

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

Application of Pacific Gas And Electric  
Company (U39E) for Review of the  
Disadvantaged Communities – Green Tariff,  
Community Solar Green Tariff and Green  
Tariff Shared Renewables Programs.

Application 22-05-022  
(Filed December 2, 2022)

And Related Matters

Application 22-05-023  
Application 22-05-024

**CLEAN COALITION REPLY COMMENTS ON ADMINISTRATIVE LAW JUDGE’S  
RULING DIRECTING RESPONSES TO QUESTIONS REGARDING  
IMPLEMENTATION OF DECISION 24-05-065**

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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 *Administrative Law Judge’s* (“ALJ”) *Ruling Directing Responses to Questions Regarding Implementation of Decision* (“D.”) 24-05-065, issued on June 5, 2024, and the *Email Ruling Granting Request for Extension of Deadlines*, issued on June 13, 2024. We continue to support an up-front lump sum payment to reduce project risk, an energy storage adder, a built environment adder (to incentivize rooftop and carport/canopy infill projects), and a brownfield adder. In addition, based on opening comments submitted by parties, Clean Coalition recommends:

- The CREP needs to properly compensate storage for additional value provided to the grid on a daily basis and in emergency situations (deliverability).
- Increased compensation should start with updating the time of delivery (“TOD”) factors used in ReMAT to reflect grid conditions and use of non-ratepayer funds.
- The existing process for a resource being awarded deliverability status is too time intensive. A more streamlined pathway is necessary to line up with the Solar for All funding timelines and enable subscribers can start receiving bill savings quickly.

- If the process of designating resources as a load modifier through the Energy Commission is not available, the Commission should work with the CAISO on allowing CREP resources to utilize the Distributed Generation Deliverability (“DGD”) process.
- The Commission should work with the CAISO to designate 150 MW of DGD Capacity for CREP resources.
- Receiving higher incentives should not result in lower Power Purchase Agreement (“PPA”) prices.
- CCAs should be allowed to use local energy program funds to subsidize CREP projects and/or increase credits for subscribers.
- The Commission should strive to compensate projects for locational benefits, which is a separate value offering from RA. Capacity should be compensated separately.

## **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. The CREP needs to properly compensate storage for additional value provided to the grid on a daily basis and in emergency situations (deliverability).**

Currently no additional compensation is provided to solar+storage projects, but the Commission expects developers will deploy solar+storage systems anyways. Unfortunately, without appropriate compensation for the storage—which will be the main cost driver of a project—the result will be solar only projects incapable of time-shifting energy or providing net

qualifying capacity. Most parties explained as much in opening comments, advocating for additional compensation via non-ratepayer funds or updating the pricing for the Renewable Market Adjusting Tariff (“ReMAT”).<sup>1</sup> With the abundance of green energy during the day when solar resources are generating and less during the system peak from 4-9 p.m., referred to as the duck curve, adding paired energy storage enables energy to be time shifted, increasing the value to the ratepayers. This is why the Clean Coalition advocated in opening comments for a storage adder (which we called a dispatchability adder). In addition, paired solar+storage resources that are awarded deliverability can provide resource adequacy (“RA”), providing dispatchable energy at critical points to help mitigate widespread grid outages during emergency conditions. Any capacity adder included in the CREP must be compensated in terms of RA, or solar+storage resources will be undervalued and the CREP will be unsuccessful. An effective program requires appropriate compensation for the myriad of benefits (e.g., the value stack) provided by solar+storage projects and efficient pathways to enable timely project deployments.<sup>2</sup>

**i. Increased compensation should start with updating the time of delivery (“TOD”) factors used in ReMAT to reflect grid conditions and use of non-ratepayer funds.**

