

June 11, 2021
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

RE: Comments on Advanced DER & Demand Flexibility Management Workshop

The Clean Coalition is encouraged by the thoughtfulness with which Energy Division Staff developed this proposal. With the goal of centralizing the CPUC’s programs and policy positions rather than debating each issue in a regulatory silo, creating an interface to bring information about real time energy prices to all ratepayers is a large step forward from the status quo. It is a necessary step toward truly embracing a future that optimizes the markets for distributed generation. Presently, the best ways to understand electricity prices — using LMP, CAISO hour-ahead or day-ahead prices, looking at a customer bill, or using a rate schedule — do not offer a holistic approach or show the true cost of energy. Moreover, none of these approaches besides looking at a customer bill, is accessible to the average ratepayer. Even CAISO’s interface shows total statewide energy usage, CO2 emissions, and the percentage of renewable resources being used, but does not have an easy way to access actual energy prices. In an era that continues to shift toward distributed generation, smart technology (internet of things), and electric vehicles, being able to shift energy usage to times when energy is cheaper offers direct economic benefits to the ratepayer and lessens the burden on the grid during peak times. The Clean Coalition supports a new Rulemaking to discuss the finer details of Energy Division’s proposal and ensure the most efficient implementation.

Necessary Software Upgrades

With the proper price signals in place, UNIDE has the potential to be an important tool for changing the way that aggregations and other flexible generation participate in energy markets. Over the next decade, the deployment of large distribution-level aggregations such as Community Microgrid and Virtual Power Plants as well as smaller aggregations of DER will

become commonplace, increasing the number of projects aiming to make a profit through activity in wholesale markets. The existing barriers are already being removed through the implementation of FERC Order 2222 and 2222a.

From the perspective of the Clean Coalition, successfully deploying UNIDE will require similar software to a Community Microgrid. Both rely on constant communication between component resources and the Distribution Operator to help optimize the value of component resources, namely DER. As a result, one of the keys to ensuring the success of UNIDE is the deployment of utility Distributed Energy Resources Systems (“DERMS”). A new Rulemaking should coordinate with the GRC, where the timeline for utility-deployed DERMS is being negotiated, and developers that offer independent DERMS solutions.

Properly valuing DER

Properly accounting for the true value of DER is being discussed in multiple different values at the Commission; UNIDE should be a tool that helps realize the true value of DER, rather than completely moving away from an avoided cost framework. As was mentioned during the May 25 workshop, DER can avoid the build-out of transmission infrastructure needed due to load growth. Considering that transmission lines are 50-year assets, deploying DER will have a significant impact on rates, particularly with the recent forecasted increase in rates over the next decade. Real time pricing should not consider all generation to be equal when the benefits of DER (think GHG reduction, land use, avoided T&D, fewer line losses) is far greater than that of centralized generation.

The benefits of DER can include resilience, which is a necessary price input into a UNIDE interface. Aggregations should be able to respond — in real time — to other price inputs from the distribution operator that are adders to the normal price of electricity, including distribution-level resilience. The value of resilience (“VOR”) is a key value proposition of Community Microgrids and will continue to be important with the prevalence of Public Safety Power Shutoffs over the next decade and any future reliability events.

Cybersecurity

Energy Division's proposal includes a statewide interface based on cloud computing technology. With one more input that can communicate with CAISO and the DO, cybersecurity is essential to consider before UNIDE goes online.

Conclusion

The Clean Coalition appreciates the opportunity to submit these informal comments and looks forward to getting into the details of making UNIDE a reality.

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