

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)

**JOINT OPENING COMMENTS OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND
ADVANCED ENERGY ECONOMY
ON THE ORDER INSTITUTING RULEMAKING TO MODERNIZE THE ELECTRIC
GRID FOR A HIGH DISTRIBUTED ENERGY RESOURCES FUTURE**

August 16, 2021

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I. INTRODUCTION

The California Efficiency + Demand Management Council (“The Council” or “CEDMC”) and Advanced Energy Economy (“AEE”) (henceforth the “Joint Parties”) appreciate this opportunity to submit its Opening Comments on the Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future (“OIR”), pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”) and the instructions accompanying the OIR issued July 2, 2021.

II. BACKGROUND

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.¹ Our member companies employ many thousands of Californians throughout the state. They include demand response (“DR”) and grid services technology providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of energy efficiency (“EE”) products and equipment. The Council’s mission is to support appropriate EE and DR policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

¹ Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

The Council regularly participates before the Commission to support appropriate EE, DR, and distributed energy resources (“DERs”) policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement. The Council is a party to numerous Commission proceedings, including, but not limited to the Resource Adequacy (RA) Rulemaking (R.19-11-009), DR proceedings (R.13-09-011 and A.17-01-012 et al.), EE proceedings (R.13-11-005 and A.17-01-013, et al.), Integrated Distributed Energy Resources (“IDER”) Rulemaking (R.14-10-003), Distribution Resources Plans proceeding (R.14-08-013, et al.) and the Integrated Resource Plan (“IRP”) Rulemaking (R.16-02-007).

AEE is a national business association of over 100 companies across the advanced energy and transportation sectors, many of which are headquartered in California. AEE’s member companies provide an array of DER products and services, including distributed solar and storage, electric vehicle (EV) charging equipment and software, energy efficiency, demand response, advanced metering infrastructure, and grid management software. AEE’s mission is to make the energy we use secure, clean, and affordable. AEE also regularly participates before the Commission on a variety of proceedings that affect its membership, including but not limited to the IDER Rulemaking (R.14-10-003), IRP Rulemaking (R.20-05-003), and Development of Rates and Infrastructure for Vehicle Electrification (DRIVE) Rulemaking (R.18-12-006).

III. THE COMMISSION MUST LAUNCH A STANDALONE COST-EFFECTIVENESS RULEMAKING IMMEDIATELY

The Joint Parties believe it is critical that cost-effectiveness should be a central focus of this proceeding. While the IDER Rulemaking has moved “the Commission closer to a consistent universal framework for assessing the cost-effectiveness of all resources, both distributed energy resources and supply side resources,”² outstanding issues related to DER cost-effectiveness testing remain.³ It is essential that the Commission provides a venue to work through these key

² D.19-05-019 at p. 2, issued in R.14-10-003 (IDER) on May 21, 2019.

³ Outstanding issues include, but are not limited to, the Total Resource Cost (“TRC”) test undermining the cost-effectiveness of energy efficiency and discourages private investment by making no distinction between ratepayer and participant costs. The TRC test includes both private and ratepayer investments as costs, undercutting enormous potential benefits. Since private investment is not a cost borne by the state or through bill riders it should not count against a particular EE measure or program, and therefore should be excluded from the TRC calculation.

issues relevant to the full breadth of DERs, and ensure that DER deployment is optimized in a manner that maximizes grid benefits and reduces customers' energy costs while enhancing grid flexibility.

The Joint Parties note with appreciation that the Proposed Decision closing the IDER Rulemaking states, "Given the breadth of cost-effectiveness activities, it is prudent to address the continuing activities in a stand-alone Rulemaking."⁴ The Joint Parties wish to underscore the urgency of opening such a proceeding to provide a venue to advance the cost-effectiveness conversation. This would be necessary in any context, but particularly in light of the grid outages of August 2020 alongside the increasing frequency of wildfires and Public Safety Power Shutoff ("PSPS") events, ensuring cost-effectiveness accurately assesses the value of DERs to maximize their deployment is particularly critical.

IV. THE COMMISSION MUST APPROPRIATELY RECOGNIZE THE LOCATIONAL AND TEMPORAL VALUE OF DERS

In the same vein as the urgency needed to appropriately assess DER cost-effectiveness, the Joint parties would like to emphasize the importance of locational and temporal value in defining a "high DER" future. It has become clear that DERs do not merely provide value upon installation, but also at specific times and locations to meet local and state grid needs. In meeting these grid needs –particularly in light of increasing reliability and wildfire concerns– it is imperative that the Commission appropriately assess the locational and temporal value of DERs. These flexible resources are already meeting local and state grid needs, in many cases without being compensated for the full value they provide.

V. COMMENTS ON CATEGORY, NEED FOR HEARING, AND SCHEDULE

The Joint Parties do not object to the preliminary determinations regarding category, need for hearing and schedule.

VI. CONFIRMATION OF PARTY STATUS

Pursuant to Section 12, at pages 34-35: "Persons who file responsive comments become parties to the proceeding (see Rule 1.4(a)(2)) and will be added to the 'Parties' category of the

⁴ Proposed Decision Order Closing Rulemaking 14-10-003, at p. 5.

official service list upon such filing.” By filing these responsive comments, therefore, The Council and AEE request “party status” and inclusion on the service list of R.21-06-017 as parties as follows:

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VII. CONCLUSION

The Joint Parties appreciate the Commission’s consideration and the opportunity to provide Opening Comments on the OIR.

Dated: August 16, 2021

Respectfully submitted,

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