

**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 INVESTOR-OWNED
UTILITIES' RESPONSES TO AMENDED SCOPING MEMO APPENDIX A**

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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 Responses of the Investor-Owned Utilities (“IOUs”) to the Assigned Commissioner’s Amended Scoping Memo and Ruling. The Clean Coalition believes that the IOU’s responses highlight the need to make DER deferral programs more of a priority in the planning process. The status quo planning process considers DER deferral as a last resort, rather than a key strategy to meeting the state climate goals in time.

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 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. Non-wires alternatives need to be a much higher priority in the distribution
planning process.**

The responses by the IOUs highlighted the need for a greater focus on non-wires alternatives (“NWAs”), including using distributed energy resources (“DER”) to mitigate the need for

traditional infrastructure upgrades, as a more important part of the planning process, rather than an afterthought to fulfill a requirement for pilot projects. The potential of DER deferral is currently vastly underutilized. The existing Distribution Investment Deferral Framework (“DIDF”) results in a select few projects being considered for DER alternatives. Of the small number of sites under consideration, even fewer lead to a signed contract or a project actually being developed. Importantly, the limited success with non-wires alternatives is reflective of the lack of prioritization in the planning process, **not** the limited value of DER in deferring grid upgrades. In fact, the data shows that when DER deferral projects are deployed in place of a traditional solution, the ratepayers save a significant amount of money. SCE recently revealed that two deferral projects will have a combined savings of \$7.56 million.¹ The Newbury Project (“ACORN 1”) will defer a new 16 kV circuit at the substation, saving \$3.72 million, and the Eisenhower Project (“WILDCAT 1”) will defer a transformer upgrade, saving \$3.84 million. In addition to the very apparent ratepayer savings, the projects demonstrate that DER are capable of deferring multiple types of grid needs and should not be construed as a tool for a singular purpose.

In PG&E’s case, spending far more on distribution projects than was allocated in the General Rate Case (“GRC”) has forced tough compromises about which projects to move forward with. This is attributed to, “rising costs and increased demand for new distribution capacity in recent years,”² and PG&E discusses the need for greater levels of funding. The Clean Coalition does not dispute the need for more funding or improved forecasting, but we do urge the Commission to take note of the absence of discussion of DER deferral. As a demonstrated more cost-effective alternative to traditional solutions in a myriad of situations, a greater prioritization of DER deferral would help to spread the existing funding further than solely relying on traditional upgrades and could mitigate some of the supply chain issues. One of the biggest supply chain bottlenecks causing delays is for distribution-level transformers (even a year after President Biden invoked the Defense Production Act).³ Yet, SCE’s WILDCAT 1 project shows that a transformer upgrade can be avoided using a distributed solution, saving money **and time**. The existing DER deferral pilots aim to deploy distributed solutions when they are more cost-

¹ CONFIDENTIAL DER PAYMENTS REPORT OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) at p. A-1 – A3

² RESPONSES TO AMENDED SCOPING MEMO APPENDIX A BY PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) at p. 2

³ <https://news.bloomberglaw.com/environment-and-energy/grid-transformer-supply-crunch-threatens-us-clean-energy-plans>

effective than traditional upgrades. The main evaluation criterion for a deferral project is the cost cap, based on the cost of a traditional upgrade solution. However, due to changing market conditions that have made it difficult to deploy traditional infrastructure solutions in a timely manner, the swift deployment process of distributed solutions should be considered an added benefit in the solutions evaluation process, on top of financial considerations.

For each of the IOUs, consideration of DER deferral should be a standard part of evaluating any given grid need. SCE discusses the existing distribution planning process (“DPP”) as being either “reactive” or “proactive,”⁴ and SDG&E describes using a least-cost best-fit approach⁵ to select locations for grid upgrades. PG&E’s response details an Integrated Grid Planning (“IGP”) approach to leverage multi-faceted solutions that improve the efficiency and proactive nature of the planning process.⁶ While each IOU uses slightly different phrasing, the key tenet in each of the responses is that the DPP should result in a timely deployment that results in the greatest benefits to the ratepayers along with the lowest associated financial burden. To adhere to that high standard, the DPP for each of the IOUs should include steps to evaluate the full range of available solutions for each grid need. A traditional upgrade should not be prioritized solely on the basis of being the most commonly implemented solution in similar situations in the past. For example, a lower-cost DER solution should be prioritized over deploying a new circuit. When considering the fact that a DER deployed on a built environment will avoid CEQA and a new circuit might not, even if the DER solution was as, or slightly more, expensive than the new circuit, there is value in DER deferral. However, the status quo of each IOU choosing single digit number of DER deferral projects to meet the pilot requirements is not sufficient to optimize the planning process and ensure savings for the ratepayers.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments and urges the Commission to make DER deferral more of a priority in the DPP going forward.

/s/ BEN SCHWARTZ

⁴ SOUTHERN CALIFORNIA EDISON COMPANY’S RESPONSE TO ASSIGNED COMMISSIONER’S QUESTIONS FOR SUPPLEMENTAL UTILITY RESPONSE, at p. 1

⁵ RESPONSES TO AMENDED SCOPING MEMO APPENDIX A BY SAN DIEGO GAS AND ELECTRIC COMPANY, at p. 2.

⁶ RESPONSES TO AMENDED SCOPING MEMO APPENDIX A BY PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) at p. 1

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