

2022 Load Management Standards Rulemaking



FACT SHEET

Definition of Load Management

Load management is defined as “any utility program or activity that is intended to reshape deliberately a utility’s load duration curve” (Public Resources Code, section 25132). Informally, load management balances electric supply with demand by adjusting the timing or amount of electricity use. Also known as demand management, load flexibility, and demand flexibility, load management reduces the need for new large electrical generation and backup generation devices. It is also a key strategy to ensure a reliable grid, keep energy costs down,

integrate renewable energy resources, and reduce greenhouse gas (GHG) emissions.

The intent of load management standards is to encourage electricity customers to shift electricity demand away from high demand periods, when peaking power plants and other polluting generators are in use, to times when lower-cost clean electricity is available. Utilities and state programs can incentivize this shift through electricity rates that reflect actual grid conditions.

CEC Authority to Mandate Load Management

In 1974, the Legislature passed the Warren-Alquist Act in response to the energy crisis of the early 1970s and the state’s growing demand for energy resources. The Warren-Alquist Act established the California Energy Commission (CEC) and, among other directives, gives the CEC authority to review and site power plants, establish efficiency standards for buildings and appliances, and establish load management standards.

2022 Load Management Standards

Overview

The adopted amendments will increase statewide demand flexibility by requiring the largest utilities and community choice aggregators to give all customers access to rates and programs that provide the information needed to optimize their energy use. By taking advantage of the technological enhancements across all sectors, the updated standards will help form the foundation for a statewide system that sends time- and location-based automation signals that devices use to provide real-time load flexibility.

The amendments require California’s largest energy utilities and community choice aggregators to:

- Develop and offer to customers at least one retail electricity rate that changes at least hourly.
- Provide and update hourly and time-varying rates in the CEC’s statewide Market Informed Demand Automation Server (MIDAS) database.
- Develop a standard tool to support third-party services’ access to rate information for its customers.
- Integrate information about time-dependent rates and automation technologies into existing customer education and outreach programs.



Benefits

- Increase grid reliability by facilitating automated load shift during emergencies such as wildfires, extreme heat, or earthquakes.
- Facilitate optimization of building performance by giving owners and occupants the necessary data or signals to automatically shift appliance electricity usage according to price, GHG intensity, or a Flex Alert.
- Reduce summer peak hour energy use by as much as 120 gigawatt hours.
- Save consumers a total of \$267 million over 15 years, at a cost of \$24 million.
 - ◇ The amendments may advance energy equity by creating bill savings for customers of all incomes with consistent demand levels.
 - ◇ Reducing peak energy demand through automated shifting or reduction can lower energy costs for customers.

Supporting analysis may be found in the Analysis of Potential Amendments to the Load Management Standards at <https://www.energy.ca.gov/publications/2021/analysis-potential-amendments-load-management-standards>.



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