



April 15, 2025

Honorable Josh Becker
California State Senate
1021 O Street, Suite 6520
Sacramento, CA 95814

Re: Senate Bill 541 (Becker) – Oppose

Dear Senator Becker:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We respectfully oppose SB 541, as amended on March 24, 2025. The CPUC and the California Energy Commission (CEC) have initiated efforts to examine prudent design and implementation of dynamic rates. SB 541 would duplicate these efforts by requiring adoption of a specific design for dynamic rates that would be administratively inefficient, create confusion among stakeholders, and could increase ratepayer costs amidst the electric rates affordability crisis.

The CPUC and CEC are undertaking careful deliberation and receiving robust stakeholder input on the design and implementation of complex hourly dynamic pricing requirements. Preliminary data from pilot programs has indicated that the technological costs to implement such complex rate designs in billing systems are significant. The agencies' processes are examining how to make dynamic rates as effective as possible and analyzing whether the presumed grid benefits of dynamic rates will outweigh the significant implementation costs. Circumventing these efforts with specific requirements for rate design creates the risk of increased ratepayer costs without any certainty of benefits.

The CPUC's Demand Flexibility Rulemaking (R.) 22-07-005 will directly address the requirements for dynamic rates. If enacted, SB 541 as amended would modify the Public Utilities Code to require each electric utility to implement the CalFUSE hourly dynamic pricing framework. Stakeholders have engaged in an eight-month working group process to deliberate, analyze, and provide recommendations to modify the CalFUSE hourly dynamic rate pricing framework,

resulting in comprehensive working group report.¹ In this report, stakeholders highlight implementation concerns with the CalFUSE framework, propose changes, and raise new issues that were not originally considered in the CalFUSE whitepaper. The issues are currently pending a decision from the CPUC.

In addition, SB 541 as amended would modify the Public Utilities Code to require each electric utility to implement the CalFUSE hourly dynamic pricing framework by January 1, 2028. This requirement contradicts the CEC's Load Management Standards (LMS), which set January 1, 2027 to implement dynamic rates.² These contradictory deadlines would create confusion and undermine the significant stakeholder efforts to provide information to CPUC in its proceedings.

In conclusion, creating new legislative requirements for dynamic rates, when significant regulatory efforts are already underway, will be problematic and could significantly increase customer rates. The Public Advocates Office recommends dynamic rates be carefully considered through the existing regulatory framework to allow for stakeholder involvement and the necessary procedural oversights.

Sincerely,

A handwritten signature in blue ink, appearing to read "Linda Serizawa". The signature is fluid and cursive, with the first name being more prominent.

Linda Serizawa
Director

¹ Track B Working Group Report and Notice of Availability, filed in R.22-07-005 on October 11, 2023. Available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K541/520541672.PDF>.

² Title 20 California Code of Regulations section 1623(d.2).