December 5, 2023
Energy Division
Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

RE: Clean Coalition Protest of PG&E Advice Letter 7073-E, SCE Advice Letter 5150-E, and SDG&E Advice Letter 4322-E, A Request for Approval to Not Issue Competitive Solicitations for Distributed Energy Resource (DER) Procurement for Electric Distribution Deferral Opportunities

Dear Energy Division Tariff Unit,

Introduction

According to General Order 96-B, Rule 7.4, the Clean Coalition submits this protest of the Advice Letters: PG&E's 7073-E, SCE's 5150-E, and SDG&E's 4322-E. Each of the three investor-owned utilities (IOUs) submitted an Advice Letter on November 15, 2023, requesting that the California Public Utilities Commission (the Commission) approve a limited, or complete cancellation of the 2023 Fall Distribution Infrastructure Deferral Framework (DIDF) Request for Offer (RFO). If approved, the only mechanism through which deferral projects might be deployed until an RFO in 2024 would be the Partnership Pilot, which is solely for behind-the-meter (BTM) distributed energy resources (DER). The Clean Coalition disagrees with part of the rationale provided in each Advice Letter and urges the Commission to reject them. There has been clear ratepayer savings showcased by deployed deferral projects; approving the Advice Letters would actively eliminate the possibility of ratepayer savings, at time when electricity rates are higher than ever, and are expected to rise by double digits over the next few years. The fact that only several projects have been deployed is related to applicant certainty, program design, and the maturity of DER solutions—not a lack of demonstrable ratepayer savings.

Discussion

We are generally concerned that the requests to not issue competitive solicitations for the Fall 2023 DIDF RFO will be used as another opportunity to reduce the amount of DER deferral projects again, following the off ramping of the Standard Offer Contract (SOC) pilot earlier this year.[1] Approval of these IOU Advice Letters sets a precedent about the importance of DER deferral for the ratepayers and increases the likelihood of such a request being approved again in the future. We note for the Commission that while there have not been a significant number of deferral projects approved and/or deployed, the successful projects demonstrate the significant value to the ratepayers of choosing a distributed solution over a traditional infrastructure upgrade. SCE recently revealed that two deferral projects will have combined ratepayer savings of $7.56 million.[2] 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

[1] See the Administrative Law Judges Ruling in the High DER proceeding (R. 21-06-017) in May 2023.
[2] CONFIDENTIAL DER PAYMENTS REPORT OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) at p. A-1 – A3.

$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. Thus, we question the rationale behind information in each of the three IOU's Advice Letters and urge the Commission to reject them as currently submitted. More information is needed to back up some of the unsubstantiated claims, as will be explained below.

i. PG&E

PG&E asserts that the remaining projects in the DDOR have a low likelihood of being deployed and makes the secondary argument that focusing on a select few projects "may"[3] increase the probability of the projects being deployed. Both arguments are specious, more so for the latter than the former argument. First, PG&E includes three tables in the Advice Letter, one table for Tier 1 projects, three of which will be solicited through the Partnership Pilot and the others through the Fall 2023 DIDF RFO. Table 3 includes more detail about each of the project screened; both the Millbrae Substation and Semitropic Bank 4 score highly on forecast certainty and reasonably in terms of cost-effectiveness. Despite the fact that the two projects have long-term needs and a threshold greater than three grid needs, the Clean Coalition believes that a solicitation should be carried out. The Calistoga substation microgrid has demonstrated that DER solutions capable of long duration output are feasible and economical.

The second argument is based on the Independent Evaluator's (IE) statement that, "that while providing many opportunities may develop a wide array of offers, it may have a negative effect in providing too many options, diffusing the bidding community's attention, and decreasing the likelihood of Participants submitting enough offers at any one location to meet the location's needs."[4] However, this statement is not definitive, and PG&E does not provide any concrete evidence that supports the assertion. Finally, there is no concrete evidence that one or two project solicitations would add a significant enough burden to make the IE's statement true in this case.

ii. SCE

SCE should include a solicitation for the Santa Monica project to defer the need for a new transformer. The WILDCAT 1 project has already determined that transformers can be cost-effectively deferred to the tune of multiple million dollars' worth of ratepayer savings. In addition, there is a significant transformer shortage globally, which does not appear to factor into SCE's consideration (in this Advice Letter). In addition to normal cost-effectiveness considerations that are calculated via the LNBA methodology, it is essential to consider the timeframe for getting the traditional solution in place and whether there is an additional cost associated with the existing global supply chain constraints. For these reasons, we advocate that SCE's Advice Letter should not be approved, as is.

iii. SDG&E

In footnote 9, on page 4 of AL 4322-E, SDG&E explains that there are four resiliency microgrid projects that qualify under the RFO but does not believe it is appropriate due to the need for utility-owned infrastructure. If deployed via the DIDF RFO, these four projects would be the first resiliency projects ever procured through DER Deferral, making them extremely important to the

[3] PG&E Advice Letter 7073-E, at p. 3.
[4] *Ibid*

future of the program. It is very important that the Commission and the ratepayers have a benchmark with which to determine the amount of savings from deferring a resiliency project. The fact is that SDG&E's request not to include these projects as part of the DIDF RFO is based on ownership issues, not any technical issues, a lack of certainty, forecasts for likely load increases, or low cost-effectiveness numbers. In fact, because these projects have already been approved for procurement by the Commission, they are perhaps the most certain deferral projects that have ever been considered. This means that there is a much higher guarantee of success than in other circumstances to date. Any potential applicant will know from the outset of the RFO process that if a competitive bid is submitted, a microgrid project will be deployed in the exact location and based on the specifics provided by SDG&E. This is unlike projects solicited for the three other deferral reasons (thermal, voltage support, and reliability). For example, PG&E has canceled projects based on increased load forecasts following approval of a project that would have met the initial need. However, the same will not occur for projects that have already been approved for deployment. As a result, these microgrids will undoubtedly have bidders.

In addition, the Clean Coalition urges the Commission to find SDG&E's reasoning for why these microgrid projects should not be included in the fall 2023 DIDF RFO not to be persuasive in this case. The focus of DER deferral is promoting the deployment and operation of projects that achieve the same result as traditional infrastructure solutions, at fraction of the cost to the ratepayers. If the assets are deployed and owned by a third party, the way that they are operated is less important than the functional outcome of fulfilling what would otherwise have been a traditional solution. In fact, the utility can own and operate the microgrid infrastructure, even if the project is developed by a third party. Through the existing cost-of-ownership (COO) and deeding processes, a third party can successfully ensure that SDG&E is able to operate the microgrid, while ensuring that the ratepayers realize savings through the deferral process. SDG&E also claims that owning the microgrids is necessary as part of, "it's obligation to serve," but provides no further evidence to support this assertion. The argument is predicated on SDG&E's request that the Commission should modify D. 16-12-036 to remove all references to "resiliency" and "resiliency microgrid" altogether. This request appears to be entirely out of place in this Advice Letter and out of scope in the proceeding, as it is not included in a petition for modification of the Decision or in any official capacity in the high DER proceeding where it can actively be discussed by stakeholders in a transparent fashion. For these reasons, we urge the Commission to reject SDG&E's Advice Letter.

Conclusion

For these reasons above the Clean Coalition respectfully submits this comment letter on the IOU's Advice Letters and urges the Commission to reject the Advice Letters, for the reasons outlined above. Given the clear and significant ratepayer savings from projects in SCE's service territory, there is a definitive reason to move forward with the Fall 2023 DIDF RFO, particularly given that there are projects that can be cost-effectively deferred by third party deployments.

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