

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

Order Instituting Rulemaking to Consider
Distributed Energy Resource Program Cost-
Effectiveness Issues, Data Access and Use, and
Equipment Performance Standards.

Rulemaking 22-11-013
(Filed November 17, 2022)

CLEAN COALITION COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING

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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 comments in response to the *Administrative Law Judge’s (“ALJ”) Ruling*, issued at the Commission on April 29, 2025. The Ruling requests comments on the presentations made at a workshop held on April 10, 2025 about ways to streamline the biennial Avoided Cost Calculator (“ACC”) update process. Clean Coalition supports the staff recommendation to use actual numbers from the updated Integrated Resources Plan (“IRP”) rather than estimated Preferred System Plan values and notes that there appears to be consensus support amongst parties for this proposal and offers the following comments:

- Clean Coalition recommends including equity considerations into the ACC, including the Societal Cost Test (“SCT”), which is now mandated by the Commission as an informational tool in all distributed energy resources (“DER”) programs.¹

¹ D. 24-07-015, at p. 42.

- Finding of Fact 17: “Requiring the SCT across all DER proceedings ensures that societal costs and benefits are considered in all DER proceedings,”
- Finding of Fact 18: “Requiring SCT results to be submitted across all Commission activities where DER cost-effectiveness analysis occurs ensures that societal costs and benefits are considered.”
- Finding of Fact 50: “Section 701.1(c) states that, “in calculating the cost-effectiveness of energy resources, including conservation and load management options, the commission shall include, in addition to other ratepayer protection objectives, a value for any costs and benefits to the environment, including air quality.”
- Finding of Fact 51: “Section 701.1(c) mandates the Commission to consider the costs and benefits to the environment, including air quality, when assessing the cost-effectiveness of energy resources.”

- Clean Coalition agrees with the Solar Energy Industries Association (“SEIA”) that front-of-meter (“FOM”) resources should be considered in the ACC.
- Clean Coalition supports the inclusion of guidelines that aim to promote transparency.
- Clean Coalition supports Local Government Sustainable Energy Coalition’s (“LGSEC”) recommendation for greater geographic transparency to benefit local governments.

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. Equity should be considered in the ACC

The Inland Regional Energy Network (“REN”) correctly notes that the ACC should include “locational and environmental justice considerations, as well as health and resilience,”² all of which are directly related to utility spending. Cal Advocates mentioned that “the ACC already includes some form of non-energy benefits (NEBs) related to utilities cost of achieving greenhouse gas emissions reductions,” but comes to the incorrect conclusion that no further NEBs should be included.³ On the contrary, including some cost categories while excluding others with very real cost implications impacts the scenarios modeled by the state and the investments made by utilities. For example, peaker plants located in disadvantaged communities

² ALJ Ruling Appendix A, at p. 12.

³*Ibid*, at p. 11.

sited based on reliability considerations should be more valuable to replace than a remotely-sited gas plant because of the local particulate matter emissions that impact the community, especially if the replacement resource is a grid-tied battery that is also capable of providing resilience (via grid forming capabilities). The layer of resilience comes with an additional cost, and the value created for the grid should be properly valued as well. Tri-County REN, Small Business Utility Advocates, and Vote Solar all request a greater focus on equity, from considering societal costs to conducting a distributional equity analysis. Including equity allows the Commission to better prioritize investments that synergistically meet multiple goals at the same time as compared to an investment framework focused on answering a single question (e.g., reliability). The least-cost solution may not necessarily be the correct answer, if a higher cost solution results in a greater number of benefits for the ratepayers. Including equity considerations into the ACC will more effectively consider the true cost associated with investments in the electric grid that the ratepayers are shouldering.

B. Clean Coalition supports using the ACC to value FOM resources

DER sited anywhere on the distribution grid are capable of creating ratepayer value in the form of reducing reliance on transmission infrastructure, improving reliability, and setting the stage for resilience. While the way that these resources are operated has an impact on the avoided costs, the somewhat arbitrary designation of behind-the-meter (“BTM”) versus FOM does not change the avoided cost from tangible to zero. A solar+storage Virtual Net Energy Metering (“VNEM”) system is deployed at the same location as a BTM Net Energy Metering (“NEM”) solar+storage system. Both create value for the ratepayers and help avoid utility costs. FOM resources, such as energy storage, can also increase the amount of hosting capacity on a local distribution feeder to defer distribution and transmission upgrades, reduce reliance on gas peaker plants, and help power a Community Microgrid. In a load pocket, such as the Goleta Load Pocket,⁴ distribution level resources may be the best opportunity to ensure reliability, in which case the investment will be in FOM resources to avoid the high-cost high-risk investment of adding a new transmission line in the midst of a high fire threat district. FOM resources such as distributed energy storage deployed as part of an energy program by a utility or community

⁴ <https://clean-coalition.org/community-microgrids/goleta-load-pocket/>

choice aggregator should, in the view of the Clean Coalition, be eligible for valuation using the avoided cost calculator. We urge the Commission to adopt SEIA's recommendation.⁵

IV. CONCLUSION

The Clean Coalition respectfully submits these comments and urges the Commission to include our recommended additions.

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⁵ ALJ Ruling Appendix A, at p. 6-7.