

**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)

**CLEAN COALITION REPLY COMMENTS
TO ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING RESPONSES TO
QUESTIONS ON WORKING GROUP TWO REPORT**

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February 22, 2019

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I. INTRODUCTION

The Clean Coalition submits these reply comments to responses to the *Administrative Law Judge's Ruling Directing Responses To Questions On Working Group Two Report* (“*Ruling*”), dated December 7, 2018.

The Clean Coalition greatly appreciates both the work done by fellow members of the Working Group and the California Public Utilities Commission (Commission) staff on this topic to date and the opportunity to reply to opening comments.

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.

III. COMMENTS

The Clean Coalition greatly appreciates the thoughtful comments of Parties and the Commission's efforts in addressing the complex issues assigned to Working Group 2 and the subsequent Report, which largely captures the work of ourselves and other parties in developing proposals and alternatives.

We take this opportunity to briefly address in context a reoccurring issue of cost/benefit considerations raised in particular by TURN. While we applaud TURN's attention to benefits, costs, and the appropriate allocation of each, TURN's opening comments evidence several apparent misconceptions that appear to bias their focus and risk skewing subsequent deliberation.

We believe that all parties agree with the aims of aligning cost allocation with cost causation, and indeed this is a fundamental principle embodied by FERC. However, FERC has also clearly identified the public interest associated with access to energy resources, and authorizes ratepayer funding or reimbursement of such costs for network development, as does the CPUC for general infrastructure and programs. For new generation projects by private developers connecting to the transmission network, FERC goes further and allows costs associated with network upgrades and extensions needed to accommodate such projects to generally be ratebased, on the grounds that access to utility owned or merchant energy resources promotes an efficient market and is in the public interest.

The Clean Coalition holds both that all market participants should be held to comparable standards of cost responsibility, and that the net benefit or cost to ratepayers should be considered in any cost allocation to ratepayers. Currently distribution and transmission connected resources are *not* treated comparably, resulting in unnecessary ratepayer investment in transmission capacity and reduced market efficiency.

The Commission has undertaken a multi-pronged effort to address grid optimization through Integrated Resource Planning, Distribution Resources Plans, the Locational Net Benefits Assessment methodology, and the development of tariffs in the Integrated Distributed Energy Resources proceeding that may account for the relative costs and benefits of different resource development scenarios.

The goal of streamlining interconnection within this proceeding is to make it faster and cheaper to provide energy and other grid services to load serving entities (LSEs) and grid operators on behalf of the ratepayers they serve. The Distribution Resources Planning proceeding

(DRP) is specifically aimed at optimization of grid investment. As part of this, interconnection capacity assessment (ICA) was developed to identify existing unused hosting capacity.

Optimization of resources seeks the most cost effective investment and procurement, including targeting underutilized grid infrastructure that has already been built and charged to ratepayers. Utilization of latent capacity is inherently and obviously more efficient than duplicative investment in new capacity at either the distribution or transmission level.

TURN seems to misunderstand that while the distribution system necessary to serve load is a sunk cost, a wire capable of meeting a 1MW load is necessarily at least equally capable of carrying 1MW of new generated energy to serve that load. Furthermore, meeting loads with local generation in the same vicinity actually reduces the effective load feeding into that area, i.e. adding distributed generation to serve local loads actually frees up the upstream load serving capacity of the existing grid infrastructure, proportionately obviating the need for additional infrastructure investment to serve new load. The foundational purpose of the DRP and ICA is precisely to help locate new resources where they offer the greatest benefit and lowest net cost to ratepayers.

Additionally, TURN repeatedly contrasts benefits to DER developers against benefits to ratepayers. This is a fundamentally false dichotomy. Reducing the cost of developing and interconnecting new resources reduces the cost of services from those resources for ratepayers. We agree that shifting costs from a beneficiary to a non-beneficiary should be avoided. However, ratepayers ultimately bear the costs of both the energy they consume and the infrastructure required to deliver it to them, and ratepayers are the direct beneficiaries of reducing these costs. We rely on market mechanisms to ensure competition between providers and to keep profit margins in check, but the full cost of energy development must be passed through to ratepayers for development to occur. Lowering the cost of development does not increase supplier profits as claimed by TURN, instead it lowers the cost of supply to customers, and customers benefit.

To be clear, we do not support subsidizing high cost interconnections where existing hosting capacity is not available. The purpose of developing the ICA and integrating it into the interconnection process is to help efficiently target underutilized grid capacity and optimize the siting, design, review and development of the most cost effective new resources.

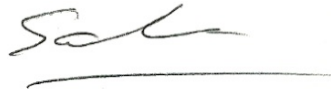
Lastly, we take this opportunity to affirm GPI's comments regarding the appropriate metrics for evaluating investment in interconnection streamlining to be the quantity of energy

and capacity effected (MW), and not the number of applicants. Beyond the fact that a single 3MW application offers comparable capacity to 1000 3KW applications, it is appropriate to note that in front of the meter facilities provide competitive services to all ratepayers, offering a generalized benefit, especially when operated as a grid asset.

IV. CONCLUSION

We appreciate the Commission's attention and parties diligent work in addressing the issues associated with interconnection in and offer these responses to further those ends.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sahm", with a horizontal line underneath it.

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Director, Economic and Policy Analysis
Clean Coalition

Dated: February 22, 2019