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

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| Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future. | Rulemaking 21-06-017<br>Filed June 24, 2021 |

# CLEAN COALITION COMMENTS ON ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON ASSIGNED COMMISSIONER'S PROPOSAL ON FLEXIBLE SERVICE CONNECTIONS

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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 comments on the *Assigned Commissioner's and Administrative Law Judge's* ("ALJ") *Ruling Requesting Comment on Assigned Commissioner's Proposal on Flexible Service Connections,* issued at the Commission on July 7, 2026, and the *E-Mail Ruling Granting Schedule Modification*, issued on July 10, 2026.

The Clean Coalition strongly supports the Assigned Commissioner's Proposal and, in particular, its recognition that flexible service connections ("FSC") should be available as both bridging and non-bridging solutions. Flexible service can provide customers with timely access to capacity while also becoming a durable alternative to unnecessary distribution upgrades. By enabling customers to use onsite generation, energy storage, microgrids, managed charging, demand flexibility, and other controlled technologies to remain within an operating envelope, the Commission can reduce ratepayer costs while supporting electrification, resilience, and more efficient use of the existing grid.

The Proposal should be strengthened in one respect. When a customer makes a durable commitment that defers or avoids a ratepayer-funded upgrade, some portion of the resulting net grid value should be available to compensate that customer. Compensation will help overcome the cost of the equipment and controls needed to provide dependable flexibility, increase participation, and ensure that the Commission captures savings that would otherwise remain unrealized. We offer the following comments:

- Clean Coalition supports durable non-bridging solutions
- Clean Coalition supports standardized pathways to persistent non-bridging service

- Flexible service should be evaluated before ratepayer-funded upgrades
- Non-bridging FSCs should be compensated based on verified ratepayer value
- The Commission should direct the IOUs to file a Tier 2 Advice Letter implementing a non-bridging solution pathway for FSCs based on the proposed requirements.

## 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 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. Clean Coalition supports durable non-bridging solutions

Clean Coalition strongly supports the Proposal's recommendations to establish persistent and durable non-bridging flexible service connections. The Proposal appropriately recognizes that flexible service can do more than accelerate energization while an upgrade is pending: it can alter or eliminate the need for the upgrade itself. The Proposal further recognizes that customer-owned generation, storage, managed charging, and other controlled technologies can make these arrangements durable.

Solar-plus-storage and microgrids are particularly well suited to this role because they can limit net imports during constrained periods while continuing to serve customer loads. They can also provide resilience and operational benefits that simple load curtailment may not provide. The Commission should nevertheless maintain a technology-neutral framework under which any combination of DER, controls, or operational practices may qualify if it reliably complies with the applicable operating envelope.

### B. Clean Coalition supports standardized pathways to persistent non-bridging service

Clean Coalition strongly supports allowing customers whose needs are fully met by a bridging solution to transition to a persistent non-bridging arrangement rather than proceeding with an unnecessary distribution upgrade. Where a customer can reliably remain within the applicable operating envelope, completing the upgrade would impose costs on ratepayers without providing corresponding customer or grid benefits.

Clean Coalition also supports requiring each large IOU to establish a non-bridging version of its Standard Offer. A standardized pathway will provide customers with a clear choice between firm service supported by conventional infrastructure and flexible service that makes more efficient use of existing capacity. Non-bridging service should not depend on a customer first entering a temporary arrangement or negotiating a one-off agreement with the utility. Clean Coalition further supports extending the Standard Offer to SDG&E so that customers have access to reasonably consistent flexible-service pathways across all three large IOU territories.

Together, these recommendations will make flexible capacity a durable and accessible alternative to infrastructure investment across the large IOU service territories.

### C. Flexible service should be evaluated before ratepayer-funded upgrades

Clean Coalition strongly supports requiring each IOU, before initiating a ratepayer-funded distribution upgrade, to evaluate whether a Limited Power arrangement, Operating Envelope, or other flexible connection can safely satisfy the customer's requested capacity. This requirement will make flexible capacity part of the utility's routine engineering and capacity-evaluation process rather than an alternative that customers must independently identify and pursue.

The IOU should communicate the available operating limits and applicable bridging and non-bridging options early enough to inform the customer's project design and technology choices. Requiring this evaluation before upgrade design begins will help ensure that ratepayer-funded infrastructure is not advanced before lower-cost use of existing capacity has been considered.

Clean Coalition also supports making Limited Power arrangements the default mitigation for distribution-transformer and secondary-conductor upgrades, ensuring that flexible service is available to smaller customers and is not limited to large loads served by mainline infrastructure.

### D. Non-bridging FSCs should be compensated based on verified ratepayer value

The Proposal correctly finds that durable non-bridging solutions can avoid capital expenditures, increase utilization of existing assets, preserve undepreciated asset value, and generate additional utility revenue. It also recognizes that an incentive or rebate could be based on avoided-upgrade costs or the customer allowance associated with incremental load but does not expressly recommend such a mechanism. Clean Coalition recommends that the Commission take the next step and direct development of a standardized compensation framework.

A customer that incurs costs and accepts enforceable operating limitations to avoid a ratepayer-funded upgrade is providing a measurable distribution-grid service. Earlier energization and avoidance of a customer contribution may be valuable, but they will not necessarily justify the cost of solar-plus-storage, a microgrid, controls, communications, or other durable flexibility measures. Without a mechanism to share the value created, some cost-effective non-bridging solutions will not be developed, and ratepayers will instead bear the greater cost of conventional infrastructure.

Compensation should be technology-neutral, performance-based, and limited to a reasonable portion of verified net ratepayer savings. Ratepayers should remain better off after accounting for the incentive, utility implementation costs, and any prudently incurred costs associated with the avoided or deferred project. This structure would not subsidize load growth; it would procure a lower-cost alternative to an otherwise ratepayer-funded distribution investment.

**E. Additional Recommendation: compensation framework**

The Commission should direct the large IOUs, through the Tier 2 Non-Bridging Solutions Advice Letter or a coordinated workshop followed by an advice letter, to propose a technology-neutral compensation mechanism for durable non-bridging flexible service connections. The mechanism should:

1. quantify the net present value of the reasonably foreseeable upgrade costs deferred or avoided by the arrangement,
2. account for implementation costs and any residual need for future infrastructure;
3. provide participating customers a reasonable portion of verified net savings through an upfront incentive, recurring payment, bill credit, or comparable mechanism,
4. condition compensation on continued compliance with the operating envelope and the agreed duration of the arrangement, and

5. preserve customer choice among onsite generation, storage, microgrids, managed charging, demand flexibility, and other qualifying solutions.

## IV. CONCLUSION

Clean Coalition appreciates the opportunity to submit these comments and urges the Commission to adopt the Proposal's recommendations establishing durable, standardized, and routinely evaluated flexible service options. The Commission should also complete this framework by ensuring that customers who provide verified, long-term ratepayer savings receive a reasonable share of the value created.

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