

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

Order Instituting Rulemaking to Update Distribution
Level Interconnection Rules and Regulations

Rulemaking 25-08-004
(Filed August 14, 2025)

**CLEAN COALITION REPLY COMMENTS ON ASSIGNED COMMISSIONER'S
SCOPING MEMO AND 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 (“the Commission”), the Clean Coalition respectfully submits these reply comments on the *Assigned Commissioner’s Scoping Memo and Ruling*, issued at the Commission on March 3, 2026, and *Email Ruling Granting Extension for Comments, Motion to Late File NOI, and Motions for Party Status*, issued on March 6, 2026. We make the following recommendations in response to party comments.

- The Commission should update Screens Q and R by increasing the exemption threshold from 1 MVA to 5 MVA and adopting SEIA’s proposal.
- We supports developing a streamlined interconnection process for non-NEM/NBT Rule 21 projects based on Tesla’s proposal.
- Clean Coalition supports Interstate Renewable Energy Council’s (“IREC”) Interconnection Timeline Citation Program.¹

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

¹ CESA Opening Comments on Scoping Memo and Ruling, at p. 4, Advanced Energy United (“AEU”) Comments on Scoping Memo and Ruling, at p. 4-5, and Pioneer Community Energy Comments on Scoping Memo and Ruling, at p. 5. CESA, AEU, and Pioneer Community Energy also support adoption of a compliance mechanism.

stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. COMMENTS

A. Screens Q and R should be updated to effectively facilitate DER interconnections through Rule 21

Due to high failure rates for projects that go through Screens Q and R, DER that provide critical onsite, local, and system value are not coming online. Failing the screens puts a small project under 20 MW on the same footing as utility-scale projects in the CAISO Cluster Study Process, which is financially untenable. For projects above 1 MVA, the Electrical Independence Test is making Rule 21 an extremely uncertain interconnection pathway, making it hard to ensure a pipeline of viable projects reaches commercial operation. Updating Screens Q and R will address a key roadblock driving up project costs. In opening comments, SCE notes that a lower interconnection costs “could ultimately be reflected in a lower price for their energy output offtaker, which in turn may reduce overall costs of energy procurement systemwide.”² Clean Coalition supports two approaches, increasing the Screen Q exemption from 1 MVA to 5 MVA and SEIA’s proposal to update the IOU screens based on SCE’s recent changes.

i. The threshold for the Screens Q exemption should be increased from 1 MVA to 5 MVA

The current 1 MVA threshold captures many projects whose likelihood of causing material transmission impacts is so low that the cost and delay of the existing review process are not justified. The 1 MVA Screen Q exemption was adopted by the CPUC in D.19-03-013, expanding an earlier exemption that had applied to certain NEM facilities with net exports of 500 kW or less. A threshold that was conservative when adopted now captures many projects that are unlikely to create meaningful transmission impacts, particularly as DER technologies, export controls, and operational capabilities have evolved. Slow-moving and increasingly large CAISO transmission clusters make the need for reform even more urgent: small distribution-connected projects should not be forced into a transmission study process designed for much larger utility-scale resources.

² SCE Opening Comments on Scoping Memo and Ruling, at p. 10.

CalCCA and CALSSA support increasing the Screen Q exemption threshold from 1 MVA to 5 MVA,³ with AEU, CCSA, and SEIA advancing similar proposals in comments on the OIR.⁴ As CESA notes, “DERs up to 5 MW are generally distribution-level resources that do not create bulk transmission system reliability issues in isolation,” concluding that, “subjecting them to Screen Q introduces disproportionate costs and delays relative to their actual impact.”⁵ Clean Coalition concurs that 5 MVA is a sensible and targeted increase that would reduce unnecessary screening for small DER projects while preserving Screen Q review for larger projects more likely to raise transmission-impact concerns.

