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

The Proposal and the opening comments reflect substantial progress toward treating flexible service connections as durable grid solutions rather than temporary responses to energization delays. The opening comment record broadly recognize that permanent FSCs can avoid or defer infrastructure, that participating customers need a meaningful value proposition, and that verified FSC impacts should be incorporated into distribution planning and capital investment decisions.

- The record supports durable non-bridging FSCs, but customer value is essential.
- Compensation is necessary to realize—not diminish—ratepayer savings.
- FSCs must be incorporated into distribution planning and capital investment decisions.
- Cost and performance tracking should support deployment, not become a prerequisite for indefinite delay.

II. COMMENTS

A. The record supports durable non-bridging FSCs, but customer value is essential

The record reflects a significant evolution in how flexible service connections are understood. FSCs are no longer viewed solely as temporary bridges to conventional infrastructure; parties increasingly recognize that durable non-bridging FSCs can provide a permanent alternative to unnecessary distribution upgrades. Environmental Defense Fund ("EDF") strongly supports this evolution, explaining that FSCs should become longer-term tools for improving affordability, increasing customer choice, and informing more efficient distribution planning.[1] Advanced Energy United ("AEU") similarly recognizes durable FSCs as uniquely capable of translating customer flexibility into actual infrastructure avoidance.[2]

The record also demonstrates that durable FSCs will not scale unless participating customers receive meaningful value. San Diego Gas & Electric ("SDG&E") acknowledges that there is "no logical reason" for a customer to accept the Proposal's non-bridging limitations without compensation merely so that other ratepayers may avoid infrastructure costs.[3] Interstate Renewable Energy Council ("IREC") reaches the same conclusion, explaining that customers would incur upfront costs and accept longer-term limitations without receiving a commensurate benefit, and that expected ratepayer savings will not materialize if customers decline to participate.[4]

EDF confirms that customers accepting ongoing operating limitations provide a valuable grid service by improving infrastructure utilization, relieving constraints, and deferring or avoiding distribution upgrades. EDF therefore recommends compensation tied to avoided infrastructure investment, congestion relief, capacity value, or other measurable grid benefits.[5] Utility Consumers' Action Network ("UCAN") similarly advocates for including compensation, and recommends an Energy Division workshop on compensation and a shared-savings framework for durable non-bridging offerings.[6]

Clean Coalition agrees. Speed to power may provide substantial value, but it is not necessarily sufficient compensation for a customer that must purchase controls, storage, onsite generation, communications equipment, or other resources and accept enforceable long-term

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[1] EDF Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 3.
[2] AEU Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 9.
[3] SDG&E Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 2.
[4] IREC Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 4.
[5] EDF Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 12.
[6] UCAN Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 26.

operating constraints. A durable FSC framework should therefore pair verified ratepayer savings with a transparent customer value proposition. The appropriate mechanism may vary by project, but compensation should be tied to measurable net benefits and structured so that participating customers and ratepayers share the savings created.

B. Compensation is necessary to realize—not diminish—ratepayer savings

Compensation for a permanent FSC should not be treated as a new cost divorced from the infrastructure investment it replaces. When a customer's enforceable operating commitment avoids, defers, or reduces a ratepayer-funded upgrade, compensation represents the cost of procuring a lower-cost alternative to that investment. Properly designed compensation would be limited to a reasonable portion of verified net savings, leaving ratepayers better off than if the utility constructed the conventional upgrade.

