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 COMMENTS ON PROPOSED DECISION ADOPTING AN APPLICATION PROCESS FOR UTILITY DISTRIBUTED ENERGY RESOURCES ORCHESTRATION AND ORDERING UTILITIES TO INCORPORATE LOAD FLEXIBILITY SCENARIOS INTO THEIR DISTRIBUTION PLANNING AND EXECUTION PROCESSES

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Clean Coalition submits these comments on the *Proposed Decision* ("PD") *Adopting an Application Process for Utility Distributed Energy Resources* ("DER") *Orchestration and Ordering Utilities to Incorporate Load Flexibility Scenarios Into Their Distribution Planning and Execution Processes* ("DPEP"), issued on September 25, 2026, and the *Procedural Email Confirming R. 21-06-017 Tracks 1 and 2 Comment Due Dates*, issued on October 6, 2026.

Clean Coalition supports the PD's recognition that DER orchestration can improve distribution grid operations, reduce infrastructure costs, and provide reliability and other ratepayer benefits. However, the PD's treatment of distributed energy storage in Section 8.5 and its limited consideration of resilience and Community Microgrid capabilities leave important gaps in the proposed DER orchestration framework.

In particular, the PD's conclusion that distributed storage should not yet be mandated as a distribution grid asset does not adequately distinguish uncertainty about future customer participation from the demonstrated capabilities of existing, dispatchable storage aggregations. The PD also fails to establish minimum requirements for incorporating resilience capabilities, including grid-forming, black-start, and islanding-readiness services, into DER orchestration planning and valuation.

Clean Coalition recommends that the Commission revise the PD to:

1. Recognize existing evidence of distributed storage and virtual power plant ("VPP") capabilities, while requiring appropriate verification of their value for specific distribution needs.
2. Establish affirmative requirements for evaluating and integrating qualified distributed storage into the DPEP.
3. Require the Joint IOU DER Orchestration Application to address the planning, valuation, and compensation of resilience capabilities that enable Community Microgrids.

These corrections are consistent with Clean Coalition's previous comments in this proceeding and recent legislation directing the Commission to expand grid-utilization and aggregated-DER opportunities.

II. COMMENTS

A. THE PD'S TREATMENT OF DISTRIBUTED ENERGY STORAGE DOES NOT ADEQUATELY REFLECT EXISTING CAPABILITIES OR ESTABLISH A PATHWAY FOR DISTRIBUTION PLANNING

i. The PD Overstates the Significance of Distributed Storage Uncertainty

Section 8.5 of the PD acknowledges that distributed storage may provide demand flexibility and infrastructure deferral benefits but emphasizes uncertainty concerning customer participation, dispatchability, and interactions with price signals. The Commission consequently declines to mandate distributed storage as a distribution grid asset in DPEP and leaves the IOUs discretion to develop cost-effective approaches for incorporating storage.

The PD acknowledges Clean Coalition's recommendation to recognize distributed storage as a distribution grid asset but declines to require its incorporation into DPEP, citing uncertainty regarding participation and dispatchability.[1] However, these concerns do not establish that distributed storage lacks dependable grid capabilities. Rather, they underscore the need for transparent qualification criteria that distinguish verified, dispatchable resources from prospective or uncommitted capacity. The Commission should not allow uncertainty regarding individual resources or future participation to preclude the evaluation of qualified storage portfolios as alternatives to traditional infrastructure investments.

Although the utilities identified legitimate questions concerning dependable performance, future program participation, and planning assumptions, the PD does not adequately distinguish

[1] Proposed Decision, at p. 72 (Section 8.5).

those issues from the capabilities of existing storage resources. In particular, it does not address the demonstrated development of aggregated storage through VPPs and the California Energy Commission's ("CEC") Demand Side Grid Support ("DSGS") program.

DSGS provides an important counterpoint to the characterization of distributed storage as an uncertain or immature resource. The program compensates participating resources based on demonstrated reductions in net load, including through its market-aware Storage VPP participation option. CEC staff reported approximately 768 MW of enrolled Storage VPP capacity in October 2025, with measured incremental VPP capacity reaching approximately 484 MW that month.[2] These results demonstrate that distributed storage can be aggregated, dispatched, measured, and compensated at substantial scale.

The existence of these capabilities does not establish that all participating batteries can reliably address a particular feeder or substation constraint. DSGS primarily demonstrates bulk-system flexibility, and distribution planning requires additional analysis of locational coincidence, contractual availability, duration, dispatch obligations, and operational performance. However, these are qualification requirements—not evidence that distributed storage is inherently unsuitable for consideration as a dependable distribution resource.