At the same time, increasing the exemption threshold should be paired with a data-driven process for evaluating projects above the threshold or projects that otherwise require additional review. Clean Coalition concurs with CALSSA that the Commission should avoid a process that pushes small distribution-connected projects into the CAISO cluster study process alongside massive utility-scale projects.⁶ Raising the exemption threshold to 5 MVA is therefore an important first step, but it should be implemented alongside broader Screen Q reforms that evaluate actual grid impacts and provide a workable affected-system-study pathway where further transmission review is needed.

ii. SEIA’s proposal to amend Screens Q and R and ensure uniformity amongst the IOUs should be advanced

The process of going through Screen Q is currently different in each IOU service territory, with projects in SDG&E’s territory especially likely to fail. The Commission has provided the same guidance to all three utilities, yet the same application can lead to different outcomes depending on the utility practices where the application is submitted. Along with updating Screen Q, achieving uniformity should be a goal in this phase of the proceeding. Clean Coalition supports reform to reflect current CAISO tariff conditions and ensure that Rule 21 can be successfully navigated by DER projects of all sizes.

³ CalCCA Opening Comments on Scoping Memo and Ruling at p. 3, CALSSA Opening Comments on Scoping Memo and Ruling, at p. 7-8,

⁴ AEU Comments on OIR, at p. 4, CCSA Comments on OIR, at p. 1, and SEIA Comments on OIR, at p. 2.

⁵ CESA Opening Comments on OIR, at p. 6.

⁶ CALSSA Opening Comments on Scoping Memo and Ruling, at p. 8.

SEIA's proposal provides the most streamlined path forward because it preserves the purpose of Screen Q while correcting the elements that are causing unnecessary failures.⁷ The objective should not be to simply change the DFAX threshold, eliminate Screen Q entirely, or move the same unresolved transmission-impact question to another screen. Those approaches risk either retaining an arbitrary screening problem, removing an important reliability check, or shifting the problem to a later stage of the interconnection process. Instead, the Commission should modernize Screen Q so it evaluates whether a project is likely to have a real and meaningful transmission impact.

This is especially important for projects with enforceable export limits. Where export is limited, Screen Q's flow-impact analysis should use the enforceable export limit rather than gross nameplate capacity, provided the limitation is supported by a power control system, relay scheme, operational agreement, or other enforceable control. This approach better reflects the actual power that can flow from the project onto the grid and therefore better matches the purpose of Screen Q. Clean Coalition supports the following package of reforms as proposed by SEIA:

1. Adopt a more appropriate base-case approach.
2. Reform the Flow Impact Test.
3. Use export capacity, not nameplate capacity, for flow impacts.
4. Modify the Short Circuit Test.
5. Create an Affected System Study-style pathway for projects that fail Screen Q.

These reforms work together because they preserve Screen Q as a reliability screen, while ensuring that the screen is tied to actual transmission impacts rather than overly conservative assumptions. They also provide a workable path forward for projects that do require additional transmission-impact review, without forcing those projects out of Rule 21 and into a process that was not designed for small distribution-connected resources.

SCE's interim methodology demonstrates that Screen Q can be modernized without eliminating the screen or compromising reliability. However, this approach should not remain an ad hoc utility-specific practice. The Commission should establish a uniform statewide methodology that builds from the workable elements of SCE's approach while incorporating SEIA's recommended refinements, including use of export capacity for flow impacts, updated

⁷ SEIA Opening Comments on Scoping Memo and Ruling, at p. 8-10.

base-case assumptions, a revised Short Circuit Test, and an affected-system-study pathway for projects that still require transmission-impact review.

In the near term, Screen Q should be modernized to evaluate actual transmission impacts using current base cases, export capacity, and an affected-system-study pathway. Over time, these reforms should be paired with a Distribution System Operator (“DSO”) framework that coordinates DER siting, export limits, and dispatch at the distribution level. A well-designed DSO would reduce the likelihood that DER portfolios create upstream transmission impacts by managing DER as local grid resources rather than treating each project as an isolated generator.

Clean Coalition also supports SEIA’s recommendation that the Commission examine whether Screen R and the Distribution Group Study process are functioning as intended. Screen R should identify projects that genuinely need to be studied together because of interdependence on the distribution system. It should not become a mechanism that delays projects by pushing them into group study windows where the “group” ultimately consists of only one project. The Commission should therefore review whether Screen R’s triggering standard, cost-sharing structure, and study-window timing are appropriately calibrated, and should require SCE to resume biannual Distribution Group Study windows.

