

**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 THE PROPOSED
DECISION ON TRACK 3 POLICY ISSUES:
SUB-TRACK 1 (GROWTH SCENARIOS) AND SUB-TRACK 3
(DISTRIBUTION INVESTMENT AND DEFERRAL PROCESS)**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Clean Coalition respectfully submits these reply comments in response to several Parties’ opening comments on Assigned Commissioner’s proposed *Decision on Track 3 Policy Issues Sub-Track 1 (Growth Scenarios) and Sub-Track 3 (Distribution Investment and Deferral Process)* (“PD”), dated December 8, 2017.

II. SUMMARY

- We support the Proposed Decision and most suggested clarifications and comments offered by parties.
- We agree with Joint Utilities that it is vitally important to address cost recovery for utility expenses associated DER attributes beyond just distribution deferral.
- We disagree with recommendations to reverse the PD’s conclusions regarding confidentiality of data, and review of non-consensus project recommendations of the DPAG.
- We support all party participation in DER ownership.

III. DESCRIPTION OF THE PARTY

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 has been an active and consistent participant throughout the history of the DRP, and have remained a leading participant in interconnection proceedings and an active participant in the Integrated Distributed Energy Resources (“IDER”) working groups that seek to integrate DRP results and processes.

We broadly concur with and strongly support the proposed Decision.

IV. COMMENTS

General

We broadly concur with and strongly support the proposed Decision and note that parties likewise broadly support the PD. Multiple parties recommended clarifications or specific limited modifications to the language of the PD, and in general we support these recommendations.

In particular we agree that modest flexibility is warranted in the contents and timing of the 2018-19 Grid Needs Assessment (GNA) and the Distribution Deferral Opportunity Report (DDOR), and the Commission’s efforts to increase transparency and access to data in the Distribution Resource Planning process are appropriate and valuable. Finally, since no new information was provided by the Joint IOUs in opening comments, and no error identified in the

PD's conclusion we see no basis for modification of the PD to provide for confidential treatment of the costs of conventional projects.

Cost Recovery

The Joint IOUs request that this PD be modified to adopt a ratemaking treatment consistent with the principles for cost recovery established in D.16-12-036.¹ The PD makes changes in cost recovery to prevent utilities from recovering costs for the same project more than once, and we fully support that goal. However, the utilities raise the critically important point that the DER being procured may frequently provide value and create associated costs beyond those limited to the distribution deferral function captured in the GRC revenue requirements it displaces.

As the IOUs correctly note, in addition to distribution attributes, the cost of the non-wires DER solutions may include payments for services such as energy and ancillary services, as well as public policy costs approved in other proceedings, such as the multi-use phase of the Energy Storage proceeding, the IDER proceeding, the Integrated Resource Plan proceeding, and rate design proceedings. The costs for these services are not currently included on a forecast basis in the GRC revenue requirement, and therefore must be allowed to be recovered consistent with the Commission's approval of the recovery of the total approved DER costs. If the PD is approved as written, it may effectively prohibit "Deferral RFOs" from soliciting any products or services other than distribution deferral products or services, such as energy, resource adequacy tags, or ancillary services.

We agree that this could undermine a utility's ability to maximize DER value, and in conjunction, value to customers and DER providers consistent with California's clean energy policies. It is critical to purchase all the services available from DER in order to procure both the required services and the bundled services at the lowest cost. If a utility is prohibited from timely and certain cost recovery it will be unlikely to procure these additional attributes. Procuring only the distribution deferral attributes independent of other DER functions available in an "all services" contract will in turn reduce the likelihood of the DER owner from ensuring revenue for these additional attributes, requiring them in turn to require higher payments for the deferral attributes to meet their own total cost recovery requirements. This scenario raises the cost and

¹ Joint IOU comments at 4

reduces the availability of DER to offer distribution deferral, undermining the intent of the program.

While GRC and procurement accounts should be subject to reconciliation, delaying cost recovery until reconciled through a subsequent GRC process is very likely to discourage utilities from embracing the use of DER in distribution deferral projects.

Utility Owned DER

Clean Coalition agrees that the PD should be modified to allow utility-owned DER solutions to be considered in the Distribution Investment Deferral Framework.² We support utility investment in DER solutions, while remaining cautious regarding competition bias if the utility is selecting its own projects over third-party projects. We believe it is appropriate for an IOU to seek competitive bids to provide facilities that the IOU will own, however ratepayers will benefit from the lowest total lifetime revenue requirement. As such, the Commission should require full cost accounting in bid evaluation, including ROI and other factors, noting that third party DER bids already include COO, O&M, and all interconnection related costs.

Confidentiality of Data.

Joint Utilities argue the PD should be modified to maintain confidential treatment of the estimated costs of the conventional projects that are part of a deferral solicitation.³ We note that this issue was discussed in detail prior to the development of the PD, and was directly addressed in the PD. While there are legitimate factors raised by parties in seeking the optimal degree of market transparency and confidentiality, no new information was provided by the Joint IOUs in opening comments, and no error identified in the PD's conclusion. As such, we see no basis for modification of the PD on this issue.

DPAG Non-consensus Projects

The Joint IOUs comment that the Commission should eliminate the requirement for the Commission to issue a resolution to deal with Non-Consensus Projects after the DPAG process, arguing that this will otherwise create uncertainty and delay in the distribution planning process.⁴

Here the Joint IOUs conflate two separate issues – how to address non-consensus project proposals, and the impact this will have on solicitation and procurement of consensus projects.

² Joint IOU comments at 13

³ Joint IOU comments at 10

⁴ Joint IOU comments at 11

There is no need or justification for linking these two issues. Clean Coalition agrees that procurement of consensus projects should in no way be delayed, however we see no reason for such delay associated with review of non-consensus projects. These two categories of projects can be addressed separately. Where the DPAG does identify DER solutions, but does not reach consensus on the viability or cost effectiveness of some solutions, it is highly appropriate for the Commission to consider the report of the Independent Professional Engineer regarding stakeholder feedback on these projects – both those proposed by a utility but not supported by the DPAG as a whole, and those proposed by a majority of non-utility DPAG participants but not proposed by a utility.

Such reporting and Commission review will in no way add “additional steps and uncertainty to an already aggressive review process for deferral solicitations that could cause delays in installing the necessary solutions required to maintain a safe and reliable grid and adversely affect the marketplace” as claimed by the Joint IOUs, and they have offered no evidence in support of this claim. We recommend no change to the PD, but support clarification as warranted to indicate that no delay will occur for the consensus projects.

CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments on the proposed Decision on Track 3 policy issues in the DRP. We support the Proposed Decision and the recommended modifications as noted, and the Commission’s continued and evolving efforts in this proceeding to assess the impacts of DER and locational factors such that the benefits may be realized for ratepayers at large, individual customers, and communities.

Respectfully submitted,



Kenneth Sahn White
Director, Economic & Policy Analysis
Clean Coalition

Dated: Jan 16, 2018

VERIFICATION

I, Kenneth Sahm White am the representative for the Clean Coalition for this proceeding. I am authorized to make this verification on the organization's behalf. The statements in the foregoing document are true of my own knowledge, except for those matters that are stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.
Executed on January 16, 2018, at Santa Cruz, California



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