

**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.	Rulemaking 14-08-013 (Filed August 14, 2014)
And Related Matters.	Application 15-07-002 Application 15-07-003 Application 15-07-006
(NOT CONSOLIDATED)	
In the Matter of the Application of PacifiCorp (U901E) Setting Forth its Distribution Resource Plan Pursuant to Public Utilities Code Section 769.	Application 15-07-005 (Filed July 1, 2015)
And Related Matters.	Application 15-07-007 Application 15-07-008

**CLEAN COALITION REPLY COMMENTS ON DEMONSTRATION PROJECTS C-F
OF THE UTILITY AB 327 (2013) SECTION 769 DISTRIBUTION RESOURCE PLAN**

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I. INTRODUCTION

Pursuant to the directions and schedule provided in the Joint Assigned Commissioner and Administrative Law Judge’s Ruling Regarding Track 2 Demonstration Projects issued on May 17, 2016 and the ALJ Ruling issued on July 12, 2016, the Clean Coalition respectfully provides these reply comments on the proposed Demonstration Projects.

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. REPLIES TO OPENING COMMENTS

a. Acceleration of actionable results from the Demonstration Projects is broadly and appropriately encouraged.

The Clean Coalition notes that the majority of parties expressed concern over the proposed timeline that delays results until 2020 or later¹ and propose modifications to expedite conclusions from these demonstration projects. This issue is our primary concern as such delay directly prevents the application of results to ratepayer savings through development and cost effective application of DER, and the associated environmental benefits of expanded use of preferred resources, in addition to the broader economic benefits of market development. As emphasized in opening comments, the Clean Coalition strongly supports proposals to attain results earlier than originally proposed, including accelerating the approval, procurement & deployment, analysis and reporting schedules wherever practical. We believe all proposals have merit and are largely complimentary.

As discussed in our opening comments, we believe that the largest factor contributing to delay of actionable results is the proposed reliance on competitive solicitation processes for each project. As noted, non-utility ownership of DER and associated contractual constraints on operation will also substantially limit the ability to explore the full range of capabilities and anticipated for unanticipated values DER may offer to grid operations. Customer and third party owned DER is a critical foundation for DER resource development and application once the roles and functions are understood and incorporated in service or procurement contracts, however these demonstration projects should lay the foundation for such contracts by exploring the potential applications without undue constraint. As such, while we strongly support use of a variety of sourcing mechanisms, and encourage exploration of such mechanisms in conjunction with these demonstration projects, we caution that this should not take

¹ Vote Solar at 2, EDF at 1, GPI at 2 & 12, Solar City at 3, TURN at 1 & 3, ORA at 7-8 & 31,

precedence over the urgent need to obtain technical validation of DER operation and value.

b. The Additional Demonstration Projects proposed by the Center for Sustainable Energy should be adopted by the Commission.

The Clean Coalition supports the CSE proposal for an additional demonstration project for integrated community and grid planning. Increased collaboration and coordinated data sharing between municipalities, planning agencies, and investor owned utilities is likely to result in more effective data-driven DER forecasting and planning to meet statewide and local climate action goals without unnecessary infrastructure upgrades at ratepayer expense. The DRP and IDER proceedings would clearly benefit from the City's proposed work to develop local targeted incentives, rates and programs that encourage deployment of DERs that provide preferred performance and at optimal locations.

This project has clear merit for broad application in coordination of planning authorities and goals for greater efficiency and effectiveness and is proposed at minimal cost. The role of the City of San Francisco and the clear support expressed by a range of parties, including the Energy Commission and PG&E, reflect the merits of this proposal, and the Clean Coalition believes the funding request is well warranted regardless of partial funding through the US Department of Energy.

c. Responses to individual party comments

EDF

The Clean Coalition concurs with the comments from EDF, and in particular the concerns raised regarding restriction of sourcing to solicitations. We argued in our comments that this approach results in unreasonable and costly delays in project implementation. As noted above, the Clean Coalition agrees with the importance of pursuing a range of more appropriate sourcing mechanisms, such as described by EDF² and by ORA³ while reminding the Commission of the critical value of immediate implementation of demonstration deployments to avoid delay in deriving actionable

² EDF opening comments at 5-6

³ ORA opening comments at 7

results. As such, we strongly encourage initial reliance on utilization of utility owned resources, supplemented with all available non-IOU DER resources as may be accessed through such mechanisms as described by EDF including existing facilities and equipment, and all additional facilities that may be immediately deployed in response to these clear market signals.

