

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

Order Instituting Rulemaking to Create a
Consistent Regulatory Framework for the
Guidance, Planning, and Evaluation of
Integrated Demand-Side Resource
Programs.

Rulemaking 14-10-003
(Filed October 2, 2014)

**CLEAN COALITION REPLY TO RESPONSES TO JOINT ASSIGNED
COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING RESPONSES TO QUESTIONS**

Kenneth Sahm White
Economics & Policy Analysis Director
Clean Coalition
16 Palm Ct
Menlo Park, CA 94025
sahm@clean-coalition.org
(831) 425-5866

May 29, 2015

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

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Demand-Side Resource Programs.

Rulemaking 14-10-003
(Filed October 2, 2014)

**CLEAN COALITION REPLY TO RESPONSES TO JOINT ASSIGNED
COMMISSIONER AND ADMINISTRATIVE LAW JUDGE’S RULING
REQUESTING RESPONSES TO QUESTIONS**

I. INTRODUCTION

Through Rulemaking 14-10-003 the California Public Utilities Commission (“Commission”) will develop and adopt a regulatory framework to provide policy consistency for the direction and review of demand-side resource programs. On March 11–12, 2015, the Commission hosted a workshop to solicit feedback on foundational issues within this proceeding. The Clean Coalition respectfully submits this reply to responses offered by parties to Commissioner Florio and Administrative Law Judge Hymes’s Ruling seeking responses to questions resulting from the workshop.

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 PARTY COMMENTS

The Clean Coalition notes with pleasure the general agreement demonstrated across the majority of issues addressed in responses to the questions put forth by Commissioner Florio and Administrative Law Judge Hymes , and we offer brief clarifying or cautionary responses to a few points raised by parties in opening responses.

a. CAISO

The Clean Coalition agrees with CAISO that the long lead times required to implement transmission upgrades or additions is a critical factor to address in the Commission’s DER planning, procurement, and implementation processes,¹ and we support CASIO’s legitimate concerns regarding their responsibility to provide sufficient transmission service to meet evolving needs throughout the system. Similar concerns must be and are addressed in the Long Term Planning and Procurement proceedings regarding new large-scale generation needs and the years required to develop these facilities.

However, the Clean Coalition also notes that one of the great advantages of DER, Demand Side Resources (“DSR”), and Integrated Demand Side Management (“IDSMS”) is the ability to plan and deploy these resources in often much shorter timeframes. Not only does this allow these resources to be employed to address unanticipated load growth and shortfalls or delays in planned transmission and centralized generation capacity, but it allows more precisely targeted procurement based on more accurate forecasts associated with shorter planning horizons. This reduces the risk of excess procurement and potentially stranded assets.

The Commission must exercise prudence to avoid the common scenario in which rapidly deployed DER, including DSR, are not procured today because the need will not exist for 6, 8, or 10 years, but are also not procured in the future because resources

¹ Responses of the California Independent System Operator Corporation Pursuant to the Joint Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Responses to Questions at 5 (May 15, 2015).

requiring such long lead times are procured in advance, thereby nullifying the resource need which could have been met with DER—at potentially lower risk and cost.

As we have testified,² DSM and distributed resources can avoid very significant transmission costs, in addition to supporting more precise procurement. These factors should be incorporated in IDSM cost-effectiveness determinations and procurement planning. A variety of non-transmission alternatives must be recognized before large investments are made that preclude the opportunity for IDSM solutions to address system needs, and thereby reduce the value of IDSM and the associated incentive for development—to the detriment of both participating customers and ratepayers in general.

We take this opportunity to reiterate our observation that cost effectiveness methodologies require refinement and coordination, and that it is appropriate for this proceeding to provide guidance on these efforts. This topic was not directly addressed in the current questions and responses and we encourage further consideration of this topic as this proceeding progresses, building upon the Learning Session offered by the Commission in March.

b. SDG&E

On a separate matter, many parties have responded to questions regarding the appropriate scope of this proceeding and its interaction with other proceedings. In its comments SDG&E cautions that the Commission should not take actions in this proceeding that supersede or interfere with other ongoing proceedings and should, instead, refrain from adopting any related final policies in this proceeding that would interfere with future Commission decisions in those related proceedings.³

While interference across proceedings should be discouraged, coordination across proceedings is an important goal. A central purpose of this proceeding is to establish *integrated* demand side management, which requires the effective integration of policies

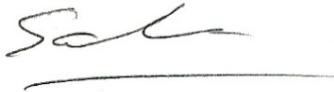
² Application 14-01-007, Opening Brief of the Clean Coalition Regarding Southern California Edison's Application to Establish Green Rate and Community Renewables Programs (May 2, 2014).

³ Response to Questions Posed by Joint Assigned Commission and Administrative Law Judge's Ruling of San Diego Gas & Electric Company at 4–5 (May 15, 2015).

developed within separate proceedings. This is most effectively and efficiently accomplished through the coordination of these efforts including the adoption of common or compatible standards and metrics. As such, it is wholly appropriate for the IDSM proceeding to provide guidance to other proceedings and to instruct the coordination of these efforts. Such guidance should itself certainly be informed by the proceedings IDSM may coordinate, as well as the established processes for cooperation and alignment between the CPUC, the CAISO, and the CEC. We believe this reflects the general consensus of parties.

III. CONCLUSION

The Clean Coalition appreciates this opportunity to provide this reply.



Kenneth Sahm White
Economics & Policy Analysis Director
Clean Coalition
16 Palm Ct
Menlo Park, CA 94025
sahm@clean-coalition.org

Dated: May 29, 2015