

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for Development of Distribution
Resources Plans Pursuant to Public Utilities Code
Section 769.

And Related Matters.

Rulemaking 14-08-013
(Filed August 14, 2014)

Application No. 15-07-002
Application No. 15-07-003
Application No. 15-07-006
Application No. 15-07-005
Application No. 15-07-007
Application No. 15-07-008
(Filed July 1, 2015)

**CLEAN COALITION COMMENTS ON
DISTRIBUTION RESOURCES PLAN ROADMAP STRAW PROPOSAL**

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I. INTRODUCTION

Pursuant to the November 16, 2016, *Administrative Law Judge’s Ruling Inviting Comments on Roadmap Staff Proposal*, the Clean Coalition hereby submits the following comments on the California Public Utilities Commission’s (“Commission”) Distribution Resource Plan (“DRP”) Roadmap Straw Proposal.

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”)—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

II. COMMENTS

The Clean Coalition strongly supports the overall process outlined in the Roadmap Straw Proposal and appreciates the work of Energy Division staff in bringing order and clarity to the planned development of the Distribution Resource Plans, input into the methods, processes, and application of these plans, and their important interaction with other proceedings. We encourage continued attention to the goals and outcomes identified in the Final Guidance and clear alignment of the Roadmap with these end goals, and the intermediate steps to reach them.

The DRP is fundamentally a planning process bringing transparency and public input into the development of resources within the distribution system in association with the billions of dollars invested annually in the that system. Through this process the Commission can evaluate the alignment between these expenditures and the defined public goals. To achieve this, we are engaged in the proceeding in overseeing first the development of the tools, methods, and mechanisms through which effective evaluation and planning can be achieved, and later in the application of these mechanisms.

We offer the following recommendations for refinement of the Straw Proposal, with a particular focus on the need to specifically address interconnection improvements.

We support a number of recommendations that may be addressed in detail by other parties, and briefly note these here rather than duplicating comments:

1. The development of DRPs must occur in concert with matters being addressed in the Integrated Distributed Energy Resources (“IDER”) proceeding¹, and matters that may be addressing in other proceedings. It is essential that the Roadmap reflect these interactions and plan for their coordination.
2. Likewise, a central factor in both the operational coordination of DER, and the net costs or benefits they accrue in compensation impacting their deployment, is their interaction with the transmission system and participation in ISO markets. Evaluation of coordination between distribution and transmission system operation should be clearly scoped, including consideration of demonstration projects to test alternative

¹ R. 14-10-003.

approaches. The Clean Coalition recommends specifically exploration of the opportunity for the distribution system operator to coordinate ISO signals to or dispatch of DER with distribution operation.

3. A critical product of the DRPs is the identification of barriers to achieving public goals in relation to DER. Identification is an essential first step, and requires means of assuring that barriers are successfully identified, including through stakeholder input. The Roadmap should then clearly define and direct the path from identification to resolution of these barriers, either within this proceeding or others.

We take this opportunity to note that the current CAISO practice of applying transmission access charges (“TAC”) to the Gross Load of most utilities is a major barrier to DER development. When TAC are assessed on every kilowatt-hour (kWh) of metered customer electric usage, the transmission cost savings of local distributed generation are denied to ratepayers, local generation is denied fair market competition, and communities lose the benefits of local energy development. With a 20 year levelized cost of approximately 3¢/kWh, the failure to recognize the avoided transmission use value of all metered distributed generation is among the most significant barriers to DER development.

4. The Locational Net Benefits Assessment methodology is of central importance in determining both utility investment and compensation for services. Development and application of this methodology should be trialed without delay for use in the 2017 DRP, while acknowledging that subsequent refinement may be warranted.
5. Likewise, the purpose of the demonstration projects is inform the DRP process, and this is only possible to the extent that results, even initial results, are available. We encourage scheduling to ensure that useful information is available in time for application to each biennial DRP, starting in 2017.
6. While the planned demonstration projects will provide valuable opportunity to explore a range of characteristics, new or unanticipated questions will arise regarding both the physical interaction and communication of DER with the grid, and the role of economic interactions between the utility and independent DER owners and operators. As noted above, demonstration projects should also consider the role of DER in the ISO markets, and utility coordination of such operation. We recommend

planning for review of these needs and the addition or modification of demonstration projects to address them; demonstrations offer ongoing opportunity for modification and experiment and should be viewed in this light. In some cases this may appropriately focus on pilot tariffs, compensation, or business relations voluntarily applied to existing DER in order to confirm the operational impact of such mechanisms.