Cal Advocates' proposed wires-baseline methodology provides a useful foundation for this determination.[7] By identifying the upgrade that would otherwise be constructed, the costs of the FSC, and whether the project is ultimately avoided, deferred, resized, or completed, the Commission can ensure that compensation is based on actual infrastructure outcomes rather than speculative benefits. Compensation should not, however, be artificially limited to the customer-attributable share of a single local upgrade where the FSC also provides distinct and measurable system benefits, including increased asset utilization, congestion relief, or capacity made available to serve other customers. Although the precise mechanism may require further record development, that procedural question does not justify rejecting the underlying principle that a customer should receive a reasonable share of the verified value it creates. <u>The Commission should therefore adopt the shared-savings principle now and direct an Energy Division workshop to evaluate appropriate compensation structures and develop a standardized framework for implementation through the Tier 2 Non-Bridging Solutions Advice Letter process.</u>

C. FSCs must be incorporated into distribution planning and capital investment decisions

The Proposal appropriately requires each IOU to evaluate a flexible connection before initiating a ratepayer-funded distribution upgrade. EDF recognizes that this requirement is consistent with pursuing lower-cost non-wires solutions and ensuring that conventional upgrades

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[7] Cal Advocates Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 7.

are undertaken only when necessary.[8] AEU likewise explains that durable FSCs can translate customer flexibility into actual infrastructure avoidance through the distribution planning process.[9] Incorporating FSCs into formal planning processes will make their value consistent, predictable, and replicable, allowing utilities to rely on flexible capacity as a planning resource rather than treating each project as a one-off accommodation or temporary program.

The project-level evaluation must be connected to the IOUs' broader planning and capital-investment processes. UCAN recommends requiring flexible-connection alternatives analysis in the Grid Needs Assessment and Distribution Deferral Opportunity Report cycle and removing projects that are avoided or deferred through FSCs from utility capital plans.[10] As UCAN correctly observes, ratepayer savings that never reach the capital plan are not savings. A durable FSC cannot be treated as an infrastructure alternative for purposes of serving the customer while the utility continues to plan, authorize, and recover the cost of substantially the same upgrade.

Cal Advocates' proposed wires baseline provides the necessary analytical foundation.[11] For each durable FSC, the IOU should identify the upgrade it would otherwise construct, its scope, cost, capacity, and expected in-service date, and then track whether the FSC causes that project to be avoided, deferred, or resized. The corresponding infrastructure outcome should then be reflected in the GNA, DDOR, annual distribution planning filings, capital forecasts, and revenue requirement. If the upgrade is deferred, the plan should identify the revised need date and present-value savings; if it is resized, the plan should reflect only the remaining infrastructure need; and if it is avoided, the project should be removed.

This planning integration will allow the Commission and customers to determine where existing infrastructure can accommodate growth through targeted flexibility before committing ratepayer funds to additional wires. It will also allow the capacity preserved or created by durable FSCs to be considered when serving subsequent customers, coordinating load growth, and identifying the least-cost combination of customer-side resources and conventional

[8] EDF Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 3 and 5-6.
[9] AEU Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 14.
[10] UCAN Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 3.
[11] Cal Advocates Response to Section 2 of Assigned Commissioner's and ALJ Ruling Requesting Comment on Assigned Commissioner's Proposal on FSCs, at p. 7.

infrastructure. FSCs will produce lasting affordability benefits only when their verified operational value is translated into actual changes in utility investment decisions.

D. Cost and performance tracking should support deployment, not become a prerequisite for indefinite delay

Clean Coalition supports uniform tracking of FSC costs, performance, enabled capacity, and resulting infrastructure outcomes. That information should improve standardized eligibility, valuation, and planning rules over time—not require each customer to undergo a new pilot, bespoke study, or open-ended cost-effectiveness review. UCAN similarly recommends a uniform measurement and reporting framework across all three IOUs, while IREC cautions that FSCs must accelerate service rather than add another layer of process.[12] Once requirements have been established for technically comparable arrangements, the IOUs should process them through consistent timelines and methodologies so that project cost and access do not depend on the utility territory or individual engineer assigned.

III. CONCLUSION

Clean Coalition appreciates the opportunity to submit these reply comments and urges the Commission to adopt a durable FSC framework that compensates verified customer value, incorporates flexible capacity into distribution planning, and establishes consistent pathways for deployment. Doing so will allow FSCs to become a replicable affordability tool rather than a temporary or project-specific exception.

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[12] UCAN Opening Comments, at p. 27, and IREC Opening Comments, at p. 14.