B. Clean Coalition supports developing a streamlined interconnection process for non-NEM/NBT Rule 21 projects

Rule 21 should be updated to reflect the growing number of residential-scale and small commercial projects that may interconnect outside of the NEM/NBT framework. Historically, many non-NEM/NBT Rule 21 projects have been larger commercial or industrial systems. As a result, the process, fees, insurance requirements, and administrative steps applicable to non-NEM/NBT projects were largely designed around larger and more customized projects. That framework is increasingly mismatched with emerging DER technologies, including vehicle-to-grid (“V2G”) systems, standalone battery storage, and non-exporting solar+storage additions.

Tesla correctly identifies that these resources may be residential-scale, standardized, and similar in grid impact to NEM/NBT systems, even though they are not participating in NEM/NBT tariffs.⁸ A residential V2G system, standalone battery, or non-exporting solar-plus-storage addition should not be subject to the same process, timelines, and fees as a MW-scale battery serving an industrial facility simply because both are categorized as non-NEM/NBT Rule

⁸ Tesla Opening Comments on Scoping Memo and Ruling, at p. 4-5.

21 projects. The Commission should therefore develop a streamlined non-NEM/NBT pathway that is right sized to project scale, export profile, and technical complexity.

Clean Coalition supports Tesla's proposal to establish a more streamlined process for residential-scale non-NEM/NBT projects, including the following reforms:

1. Establish a 30-business-day interconnection review expectation for residential-scale non-NEM/NBT projects that do not require supplemental review.
2. Allow smaller non-NEM/NBT applicants to submit a signed Generator Interconnection Agreement as part of the initial interconnection application.
3. Eliminate incremental insurance requirements for residential-scale non-NEM/NBT projects where comparable NEM/NBT systems are not subject to the same requirement.
4. Improve and standardize IOU interconnection portals to provide better milestone visibility, auto-populate information already available to the utility, provide advance notice of portal changes, and clarify terminology for exporting and non-exporting Rule 21 systems.
5. Reduce the \$800 interconnection application fee for residential-scale non-NEM/NBT projects so that it is more consistent with the fees applicable to NEM/NBT projects.

These reforms are practical because they do not eliminate technical review. Instead, they align the administrative process with the likely grid impact of the project. If a project is small, standardized, non-exporting, or subject to an enforceable export limit, it should be reviewed through a process that reflects those characteristics. If a project triggers supplemental review or requires upgrades, the utility can still conduct the appropriate technical analysis and require a revised interconnection agreement where necessary. This preserves safety and reliability while avoiding unnecessary delay for projects that do not present the same risks as larger or more complex non-NEM/NBT resources.

A streamlined process is especially important for V2G and standalone storage because these resources can support grid reliability, local resilience, and load flexibility. Treating them as administratively equivalent to larger, customized non-NEM projects risks slowing adoption at the exact moment when California is seeking to electrify transportation, decarbonize buildings, and use DER to support the grid. The interconnection process should enable these resources to

participate safely and efficiently, not impose outdated procedural barriers that discourage deployment.

Clean Coalition therefore supports developing a standardized, statewide non-NEM/NBT Rule 21 pathway for residential-scale and other low-impact DER projects. The Commission should ensure that the pathway distinguishes projects based on size, export capability, standardization, and likelihood of grid impacts, rather than relying on a broad non-NEM/NBT category that treats very different project types alike.

C. Clean Coalition supports IREC's Interconnection Timeline Citation Program

Some type of remedial action is needed where the record shows that a utility is not complying with Commission requirements or is not taking the actions necessary to prevent recurring delays. The Commission has established clear compliance expectations for Rule 21 interconnections and should enforce the adopted timelines where it is demonstrated that the utilities are unable to meet the desired standard.

IREC's proposal for an Interconnection Timeline Citation Program provides a reasonable and targeted enforcement mechanism.⁹ The Commission has already established timeline tracking requirements and a 95 to 100 percent compliance benchmark, but those requirements have not been paired with meaningful consequences for utility noncompliance. As IREC explains, PG&E and SCE have persistently failed to meet the Commission's compliance threshold across multiple steps in the interconnection process, while SDG&E has generally demonstrated that compliance is achievable. Continued reliance on reporting alone risks treating Rule 21 timelines as aspirational rather than enforceable requirements.

