

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

Order Instituting Rulemaking to Consider  
Streamlining Interconnection of Distributed  
Energy Resources and Improvements to  
Rule 21.

Rulemaking 17-07-007  
(Filed July 13, 2017)

**COMMENTS OF THE CLEAN COALITION  
ON WORKING GROUP ONE FINAL REPORT**

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April 16, 2018

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**I. INTRODUCTION**

Pursuant to the *Scoping Memo of Assigned Commissioner and Administrative Law Judge*, dated October 2, 2017, as modified by the presiding Administrative Law Judge's *E-Mail Ruling Revising Schedule and Reassigning Issue Six*, dated February 14, 2018, the Clean Coalition respectfully submits these comments on the Rule 21 *Working Group One Final Report* ("Report") submitted March 15, 2018 by San Diego Gas & Electric Company (U 902-E), on behalf of itself and Pacific Gas and Electric Company (U 39-E) and Southern California Edison Company (U 338-E).

**II. 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 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. The Clean Coalition is a project of Natural Capitalism Solutions, a 501(c)(3) non-profit.

### **III. COMMENTS**

#### **Overview**

The Clean Coalition actively participated in the Working Group and development of the Report, building upon a history of leading participation in Rule 21 and related issues.

We commend all participants for their sincere and effective efforts. The Report accurately reflects the conclusions of the Working Group, including the positions of individual stakeholders and numerous consensus recommendations. The Clean Coalition supports adoption of consensus recommendations. The Report also included non-consensus proposals with a summary of the issues stakeholders are seeking to address and discussion regarding the rationale behind each proposal and concerns hindering support. The support and opposition of the Clean Coalition was noted, and we avoid simply repeating those positions here.

While the Working Group sought to develop consensus recommendations on all topics, the expedited schedule created severely limited opportunity to address areas of concern that arose in the development of proposals by stakeholders. This was exacerbated by the Working Group's experience that the actual detailed scope of issues to be addressed, and potential for associated proposals, could only be realized over the course of time as stakeholders recognized implications or were able to respond to specific queries regarding the nature of the issues at hand.

As such, it should be understood that the lack of consensus recommendations on a number of topics often does not imply fundamental disagreement, but simply insufficient time to address concerns regarding how a proposal may be implemented, or how it may be modified to resolve the issue being addressed without unintended consequences.

Fundamentally, each issue before the Working Group represents an existing situation which does need to be addressed, meaning that failure to adopt any solution would retain an unviable status quo. In many cases parties may yet be able to reach greater consensus if so directed by the Commission. Alternatively, it may be appropriate to adopt a narrow or interim decision this year, while scoping a slightly more expansive reflection on the issue later in this proceeding.

## **Specific Topics**

### *A. Issue 3 - Material Modification*

A significant concern not discussed in the WG but important for the Commission to consider for Parties to address in development of a Proposed Decision is the implication of submitting a new interconnection application on existing facilities if this would trigger changes in standards, requirements, or costs associated with any changes adopted in the Rule 21 Tariff since the original facility received interconnection approval for use cases 1-4. These are “Type II Modifications: those to existing facilities related to maintenance or retrofit only.

- Use Case 1: Replacing equipment with exact same equipment type (i.e. same make and model) or performing upgrades to inverter firmware that do not affect grid interactions (e.g. fixes to software bugs, improving MPPT algorithm to increase energy yield)
- Use Case 2: Replacing equipment “like-for-like”, where system output does not exceed what is listed in the original interconnection agreement and operating mode<sup>41</sup> is not adjusted
- Use Case 3: Replacing equipment that may increase the nameplate capacity of the system, but which employ firmware controls that limit the real power output to the inverter listed size in the original interconnection agreement
- Use Case 4: Adding storage capacity (kWh) to an existing storage facility without changing inverter (e.g. increasing a 1-hour system to a 2-hour system)

In each of these scenarios, there is not functional change in the facility's interaction with or impact upon the electric grid. As such, it would be generally inappropriate to have these modifications require a new interconnection application or make the existing facility effectively retroactively subject to new standards where these would impose significant costs on the facility owner. It is reasonable to establish some limits on the longevity of terms in an Interconnection Agreement such that equipment replacement conforms to contemporary certification standards, but not for the customer to be unreasonable burdened to maintain their customary operation or subject to new grid upgrade costs associated with a new additional facility where in fact only an existing facility is continuing operation.

