

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

Order Instituting Rulemaking to Consider
Distributed Energy Resource Program Cost-
Effectiveness Issues, Data Access and Use, and
Equipment Performance Standards.

Rulemaking 22-11-013
(Filed November 17, 2022)

**CLEAN COALITION REPLY COMMENTS ON ORDER INSTITUTING
RULEMAKING TO CONSIDER DISTRIBUTED ENERGY RESOURCE PROGRAM
COST-EFFECTIVENESS ISSUES, DATA USE AND ACCESS, AND EQUIPMENT
PERFORMANCE STANDARDS**

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I. INTRODUCTION

Pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) the Clean Coalition respectfully submits these reply comments in response to the *Order Instituting Rulemaking to Consider Distributed Energy Resource Program Cost-Effectiveness Issues, Data Use and Access, and Equipment Performance Standards*, issued at the Commission on November 17, 2022.

- We agree with SEIA that the Commission should prioritize coordination with the CEC and rely on the most accurate (and recent) forecasts that will be used as modeling inputs for the ACC.
- We support the statements by Protect our Communities Foundation and Grid Alternatives that the ACC is missing key values that DER deployments create for society.¹
- The Commission should consider differences in measuring cost-effectiveness between load-reducing and load-increasing DER.²
- Clean Coalition supports the Grid Alternative suggestion that the Commission should incorporate the High Social Cost of Carbon into the ACC.³
- Clean Coalition supports further collection of smart meter data, including information on the effectiveness of real-time remote disconnects.

¹ PCF’s Opening Comments at p. 5 and GRID Alternatives’ Opening Comments at p. 3

² Mentioned in the SEIA’s Opening Comments at p. 5.

³ GRID Alternatives’ Opening Comments at p. 4

- We support uniform and transparent data sharing rules across Load Serving Entities (“LSEs”). This is key to expanding access to DER deployments and ensuring that ratepayers understand their options for saving on their electric bills.
- We disagree with parties, including the Investor-Owned Utilities (“IOUs”), that suggest that metrics including resilience and other societal benefits should not be considered in the ACC or a SCT because there is not currently a standard value.⁴ In this proceeding, the Commission should acknowledge that these values have nonzero benefits and direct stakeholders to work on creating standard values.

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. A Societal Cost Test is consistent with the Commission’s Environmental Social Justice Goals (“ESJ”)

The 2001 Standard Practice Manual makes it clear that the SCT is a more ideal form of the TRC test, which should be used when the Commission is better prepared to fully value the range of costs and benefits that come from deploying energy solutions, including a range of externalities that currently exist. The Commission has repeatedly used rhetoric highlighting the importance of an equitable and just transition that brings with it market opportunities for historically disadvantaged and disenfranchised groups who have borne the brunt of an electric

⁴ SCE’s Opening Comments at p. 2

system largely powered by fossil fuel resources. Updating the cost-effectiveness measures to consider broader impacts, starting with the creation of a SCT is an excellent way to back the language in decisions and speeches made at Commission-voting meetings with a concrete action. Current externalities, including the true cost of carbon (e.g., a High Social Cost of Carbon), land use benefits, resilience, and fewer air pollution-related illnesses are all very real benefits, particularly for DACs that want to see polluting Peaker plants replaced by cleaner distributed alternatives.

In addition, as 350 Bay Area and the Center for Biological Diversity point out in their Joint Opening Comments, the way that other cost-effectiveness tests are used should be considered as well. They explain, “this test [the RIM] improperly assumes that certain infrastructure and procurement costs are “fixed” and only assesses their re-allocation between customers,”⁵ because DER deployments free up energy in different parts of the grid, allowing more efficient grid outcomes to occur. While the discussion of what costs are considered “fixed” will be addressed in R. 22-07-005 (at least for residential customers), the Commission might also take the opportunity to reconsider the variable that go into the RIM.