Currently none of the investor-owned utilities (“IOUs”) have TOD factors that modify the base ReMAT pricing in a meaningful way. In Advice Letter (“AL”) 5090-E, Southern California Edison (“SCE”) included TOD factors for effective pricing. These TOD factors were a positive step, albeit changes were needed to increase the on-peak and mid-peak times, especially during the summer months. However, more recently, in AL 5341-E,<sup>3</sup> SCE is claiming to have discovered new information in D. 21-12-032 and is attempting to revert to an across-the-board TOD factor of 1. This would match the current TOD factor used by San Diego Gas & Electric (“SDG&E”) and Pacific Gas & Electric (“PG&E”) and decrease the likelihood of any new ReMAT contracts being signed. This change is a step in the wrong direction since the CREP will

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<sup>1</sup> Parties advocating for storage compensation includes Cypress Creek Renewables, The Utility Reform Network (“TURN”), The Joint Community Choice Aggregators (“CCAs”), the Coalition for Community Solar Access (“CCSA”), the Solar Energy Industries Association (“SEIA”), Cal Advocates, Valta Energy (“Valta”), Arcadia Power, and Dimension Renewable Energy.

<sup>2</sup> “Compensation should, therefore, incorporate a Resource Adequacy (RA) value that approximates the benefits provided to the grid and all customers.” TURN Opening Comments on ALJ Ruling, at p.5.

<sup>3</sup> AL 5341-E was submitted by SCE on July 22, 2024. The period to submit a protest is still open. Clean Coalition plans to submit a protest, urging the Commission to reject the AL.

utilize ReMAT as a base tariff for compensation. It also decouples ReMAT pricing with grid conditions, dis-incentivizing generation projects with paired energy storage.

Given the must-take obligation in PURPA contracts such as ReMAT and the new CREP, it is in the best interest of the ratepayers that these projects be operated in a way—via paired energy storage—that results in energy exported to the grid during times of need, rather than during the middle of the day when solar energy is plentiful. **Therefore, Clean Coalition strongly supports SEIA<sup>4</sup> and CCSA<sup>5</sup> in advocating that the Commission should require an update to the IOU’s TOD factors.** CCSA astutely notes that with a fixed rate tariff, “there is no incentive to include storage in the project, charge the storage at the appropriate time, nor discharge it during peak periods when it can provide its intended value.”<sup>6</sup> The TOD factors should be nonzero, incentivizing exports during peak and mid-peak periods, especially during the summer months (June-September). Doing so will help enable the deployment of solar+storage projects able to respond to grid emergencies and help prevent widespread outages during extreme weather events, periods of high demand, and in the event of natural disasters. In addition, the TOD factors need to be greater than 1 on average. A significantly reduced TOD factor (of below 1) during the middle of the day and only slightly raised multiplier (of greater than 1) during the mid-peak and peak periods is only marginally better than using 1 throughout the day. The multiplier should match the true value of green energy to the ratepayers, meaning that peak energy exports is extremely valuable. SCE’s existing TOD factors do not effectively align with grid conditions throughout the year; as a result, developers are not sufficiently incentivized to sign ReMAT contracts. Therefore, Clean Coalition supports increasing SCE’s existing TOD factors and applying them to the other IOUs as a starting point for the base compensation of CREP projects.

- ii. The existing process for a resource being awarded deliverability status is too time intensive. A more streamlined pathway is necessary to line up with the Solar for All funding timelines and enable subscribers can start receiving bill savings quickly.**

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<sup>4</sup> Comments of SEIA on the Implementation of D. 24-05-065, at p. 7.

<sup>5</sup> Opening Comments of CCSA on ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 15-16.

<sup>6</sup> *Ibid.*

With a front-of-meter (“FOM”) interconnection requirement, CREP projects will need to use the California Independent System Operator (“CAISO”) study process to be studied for deliverability, which will delay the projects from coming online in a timely manner. Either projects won’t be deployed with paired storage, or they won’t be deployed in time to provide much-needed value. The first CREP projects able to get a place in the queue will join a historic number of projects in Cluster 16, that will begin the study process in 2026, with results published in 2028. Projects that do not meet the deadline for Cluster 16 will be placed in Cluster 17, beginning in 2027 at the earliest, likely having to wait until 2029 or 2030 before deliverability is awarded. This extended interconnection timeline reduces the likelihood of developers choosing to deploy paired solar+storage, especially if there is a greater risk of non-ratepayer funds being exhausted by the time the project comes online.

