plan on July 11, 2025. LADWP submitted its revised compliance plan on December 10, 2024, and SMUD submitted its revised plan on December 18, 2024. The Executive Director made the initial determination that these plans comply with the requirements of the Load Management Standards regulation and submitted these revised plans to the Commission for its review and approval. The Executive Director also found good cause exists to extend the deadline for submitting the final RIN tool to May 8, 2026, the same extended deadline that has been established for other LSEs.

- 4) 20 CCR section 1623.1(a)(3) requires the Commission to approve Large POU and Large CCA compliance plans that are consistent with sections 1623.1(a)(1) and (2) “and which show a good faith effort to plan to meet the goals listed in sections 1623.1(a)(1) and (2).” The Commission finds that Ava’s, CPASC’s, LADWP’s, and SMUD’s revised compliance plans are consistent with 20 CCR sections 1623.1(a)(1) and (2) and show good faith efforts to plan to meet the goals of the LMS program. However, the Commission grants its approval of SMUD’s compliance plan on the condition that it provides an updated analysis on the cost-effectiveness of providing access to marginal cost-based rates or programs to its customers and SMUD submitting this written analysis by August 13, 2028, which is within three years of the date of this order.
- 5) The CEC has considered the application of CEQA to its approval of Ava’s, CPASC’s, LADWP’s, and SMUD’s revised compliance plans and concluded that its approval is not a “project” under CEQA, but that in the event that approval were determined to be a project, that it would nonetheless is exempt from CEQA under Class 7 (Cal. Code Regs., tit. 14, § 15307) and Class 8 (Cal. Code Regs., tit. 14, § 15308) because it constitutes a regulatory action that would protect natural resources and the environment, and the commonsense exemption (Cal. Code Regs., tit. 14, § 15061 subd. (b)(3)) because there is no reasonable possibility that its approval would have a significant effect on the environment, even due to unusual circumstances.

IV. CONCLUSION AND ORDER

The California Energy Commission hereby approves the revised Load Management Standards compliance plans submitted by Ava, CPASC, and LADWP. The Commission hereby approves the revised Load Management Standards compliance plan submitted by SMUD on the condition that SMUD provides an updated analysis on the cost-effectiveness of providing access to marginal cost-based rates or programs to its customers and SMUD submitting this written analysis by August 13, 2028, which is within three years of the date of this order.

IT IS SO ORDERED.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the CEC held on August 13, 2025.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

Kim Todd, Secretariat

Memorandum

To: Docket 23-LMS-01

Date: July 29, 2025

From: **Michael Sokol, Deputy Director**
Energy Efficiency Division
California Energy Commission

Subject: Basis for Finding the Load Management Standards Compliance Plans Exempt under the California Environmental Quality Act

I. CEQA

The California Environmental Quality Act (CEQA) (Public Resources Code (PRC) section 21000 *et seq.*; see *also* CEQA Guidelines, California Code Regulations (CCR), Title 14, section 15000 *et seq.*) requires state agencies consider the environmental impact of their discretionary decisions and determine whether or not CEQA applies. Additionally, CEQA allows for certain projects to be exempted from its requirements. Of relevance here, and discussed further below, is a discussion of CEQA applicability as well as the Class 7 and 8 exemptions (CCR, Title 14, section 15307 and 15308) and the commonsense exemption (CCR, Title 14, section 15061(b)(3)).

II. The CEC's Load Management Standards Program

The Warren-Alquist Act established the California Energy Commission (CEC) as California's primary energy policy and planning agency. Most, if not all, actions taken by the CEC are taken to protect the environment and natural resources, either in the near term with, for example, specific regulatory actions or the long term with, for example, long-term planning and investments in research. The Legislature over the years has made specific findings concluding CEC's work in regulating the energy sector is imperative for environmental protection. Notably, the Legislature has found the following: "it is the responsibility of state government to ensure that a reliable supply of electrical energy is maintained at a level consistent with the need for such energy for protection of public health and safety, for promotion of general welfare, and for environmental quality protection" (PRC, section 25001); "the present rapid rate of growth in demand for electric energy is in part due to wasteful, uneconomic, inefficient, and unnecessary uses of power and a continuation of this trend will result in serious depletion or irreversible commitment of energy, land and water resources, and potential threats to the state's environmental quality (PRC, section 25002); and "[i]t is further the policy of the state and the intent of the Legislature to employ a range of measures to reduce wasteful, uneconomical, and unnecessary uses of energy, thereby reducing the rate of growth of energy consumption, prudently conserve energy resources, and assure statewide environmental, public safety, and land use goals." (PRC, section 25007).

With regard to this specific project, Load Management Standards, section 25403.5 of the PRC authorizes and mandates the CEC to “adopt standards by regulation for a program of electrical load management for each utility service area” to, among other things, “encourage the use of electrical energy at off-peak hours or to encourage control of daily electrical load.” These standards are distinct from standards adopted pursuant to the CEC’s authority in section 25402 to set energy efficiency and flexible demand standards for buildings and appliances.

In 2022, the CEC promulgated amendments to the regulations for the Load Management Standards program. The main objective of the Load Management Standards regulations is to develop options to address the challenges of greenhouse gas reductions and grid resiliency (CCR, Title 20, sections 1621-1625). One of the main components of the Load Management Standards regulations requires load serving entities like the Large investor-owned utilities (IOUs), Large Publicly Owned Utilities (POUs), and Large Community Choice Aggregators (CCAs) to submit plans to comply with the Load Management Standards to the CEC for review and approval. (CCR, Title 20, sections 1621, 1623, and 1623.1).