The PD's Finding of Fact 23 states that significant uncertainty exists about participation in distributed storage programs and their dispatchability. That finding reflects concerns raised by the IOUs, but it does not adequately distinguish uncertainty regarding prospective participation and resource qualification from the demonstrated dispatch capabilities of existing storage aggregations. Clean Coalition therefore recommends revising the finding to acknowledge both established capabilities and the need for appropriate planning validation.

ii. Recently Enacted Legislation Reinforces the Need to Integrate Distributed Storage and Aggregated DERs

The September 30, 2026 enactment of SB 905 and SB 913 further underscores the importance of establishing clear pathways for distributed resources to provide measurable grid services. SB 905 (Chapter 986, Statutes of 2026) adds Public Utilities Code § 769.1, including requirements concerning distribution grid utilization, locational data, and consideration of

[2] California Energy Commission, *Demand Side Grid Support Program Staff Workshop Presentation Slides* (March 9, 2026), slides 8 and 25–26, CEC Docket No. 22-RENEW-01, TN 268985. (Enrolled capacity is provider-estimated; incremental capacity is based on CEC performance analysis and is not equivalent to qualified local distribution capacity.)

alternatives to conventional infrastructure. Section 769.1(c) requires utilities to assess whether strategies such as load flexibility and distribution-connected storage can address identified distribution needs associated with future load growth at lower cost to ratepayers than traditional upgrades.[3]

Similarly, SB 913 (Chapter 987, 2026) adds Public Utilities Code § 380.1, directing the Commission, in coordination with the CEC and California Independent System Operator ("CAISO"), to enhance existing market-integrated pathways for aggregated DERs to qualify as resource adequacy ("RA") capacity by June 30, 2028. The statute addresses performance-based qualification, participation of different DER technologies, recognition of load reductions and qualifying exports, and protections against duplicate compensation.[4]

The requirements of SB 913 concern resource adequacy rather than distribution capacity qualification. Nevertheless, both statutes reinforce a consistent legislative direction: the Commission should develop methods for recognizing and verifying DER capabilities so that eligible resources can provide grid services and reduce costs.

Against this backdrop, leaving the integration of distributed storage into DPEP entirely to IOU discretion is insufficient. At minimum, the Commission should require the utilities to identify how qualified storage resources and portfolios can be incorporated into distribution planning and what technical, contractual, and performance requirements must be satisfied.

iii. The Commission Should Require an Affirmative Storage-Integration Framework

The principal shortcoming of Section 8.5 is not simply its characterization of uncertainty, but its failure to establish an affirmative obligation to resolve that uncertainty.
The Commission need not require every existing storage resource to receive dependable distribution capacity credit. Instead, the Joint IOU Application and Load Flexibility Scenario process should develop a transparent methodology to determine when and how storage can reliably substitute for, defer, or reduce the size of conventional infrastructure investments.

Such an evaluation should distinguish between storage reflected in baseline load or DER adoption forecasts and incremental, dispatchable capacity committed to meet an identified

[3] SB 905 (Becker), Chapter 986, Statutes of 2026, § 3, adding Pub. Util. Code § 769.1(a)–(c).
[4] SB 913 (Becker), Chapter 987, Statutes of 2026, § 2, adding Pub. Util. Code § 380.1(a)–(d).

distribution need. Otherwise, storage may be treated solely as a forecast adjustment rather than evaluated as a potential solution to a particular constraint.

Aggregators are particularly important to overcoming the participation and dispatchability concerns identified in the PD. By coordinating distributed batteries and other flexible resources, aggregators can combine complementary capabilities, manage resource availability, and provide measurable grid services through portfolio-level dispatch. Rather than relying on the uncertain participation of individual customers, utilities can procure defined performance commitments from qualified aggregations, supported by appropriate telemetry, measurement and verification, and contractual accountability. The Commission should therefore distinguish uncertainty regarding individual resource participation from the ability of qualified aggregators to deliver dependable services through coordinated DER portfolios.

The relevant assessment should address locational coincidence, availability, duration, dispatchability, contractual commitments, telemetry, measurement and verification, and performance accountability. It should also recognize the capabilities of aggregated portfolios rather than assuming that individual batteries must independently satisfy an entire distribution need.

Clean Coalition's previous EIS Part 2 and DER orchestration workshop comments explained that distributed flexibility should be treated as an actionable planning resource and evaluated against conventional investments based on equivalent performance, reliability, timing, and cost-effectiveness requirements.[5] The Commission should translate that record into a specific application requirement rather than leaving storage integration as an optional future activity.

B. THE PD SHOULD EXPLICITLY REQUIRE VALUATION OF COMMUNITY MICROGRID AND RESILIENCE-ENABLING CAPABILITIES

The PD recognizes reliability, outage mitigation, and resilience as potential DER benefits, but it does not establish specific requirements for evaluating capabilities needed to sustain local service during upstream outages or support Community Microgrid development.

[5] Clean Coalition Comments on Assigned Commissioner's Ruling Issuing Questions on the Electrification Impact Study Part 2 Final Reports, R.21-06-017 (May 29, 2026), pp. 1–6; Clean Coalition Comments on the DER Orchestration Workshop Reports (July 27, 2026), pp. 8–11.

Resilience is not limited to the presence of distributed energy capacity. Grid-forming inverters, black-start functionality, protection and switching systems, sectionalizing equipment, communications, and operating procedures may be necessary to enable a coordinated portfolio to maintain or restore service when the broader electric grid is unavailable.