This lack of accountability creates a structural imbalance in the interconnection process. Customers and developers face real consequences when they miss deadlines, including loss of queue position, loss of project viability, and loss of eligibility for time-sensitive programs or incentives. Utilities, by contrast, do not face comparable consequences when they fail to process applications, complete studies, execute agreements, or complete required field work within Commission-adopted timelines. That imbalance undermines the value of the timelines themselves and creates uncertainty for projects that are needed to support California's clean energy and reliability goals.

⁹ IREC Opening Comments on Scoping Memo and Ruling, at p. 17.

Clean Coalition therefore supports IREC's recommendation that the Commission develop an Interconnection Timeline Citation Program. Under such a program, Commission staff would review quarterly interconnection timeline reports and issue citations where a utility fails to meet established compliance thresholds. Penalties should be structured to create a meaningful incentive for compliance, while preserving due process through the Commission's existing citation appeal procedures. This approach would not create a new technical requirement or alter the substance of the interconnection review. It would simply ensure that utilities are held accountable for meeting the timelines the Commission has already adopted.

Clean Coalition also supports IREC's recommendation that project-specific review be incorporated into the Citation Program.¹⁰ Aggregate quarterly compliance is important, but it does not fully address the harm caused when an individual project is delayed after a utility has already missed a deadline. Once a project is late, the utility has little incentive under the current framework to prioritize completion because the project already counts as a missed timeline. Project-specific citation authority would address this problem by ensuring that missed deadlines do not become open-ended delays. The program should require utilities to provide notice when a project exceeds an applicable deadline and should authorize escalating consequences where the delay continues without adequate justification.

A citation program is especially appropriate because the Commission has already determined that timeline certainty is important, and the record now shows that transparency alone has not solved the problem. IREC notes that the Commission declined to adopt financial penalties in D.20-09-035 because it first wanted to determine whether timeline certainty was improving. Several years later, the record demonstrates that timeline certainty remains a systemic concern. At this stage, accountability mechanisms are no longer premature; they are necessary to make the Commission's adopted timelines meaningful.

The Commission should also ensure that timeline enforcement applies to the parts of Rule 21 where delays are increasingly likely to occur. This includes bringing Distribution Group Study Process deadlines into timeline tracking and enforcement, standardizing utility reporting templates, and requiring public posting of quarterly timeline data. Enforcement will only be effective if the Commission and stakeholders can clearly identify where delays occur, whether

¹⁰ *Ibid*, at p. 21-22.

utilities are meeting each step, and whether delays are being shifted to parts of the process that are not yet tracked.

Clean Coalition supports implementation of a citation program on a defined timeline, with sufficient notice for utilities to bring their practices into compliance. A January 1, 2027, effective date, as proposed by IREC, would provide a reasonable transition period while making clear that continued noncompliance will no longer be tolerated.¹¹ The goal should not be to punish utilities for isolated or justified delays. The goal should be to ensure that utilities invest in the staffing, systems, workflow management, and process improvements necessary to meet the Commission's Rule 21 timelines on a consistent basis.

An Interconnection Timeline Citation Program would make Rule 21 timelines enforceable, improve certainty for developers and customers, and help ensure that interconnection delays do not undermine California's DER, reliability, resilience, and decarbonization goals.

IV. CONCLUSION

Clean Coalition appreciates the opportunity to submit these reply comments. Rule 21 must be updated to support the timely, cost-effective, and technically sound interconnection of DER. The Commission should modernize Screens Q and R to ensure that projects are evaluated based on actual grid impacts and consistent statewide standards, develop a streamlined pathway for residential-scale and other low-impact non-NEM/NBT projects, and establish meaningful accountability for utility compliance with interconnection timelines. Together, these reforms will improve certainty for customers and developers, reduce unnecessary barriers to clean energy deployment, and help ensure that DER can support California's reliability, affordability, and decarbonization goals.

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¹¹ *Ibid*, at p. 24.