*B. Issue 4 - Telemetry*

Telemetry has value to the distribution operator and in turn to the ratepayer and can be a very important component of grid modernization being discussed in the Distribution Resources Plan proceeding (R.14-08-013). While there are great potential benefits to telemetry, it is essential for those benefits to be weighed against the costs and for the costs to be appropriately allocated in proportion to cost causation and beneficiaries. The Clean Coalition conditionally supports telemetry with cost caps not to exceed the value of telemetry regardless of system size. This means conditional support of both proposals 1 & 2, contingent upon the customer costs being capped at the lesser of cost causation and benefit.

While we see telemetry as an important component of future grid visibility and operations, and see many potential applications, a fundamental concern of the Clean Coalition is the potential to require telemetry where the cost exceeds the benefits. For example, to impose \$20,000 or more in costs on either the applicant or ratepayers for telemetry that will deliver \$5,000 value to ratepayers is by definition an uneconomic practice; it would be better for the applicant to simply offer \$5,000 in cash to ratepayers – allowing ratepayers to derive the same benefit at lower cost.

If an applicant is creating an impact that requires telemetry as the most cost-effective mitigation, then the applicant may appropriately bear that cost. If ratepayers realize benefit from that telemetry, then it may be better aligned with coordinated policy for those savings to be shared to reduce the barriers to DER development. However, where the Commission finds that telemetry simply offers a net cost benefit to ratepayers, then it is in the interest of ratepayers to pay for telemetry for our own benefit, and not shift the cost on to another party.

The Clean Coalition raised this issue and it was discussed at the final Working Group meeting, but it represents distinct proposal and there was not sufficient time to develop it for the Report. We recommend this question be addressed in development of the Proposed Decision on this issue or scoped for further consideration later in this proceeding in coordination with conclusions of DRP Track 3.

Clean Coalition supports Proposal 3 & 5. We take no position on #4 as the parties' various concerns have not been adequately discussed.

*C. Issue 7 - Income Tax Component of Contribution (ITCC)*

Clean Coalition agreed to lead discussion and development of this proposal and was pleased to initially find indications of general consensus proposals once utility liability mitigations were proposed. Unfortunately, parties appeared to grow further apart over the course of proposal refinement and no consensus was reached. During the course of discussion requests were made for data to determine the level of financial significance of this issue and the degree of potential benefit and risk to ratepayers. Additional supporting documentation was to have been attached to the Report, however in final editing the attachment was removed in order to reduce the size of the Report for electronic transmission. While references to the data were included, we take this opportunity to make information regarding interconnection costs related to the ITCC directly available in proceeding documents through the following attachments to these comments:

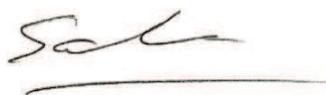
1. *SCE interconnection cost - Joint Parties Data Discovery Results (Final, 4 March 2013) copy*
2. *Master interconnection data spreadsheet*
3. *Update to R.11-09-011 Clean Coalition-SCE-002 Q.06 Attachment*
4. *PG&E Final Redacted Raw 40 data 7Apr 2013)*

We believe that stakeholders have clearly indicated, and data has supported, the imposition of ITCC security as a significant and unwarranted cost, and a good faith proposal has been developed with input from all stakeholders to remove barriers that prevent the industry from both offering lower energy costs to ratepayers and better meeting the Commission's DER goals. We urge the Commission to move forward on this and related topics, including parties interest in addressing the application of ITCC charges to behind the meter facilities.

#### **IV. CONCLUSION**

We appreciate the Commission's attention and parties' history of diligent work in addressing the issues associated with interconnection and offer these comments to further those ends. We urge the Commission's consideration of both the consensus and non-consensus proposals to resolve the issues identified for this proceeding, look forward to offering additional information or comment on recommendations by Commissions, Energy Division staff, or the ALJ.

Respectfully submitted,



Kenneth Sahm White  
Director, Economic and Policy Analysis  
Clean Coalition

Dated: April 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 August 25, 2017, at Santa Cruz, California



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