These capabilities may create additional costs beyond those required for ordinary grid-connected demand flexibility. A framework that values DER portfolios exclusively for peak reduction or infrastructure deferral may therefore fail to recognize the incremental value of resilience-enabling investments. Clean Coalition addressed this issue in its July 27, 2026 comments on the DER Orchestration Workshop Reports. Those comments recommended that the Commission recognize distinct resilience services, including grid-forming, black start, islanding readiness, restoration, and critical-load support, and allow such capabilities to be developed incrementally.[6]

Community Microgrids demonstrate why this distinction matters. A coordinated portfolio of solar, storage, flexible loads, and control systems may initially provide distribution capacity, voltage support, operational flexibility, or infrastructure deferral. With appropriate protection, switching, and control capabilities, those investments may also contribute to the development of a Community Microgrid capable of sustaining local loads during broader outages.

The PD also acknowledges Clean Coalition's recommendations concerning distribution planning in disadvantaged communities, but the proposed framework does not establish a corresponding requirement to evaluate resilience-enabling DER investments at candidate locations. The Goleta Load Pocket, discussed in Clean Coalition's prior workshop comments, provides an example of a transmission-vulnerable region where coordinated local DER investments could address everyday grid needs while supporting the progressive development of community resilience.

The Commission need not mandate Community Microgrid deployment at every candidate location or presume that all resilience benefits are economically justified. Rather, the Joint IOU Application should identify relevant resilience capabilities, the locations where they may provide value, the incremental investments and operating requirements needed to deliver them, and appropriate methods for measuring and compensating distinct services.

[6] Clean Coalition Comments on the DER Orchestration Workshop Reports, R.21-06-017 (July 27, 2026), pp. 11–13; Clean Coalition Presentation for Distribution System Operator Workshop, slide 10.

Such requirements would allow DER orchestration to support both routine grid optimization and resilience, while preserving appropriate reliability, cost-effectiveness, and performance safeguards.

III. RECOMMENDED REVISIONS TO THE PROPOSED DECISION

Clean Coalition requests the following targeted amendments.

A. Revise Finding of Fact 23 (Distributed Storage).

While uncertainty remains concerning future customer participation, contractual availability, locational performance, and dispatchability assumptions for distributed energy storage, existing programs demonstrate that distributed storage resources can be aggregated, dispatched, measured, and compensated for grid services. Such uncertainty should be addressed through appropriate performance, verification, and planning-qualification requirements and does not preclude evaluation of dependable storage capacity as a distribution planning resource.

B. Add a Conclusion of Law concerning distributed storage integration.

The Joint IOU DER Orchestration Application and Load Flexibility Scenario development process should establish transparent, technology-neutral criteria for evaluating distributed storage and aggregated DER portfolios as potential distribution planning resources, including consideration of locational needs, availability, duration, contractual commitments, dispatchability, measurement and verification, and dependable performance.

C. Add an Ordering Paragraph addressing distributed storage in DPEP.

Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include in their Joint DER Orchestration Application a proposed framework for evaluating and integrating qualified distributed energy storage and aggregated DER portfolios into distribution planning. The framework shall distinguish forecasted or otherwise committed resources from incremental capacity available to address identified distribution needs and establish the criteria under which dependable storage capacity may reduce, defer, avoid, or right-size traditional infrastructure investments. The proposal shall explain how these requirements will be coordinated with the Load Flexibility Scenario and applicable requirements of Public Utilities Codes § 769 and 769.1.

D. Add a Conclusion of Law concerning resilience services.

DER orchestration should recognize distinct, measurable resilience and Community Microgrid-enabling services, including grid-forming, black-start, islanding-readiness, restoration, and critical-load support capabilities, where applicable and technically feasible, without duplicative valuation or compensation.

E. Add an Ordering Paragraph addressing Community Microgrids and resilience.

The Joint IOU DER Orchestration Application shall identify resilience and Community Microgrid-enabling services that may be provided by DER resources and portfolios, including grid-forming, black-start, islanding-readiness, restoration, and critical-load support capabilities. The application shall describe applicable technical and performance requirements, incremental costs, potential compensation or procurement mechanisms, and how these capabilities may be evaluated alongside other distribution services to support cost-effective, phased deployment in appropriate locations.

IV. CONCLUSION

The PD takes an important step toward incorporating demand flexibility into distribution planning, but its treatment of distributed storage understates existing operational capabilities and leaves the process for qualifying storage as a dependable distribution resource insufficiently developed.

The Commission should recognize that storage aggregations and VPPs are already providing measurable grid services, while establishing appropriate standards for determining their locational distribution value. The recent enactment of SB 905 and SB 913 reinforces the need for clear, performance-based pathways for DER participation and integration into grid planning.

Similarly, the Commission should ensure that DER orchestration accounts for the distinct capabilities necessary to support Community Microgrids and community resilience, rather than treating these capabilities as incidental benefits of peak reduction or infrastructure deferral.

Clean Coalition respectfully requests that the Commission revise the Proposed Decision to establish these minimum application and planning requirements. Doing so would strengthen the Commission's ability to realize the cost savings, reliability improvements, and resilience benefits available from coordinated distributed energy resources.

Respectfully submitted,

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