

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

Order Instituting Rulemaking to Modernize the  
Electric Grid for a High Distributed Resources  
Future.

Rulemaking 21-06-017  
Filed June 24, 2021

**CLEAN COALITION REPLY COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW  
JUDGES' RULING SETTING A WORKSHOP, ADMITTING INTO THE RECORD PART 1 OF  
THE ELECTRIFICATION IMPACTS STUDY AND RESEARCH PLAN, AND SEEKING  
COMMENTS**

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**I. INTRODUCTION**

Pursuant to Rule 6.2 of the Rules of Practice and procedure of the California Public Utilities Commission (“the Commission”), the Clean Coalition respectfully submits these reply comments in response to the *Administrative Law Judges’ (“ALJ”) Ruling Setting a Workshop, Admitting Into the Record Part 1 of the Electrification Impacts Study (“EIS”) and Research Plan, and Seeking Comments*, issued at the Commission on May 9, 2023 and *the Email Ruling Approving a Second (1-week) Request for Extension by the Joint Utilities*, issued on June 30, 2023.

- Microgrids can provide value to the ratepayers and help reduce the number of required grid upgrades.
- Several parties agree that the distribution planning horizon should be increased to better harmonize with CAISO’s Transmission Planning Process.
- Secondary distribution costs should be recorded and considered in the DPP.
- We believe that the assumptions and inputs that will be used in Part 2 of the EIS should be re-examined.
- We are eager to engage with PG&E on what a Distribution System Plan (“DSP”) will look like.

**II. COMMENTS**

**A. SDG&E incorrectly dismisses microgrids as a valuable tool for grid planning moving forward.**

Microgrids provide unparalleled economic, environmental, and resilience benefits whether they are deployed by ratepayers or utilized by utilities during the grid planning process. In either case, a microgrid deployment increases the value of the aggregated distributed generation,

optimizing the resources to benefit the participants within the footprint of the microgrid and the broader grid. The investor-owned utilities (“IOUs”) have drawn the incorrect conclusion that a microgrid does not provide any broader benefit to the ratepayers or the grid, which is why the Clean Coalition’s opening comments include an example—a microgrid capable of islanding can accommodate the increased load from a fleet of EV chargers in place of a costly grid upgrade, while also providing resilience benefits.

While the example highlights the unique scheduling and legal agreements that utilities can make use of to maximize benefits realized by the ratepayers, SDG&E stanchly dismissed the possibility of expanding the range of solutions beyond the existing Distribution Investment Deferral Framework (“DIDF”), stating, “To date, it is SDG&E’s experience that conventional distribution upgrades are nearly always the best solution. Microgrids would rarely, if ever, be a cost-effective solution for forecast overloads.”<sup>1</sup> We wholeheartedly disagree with SDG&E’s characterization; while the Distribution Planning Process addresses upgrades that are needed in the short-and-medium-term, the evaluation is solely based on cost, meaning that the selected solution does not necessarily result in the greatest benefits to the ratepayers over the lifetime of the asset.

In the example provided above (and in opening comments), the microgrid would be funded by the company managing the fleet of EV charging stations, not public funds. Therefore, the ratepayers would not foot the bill, but could still realize the benefits from the microgrid deployment. In comparison, a standard grid upgrade conducted by SDG&E is hardly cost-effective since 100% of the costs will be passed on to the ratepayers.

**Transmission Access Charges (TAC) Rate  
for the Investor-Owned Utilities (as of 1 January 2023)**

	<b>PG&amp;E</b>	<b>SCE</b>	<b>SDG&amp;E</b>
<b>High Voltage TAC (\$/kWh)</b>	0.0095034 (\$/kWh)	0.0136576 (\$/kWh)	0.0317925 (\$/kWh)
<b>Low Voltage TAC (\$/kWh)</b>	0.0204047 (\$/kWh)	0.0005741 (\$/kWh)	0.0273127 (\$/kWh)
<b>Total TAC Rate (\$/kWh)</b>	<b>0.0299081</b> (\$/kWh)	<b>0.0142316</b> (\$/kWh)	<b>0.0591052</b> (\$/kWh)

