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 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 reply 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 nto Their Distribution Planning and Execution Processes* ("DPEP"), issued on September 25, 2026. The October 6, 2026 procedural email established October 26 as the deadline for reply comments.

The October 19 opening comments reveal substantial agreement on issues the PD's operative requirements leave unresolved. Although some parties propose substituting a Tier 3 Advice Letter for formal review of foundational policies or delaying distribution-planning requirements, the investor-owned utilities ("IOUs") themselves acknowledge the need for common governance and valuation standards before implementation. Other parties further confirm the importance of preserving value stacking and assessing DER portfolios rather than limiting valuation to individual use cases.

II. THE OPENING COMMENTS CONFIRM THE NEED FOR COMMISSION-APPROVED GOVERNANCE REQUIREMENTS BEFORE IOU IMPLEMENTATION

A. The IOUs Agree that Foundational Standards Must Precede Implementation

Pacific Gas and Electric Company ("PG&E") recommends a two-phase process under which the working group first develops a common framework, the Commission reviews and acts on it, and each utility subsequently develops an implementation plan. PG&E explains that "foundational questions remain unresolved," expressly identifying valuation, interoperability, dispatch, performance measurement, compensation, and governance. Southern California Edison Company ("SCE") similarly calls for a framework that is "fully vetted and approved before implementation

proposals are submitted." San Diego Gas & Electric Company ("SDG&E") goes further: a utility cannot establish cost-effectiveness until "the working group and Commission establish the applicable methodology and criteria."[1]

These statements establish an important distinction between creating the rules of DER orchestration and proposing programs subject to those rules. Yet the PD would allow the IOUs to develop substantial foundational requirements and implementation proposals before the Commission adopts binding governance standards. The IOUs' own sequencing concerns support the Joint Parties' request for a Commission-supervised, two-phase working group, with a Phase 1 report and formal Commission determination before Phase 2 and the Joint IOU Application. This would avoid forcing stakeholders to challenge proposed programs built on unresolved market-design assumptions.

B. Formal Commission Review Cannot Be Replaced with a Utility-Controlled Working Group and Tier 3 Advice Letter

SCE and SDG&E propose submitting the common framework through a Tier 3 Advice Letter, followed by individual implementation applications. SCE suggests that anticipated stakeholder engagement in the working group obviates an additional application-stage stakeholder process. Although a Tier 3 Advice Letter permits protests, utility replies, proposed-resolution comments, and Commission approval, those opportunities are not equivalent to a formal proceeding in which competing governance proposals and disputed assumptions can be developed through Commission-managed procedures. The issue is particularly consequential where utility incentives favor capital investment and the IOUs would also administer access by nonutility competitors.[2]

California Community Choice Association ("CalCCA") recommends Energy Division-led, sequential working-group phases, with a Phase 1 report placed in the proceeding for formal stakeholder comments and a Commission decision on governance before framework design proceeds. The California Solar & Storage Association ("CALSSA") likewise urges resolution of key orchestration design in an open proceeding, coordinated with implementation of SB 905. Environmental Defense Fund ("EDF") cautions that the PD's working-group structure "unnecessarily cedes control" over the process and report to the IOUs. These parties differ on the precise venue and schedule, but their comments reinforce the necessity of independent Commission direction and meaningful review of non-consensus recommendations.[3]

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[1] PG&E Opening Comments on Proposed Decision (Oct. 19, 2026) at p. 4; SCE Opening Comments at p. 2; SDG&E Opening Comments at p. 4.

[2] SCE Opening Comments at pp. 2-3; SDG&E Opening Comments at pp. 2-4; see also Advanced Energy United Opening Comments at pp. 2-3 (proposing Tier 3 framework approval before implementation).

[3] CalCCA Opening Comments at pp. 11-14; CALSSA Opening Comments at pp. 2-3; EDF Comments at p. 5.

The California Efficiency + Demand Management Council ("CEDMC") identifies a related competitive-neutrality problem: the PD would impose an additional "adds value / unnecessary complexity" showing on aggregators, while imposing no comparable provider-specific prerequisite on utility approaches. CEDMC explains that this effectively treats utility provision as the default. That imbalance illustrates why minimum nondiscrimination, data-access, procurement, and oversight safeguards must be established before an IOU-managed framework is approved. The Commission should retain a formal Joint IOU Application for the common DER orchestration framework; a Tier 3 advice letter may appropriately implement discrete technical requirements after the governing standards are adopted, but should not substitute for their development and review.[4]

Small Business Utility Advocates ("SBUA") directly questions the PD's blanket treatment of unresolved motions. Addressing Finding of Fact 43, SBUA notes that Clean Coalition's August 19 Motion to Compel remains pending and questions whether the proposed denial of Track 1 and 2 motions would cover it. SBUA states that the Motion "raises important issues of law and policy and should be ruled upon by the Commission." UCAN and CalCCA separately seek clarification concerning the CBD/UCAN Motion to Address Unaddressed Issues. The Commission should expressly rule on both motions or preserve a specific procedural avenue for resolving their outstanding issues, consistent with the Joint Parties' proposed amendment to Ordering Paragraph 41.[5]

