

August 28, 2024

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Executive Director
NECPUC



SUBJECT:

RE: NECPUC's Retail Demand Response and Load Flexibility Working Group

To whom it concerns:

GridX, Inc. ("GridX") thanks the New England Conference of Public Utilities Commissioners' ("NECPUC's") Retail Demand Response and Load Flexibility Working Group ("Working Group") for the opportunity to provide written comments on the scoping of the upcoming issues that stakeholders believe the track should focus on over the course of the coming months.

GridX respectfully recommends that under the retail program design issues track, the Working Group give due consideration to the benefits of time-varying rates paired with tools to maximize customer success. Specifically, we suggest the following topics be discussed in the Working Group:

1. Effective design of time-varying rates
2. Personalized rate education and other customer empowerment tools

We expand on why we believe these topics are timely and important below.

Discussion

- A. We recommend the Working Group discuss how to effectively design time-varying rates.

As a threshold matter, we believe that time-varying rates should be a component of any comprehensive load flexibility strategy. Time-varying rates are enabled by Advanced Metering Infrastructure, and across the United States three-quarters all homes have smart meters today (and are therefore primed to enroll in a time-varying rate).

Furthermore, time-varying rates have historically demonstrated meaningful response. For example, in a 2023 analysis conducted by Dr. Ahmad Faruqui and Ziyi Tang, encompassing 80 pilots and 400 different pricing treatments, it was revealed that customers do reduce peak consumption as the peak-to-off-peak price ratio increases.

However, despite the myriad of successes attributed to time-varying rates, customer enrollment has lagged behind rate availability. Specifically, while over 60% of American energy customers have time-of-use rates available, only about 7% of these customers are enrolled in time-of-use plans. To bridge that gap, Commissions have approved a number of different time-varying rate design strategies, including pushing for multiple rate offerings, providing shadow billing, comparing opt-in versus opt-out models, and unlocking sets of customer tools to promote active and effective customer engagement. This Working Group provides a unique opportunity to further explore the best practices associated with time-varying rates by leveraging the lived experience of Commissions.

The conversation on time-varying rates is also timely for many NECPUC members. For example, the Maine Public Utilities Commission just last week opened a proceeding to explore Time of Use rates.¹ In Massachusetts, each utility was required to file an Electric Sector Modernization Plan (“ESMP”) that included, among other items, future proposals for time-varying rates. For these reasons, we respectfully suggest at least one Working Group session on time-varying rates.

- B. We recommend the Working Group discuss personalized rate education and other customer empowerment tools for time-varying rates.

Enrollment of customers into any demand response or load flexibility offering is an ongoing challenge. As noted above, this is even seen in TOU or TVR rate enrollment, where only about 7% of customers are enrolled in time-of-use plans.

Commissions have historically considered a number of levers to further encourage TVR enrollment, including customer tools. One particularly effective tool in growing TVR enrollments, encouraging customer retention on TVR, and increasing customer satisfaction is through **personalized rate education**. Personalized rate education involves helping customers understand the true cost impact of their energy usage by

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utilizing AMI data to execute authentic and theoretical billing, spanning all rates and tariffs.

For example, as part of its decision to make TOU the default residential rate for large IOUs in California, the California Public Utilities Commission authorized sufficient funding to support a robust statewide ME&O program.² Among other tactics, the ME&O program included personalized rate comparisons and rate education that were proactively delivered to customers through mail and email. Additionally, the IOUs were ordered to offer online self-serve solutions that also provided personalized rate comparisons and tools to help customers learn how to be successful with TOU rates.

The Board of Sacramento Municipal Utility District (SMUD) also voted to make TOU the default rate for its nearly 600,000 residential customers in 2017.³ SMUD's effective ME&O program focused heavily on communications of the on-peak time period supplemented with personalized rate analysis that was provided to customers at regular intervals prior to the date of customer migration to the SMUD TOU rate. Investment in robust ME&O results in low opt-out rates, high satisfaction with, and awareness of, the default TOU rate.

As one final example, presently Xcel in Minnesota has proposed to the Minnesota Public Utilities Commission a TOU rollout that includes at least three sets of digital tools underpinning personalized rate education: a bill analyzer (to explain what factors contribute to changes in a customer's bill), a bill simulator / rate advisor (to allow customers to explore different rates and see the forecasted impact on their bills), and visual improvements on the utility portal.

These examples help to indicate that cost-effective software solutions exist for utilities to procure and leverage their investment in AMI for the purpose of supporting ME&O programs. Personalized rate education can support Commissions and utilities in

² *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates*, Decision 20-07-011 (Jul. 16, 2020).

³ See SMUD Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Mar. 16, 2017), available at <https://www.smud.org/-/media/Documents/Corporate/About-Us/Company-Information/Reports-and-Documents/GM-Reports/2017-GM-Rate-Report-Vol-1.ashx>.

creating more focused and specific messages for those customers that are impacted by moving to a TOU rate structure. Given the additional benefits, we support inclusion of personalized rate education as a topic for the Working Group.

Conclusion

GridX appreciates consideration of these comments and looks forward to further engaging with NECPUC and the Working Group. We would be pleased to participate in any conversation around TVR, personalized rate education, and other customer engagement solutions.

Sincerely,

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