- Weighted Average TAC Rate: **0.02538202 \$/kWh**
- Average TAC Rate: **0.03441497 \$/kWh**

As the graph above shows, SDG&E has the highest rate of Transmission Access Charges (“TAC”) of the three IOUs. The same is true for the cost of distribution upgrades and overall

<sup>1</sup> San Diego Gas & Electric Company’s (U 902-E) Response to Second Set of Questions in Administrative Law Judge’s Ruling Setting a Workshop, Admitting into the Record Part 1 of The Electrification Impacts Study and Research Plan, And Seeking Comments, at p. 4-5.

rates. While there are many reasons SDG&E has high costs, the conclusion remains clear—completely dismissing the benefits of microgrids and solely relying on existing process for grid upgrades is not the way to maximize ratepayer savings.

Moreover, the fact that the existing DIDF has not resulted in the procurement of a microgrid or other resilience solution does not mean there is no value in such deployments. On the contrary, as we have written in our initial comments on the EIS and comments on the DPP, the lack of deployments makes the need to amend the process extremely apparent. The Vehicle-Grid Integration Council’s (VGIC’s) comments note that from 2020-2022 a total of 2,082 grid need were identified and 1,457 were planned investments, but only 5 deferral candidates were procured via the DIDF.<sup>2</sup> Very few, if any, of these deployments were behind-the-meter (“BTM”) solutions. The Clean Coalition believes that a more efficient deferral process is needed to achieve electrification in a timely manner and that there needs to be a greater focus on maximizing benefits with each deployment, including resilience.<sup>3</sup> Such a process should include template legal agreements to add constraints generation/consumption profiles in a way that defers potential upgrades or allows the utility to reserve a portion of the state of charge of deployments of energy storage. As the state electrifies, the impact from each outage on the populace will be increased due to the greater reliance on electricity, making resilience planning a necessity. Including the value of resilience and improving the efficiency of the DIDF will help with the prioritization of solutions that provide multiple benefits, such as microgrids.

#### **B. Many parties support a longer planning horizon.**

When it comes to achieving electrification in a manner that maximizes benefits for the ratepayers and minimizes costs, one of the clear flaws with the existing planning processes is the focus on short-to-medium planning horizons of 1-5 years. Low costs in the short-term do not necessarily equal low costs in the long-term, especially if short-term solutions are procured in situations where assets with a longer-life span and/or greater benefits could be deployed instead. As 350 Bay Area explains, “the greatest potential of EIS is in evaluating longer term scenarios

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<sup>2</sup> Comments of the Vehicle-Grid Integration Council on Administrative Law Judges’ Ruling Setting a Workshop, Admitting into The Record Part 1 Of the Electrification Impacts Study and Research Plan, And Seeking Comments, at p. 9.

<sup>3</sup> Comments of Cal Advocates, at p. 2. “Infrastructure deferral can potentially limit electric rate increases. Deferring a project will delay the electric rate increases that result from capital cost recovery by the utility and depreciation expenses paid by ratepayers on that project.”

that effectively reduce the scale or need for investments arising in the first place, and the specific load modifications outcomes required in the design of associated programs or policies.”<sup>4</sup> For example, in the short- and medium-term fewer upgrades will likely be needed in disadvantaged communities (“DACs”) where the rate of deploying electrification measures is low, but the upgrades will eventually be needed to achieve electrification. Conducting a holistic review over the full timeline instead of taking a piecemeal approach as the upgrades are required could potentially result in larger up-front investments with lower costs for the ratepayers overall. Other parties, including the Joint CCAs and Sierra Club support a 15-year planning horizon, with VGIC supporting a general increase in the planning horizon.<sup>5</sup>

