

Docket No.: R. 22-11-013

Exhibit No.: CLC-01

Date: October 30, 2023

Witnesses: Ben Schwartz

**PREPARED DIRECT TESTIMONY OF BEN
SCHWARTZ ON BEHALF OF THE CLEAN COALITION**

Table Of Contents

Section	Page
I.	STATEMENT OF QUALIFICATIONS.....1
II.	INTRODUCTION1-2
III.	AVOIDED TRANSMISSION AND 2024 ACC STAFF PROPOSAL.....2-5
IV.	CONCLUSION.....5

1. I. INTRODUCTION

- 2. Pursuant to *Assigned Commissioners Scoping Memo and Ruling*, issued on May 26, 2023,
- 3. and *Administrative Law Judges (“ALJ”) Ruling Issuing the 2024 Avoided Cost Calculator*
- 4. *Staff Proposal for Party Input*, issued on August 8, 2023, the Clean Coalition submits this
- 5. testimony on the 2024 Avoided Cost Calculator (“ACC”) Staff Proposal.

1. II. STATEMENT OF QUALIFICATIONS

2. Q: Please state your name, position, and business address for the record.

3. **A:** My name is Ben Schwartz. I am policy manager for the Clean Coalition, a 501(c)(3) non-
4. profit. My business address is 1800 Garden Street, Santa Barbara, CA 93101.

5.

6. Q: Please describe your professional background.

7. **A:** I graduated from UCSB 2020 with a b.a. in History of Public Policy and Environmental
8. Studies. I began my work with the Clean Coalition before graduating from university,
9. starting full time as a policy associate in the summer of 2020 and receiving the title of Policy
10. Manager during the winter of 2020. I oversee all of the Clean Coalition’s regulatory work the
11. Clean Coalition and have intervened on behalf of the Clean Coalition at the California
12. Independent System Operator (“CAISO”), the California Air Resources Board (“CARB”),
13. the California Public Utilities Commission (the “Commission”), the California Energy
14. Commission (“CEC”), and the Federal Energy Regulatory Commission (“FERC”).

15.

16. Q: On whose behalf are you testifying in this proceeding.

17. **A:** I am testifying on behalf of the Clean Coalition. The Clean Coalition is a nonprofit
18. organization whose mission is to accelerate the transition to renewable energy and a modern
19. grid through technical, policy, and project development expertise. The Clean Coalition drives
20. policy innovation to remove barriers to procurement and interconnection of distributed
21. energy resources (“DER”) — such as local renewables, demand response, and energy storage
22. — and we establish market mechanisms that realize the full potential of integrating these
23. solutions for optimized economic, environmental, and resilience benefits. The Clean
24. Coalition also collaborates with utilities, municipalities, property owners, and other
25. stakeholders to create near-term deployment opportunities that prove the unparalleled

26. benefits of local renewables and other DER.

27.

**28. Q: Have you previously testified on behalf of the Clean Coalition before the
29. Commission?**

30. A: Yes, I have testified before the Commission previously, during the proceeding developing

31. a Net Energy Metering (“NEM”) Successor Tariff, R. 20-08-020, on the Applications

32. reviewing the Green Tariff (A. 22-05-022, A. 22-05-023, and A. 22-05-024), and on Income

33. Graduated Fixed Charges in the Demand Flexibility proceeding (R. 22-07-005).

34.

35. Q: Are the statements made in your testimony true and correct to the best of your

36. knowledge?

37. A: Yes, they are.

38.

39. Q: To the extent that this submitted testimony contains any opinions, do they represent

40. your best judgement as a professional?

41. A: Yes.

42.

43. Q: Do you have anything further to state for the record?

44. A: No, this concludes my statement of qualifications.

1. III. AVOIDED TRANSMISSION AND 2024 ACC STAFF PROPOSAL

2. Q: On October 13, 2023, the ALJ served an *Email Ruling Adopting an Updated 2024 ACC*

3. Staff Proposal. What is your reaction to the added text in this email ruling?

4. A: The email ruling is a response to comments made at the workshop on the ACC Staff

5. Proposal by the Clean Coalition, Protect our Communities Foundation, the Center for

6. Biological Diversity, and others about the need for an updated avoided transmission value.

7. For context, in D. 22-05-002, the Commission chose to adopt an updated transmission value

8. for PG&E and mandated that the same methodology be considered for the other two utilities

9. through, “a study on the avoided cost of transmission and to begin that study as soon as