Therefore, a Resource Adequacy (“RA”) contract or some sort of capacity valuation option is an essential value stream for solar+storage projects, especially when the base compensation is as low as what is offered in ReMAT and the Standard Offer Contract (“SOC”). Yet, the long timeline for a project prior to receiving an award of deliverability will make it difficult, if not impossible, to meet the time requirements to disburse Solar for All funding within five years<sup>7</sup> and to begin providing low-income ratepayers with bill credits in a timely manner. The pressure from high rates—that continue to increase at a double-digit pace annually—**is an issue now**; the relief from bill savings is not useful if the earliest that projects will likely be deployed is 5-6 years from now.<sup>8</sup> Therefore, the Clean Coalition strongly advocates that the Commission should work with other agencies to develop a more streamlined pathway that will enable developers to be compensated for the capacity value of solar+storage projects. The most streamlined pathway is to work with the Energy Commission to allow CREP solar+storage resources to be deemed load modifiers, capable of reducing the RA requirements of a load serving entity (“LSE”). This option is supported by the solar parties,<sup>9</sup> TURN,<sup>10</sup> and the Joint

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<sup>7</sup> *Ibid*, at p. 36, and Valta Energy Comments on ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 2.

<sup>8</sup> “These studies can take up 2 to 3 years to complete, and the Cluster 16 window will not open until sometime in 2025, at the earliest. Under this option, a project under development today is looking at 3+ years to receive deliverability.” SEIA Opening Comments on ALJ Ruling, at p. 8.

<sup>9</sup> CCSA (at p. 8), SEIA (at p. 9), Cypress Creek Renewables (at p. 3), Arcadia Power (Attachment A)

<sup>10</sup> Opening Comments of TURN on the ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 4.

CCAs.<sup>11</sup> An existing load modifier pathway does not exist for FOM resources at this time, meaning that the Commission will have to collaborate with the CEC to create the standard solar+storage generation profile for CREP resources needed to meet the CEC requirements to reduce the RA obligation for the LSE where the resource is deployed. Whereas the Cluster Study process takes three to four years, designating a resource as a load modifier is an annual process, allowing for timely deployments of solar+storage CREP projects and the subscribers to begin receiving benefits as soon as possible. However, if the Commission or CEC reject load modifier status for CREP resources, the Commission should work with the CAISO on enabling use of the distributed generation deliverability process.

**iii. If the process of designating resources as a load modifier through the Energy Commission is not available, the Commission should work with the CAISO on allowing CREP resources to utilize the Distributed Generation Deliverability (“DGD”) process.**

The DGD process is an annual study conducted to determine whether excess capacity remains that can be allocated to DER not participating in the CAISO cluster study process. The study is conducted following the posting of results from the most recent CAISO cluster study. Active projects interconnected via the Wholesale Distribution Access Tariff (“WDAT”) are eligible and will receive an appropriate allocation based on the remaining capacity available within three months of applying. Projects seeking an award via the DGD process must not have a significant impact on the grid, meaning that no additional network upgrades or deliverability studies can be required for a determination to be made. Projects that go through the DGD process and are awarded deliverability should be able to be compensated for Resource Adequacy as additional value on top of the base tariff compensation and non-ratepayer funds provided to CREP projects.

**iv. The Commission should work with the CAISO to designate 150 MW of DGD capacity for CREP resources.**

Parties have calculated that with \$183 million on non-ratepayer funds available—\$150 million from Solar for All funding and \$33 million from Assembly Bill (“AB”) 102 funding—

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<sup>11</sup> Opening Comments of The Joint CCAs, at p. 5-6.