Actions taken under the Load Management Standards program are designed to benefit the environment and natural resources by reducing energy demand in the state, thereby reducing the need to procure and generate electricity.

III. The Proposed Action

The goal of this action is to approve the plans that Large POUs and Large CCAs have created to comply with the Load Management Standards. These plans describe how each Large POU and Large CCA “will meet the goals of encouraging the use of electrical energy at off-peak hours, encouraging the control of daily and seasonal peak loads to improve electric system efficiency and reliability, lessening or delaying the need for new electrical capacity, and reducing fossil fuel consumption and greenhouse gas emissions.” (CCR, Title 20, section 1623.1(a)(1)).

The compliance plans must show how the Large POUs and Large CCAs with the approval of the appropriate rate-approving body, will:

1. Upload and maintain their time-dependent electricity rates in the CEC’s Market Informed Demand Automation Server (“MIDAS”) database and assign Rate Identification Numbers (“RINs”) to customers so they can access their electricity rates in real time and manage their energy use to optimize electricity savings and align it with supply and the availability of renewable energy. (CCR, Title 20, section 1623.1(c)).
2. Provide customers with access to marginal cost-based electricity rates that vary at least hourly for each customer class for which the rate-approving body determines such a program will materially reduce peak load. (CCR, Title 20, section 1623.1(b)(1)). Where such rates have not yet been approved by a Large POU or Large CCA’s rate-approving body, it must provide programs identified as cost-effective according to 20 CCR section 1623.1(b)(3) that allow customers to respond to MIDAS signals indicating marginal cost-based rates, marginal prices, hourly or sub-hourly marginal greenhouse gas emissions or other Commission-approved marginal signals. (CCR, Title 20, sections 1623.1(b)(3) and (4)). To fulfill these requirements, Large CCAs may apply for approval of marginal cost-based rates that are offered by the Large IOUs (CCR, Title 20, section 1621(c)(8)) in whose service areas the Large CCAs exist. (CCR, Title 20, section 1623.1(b)(2).)

3. Conduct public information programs to inform customers of the benefits of marginal cost-based rates and automation, which may include saving money, aligning electricity usage with available green energy resources, and reducing use during periods of grid stress. (CCR, Title 20, section 1623.1(b)(5)).

These activities are consistent with the requirements of the Load Management Standards regulations and effectuate the purpose behind the Load Management Standards program.

The CEC's approval of the compliance plans would not cause a direct or reasonably foreseeable indirect physical change in the environment.

IV. Applicability of CEQA

For purposes of complying with the California Environmental Quality Act ("CEQA," Pub. Resources Code, § 21000 *et seq.*), staff recommends the CEC find that the approval of the compliance plans is not a project under CEQA. California Code of Regulations, title 14, section 15060 states, in part, that a lead agency must first determine whether an activity is subject to CEQA and that an activity is not subject to CEQA if the activity is not a project as defined in section 15378. CEQA Guidelines section 15378 states that an activity is a project if it has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

In the case of the CEC approving the compliance plans, this action does not result in any direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment but, rather, approves plans submitted by other entities to comply with regulatory requirements. Therefore, CEQA is not applicable to the CEC's approval of the compliance plans.

Additionally, as discussed below, CEQA exemptions apply should approval of the compliance plans be considered a project pursuant to CEQA.

V. Class 7 and 8 Exemptions

CCR, Title 14, sections 15307 and 15308, exempt actions taken by a regulatory agency to "assure the maintenance, restoration, or enhancement of a natural resource" and actions taken to "assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment." Approval of the proposed compliance plans will have no significant effect on the environment and falls squarely within the categorical exemptions of sections 15307 and 15308. The approval of the compliance plans is being undertaken in furtherance of the CEC's Load Management Standards program to ensure the Large POU's and Large CCAs are complying with the Load Management Standards regulations. This action is taken to assure the maintenance, restoration, or enhancement of one or more natural resources and to assure the maintenance, restoration, enhancement, or protection of the environment. Further, none of the exceptions to exemptions listed in CEQA Guidelines section 15300.2 apply to this project. Additionally, no unusual circumstances have been identified that could lead to the reasonable possibility that the activity will have a significant effect on the environment. For these reasons, this project is exempt from CEQA.

VI. Common Sense Exemption

The approval of the compliance plans is also exempt from CEQA under the common sense exemption. CEQA only applies to projects that have the potential for causing a significant effect on the environment. (CCR, Title 14, section 15061(b)(3).) A significant effect on the environment is defined as “a substantial, or a potentially substantial, adverse change in the environment,” and does not include an economic change by itself. (PRC, section 21068; CCR, Title 14, section 15382.) The approval of the compliance plans will result in the Large POU and Large CCAs complying with the Load Management Standards regulations promulgated by the CEC and effectuate the purpose behind the regulations. No significant adverse impacts to the environment have been identified as resulting from this action. For these reasons, adoption of the amendments to the CEC’s regulations is not subject to CEQA under the commonsense exemption of section 15061(b)(3).

VII. Conclusion

As discussed above, approval of the compliance plans for the Large POU and Large CCAs is not a project for purposes of CEQA, and therefore, CEQA is not applicable to this action.

In the alternative, approval of the compliance plans for the Large POU and Large CCAs is a regulatory action that would protect natural resources and the environment and is, therefore, categorically exempt from further CEQA review under sections 15307 and 15308 of the CEQA Guidelines. Additionally, it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and, therefore, this project is exempt pursuant to the commonsense exemption under section 15061(b)(3) of the CEQA Guidelines.