III. THE IOUS AND OTHER PARTIES CONFIRM THAT VALUE STACKING AND PORTFOLIO-LEVEL ASSESSMENT MUST BE REQUIRED

PG&E expressly recognizes that "many DER resources can provide value across multiple use cases over their lifetime" and asks the Commission to preserve future value-stacking opportunities. This confirms that participation in one distribution service should not categorically prevent the provision of other compatible, nonduplicative services, subject to operational constraints and performance commitments. The PD's emphasis on preventing double counting is appropriate, but it must be accompanied by an affirmative obligation to recognize distinct benefits rather than leaving the scope of stacking to later IOU proposals.[6]

SCE similarly explains that reliability, resilience, electrification support, and speed-to-power "create value through improved customer and system outcomes," even where benefits do not

[4] California Efficiency + Demand Management Council Opening Comments at pp. 5-7.
[5] UCAN Opening Comments at pp. 6–7; CalCCA Opening Comments, Appendix A, p. A-9; Small Business Utility Advocates Opening Comments on Proposed Decision (Oct. 19, 2026), at p. 1; Joint Parties' Opening Comments, Appendix A, proposed Ordering Paragraph 43 (revising PD Ordering Paragraph 41).
[6] PG&E Opening Comments at p. 7.

appear as directly avoided infrastructure expenditures. The Joint Parties do not seek to excuse such services from demonstrated net benefits or to count a single benefit twice. Rather, the final decision should require valuation methodologies that assess all applicable, distinct benefits, including relevant distribution, transmission-related, operational, reliability, resilience, and energization outcomes.[7]

Use-case-level valuation alone presents a separate problem. WeaveGrid observes that orchestration investments may do "more than one thing at once and ... provide value in more than one way." Advanced Energy United ("United") cautions that "requiring each use case to be proven separately will understate the value of DER orchestration," including where platform costs are shared across services. EDF likewise explains that core platform investments may not pencil for one use case but can provide increasing benefits as more DERs participate. These comments support evaluating both individual use cases and the combined costs, capabilities, and benefits of coordinated DER portfolios, using equivalent performance and reliability assumptions when compared with traditional infrastructure.[8]

The Commission should therefore adopt the Joint Parties' amendments requiring full, nonduplicative value stacking and portfolio-level cost-effectiveness evaluation, including revisions to the PD's Conclusions of Law 3 and 11–14 and Ordering Paragraphs 10–15, as detailed in Appendix A to the Joint Opening Comments. Commission-established minimum requirements are necessary to ensure that shared costs and additional services are neither overlooked nor counted twice.

IV. DISTRIBUTION PLANNING SHOULD IDENTIFY ACTIONABLE DER ALTERNATIVES RATHER THAN DEFER THEIR CONSIDERATION

The opening comments also reveal consequential disagreements over the PD's Load Flexibility Scenario. PG&E urges incorporation of flexibility within existing scenarios rather than a separate fourth scenario; SCE seeks to defer implementation; and SDG&E would remove requirements to identify and track candidate projects in disadvantaged and environmental and social justice communities. By contrast, the Vehicle-Grid Integration Council expressly supports a fourth scenario, and CALSSA stresses that SB 905 requires serious consideration of grid utilization and distribution-connected storage alternatives.[9]

[7] SCE Opening Comments at pp. 4-5.
[8] WeaveGrid Opening Comments at p. 5; Advanced Energy United Opening Comments at p. 6; EDF Opening Comments at pp. 6-7.
[9] PG&E Opening Comments at pp. 8-10; SCE Opening Comments at pp. 8-9; SDG&E Opening Comments at pp. 10-12; Vehicle-Grid Integration Council Opening Comments at pp. 2-3; CALSSA Opening Comments at pp. 2-3.

The Joint Parties support a fourth Load Flexibility Scenario as a distinct and reviewable way to identify where dependable DER portfolios may cost-effectively reduce, defer, avoid, or right-size investments before conventional solutions are selected.[10] An identifiable planning pathway is essential regardless of the specific scenario structure. Screening candidate locations, including in disadvantaged communities, does not prejudge project-specific reliability or cost-effectiveness. The PD should therefore retain a distinct and accountable flexibility analysis, incorporate the directional findings from EIS Part 2, and require project-level evaluation and reporting of actual infrastructure savings. This response directly supports the Joint Parties' proposed savings-realization amendments and Clean Coalition's request for a qualified distributed-storage integration pathway.

V. CONCLUSION

The IOUs' own comments confirm the need for a Commission-approved framework before implementation and for valuation of benefits beyond narrowly defined infrastructure deferrals. Other parties identify the procedural and competitive-neutrality safeguards needed to give those objectives effect. Clean Coalition respectfully requests that the Commission retain the formal application process, direct an independently supervised two-phase working group with a Commission governance determination, require portfolio-level and full nonduplicative valuation, and adopt an accountable pathway from Load Flexibility Scenario findings to realized infrastructure savings, consistent with the amendments in the October 19 Joint Party and Clean Coalition Opening Comments.

Respectfully submitted,

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[10] Joint Parties Opening Comments, at pp. 11-13.