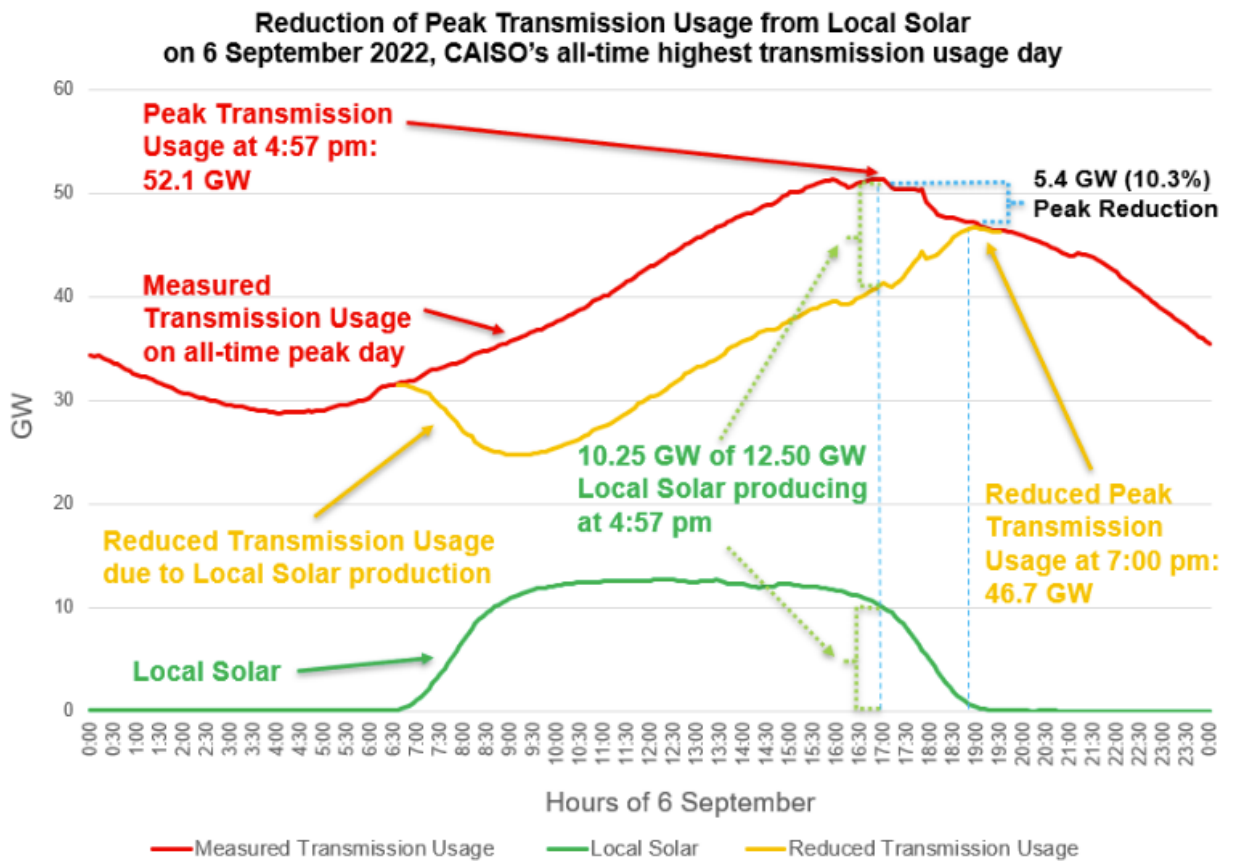
B. DER should be more fully included in the IRP, in order to better consider long-term system cost-effectiveness.

Including DER in the scope of the IRP is an essential step toward considering the cost of infrastructure required to deliver the energy to the end-user in the planning process. Currently, the IRP focuses on creating a portfolio of resources to match the state’s decarbonization roadmap, but that does not necessarily consider what is most cost-effective for the individual ratepayers over time including infrastructure costs. Given the fact that delivery charges are almost as much, if not more than the cost of actually generating energy, there is definitive value in having resources sited as close to the load that needs to be served as possible. 350 Bay Area and Center for Biological Diversity⁶ explain that DER reduce the need for energy to be delivered via the transmission system, creating value for the ratepayers while offering the benefits of renewable resources. Value created through distributed generation reducing the total system peak

⁵ 350 Bay Area and Center for Biological Diversity’s Opening Comments at p. 3.

⁶ Ibid at p. 5

should be considered, due to the reduction in line losses and congestion (as well as full avoided transmission). See the image below.



Local solar is the most effective way to reduce peak transmission usage, and in eliminating transmission costs as the biggest factor increasing electricity prices. This graphic shows that if the 12.5 GW of transmission-interconnected solar recorded by CAISO on 6 September 2022 had come from local solar, the peak transmission usage on that all-time historic-peak day would have been reduced by over 10%. Hence, local solar would have had a nearly 5 times greater impact in reducing peak transmission usage than the record-setting 1.2 GW of Demand Response on that day. Given that peak transmission usage is the primary cause of new transmission investments, local solar is poised to save ratepayers hundreds of billions of dollars in avoided transmission costs. Importantly, the benefits of local solar increase exponentially when paired with local energy storage, including via export capabilities coming to Electric Vehicles (EVs).

IV. CONCLUSION

The Clean Coalition respectfully submits these reply comments.

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