### **C. Secondary distribution costs should be included in the DPP.**

Given the range and cost of distribution upgrades required to achieve electrification, the Clean Coalition strongly supports including the cost of secondary distribution upgrades in the planning process, even if the cost for upgrades is too low to trigger the DIDF threshold. As Cal Advocates writes, “Secondary distribution cost estimates are valuable to better understand the deferral value of primary distribution infrastructure.”<sup>6</sup> It is quite possible that the cost of secondary upgrades will be prohibitive for ratepayers seeking to deploy electrification measures, especially for customers located in DACs, where fewer distribution upgrades have been conducted in comparison wealthier communities. Furthermore, it is essential that site owners/utilities have enough information to be forward-looking when it comes to planning for electrification. It does not make sense to pay for a grid upgrade—such as a main panel upgrade—while installing rooftop solar+storage only to find out that another upgrade will be required to deploy an EV, or worse, that another upgrade cannot be conducted for multiple years. Compiling data on secondary distribution infrastructure will help the utilities conduct bottom-up planning (& load disaggregation) and allow local governments to get a better understanding of the grid for planning purposes.

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<sup>4</sup> Response Of 350 Bay Area to the Administrative Law Judges’ Ruling Setting a Workshop, Admitting into The Record Part 1 Of the Electrification Impacts Study and Research Plan, And Seeking Comments, at p. 4.

<sup>5</sup> Response of the Joint CCAs at p. 4, Response of the Sierra Club at p. 6, and Response of VGIC at p. 3.

<sup>6</sup> Response Of the Public Advocates Office to Opening Comments on Administrative Law Judges’ Ruling Setting a Workshop, Admitting into The Record Part 1 Of the Electrification Impacts Study and Research Plan, And Seeking Comments, at p. 1.

**D. The Clean Coalition agrees that inputs and assumptions should be improved prior to conducting the Part 2 Study.**

To ensure that the Part 2 EIS is as accurate as possible, the Clean Coalition supports a workshop to ascertain how Kevala will, “(1) incorporate technology cost curves into the adoption forecasts, and related technology-related methodological refinements, and (2) forecast and thereafter adjust customer rate levels accordingly, to permit policy-driven scenario analysis.”<sup>7</sup> For example, the information on NEM should be updated with the proper Net Billing Tariff and adoption rates since the NEM 2.0 sunset date. Moreover, if past information is any indicator, it is extremely unlikely that rates will remain constant. Far more likely are rate increases that outpace inflation, which should be included in the model. As the Sierra Club writes, “Any baseline scenario must include reasonable growth in mitigations such as VGI, battery storage, and energy efficiency.”<sup>8</sup> Finally, we support UCAN’s proposal that Kevala should expand its review to studies outside of the United States, with a focus on work coming from Australia.<sup>9</sup> See the footnote below for an Australian study on the cost-effectiveness of a Distribution System Operator (“DSO”),<sup>10</sup> an issue which will be addressed in Track 2. The Clean Coalition strongly believes that the Part 2 Study should be conducted as if a DSO framework were implemented; PG&E’s new partnership with Schneider Electric for a Distributed Energy Resources Management System (“DERMS”) is evidence that the state is already moving in that direction.<sup>11</sup>

**III. CONCLUSION**

The Clean Coalition appreciates the opportunity to submit these reply comments and advocates that the Commission increase the planning horizon and consider maximizing benefits—including resilience—in the long-term rather than simply minimizing costs in the short-term.

/s/ BEN SCHWARTZ

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<sup>7</sup> Comments Of the Utility Consumers’ Action Network (UCAN) On Administrative Law Judges’ May 9, 2023 Ruling Setting A Workshop, Admitting Into The Record Part 1 Of The Electrification Impacts Study And Research Plan, And Seeking Comments, at p. 5.

<sup>8</sup> Sierra Club Comments and Responses to Questions on Electrification Impacts Study Part I, at p. 7.

<sup>9</sup> Comments Of the Utility Consumers’ Action Network (Ucan) On Administrative Law Judges’ May 9, 2023 Ruling Setting A Workshop, Admitting Into The Record Part 1 Of The Electrification Impacts Study And Research Plan, And Seeking Comments, at p. 6.

<sup>10</sup> <https://www.baringa.com/en/insights/low-carbon-futures/assessment-of-open-energy-networks-frameworks/>

<sup>11</sup> <https://www.microgridknowledge.com/distributed-energy-resources/article/33008991/pge-opts-for-radical-collaboration-with-operators-of-microgrids-and-ders-with-derms>

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