

June 23, 2021
Edward Randolph, Director
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

RE: Clean Coalition Protest of Advice Letter 3780-E, 6218-E, & 4514-E, on Evaluation Criteria for the Partnership Pilot and the Standard-Offer Contract Pilot

Dear Mr. Randolph,

Introduction

According to General Order 96-B, Rule 7.4, the Clean Coalition submits this protest of Advice Letter 3780-E, 6218-E, and 4514-E, a Joint Submittal of *Evaluation Criteria for the Partnership Pilot and the Standard-Offer-Contract Pilot of San Diego Gas & Electric Company, Pacific Gas & Electric Company, and Southern California Edison Company Pursuant to Decision 21-02-006*.

The implementation of the two DER Deferral Pilot Programs, the Pilot Partnership and the Standard Offer Contract (“SOC”) Pilot, is an important step toward optimizing the Distribution Investment Deferral Framework. No front of meter (“FOM”) DER projects have ever been deployed to defer distribution infrastructure projects. These pilots will test how effectively DER aggregations on either side of the meter can defer the need for traditional infrastructure upgrades within a shorter timeframe than normal deferral solutions.

This Advice Letter is meant to take the results of the May 4, 2021 Workshop on Integrated Distributed Energy Resources (IDER) Partnership and Standard Offer Contract Pilots Evaluation Criteria and determine a procedure with which the two pilots can be implemented and assessed. The Clean Coalition is generally supportive of the Advice Letter and acknowledges that it contains information from all parties that presented at the workshop, not just a reiteration of the Joint IOU’s proposal. Because much of the specific content of this Advice Letter is based on party information from a workshop rather than explicit Commission directives from a Decision, this protest focuses on critiquing small, but important details, rather than pointing out legal errors.

Discussion

The DPAG should select one Independent Evaluator for all three Investor-Owned Utilities

The Clean Coalition is concerned that the current approach listed in the Advice Letter, which would require each IOU to select an Independent Evaluator (“IE”) is unnecessarily complicated and will only cause confusion when it comes to the reporting process. Each IOU and IE will need to write a report all three phases of both pilots, totaling 12 reports for a project cycle. With different IEs for each of the three IOUs, the content and final conclusions of each report will differ, making it harder for the DPAG to evaluate the options in the most efficient manner. For the sake of uniformity and transparency, hiring a single IE, as is done with program administrators

(e.g., for SOMAH, for example) will yield the most consistent results.

If the concern is the difficulty of selecting an IE, the Clean Coalition believes that the most transparent selection process is to let the DPAG make the choice. With the DPAG in charge of hiring, the IE will truly be an outside party and the three IOUs will not have to divert resources for a selection process, adding costs to the pilots.

Up-front costs should not count against the long-term success of the pilots.

The Clean Coalition strongly supports an itemized expense list for money spent on the implementation of the two pilots. Expenses should be categorized before a final IOU report is submitted to the IE. As was acknowledged during the May 4 workshop, not all the money needed to implement the first cycle of the two pilots will roll over to future cycles. Up-front costs, such as developing a website, initiating the pre-screening process, and beginning marketing strategies, are one-time expenditures. Besides maintenance, which will only account for miniscule costs after year one, up-front costs will not appear after cycle one of the pilots and will not increase drastically should the pilots transition to permanent programs. Therefore, these costs should not count against the long-term success of the pilots or lead to the determination that the pilots are not cost-effective.

A DPAG decision to ramp one of the pilots down should only be made following the same conclusion in both the IOU and the IE report.

The Advice Letter makes it clear that the DPAG has the final say as to whether either pilot will be ramped down following the release of the reports by the IOUs and the IE. A judgement by the IOU does not necessarily mean that the IE's report will have the same conclusion and it does not mean that the DPAG will be required to take action based on either report. However, for the sake of creating a transparent process, the Clean Coalition recommends the Advice Letter be amended to state that for the DPAG to recommend a ramp-down, the report from both the IOU and the IE must have the same recommendation. Given the importance of DER Deferral and the short amount of time before the pilots can be ramped down, the DPAG should receive a unanimous recommendation before truly considering the decision to ramp down either pilot.

The reports should include an analysis of the value added from installing DERMS.

The Advice Letter mentions, but rejects, the Clean Coalition request that DERMS be analyzed even though the Commission did not mandate that the IOUs implement it for the pilots. While DERMS is not required, the Clean Coalition reiterates the need to at least consider DERMS during the reporting process, logic which Cal Advocates also espoused during the comment process. Utility-DERMS is being considered in the IOU's GRCs and will be deployed within the next five years. In the hypothetical situation where an IOU and the IE recommends that one of the pilots be ramped down because it isn't cost-effective, a strong possibility exists that DERMS could optimize the DER and change the economics. As a result, in this hypothetical situation, the DPAG should continue the pilots and recommend the transition to a permanent program when DERMS are implemented. While the Clean Coalition understands the Joint IOU's claim that calculating the value of DERMS is difficult, it is also a necessary step to understand the full value of DER aggregation. We recommend that each cycle, the IOUs analyze the value that DERMS could add to one project for each pilot, which the IE and the DPAG can use to ascertain a holistic value of

DER deferral.

Changing questions included in Figure 4

First, the Clean Coalition recommends a question be included in the ratable procurement section about how fast quickly procurement targets were met or if more was procured than was needed. Second, we recommend that the phrase, “after the IOUs could not update cost caps” be removed from the question. “Did the deferral value change after IOUs could not update cost caps, and how did that impact cost-effectiveness?”

Conclusion

For these reasons above the Clean Coalition respectfully submits this comment letter on the Joint IOU’s Advice Letter and urges the Commission to reject the Advice Letter until it is amended to include the revisions discussed above.

/s/ BEN SCHWARTZ

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Service List, R.14-10-003