between 50 and 150 MW of capacity can be deployed.<sup>12</sup> As discussed above, the deployment of solar+storage projects is incumbent on the ability of CREP projects to capture the market value of dispatchable capacity, via load modifier status or an RA contract. Use of the DGD process puts Community Solar projects on equal footing with utility scale projects when it comes to being awarded deliverability, while taking advantage of the faster deployment times and the need for fewer upgrades associated with DER deployments. As currently designed, DGD capacity does not take away from the ability of utility-scale projects to receive a deliverability award. Rather, any remaining capacity following the most recent Phase II Interconnection Study deliverability power flow base case may be allocated to DER.<sup>13</sup> The current process has led to small numbers of projects receiving deliverability through the DGD process, with only 56 MW allocated in SCE territory in 2023 DGD process.<sup>14</sup> **Therefore, Clean Coalition suggests that the Commission should work with the CAISO to ensure that 150 MW of capacity is eligible for CREP programs via the DGD process, ensuring that an efficient process for awarding deliverability is available to resources that need to be deployed as quickly as possible.** By doing so, the Commission can meet the requirements of AB 2316 in a way that the proposed program cannot, due to the multi-year Cluster Study process; without timely deployments the CREP will be unable to maximize state and federal funds or provide benefits to low-income subscribers. Ideally, an allocation of 150 MW via the DGD allocation will be sufficient to enable deployments throughout the IOU and CCA service territories.

### **B. Receiving higher incentives should not result in lower Power Purchase Agreement (“PPA”) prices**

Clean Coalition concurs with Valta that developers should seek to stack incentives wherever possible and that receiving incentives should not be a reason for an LSE to negotiate a lower PPA price. Valta correctly reasons, “these projects will still need both state and federal support to cover costs and meet savings requirements.”<sup>15</sup> With base compensation acknowledged as too low to promote market participation, securing incentives make programmatic success

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<sup>12</sup> TURN’s proposal would enable 140 MW (ac) (TURN at p. 7). The Joint CCAs suggest \$133 million will result in 50 MW (The Joint CCAs, at p. 6),

<sup>13</sup> <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Distributed%20Generation%20for%20Deliverability>

<sup>14</sup> <https://www.caiso.com/documents/2023-2024deliverabilityfordistributedgenerationstudyresultsreport.pdf>

<sup>15</sup> Valta Comments on ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 8



more likely. Reducing PPA prices will discourage developers from participating. While we understand that an LSE attempting to negotiate a lower PPA may be intended to benefit the ratepayers, that is not the case if the ability to negotiate results in developers choosing not to participate or in failed projects. In addition to reducing the likelihood of successful project developments, TURN concludes it is unclear that lowering the PPA rate due to an enhanced ITC would serve the goals of the CREP because the result would be a lower revenue share for the subscribers.<sup>16</sup> While maximizing ratepayer benefits is important, the Commission must balance the need to promote the highest level of bill savings for low-income subscribers possible. Rather than penalizing projects that receive higher federal incentives, TURN’s proposal to allow projects that qualify for the Investment Tax Credit (“ITC”) Low-Income Community Bonus Credit or Low-Income Economic Benefit Project to receive preference for non-ratepayer funded incentives, accelerated processing for contracts, and interconnection priority should be adopted.<sup>17</sup>

**C. CCAs should be allowed to use local energy program funds to subsidize CREP projects and/or increase credits for subscribers.**

As Clean Coalition explained in our opening comments, CCAs providing additional monies from funding for local energy programs will increase the number of CREP projects deployed as compared to IOU service territories. Many CCAs already choose to invest a portion of revenue into local communities, particularly disadvantaged communities, via programs related to electrification, electric vehicles & charging infrastructure rebates, residential battery energy storage, demand response, etc.... In the context of the CREP, SEIA concludes, “CCAs should have full authority to manage their own CREP procurement and the disbursement of their share of incentive funds to projects and subscribers.”<sup>18</sup> In the context of revenue set aside for local energy programs, CCAs should be able to use funds either to increase compensation for developers and/or to increase the bill credits available for low-income subscribers. TURN concurs, writing that CCAs should be able to, “draw on available external funds, and assign bill credits to CCA subscribers. CCAs also should be permitted to set bill credits that exceed the

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<sup>16</sup> Opening Comments of TURN on the ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065 (“TURN Opening Comments”), at p. 14.

