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 Distributed Energy Resources	Rulemaking 14-10-003

CLEAN COALITION OPENING COMMENTS ON PROPOSED DECISION ADOPTING PILOTS TO TESTS TWO FRAMEWORKS FOR PROCURING DISTRIBUTED ENERGY RESOURCES THAT AVOID OR DEFER UTILITY CAPITAL INVESTMENTS

/s/ BEN SCHWARTZ
Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

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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 opening comments in response to the Proposed Decision ("PD") Adopting Pilots to Test Two Frameworks for Procuring Distributed Energy Resources ("DER") that Avoid or Defer Utility Capital Investments, issued at the Commission on January 5, 2021. The Clean Coalition appreciates all the hard work that Energy Division Staff put into drafting this Proposed Decision; we are confident that the pilot program will fundamentally change the way that the DIDF is carried out. We are also grateful that the two pilots are only limited by time rather than total MW or number of projects per utility, allowing the deferral benefits of DER to be visible throughout California. However, we also request that the final Decision include a statement that the Commission need not wait until the entire pilot timeline is completed to make it permanent. If the pilots demonstrate clear benefits that can be verified by the mid-project review process, it is reasonable to raise the question of making them permanent in this proceeding, along with a discussion of aggregating behind-the-meter ("BTM") and front-of-meter ("FOM") together.

II. DESCRIPTION OF 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, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. COMMENTS

a. The record should be changed to correctly reflect the Clean Coalition submission of opening comments.

The Proposed Decision correctly notes that the Clean Coalition submitted reply comments on the Staff Proposal but does not include the opening comments we submitted. These opening comments were submitted in a timely fashion and are currently published on the CPUC website.[1] Therefore, the final Decision should properly indicate references to both sets of comments.

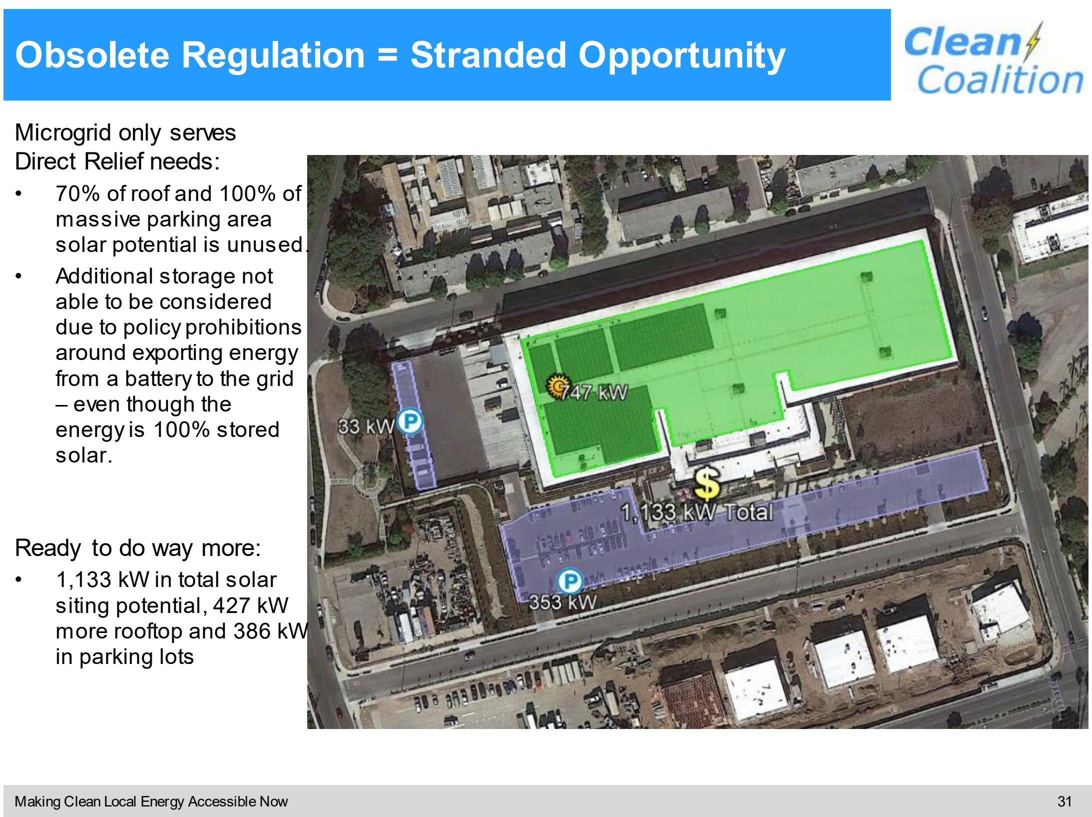
b. When discussing the guideline about technology neutrality, the pilot's primary focus on DER deferral should not preclude a conversation about the value added via greenhouse gas reduction. should apply solely to the cost-effectiveness of a project.

