

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

Order Instituting Rulemaking on the  
Commission's own motion to improve  
distribution level interconnection rules and  
regulations for certain classes of electric  
generators and electric storage resources.

Rulemaking 11-09-011  
(Filed September 22, 2011)

**CLEAN COALITION OPENING COMMENTS ON ALTERNATE PROPOSED  
DECISION**

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May 26, 2016

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DECISION**

The Clean Coalition respectfully submits these opening comments on the alternate proposed decision on various Rule 21 reforms (“APD”), filed on May 6, 2016.

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.

Our opening comments are summarized as follows:

- The Clean Coalition strongly supports the APD, which appropriately corrects widely recognized issues with the proposed decision (“PD”) with respect to interconnection cost certainty. These deficiencies were identified in prior party comments and addressed at the April 19<sup>th</sup> All Party Meeting that informed the APD.

- We support the APD’s resolution of the Joint Motions on the Unit Cost Guides and enhanced Pre-application Report, and on non-exporting energy storage interconnection improvements, which is carried forward without modification from the PD.
- The new 50% RPS by 2030 and a renewed focus on Distributed Generation underscores the importance of effectively addressing the interconnection cost certainty issues identified as a priority in this proceeding. Effective improvements in interconnection processes, including addressing uncertainty in costs, are also aligned with the AB 327 requirements for Distribution Resource Plans, and the Commission’s Final Guidance on implementation requiring a streamlined interconnection process.
- As discussed in prior comments, the Joint Utilities’ proposed Fixed Price Option (FPO) proposal, as adopted in the PD, is highly problematic for a variety of reasons, including its failure to provide any cost certainty for larger projects; the large proposed nonrefundable fee (\$10k); the loss of likely actual cost savings relative to the estimate,<sup>1</sup> the substantial additional time required to obtain the FPO results; and its failure to address other long-identified issues.
- We have reason to believe that few if any applicants will opt for the FPO, due to the problems described, as indicated by our polling of developers on the FPO proposal.
- For these reasons the Clean Coalition did not support the PD’s resolution of the cost certainty issues and we support instead the APD’s resolution with some adjustments on eligibility and other issues
- The APD’s Cost Envelope Option (“CEO”) addresses the problems with the FPO proposal and can provide multiple benefits to a substantially larger number of projects while ensuring more accurate alignment with actual costs.

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<sup>1</sup> On average, estimates have historically been 10-20% higher than actual costs determined at true-up. Applicants value certainty, but not the certainty of a higher price, and are reluctant to forego expected lower final costs and resulting refunds.

- Some clarification is warranted regarding the scope of project eligibility, fees, and schedules related to the application of the CEO as described in the APD.
- We also support the APD’s creation of a working group on “plug-and-play” interconnection procedures and plan to participate in this working group.

### **I. Opening comments**

The Clean Coalition applauds the Commission for both addressing the Joint Motions and the long standing issue of interconnection cost certainty, which has been addressed by parties and awaiting resolution in this proceeding since the initial scoping in 2011. We commend the Commission for heeding the comments of parties in recognizing critical deficiencies of the PD in addressing this issue and convening the April 19<sup>th</sup> All Party Meeting that informed the APD.

We further commend the Commission for citing and discussing SB 350’s increased RPS requirements and the need for more streamlined interconnection procedures, and the importance of addressing the current unlimited liability incurred by developers in relation to the interconnection cost estimates provided by the utilities.<sup>2</sup> We agree that the APD reduces cost uncertainty, diminishes risk for project development, thus reducing costs to ratepayers for renewable resources, and is calculated to spur investment needed to meet California’s statutory GHG reduction and renewable procurement and integration goals.

As stated in the APD, providing cost certainty to developers, utilities, and ratepayers is also a part of the Commission’s overall mandate to provide safe reliable service at just and reasonable rates.<sup>3</sup> We support the APD’s resolution of the cost certainty issues but suggest some clarification and refinements as described below. In previous comments on the PD we expressed strong support for the Joint Motions addressing the cost guide, preapplication report, and behind the meter energy storage issues. We maintain that support in these comments.

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<sup>2</sup> Alternate Proposed Decision, at 22

<sup>3</sup> Id, at 23

**a. The Clean Coalition supports the APD’s resolution of the Joint Motion on the Unit Cost Guide and the Enhanced Pre-application Report**

The Clean Coalition appreciates the APD’s resolution of the Joint Motion on the Unit Cost Guide and the Enhanced Pre-application Report. Facilitated by Commission staff, the parties were able to come together for a productive collaboration and achieve an outcome that was satisfactory to all parties involved. The Clean Coalition originally proposed the Distribution Unit Cost Guide and original Pre-Application Report (PAR) in 2011. The PAR was adopted in Phase I of this proceeding and has proven valuable to applicants. Through the experience in the years since, we are pleased to be able to address enhancements to the PAR, and are looking forward to an initial Cost Guide in 2016. We will continue to work with the parties and the Commission to further develop these two innovative interconnection tools, as prescribed in the Joint Motion.