<sup>17</sup> TURN Opening Comments on ALJ Ruling, at p. 13-14.

<sup>18</sup> SEIA Opening Comments on ALJ Ruling, at p. 22.

minimum levels required by the Commission so long as the costs of these credits are funded exclusively by CCA customers.”<sup>19</sup> Maximizing the use of all available funds, including state and federal funds means allowing the stacking of funding wherever possible to lead to the greatest number of successful project deployments and to maximize bill savings for low-income subscribers. Given the low base compensation of ReMAT/SOC and the unsustainable nature of other non-ratepayer funding sources, revenue from CCAs dedicated to local energy programs is likely to be far more sustainable and predictable.

**D. The Commission should strive to compensate projects for locational benefits, which is a separate value offering from RA. Capacity should be compensated separately.**

Clean Coalition agrees with CCSA that CREP projects—which will be interconnected to the distribution grid—have a proximity to load resulting in grid benefits and reduced usage of transmission infrastructure, irrespective of where in the IOU or CCA service territory the subscribers are.<sup>20</sup> Solar+storage projects reduce the total system peak when energy is time shifted and can also provide location-specific benefits on the distribution grid. CCSA raises the subject of compensation for locational benefits in opening comments, referring to avoided Local and System RA as well as a reduced obligation to procure resources via the Integrated Resources Portfolio (“IRP”).<sup>21</sup> Each of these is a real value that is provided to the grid, but should not be considered a “locational benefit”. RA should be compensated by a capacity adder and reduced IRP obligations by a policy adder. A locational benefit is more effectively defined as value to the local distribution grid that the deployment of a DER can provide. For example, the 2018 Locational Net Benefits Analysis (“LNBA”) report found that DER—especially dispatchable DER—can be operated in ways that reduce the local peak on a distribution circuit, which may include reducing a non-coincident peak in addition to the system coincident peak. This can include increased reliability via reduced frequency, duration or magnitude of customer outages.<sup>22</sup> On the subject of DER deferral and reducing the need for upgrades the report concludes, “Where

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<sup>19</sup> TURN Opening Comments on ALJ Ruling, at p. 15.

<sup>20</sup> <sup>20</sup> Opening Comments of CCSA on ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 21-22.

<sup>21</sup> *Ibid*, at p. 18.

<sup>22</sup> LNBA Working Group Final Report, at p. 36.

increasing customer demand would otherwise result in triggering future mitigation project planning, earlier changes in DER deployment or operation relative to the base case can delay or avoid ever reaching this threshold. This value should be recognized.”<sup>23</sup> Likewise, the report notes, “DERs, by reducing thermal stress on existing distribution equipment, may potentially extend equipment lifetime.”<sup>24</sup> As the Clean Coalition explained in opening comments, the IOUs continue to improve telemetry and pilot smart inverter operationalization use cases, including the rollout of DER Management Systems (“DERMS”), enabling CREP projects to provide locational value.<sup>25</sup> The Commission should commit to considering the potential for value creation from locational benefits of CREP projects and increase compensation appropriately.

#### IV. CONCLUSION

The Clean Coalition respectfully submits these reply comments. We urge the Commission to enable solar+storage projects via appropriate compensation for the value that solar+storage projects add, both time shifting exports and dispatchable capacity. Capacity should be valued at the market rate. In addition, developers should not need to negotiate a lower PPA rate if they receive a higher-than-standard rate of federal incentives; stacking incentives should be promoted. CCAs should have the ability to allocate revenue dedicated for local energy programs to provide additional funding for developers or increase bill credits for low-income subscribers, and the Commission should consider valuing locational benefits CREP solar+storage projects can provide on the distribution grid.

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<sup>23</sup> *Ibid*, at p. 29.

<sup>24</sup> *Ibid*, at p. 34.

<sup>25</sup> Clean Coalition Comments on ALJ Ruling Directing Responses to Questions Regarding Implementation of D. 24-05-065, at p. 7-8