10. practicable.”¹ The email ruling underscores that Energy Division staff has not focused on
11. said study since D. 22-05-002 was adopted on May 6, 2022, more than a year ago, and that
12. the issue will be taken up in the next update of the ACC, in 2026 — three years from now.
13. For the Clean Coalition, the fact that increasing the accuracy of the avoided transmission
14. value has been deemed unimportant and the Commission’s very clear mandate has been
15. ignored represents a breakdown of the process that must be remedied. This is the first update
16. of the ACC with the new extended schedule, after the minor update process was eliminated
17. in D. 22-05-002. The Commission explained the rationale for the change, highlighting that,
18. “Staff contends there is too little time between the major and minor update processes, which
19. results in a continual expenditure of Commission and party resources and rushed review and
20. benchmarking.”² Thus, the elimination of the biennial minor ACC update was intended to
21. ensure that the major update could occur without a rushed process or skipping important
22. topics. The Commission explained, “Our intention behind many of these policies is to
23. improve transparency and due process and provide a thorough review of the Avoided Cost
24. Calculator.”³ Therefore, the Clean Coalition is confused with the lack of progress made on
25. the study of avoided transmission **required** by the Commission in the last update of the
26. ACC. The elimination of the minor update was intended to enable the completion of the
27. transmission study and other issues that would have otherwise been impossible with the
28. minor and major update cycle. It is unclear why no progress has been made on the study, or
29. even a Request for Proposal (“RFP”) since D. 22-05-002 laid out the schedule for the next
30. update and it was quite apparent that there would be one year and two months from the
31. passing of the decision to the release of the 2024 Staff Proposal. The value should be
32. updated as soon as possible, given that the avoided transmission value will increase over
33. time as further procurement and upgrades occur. As Protect our Communities Foundation,
34. Environmental Working Group, and Center for Biological Diversity explain in their
35. Application for Rehearing of the decision adoption the Net Billing Tariff, the full utility
36. transmission portfolio is not used for the existing avoided transmission value. They explain,
37. “Thus, the ACC inputs a total of \$481,650,000 in capacity-related transmission projects for
38. all three utilities for 2020-2025. In contrast, the transmission-related revenue requirements

¹ D. 22-05-002, at p. 74.

² Ibid, at p. 15.

³ Ibid, at p. 24.

39. for the three utilities in 2021 were more than \$4 billion dollars.”⁴ The Clean Coalition
40. requests that the full portfolio of transmission spending is included in the ACC in the new
41. methodology to ensure that the full value is captured.

42.

43. Q: How should the avoided transmission issue be resolved?

44. **A:** The Commission should not adopt a 2024 ACC that does not have an updated avoided
45. transmission value. To do so would go against the direct mandate of the last Decision,
46. without any explanation as to why no work has been done on the subject. The Commission
47. accepted having a different avoided transmission value for PG&E than SCE and SDG&E
48. with the knowledge that it was only temporary. Since the 2024 ACC Staff Proposal does not
49. update the methodology for the three investor-owned utilities (“IOUs”), the overall
50. harmonization of the ACC is reduced, as is its value as a tool to compensate DER programs.
51. With the significant procurement targets under new mid-term reliability goals, having a tool
52. that knowingly undercounts the full value of DER does a disservice to the ratepayers. The
53. Commission should require that the study be completed prior to the adoption of the 2024
54. ACC or mandate that the study be completed via resolution process as an example of a delay
55. in the proceeding that impacts the creation of the final ACC.

56.

57. Q: What additional avoided transmission value should the ACC consider?

58. **A:** The Commission should consider an avoided un-specified transmission value based on
59. long-term utility costs for projects that never reach the threshold that triggers the need for a
60. new project or upgrade. These are projects that are deferred by each kWh of DER
61. deployment in a utility’s service territory and can have a streamlined, standardized value.

62.

**63. Q: Are there any other avoided transmission values that should be considered in the
64. 2024 ACC?**

65. **A:** Yes, there is the value from avoiding present and historical investments in transmission,
66. assessed to ratepayers on a \$/kWh basis as Transmission Access Charges (“TAC”). While
67. the ACC considers avoiding future transmission upgrades, it does not consider the benefits

⁴ APPLICATION OF THE CENTER FOR BIOLOGICAL DIVERSITY, THE PROTECT OUR COMMUNITIES FOUNDATION, AND THE ENVIRONMENTAL WORKING GROUP FOR REHEARING OF DECISION 22-12-056, at p. 27.

68. of reduced transmission usage in the present from on-site generation serving on-site load or
69. DER exports that are imported by neighbors on nearby feeders. The reduction in
70. transmission usage results in three unique value streams that are factored into the price of
71. wholesale energy — to the benefit of all ratepayers — but are not credited to DER
72. customers.

73. Reduced Congestion: When demand for transmission energy increases and the lowest cost
74. energy cannot be delivered to consumers, prices skyrocket. Holders of Congestion Revenue
75. Rights (“CRRs”) benefit, at the expense of the ratepayers, who lose close to \$100 million
76. annually.⁵ Less congestion means less ratepayer losses through CRR sales.

77. Reduced Line Losses: Close to 10% of energy can be lost during transmission of energy,
78. especially during hot days and/or when the transmission grid is strained. Less demand
79. means less energy lost. Moreover, loads served on-site or on a nearby distribution feeder
80. have the lowest possible percentage of line losses.

81. Optimized Market Outcomes: Wholesale energy prices are lowest when energy can be
82. delivered efficiently from the supplier to the consumer. Less strain on the system
83. (congestion) results in the best possible market outcomes (fewest line losses and improved
84. economics), to the benefit of the ratepayers.

85. When considered together, it is reasonable that DER owners avoid TAC as compensation
86. for the avoided present transmission value that is created.

1. IV: CONCLUSION

2. The Clean Coalition appreciates the opportunity to submit this testimony and urges
3. the Commission to update the avoided transmission value to capture the full range of
4. benefits created by DER.

⁵ <http://www.caiso.com/Documents/2022-Annual-Report-on-Market-Issues-and-Performance-Jul-11-2023.pdf>