**b. The Clean Coalition supports the Joint Motion on streamlining non-exporting energy storage interconnection**

The Clean Coalition also appreciates and supports the APD’s resolution of the Joint Motion on energy storage interconnection. We note, however, that the Joint Motion also only attempted to resolve those matters on which parties anticipated to be able to achieve consensus. Additional issues related to storage remain, including those raised by parties in comments on this motion, and we look forward to further progress on these issues in an expedited manner, as the Joint Motion itself prescribes.

**c. The Clean Coalition strongly supports the APD’s Cost Envelope Option and note the problems with respect to the resolution of cost certainty proposals in the PD**

**i. No parties supported the Fixed Price Option and all but one party supported some variant of the alternative Cost Envelope Option**

The Clean Coalition, IREC and other parties offered, in various rounds of comments, a detailed cost certainty solution called the Cost Envelope Option or CEO, which elaborated on the Energy Division Proposal. We fleshed out this proposal in a series of filings and included a red-lined Rule 21 tariff that specified precisely how this option would be enacted.<sup>4</sup> The APD adopts the CEO as an alternative to the FPO and we strongly support this move. The PD erred by not including this procedural record and not addressing the ED Proposal, and also by not addressing the weaknesses of the utilities' Fixed Price Option (FPO). Party comments on the PD describe these issues.

The Clean Coalition reiterates our strong support for a Cost Envelope Option rather than the FPO because the FPO simply won't be used by parties due to its high cost, failure to reflect savings typically realized in actual cost true-up, and very lengthy additional time frame (60 business days extra just to issue the FPO report, nearly three months, for a total additional timeline of about five months with the additional time periods, as described by the utilities in their proposal). In comments on the Joint IOU motion to approve the Fixed Price Option, all but one party supported some variant of the CEO rather than the FPO.

The following table compares the FPO and CEO, as proposed in the APD and as proposed by the Clean Coalition:

<b>Proposal</b>	<b>Applicability</b>	<b>Fee/deposit</b>	<b>Timeline</b>
<b>CEO (APD)</b>	All (including cluster study projects?)	No additional fee or deposit	Completed as part of either Supplemental Review (Fast Track) or Facilities Study (ISP) and unclear how cluster study projects will be managed
<b>CEO (Clean Coalition)</b>	Projects passing FT or ISP; no substation upgrades  (possible initial \$1,000,000 cap on	Refundable Deposit applied to final costs:  \$5,000 Fast Track	30 additional Business Days

<sup>4</sup> Clean Coalition Opening Comments on Joint Cost Certainty Proposal, May 22, 2015, Attachment 2.

	upgrade facilities costs)	\$8,000 ISP \$2,500 NEM-A	
<b>FPO</b>	Projects passing FT or ISP; no substation upgrades; under \$500k total upgrade costs	Nonrefundable Fee of \$10,000 for both FT and ISP	60 additional Business Days (3 months calendar time)

We support the stronger and more broadly applicable CEO proposed by the APD, as it adopts ambitious and important reforms in a prudent manner. We do, however, suggest some refinements to the APD’s CEO below. We also recommend that additional refinements after the APD is issued be proposed by the utilities through tier 2 advice letters, as required.

**ii. Should eligibility for the CEO be limited to Fast Track and ISP projects?**

The APD states that the CEO will be available to all projects interconnecting under Rule 21 (APD, p. 28, 29). While we support broad eligibility for the CEO as a general matter we ask the Commission to clarify whether it should be limited to all Fast Track and ISP projects and not be available for Rule 21 distribution group cluster study projects because such projects aren’t electrically independent from each other. We believe it may be practical to provide cost certainty even for cluster study projects with the explicit understanding that such eligibility is conditional upon there being no materially significant changes among any of the projects comprising the group studied. There are also rare circumstances where Rule 21 projects may implicate the CAISO transmission cluster study projects due to transmission-level impacts, and we request that the Commission also clarify CEO eligibility for these projects.

**iii. Materially significant changes may impact Cost Certainty**

Changes in project design (under any Rule 21 study process) may result in changes in the impact the project will have on the electric system. When seeking cost certainty, it is necessary to provide a greater level of detail regarding project design than currently

required for Rule 21 interconnection applications. However, we also recognize that practical refinements are commonly warranted prior to actual construction. Where such changes will exceed the relevant specifications utilized in establishing system impacts, the estimated cost provided under the CEO may need to be reviewed and revised. Where such changes do not exceed the relevant specifications utilized in establishing system impacts in the CEO estimate, the estimated cost will not need to be reviewed and the provided cost estimate will be maintained, unless a revised cost estimate is requested by the applicant.

