

**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 RESPONSE ON
DISTRIBUTION RESOURCES PLAN
LOCATIONAL NET BENEFITS PROPOSALS**

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January 26, 2016

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INTRODUCTION

Pursuant to the January 8, 2016, *Administrative Law Judge's Ruling Inviting Locational Net Benefits Proposals*, the Clean Coalition hereby submits comments on the scope and division of location specific and non-location specific values between the Distribution Resources Plan Locational Net Benefits Analysis methods and the Integrated Distributed Energy Resources proceeding respectively.

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 supports the overall methods outlined in the proposed Locational Net Benefits Analysis (LBNA) and appreciates Parties' input into the methods, processes, and application of these methods, 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 LBNA 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.

The Clean Coalition wishes to bring to the Commission's attention to a single issue that we believe has been overlooked - the need to consider Transmission Capacity Value, clearly define the degree to which it is location specific, and ensure that this significant avoided cost component is appropriately allocated for valuation when determining the scope and division of location specific and non-location specific values between the Distribution Resources Plan (DRP) Locational Net Benefits Analysis (LBNA) methods and the Integrated Distributed Energy Resources (IDER) proceeding (R. 14-10-003).

Because transmission capacity is limited, differences between projects or programs in the degree to which they require that existing capacity should be accounted for. The use of transmission capacity means that this capacity will not be available for other resources, and the period within which capacity additions will be required is accelerated. Transmission costs have been rapidly rising to become a very substantial cost component and driving up ratepayer costs even as the price of energy has fallen. In contrast, a resource or program that reduces transmission congestion and frees up

capacity will defer or avoid the need for new investment and help control the rise in ratepayer transmission costs.

The LBNA and other cost effectiveness tools can capture some transmission costs, including where specifically identified individual new infrastructure projects or upgrades are triggered or avoided by individual resources or projects being compared. However, these protocols are not effective at capturing programmatic effects on the need for transmission capacity, and even on a project basis they may not fully consider the relative use of existing transmission infrastructure, especially high voltage (HV) systems.

In the current DERAC E3 cost-effectiveness framework, the marginal cost (in \$/kW-yr) for distribution and sub-transmission from each utility's GRC is used to calculate T&D capacity investment deferral value. Our concern is that only the "sub-transmission" component of transmission costs is included, and even if this captures all of the Low Voltage transmission, that is less than half of the total transmission capital costs.

While we have noted the general topic of transmission capacity in prior comments in relation to the DRP, the current LNBA methodology proposals rely upon the E3 calculator (which excludes high voltage transmission), and the LNBA specifically restricts its focus to those factors which are location specific, as opposed to those having system wide value, and High Voltage (HV) Transmission is generally considered to be a system level resource that should be included in system level impact analysis.

As noted in the January 8th Ruling posing questions to parties, Commission staff expect system values to be scoped for IDER instead of DRP, however that scoping remains in flux. In addition, there should be a clear definition of "sub-transmission" relative to transmission for the purposes of the LNBA methodology and IDER determination of non-location specific "system" values. LNBA is intended for use in evaluation of distribution resources, and should be additional to transmission capacity deferral value. Both are applicable in cost effectiveness methods used in other proceedings as well.

We wish to make sure the topic of higher voltage transmission capacity is specifically identified and assigned with in one proceeding or the other.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit this response to the questions posed in the Administrative Law Judge's Ruling Inviting Locational Net Benefits Proposals.

Respectfully submitted,

/s/
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Dated: January 26, 2016