It is reasonable to include a guideline stating that technology neutrality should be applied when selecting projects and aggregations for DER deferral. With that being said, the Clean Coalition believes that this guideline should only apply to the overall cost-effectiveness of a project. The additional benefits a resource offers should also be considered in the selection process. For example, if two resources have a relatively similar price and one of the resources relies on a technology that reduces greenhouse emissions in the local distribution system, the cleaner technology should be preferred. Cost-effectiveness and net benefits to the electrical system can be considered jointly, ensuring a technology neutral approach while also properly calculating the totality of value each resource can offer. All regulation proposed by the Commission should complement the overarching decarbonization goals passed by state policy makers.

[1] https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M351/K406/351406599.PDF

c. **A Feed-In Tariff will complement both pilots by ensuring that properties can use all available space when participating in DER aggregation.**

The Standard Offer Contract pilot program provides an important opportunity to unleash underutilized wholesale distributed generation, especially in commercial and industrial areas. Existing Net Energy Metering policy makes it difficult for a property to develop more resources than necessary to net zero a property, which prevents the opportunity for excess space to benefit the distribution grid. Take the example of Direct Relief, a non-profit located in the Goleta Load Pocket.[2] As demonstrated in the slide below, Direct Relief is only able to install PV on about 25% of the total space on its property, which is a massive, missed opportunity. Therefore, a Feed-In Tariff ("FIT") will be quite a beneficial component of the Pilot Programs in either of two scenarios.



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[2] The Goleta Load Pocket a region spanning 70 miles of California coastline, from Point Conception to Lake Casitas, encompassing the cities of Goleta, Santa Barbara (including Montecito), and Carpinteria. The region is at the peninsular end of the SCE's service territory and relies entirely on one coterminous set of transmission lines routed through 40 miles of rugged mountainous terrain.

One, a Feed-In Tariff would be a more effective mechanism than an RFO, since an RFO creates high barriers of entry and typically has less than a 10% chance of success for bidders. The Proposed Decision requires the cost cap shall be published — an idea that the Clean Coalition supports — making it easy to determine a price threshold potential projects must meet or come in under to be deployed. The result will create a smoother process for aggregators, also reducing administrative overheads.

Two, the payment structure of the two pilot programs only guarantees that candidate projects will be used when needed, not 100% of the time, meaning that the optimal method of soliciting projects to fulfill deferral requirements is to ensure that there are options to make the economics of a program work out. Therefore, the DER deferral tariff could be accompanied by a FIT to ensure that properties are able to deploy as much DER as possible at a reasonable rate of compensation, which, when combined with the payments from the two pilot programs, will lead to the most economically viable option for all parties involved.

d. The cost cap should be adjusted higher for disadvantaged communities.

The Clean Coalition supports an adjusted cost cap mechanism, especially for disadvantaged communities. Since wealthier communities already have a greater penetration of existing DER projects deployed, there is a greater foundation for aggregations to meet deferral needs when compared the potential for aggregations in disadvantaged communities. Guideline number 7 focused on leveraging different types of capital including private capital is less achievable in underserved communities and the program budget should reflect that fact. A higher cost cap — 90% or 95% — will open the door for increased deployment payments are possible, leading to DER growth in disadvantaged communities.

e. The most recent update to the Avoided Cost Calculator should be used for the pilot programs as soon as they are approved by the Commission.

The Clean Coalition is in favor of starting the DER Deferral Pilot program process using the 2020 update to the Avoided Cost Calculator ("ACC") to calculate the benefits DER provide the grid. However, when the 2021 minor update to the ACC is approved by the Commission and in 2022, when the next major update to the ACC is approved, the pilots switch to use the most recent version.

f. The requirement that the utilities develop a Distributed Energy Resources Management System should not be removed from the final Decision.

The Proposed Decision amends the initial Standard Offer Contract pilot program to focus exclusively on aggregations of FOM deployments. The result is that each pilot deals with projects on one side of the meter, lessening the need for a DERMS to successfully achieve aggregations. However, that does not lessen the urgent need for utility DERMS, which will optimize the grid for Virtual Power Plants, Community Microgrids, and the most effective combination of DER for the purpose of distribution deferral. The Clean Coalition believes that it would be a mistake to move away from discussing the development of DERMS, kick the proverbial can further down the road to General Rate Cases two or three years from now, especially when there are already commercial alternatives available now. Moreover, we propose that the working group discussing the mid-review of the two pilots should address the concept of a permanent program that optimizes aggregation with a blend of both BTM and FOM projects.

IV. CONCLUSION

The Clean Coalition respectfully submits these opening comments on the Proposed Decision. We look forward to continuing the discussion about the potential of DER and other non-wires alternatives to defer traditional infrastructure investments.

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