**iv. Fast Track projects that don't need Supplemental Review should also be eligible for the CEO**

We note that the Supplemental Review process as currently defined in the Tariff is designed for review of specific interconnection screens, a purpose distinct from those necessary to establish a cost envelope. When Supplemental Review is required for a project in Fast Track this review may need to be completed before the utility can establish a cost envelope. The Supplemental Review period of 20 Business Days (approximately 30 calendar days) is generally appropriate for establishing cost estimates with the appropriate degree of confidence to offer cost certainty, and we recommend that the APD or subsequent implementing Tariff revisions reference the review period (either Supplemental Review and CEO or just CEO) rather than the process. We also recognize that circumstances may prevent utilities from being able to complete the work with an appropriate degree of confidence within this period, and a 10 Business Day (two week) extension should be allowed when the utility first identifies a specific need for the extension and notifies the applicant.

Some exporting Fast Track projects and some non-exporting projects (NEM-A, for example) complete Fast Track with only Initial Review. SCE, for example, has approved 23 Fast Track exporting projects with only Initial Review since 2012 (communication with SCE). The APD states (p. 29) that applicants must go through Initial Review and Supplemental Review to be eligible for the CEO. Because some exporting and non-exporting projects don't go through Supplemental Review we urge the Commission to modify the APD to state that if an applicant wants to qualify for the CEO it will still have



to go through the CEO process, and the additional time period required for this process, rather than the Supplemental Review process if it is not otherwise required for interconnection. Since the CEO time process is not spelled out as a separate process in the APD we recommend that 20 Business Days be provided for the CEO process when Supplemental Review is not needed.

We note that the Supplemental Review process as currently defined in the Tariff is designed for purposes other than those necessary to establish cost certainty. The Supplemental Review time period is, however, appropriate in our view for establishing cost estimates with the appropriate degree of confidence to offer cost certainty, and we recommend that the APD or subsequent implementing Tariff revisions reference the review period rather than the process itself.

**v. The APD should establish a fee for projects seeking the CEO when Supplemental Review is not otherwise required**

In identifying Supplemental Review as the process under which the CEO would be completed, the APD appears to indicate that the Supplemental Review fee would include the CEO when that option is chosen.

As we have clarified above, the Supplemental Review involves review of specific interconnection screens that is distinct from that of establishing a cost estimate with the appropriate degree of certainty. It is appropriate for applicants seeking the CEO to pay a fee for the work the utility will perform when the Supplemental Review is not required, recognizing that this is work that would otherwise be performed later in the process. This fee should both reflect the cost of the work performed (which should be tracked by the utility and potentially included in the memorandum account) and clearly credited to the applicant against costs that would otherwise be incurred later in the interconnection process. As with the CEO itself, we believe that a fixed fee provides greater cost certainty to the applicant. For this pilot program the fee should be set at a level that does not discourage participation, as suggested by the APD.

**d. Clean Coalition supports the APD's requiring memorandum accounts to track CEO costs and allocate responsibility**

The APD orders (p. 32) “the creation of a memorandum account to track actual interconnection costs that fall above or below the 25% envelope.” The Clean Coalition supports this move and the further details the APD provides. The APD also provides (p. 33) that net overruns may be collected from ratepayers “upon a showing that such costs were prudently incurred” and net cost overruns “deemed imprudently incurred would be allocated to utility shareholders.” We also support these policies.

**e. The Clean Coalition supports the creation of a “plug and play” interconnection working group**

The Clean Coalition strongly supports the APD’s direction (p .38) to “establish a working group to refine these metrics and reporting, with the objective of improving interconnection process[es] to create a ‘plug-and-play’ distribution grid.” This will provide critical support in meeting the Commission’s Final Guidance on development of Distribution Resource Plans in R.14-08-013, and is appropriately established through this interconnection proceeding. Plug and play Rule 21 tariff amendments may be appropriately developed and reviewed by parties with the relevant specific expertise in this proceeding and new working group.

**f. Schedule for development of CEO pilot Advice Letter**

The APD calls for utilities to file an Advice Letter adopting the pilot within 30 days of the Commission’s final decision. The Clean Coalition recommends the Commission instead allow 60 days in order to permit time for consultation and review of the proposed tariff language between parties. As demonstrated in the Joint Motions, parties have achieved constructive collaboration on many issues, identifying and addressing important details and leading to widely supported outcomes. An additional 30 days will support this effective interaction.

**II. Conclusion**

For the reasons stated above, the Clean Coalition strongly supports the APD but also urges the Commission to adopt our suggested modifications.

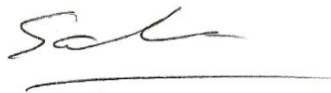
Respectfully submitted,

Tam Hunt

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Dated: May 26, 2016