

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

Order Instituting Rulemaking to Modernize the  
Electric Grid for a High Distributed Energy  
Resources Future.

Rulemaking 21-06-017  
Filed June 24, 2021

**CLEAN COALITION REPLY COMMENTS ON ASSIGNED COMMISSIONER'S  
RULING ON TRACK 1 AND TRACK 2 DISTRIBUTED ENERGY RESOURCES  
ORCHESTRATION**

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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 on the *Assigned Commissioner’s Ruling on Distributed Energy Resources (“DER”) Orchestration*, issued on March 23, 2026, and the April 3, 2026, *Email Ruling Granting Request for Extension on Comments and Workshop*. We offer the following recommendations in response to opening party comments:

- The Commission should not proceed by soliciting applications from only the IOUs
- A DSO should be able to serve new or growing loads, balancing the grid locally.
- Supporting the maximization of value stacking opportunities should be a guiding principle
- We agree with Cal Advocates that the frequency of ICA workshops should not be reduced.<sup>1</sup>
- Additional information is needed to strengthen the record before proceeding to the proposal stage

**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

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<sup>1</sup> Cal Advocates Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 2.

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 Commission should not proceed by soliciting applications only from the IOUs

Numerous parties argued for an amended schedule that allows for further development of the record and the ability for stakeholders to participate fully in the proceeding, rather than just in response to IOU-driven proposals.<sup>2</sup> Cal Advocates notes that the proposed process moves “too quickly and before fully developing Commission guidance,”<sup>3</sup> while CalCCA argues for a deferral of any IOU-led framework until the framework is supported by an adequate record that has considered, “all DSO models as discussed in the OIR.”<sup>4</sup> Both parties address the core concern that the scope envisioned in the Ruling limits the ability to determine which model is most effective to implement in a fashion that maximizes ratepayer value and minimizes net costs. Moreover, Cal Advocates and CalCCA propose more opportunities for stakeholders to collaborate, Cal Advocates via a Track 2 Working Group and CalCCA through additional workshops and comments solicitations.

CALSSA similarly takes issue with the fact that the Commission appears to be defaulting to IOU positions by skipping directly to a request for IOU proposals. Clean Coalition concurs that at the very least stakeholders should be provided with an opportunity to “put forward proposals to be considered alongside utility proposals.”<sup>5</sup> The record does not currently reflect that the IOU are definitively the driver of a DSO model that can provide the most value to the ratepayers, nor is it clear the ways in which the Commission will determine how a proposal will be assessed or individual features weighed. For example, EDF proposes developing a distribution locational

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<sup>2</sup> See Advanced Energy United (“AEU”) Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration for a good summary of how the record should be further developed.

<sup>3</sup> *Ibid.*, at p. 3.

<sup>4</sup> CalCCA Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. ii.

<sup>5</sup> CALSSA Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 2.

marginal price (“dLMP”) as a market construct to catalyze local flexibility, which is an option to develop a distribution market that may be agnostic to the entity that serves as the DSO.<sup>6</sup> An approach that creates a universal market across the IOUs would drive access and understandability, potentially inviting a greater level of participation than a system where each IOU has a different structure. Will the Commission evaluate the EDF dLMP proposal against the same component in each IOU proposal or only select the entire structure of the most comprehensive model?

In opening comments parties address the need for clear cost-effectiveness testing, including the use of the Societal Cost Test (“SCT”) and Total Resource Cost (“TRC”) test. However, the notion was also presented that simply relying on existing metrics may be insufficient to capture the true ratepayer value. 350 Bay Area notes, “avoided costs that are not currently included in the ACC are no less real to ratepayers and should be included as additional values within any adopted framework.”<sup>7</sup> For example, the value of a DSO in aggregating resource to achieve the scale needed for community resilience is tangible, especially in a state adapting to extreme weather and with aging electrical infrastructure.

PG&E describes a DSO as an entity that, “supports the responsible stacking of multiple grid services from the same DERs, and overcomes fragmentation caused by program silos by coordinating participation across technologies, providers, and LSE and UDC programs.”<sup>8</sup> Proper cost-effectiveness testing will require the ability to determine the coordinated value based on opportunities for resource value stacking, which is unique from testing a single program. Clean Coalition believes that additional development is needed to ensure the Commission is able to comprehensively evaluate DSO options.

**B. A DSO should be able to serve new or growing loads, balancing the grid locally.**

Clean Coalition supports a DSO as a tool to balance the grid locally, ensuring that the additional loads are never registered on the transmission grid. As Cal Advocates suggests, “the IOUs could implement DER orchestration to expand their ability to serve new load or DERs

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<sup>6</sup> EDF Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 5.

<sup>7</sup> 350 Bay Area Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 4.

<sup>8</sup> PG&E Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 5.

rather than build immediate grid upgrades.”<sup>9</sup> Irrespective of additional value stacking opportunities, a DSO that is able to coordinate DER to increase grid utilization and defer local upgrades also reduces future demand and the need for additional infrastructure. As 350 Bay Area states, “the current practice only values the cancellation of planned projects due to demand falling below forecasts,” which does not consider the benefit of demand reduction and lowering planning infrastructure embedded in planning forecasts, and “fails to acknowledge the value of future investments that would have been planned beyond the current planning and forecast horizon but for actions taken today.”<sup>10</sup> A DSO that prioritizes affordability should take actions to promote short and long-term cost-minimization to align with ratepayer needs, without prioritizing increasing load growth as a silver bullet solution. A clear directive from the Commission is important to balance the goals as DSO proposals are developed.