7. Likewise, existing DER represent an installed resource offering a variety of capabilities not yet engaged or employed – evaluation of these resources should be planned and scheduled.
8. Lastly, and the focus of our comments - interconnection improvements are not adequately addressed in the Roadmap.

Interconnection has been recognized as a significant barrier to the use of DER in meeting grid needs identified in the DRPs, including both those addressing Locational Net Benefit Analysis (“LBNA”) value for ratepayers and those meeting customer demands. Streamlining these processes was clearly identified in the Final Guidance of the Commission as an important factor in development of DRPs, with the express goal of developing “plug and play” processes for the addition of DER to the grid. However, the proposed Roadmap does not define a path to this outcome, the role of Interconnection Capacity Analysis (“ICA”), when the topic will be addressed, or the appropriate interaction with other proceedings.

The deployment of DER in response to identified planning needs and value will not occur in a timely or effective manner if subject to substantial barriers. Experience in California has demonstrated the orders of magnitude difference in numbers of deployments seen between projects interconnecting through current streamlined behind-the-meter processes - primarily the customer net energy metering (“NEM”) rules - and the contrasting wholesale generation projects. Interconnection applications under NEM are currently being approved on average in less than one week, while other applications take much longer due to the need to study, allocate, and often negotiate costs.

The development of ICA, its underlying data, and its methodologies and software tools, is establishing a foundation for streamlined and even automated technical review of

many factors for all applications. As noted in the workshops, the ICA and LNBA are under development and while impressive and valuable initial results have been achieved, ongoing development is planned. As the ICA and LNBA methodologies are developed and vetted, the Roadmap should address the role of these methods in providing actionable results and streamlined processes related to value and cost determination, including specific steps for implementation.

RECOMMENDATION: The Roadmap should establish targets for automated interconnection review to provide immediate results for DER interconnection queries and applications to assist customers and other DER providers in evaluating opportunities of add resources to the distribution system. This includes continued development of the ICA and related tools, and specific plans their application to interconnection review processes. This will support efforts to achieve “plug and play” and provide the readily available information needed by staff and applicants to immediately answer the fundamental questions of “What will it cost and how long will it take to interconnect DER at a specified location?” and “What are the threshold factors that impact cost at this location?”

Closely related to this are the policy questions regarding cost assignment, including how planned grid modernization, capacity upgrades, and other planned DER impact the cost responsibility of each applicant. Current cost assignment practices are complex, especially for applicants outside of NEM. Cost assignment does not consider the value of the DER to the grid, or the value of grid upgrades triggered by the project², and does not readily reflect upgrades that would have been required in the near future even without the new project.

RECOMMENDATION: The DRP Roadmap should include development of policy to address these issues. This may be pursued within this proceeding, or provide direction

² It is worth noting that the value is considered in one respect, but with perverse consequences - since the upgrades are paid for by the applicant but owned by the utility, this represents potentially taxable income for the utility, and the applicant is responsible for that tax liability.

and recommendations for related proceedings such as IDER or a successor to the current Rule 21, or to a formal working group whose conclusions would be considered in one of these proceedings. Regardless of the path, the Roadmap must include a clear path to identify such and address such barriers.

For example, in streamlining interconnection, the ICA should be developed to provide a ‘pre-study’ of the grid, addressing as many interconnection factors and screens as is practical. The ICA is already estimating hosting capacity with minimal upgrades – as such, interconnection would be dramatically streamlined if projects were allowed to interconnect at a predetermined price (at least regarding grid upgrades) if conforming to ICA established location specific criteria regarding operation, equipment, capacity, and related factors aligned with Rule 21 standards. The feature that has made NEM interconnection so streamlined is that the price is generally predetermined and does not require studies and negotiations before a GIA can be obtained. A fixed price schedule for fully conforming projects will achieve the same efficiencies, and will both support deployment to meet planning goals, and help meet customer interest in DER.

Additionally, the Roadmap should include policy development considering such matters as crediting or reimbursing projects for upgrades that are consistent with the DRP, mirroring the practices employed in the Transmission Planning Process related to upgrades timed to accommodate individual projects.

In addition to planning for grid modernization, and the accommodation and use of DER, a primary intent of our original proposal for DRP in 2011 was to make planned upgrades and associated increases in DER hosting capacity transparent so as to guide applicants in developing these resources, and not burden resource providers with assigning them the cost of upgrades that would have occurred anyway, thereby allowing providers to site and schedule applications in coordination with planned hosting capacity upgrades. As the LNBA is developed in the DRP, this can be extended to meet utility needs and respond to opportunities to reduce ratepayer costs.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit comments on the Distribution Resource Plan Roadmap Straw Proposal.

Respectfully submitted,

/s/
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Clean Coalition

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