We agree with EDF that it is important to adequately model the full range of DERs present, and address concerns that utility spending and procurement may not maximize the customer benefits, and the variety of policy, economic, and DER operational scenarios that should be conducted. Looking at a wide variety of scenarios will help ensure that the utilities do not put all of their efforts into an approach that may be suboptimal, and provide the information required to make the best choice from an appropriate suite of options.

To achieve this, each utility should describe how existing customer DER deployment is accounted for, and how these resources can be triggered to provide locational benefits as part of the pilots. To this end, the utilities should also assess the extent to which DERs are already in place and may be activated with price signals and other methods. PG&E appears to be adopting this approach in its DERM partnerships, and aggregators and other third party providers are likely to draw upon some existing resources in response to utility RFPs or other sourcing programs, however these approaches should be evaluated for their success in accessing the full potential of existing DER resources. Utilization of existing DER assets is a central goal of effective distribution resource planning, a key component of utility least cost strategies, and critical to the realization of locational net benefits of DER for ratepayers.

TURN & ORA

TURN and ORA each raise legitimate concerns regarding utilities coordination of demonstration projects with existing pilots projects⁴, and seeking efficiencies where applicable. The Clean Coalition recognizes that the specific scenarios and applications of these demo projects represent advancements building upon prior experience rather than duplicating work that has already been undertaken, and to some extent utilities have

⁴ TURN opening comments at 7, ORA opening comments at 12 & 17.

addressed these questions in their respective opening comments responding to questions raised by parties at the preceding workshop. If not sufficiently answered in reply comments submitted by utilities, we believe the utilities should be able to address the remaining matters raised by ORA and TURN expeditiously, so as not to delay progress on achieving results from these demos, and should be directed to do so.

SCE addresses these matters substantially in their opening comments, and we appreciate the additional detail. SCE notes that it is utilizing existing EPIC funded Integrated Grid Project funding for Demo D and is not seeking additional incremental funding – however it is not clear which costs for Demo D are covered and whether any incremental funding will be required. We look forward to specific responses to TURN in their reply comments.

SCE

As in our opening comments, we reiterate our observation that higher cost DER control and communication systems reduce the net cost effectiveness of DER solutions, undermining the purpose of this project. While less costly control systems may not be able to realize as much value from DER, they may realize great net value. PG&E is leveraging use of existing third party systems to manage DER resources at much lower cost, greatly increasing the opportunities for cost effective application of DER resources. Before investing millions of dollars in a single distribution planning area, SCE should explain why they believe their more expensive proposal will result in additional benefits that warrant its greater cost, and then proceed with demonstration of this value. However, we do believe that each utility should be granted substantial latitude in these demonstration projects to pursue different approaches, thereby allowing a variety of alternatives to be evaluated and compared in advance of wider application.

Finally, SCE has proposed a regulatory review process and cost recovery framework to balance the goal of accelerated approval with the need for additional stakeholder review of information. The two primary factors inhibiting early deployment and actionable results from these demonstration projects are the approval and procurement processes. SCE's proposal addresses the approval process and has merit – the Clean Coalition supports consideration of this proposal.

III. CONCLUSION

Clean Coalition notes that multiple parties express concern over the proposed timeline and propose modifications to expedite conclusions from these demonstration projects. We respectfully request that the Commission incorporate and implement these recommendations to the fullest extent possible for the reasons stated above.

Respectfully submitted,

-/S/-

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