Clean Coalition is working on a project in Goleta, California, called Grid Optimization by Leveraging DER (“GOLD”). GOLD that will showcase the value of DER orchestration through coordination with a Virtual Power Plant (“VPP”) managed by 3CE and dispatch signals from SCE. By demonstrating real-time dispatch, power-quality, and reliable communications within a single feeder area, the project will increase the Effective Power Capacity Available (“EPCA”) on the feeder by at least 5 MW. End-users will accrue substantial benefits through self-generated solar, time-of-use (“TOU”) energy optimization, and VPP compensation while ratepayers benefit from improved power quality and avoided infrastructure expenditures. The target 16 kV feeder serves the only Disadvantaged Community (DAC) in the Goleta region. GOLD will show how VPP compensation drives greater DER adoption, which can reduce the need for future T&D investments, with a significant share of compensation flowing directly to underserved community members. What GOLD will achieve on a small scale is exactly what a DSO should target at a substation level. As CALSSA explains, “the target areas are likely to be urban areas where grid upgrade costs tend to be higher and load pockets are likely to persist for the foreseeable future.”<sup>11</sup> Tapping local solution will result in a more efficient distribution grid,

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<sup>9</sup> Cal Advocates Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 8.

<sup>10</sup> 350 Bay Area Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 4.

<sup>11</sup> CALSSA Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 10.

setting the conditions for electrification without burdening the transmission grid.

**C. Supporting the maximization of value stacking opportunities should be a guiding principle**

While 350 Bay Area writes that the goal of orchestration should be utilizing DER where there is ratepayer value, it also notes that, “If sufficient quantities of DER are present, 100% of local load can be served by DER for some periods.”<sup>12</sup> PG&E concurs, noting that a DSO, “enhances the ability to deliver firm, distribution-level grid services that are not achievable through demand response or rate signals alone,” and “supports the responsible stacking of multiple grid services from the same DERs.”<sup>13</sup> Effective coordination that overcomes limits imposed by existing programs to fully utilize existing assets, allows the state to make the most of private investments in energy to create public value. Doing so also improves the bankability of distributed assets, increasing the viability of projects and allowing the quick deployment timelines to become an asset grid operators can rely on.

However, getting stuck on shortcomings from previous programs—designed and administered in siloes—may limit the ability of a DSO to maximize ratepayer value. Consider the issue of upgrade deferral, which was highly contentious during the process of implementing the distribution investment deferral framework (“DIDF”). Despite a few successes, the program did not lead to a consistent pipeline of deferral projects and was eventually discontinued. Clean Coalition continues to support the concept of using DER to defer grid upgrades and urges the Commission to ensure the record reflects that a DER orchestration proposal cannot maximize ratepayer value without including options for improving grid utilization and avoiding traditional upgrades. CALSSA explains, “DIDF was ill conceived from the start due to the timing challenge of building a fleet of dedicated resources after a grid upgrade has already reached the project planning stage.”<sup>14</sup> A DSO offering should target load pockets and constrained locations to reduce the burden (by increasing the EPCA), including targeting DER prior to the expected trigger of a grid upgrade.

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<sup>12</sup> 350 Bay Area Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 3.

<sup>13</sup> PG&E Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 3.

<sup>14</sup> CALSSA Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p. 2.

**D. The Commission should be able to evaluate and ensure access across DSOs.**

AEU argues for, “consistent CPUC jurisdiction-wide DER Orchestration Framework, as well as foundational issues establishing consistent or common policies, platforms, processes, and protocols to support the Framework”<sup>15</sup> Without clear guidance from the Commission, that includes but extends beyond guiding principles, the DER orchestration plan will look radically different in each IOU service territory, making it challenging to evaluate, administer, and determine where changes are needed. Unique offerings also makes it difficult to access the market for participants. Companies will have to relearn the requirements, eligibility, compensation, and other relevant procedures in each service territory, creating unnecessary silos and inequitable conditions.

The record also does not show that unique offerings from each IOU will actually result in a final productive that provides greater ratepayer value. Therefore, Clean Coalition continues to advocate for a stronger framework that encourages a universal system amongst the IOUs that will make access and regulatory evaluation more straightforward. We concur with EDF that “The Commission should require a standardized readiness rubric so comparisons are apples-to-apples across the IOUs. The IOUs should clearly define what level of investments in enabling technology are needed to achieve different levels of expected grid benefits, depending on where a particular IOU is on the continuum of IOU-led DER orchestration implementation.”<sup>16</sup>

**IV. CONCLUSION**

The Clean Coalition appreciates the opportunity to submit these reply comments. We urge the Commission to continue to develop the proceeding record, create a set of requirements and guidelines that lead to a universal solution rather than options for each IOU, and allow stakeholders the opportunity to provide proposals/feedback.

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<sup>15</sup> AEU Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p 2.

<sup>16</sup> EDG Opening Comments on Assigned Commissioner’s Ruling on Track 1 and Track 2 DER Orchestration, at p 11.

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