

## Expansion of PG&E and SCE System Reliability Dynamic Rate Pilots ([R.22-07-005](#))

The CPUC's Jan. 25, 2024 [decision](#) directs Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) to expand the dynamic rate pilots approved by the CPUC in a 2021 decision ([D.21-12-015](#)) in order to provide system reliability benefits by enabling automated load shift of customer loads in response to dynamic hourly electricity prices. The expanded pilots will run from 2024-27, dovetailing with the implementation of the California Energy Commission's Load Management Standards requiring investor-owned utilities and customer choice aggregators to offer an optional dynamic rate by 2027. Originally approved pilots expire in 2024.

### Pilot Design

Customers who enroll in the pilot will receive dynamic electricity prices varying by hour. PG&E and SCE will have a pricing platform that will send the dynamic price directly to flexible customer devices such as: irrigation pumps, electric vehicle chargers, battery storage devices, and HVAC systems. Third-party automation service providers will receive pilot funds to automate customer devices to respond to the dynamic prices.

- **Bill savings:** Customers will save money on their electricity bills when their usage shifts from periods of high electricity prices to low electricity prices. Pilots will use a "shadow bill" approach. Participants will continue to pay their standard bill under their otherwise applicable rate and will also receive a shadow bill based on the pilot rate, which they will not pay. The shadow bill shows a customer's potential savings under the pilot rate relative to their standard bill. Participants will receive payments for their pilot rate savings on an annual basis.
- **Bill protection:** Participants will not be charged beyond their standard bill if their shadow bill exceeds their standard bill.
- **Enrollment target:** 50 MW for each pilot.
- **Duration:** June 1, 2024 to December 31, 2027
- **Budget:** Includes funds for (1) technology to automate customer loads to respond to dynamic pricing (2) incentives for participation by Community Choice Aggregators (CCAs) to increase customer enrolment, among other funding categories.

### Pilot modifications

- IOUs shall seek modifications by Oct. 2025 if enrollment for any pilot does not reach 5 MW by Aug 2025.

### Environment and Social Justice (ESJ)

- IOUs shall conduct marketing, education, and outreach to Environmental and Social Justice (ESJ) communities and measure pilot benefits to ESJ communities.

### Dual participation

- Allows dual participation in pilots and specified tariffs and programs including Critical Peak Pricing, electrification rates, Net Energy Metering, and Net Billing Tariffs.
- Disallows dual participation in pilots and supply-side demand response programs given existing challenges (e.g., accurate load impact measurement, evaluation, and attribution for each program).
- PG&E and SCE shall hold a public workshop and file a joint proposal to address dual participation issues.

## Eligibility Criteria and Budgets

	<b>PG&amp;E Pilot 1 (Ag Pilot)</b>	<b>PG&amp;E Pilot 2</b>	<b>SCE Pilot</b>
<b>Eligibility</b>	Bundled and unbundled agricultural customers on rate schedules AG-A1, AG-A2, AG-B, and AG-C	Commercial, industrial, and residential customers enrolled in: B-6, B-10, B-19, B-20, E-ELEC, and EV2-A <sup>1</sup> .	Residential and commercial customers
<b>Budget (varies with enrolled load)</b>	\$7.5M-\$21.5M	\$4.7M-\$15.2 million	\$6.75M- \$17.25M

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<sup>1</sup> Provided PG&E shall not simultaneously offer Day Ahead Real Time Pricing Rate and the Expanded Pilot 2 to customers on a given rate schedule.