

**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

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

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I. INTRODUCTION

Advanced Energy Economy and the California Efficiency + Demand Management Council (Joint Parties) appreciate the opportunity to submit reply comments on the California Public Utilities Commission’s (Commission) Order Instituting Rulemaking (OIR) to modernize the electric grid for a high distributed energy resources (DER) future. This proceeding will be critical for building on the progress made in previous distribution resource planning proceedings and ensuring that DERs can play an active role in supporting a flexible, reliable, and affordable distribution system consistent with state goals. The following reply comments respond to issues

presented during the Commission’s September 22 scoping workshop as well as opening comments made by other parties to this proceeding. In summary, the Joint Parties recommend that:

- **R.21-06-017 should be well-coordinated with state policy goals and other DER-related proceedings;**
- **A new Track 1 should be considered to address near-term activities that accelerate DER deployment and provide distribution system value; and**
- **The Distribution Resource Planning (DRP) Data Portals Improvement Report and Workshop in Track 2 can be advanced in response to recent Commission guidance from R.14-08-13.**

II. REPLY COMMENTS

- a. **R.21-06-017 should be well-coordinated with state policy goals and other DER-related proceedings.**

The Joint Parties agree with the OIR that the scope of this proceeding should neither set policy on the overall number of DERs or seek to modify the level of desired DERs on the system.¹ However, in view of California’s fast-approaching clean energy and transportation electrification targets, we recommend that R.21-06-017 recognize and consider how Commission actions “to optimize the integration of millions of DERs within the distribution grid while ensuring affordable rates”² can improve the state’s ability to achieve its policy goals while providing net benefits to customers and the grid.

Additionally, as Enel X observes in its opening comments, this proceeding starts at a time when the Commission is considering an array of cross-cutting DER-related issues in a number of existing (e.g., Resource Adequacy, DRIVE) and forthcoming (e.g., Load Flexibility OIR, DER

¹ OIR at 10.

² *Id.* at 9.

Cost-Effectiveness OIR) proceedings.³ Given the potential overlapping nature of these proceedings and their multi-year timeframes, it is critical that efforts made to optimize DER integration in R.21-06-017 are closely coordinated with activities in other DER-related proceedings and vice versa. The Joint Parties recognize that the recent DER Action Plan 2.0 serves as a repository for cataloging forward-looking DER policy at the Commission; however, to the extent that other DER-related Commission decisions, rulings, and other materials have impacts on the scope of this proceeding, we recommend the Commission share those materials when they become available.

b. A new Track 1 should be considered to address near-term activities that accelerate DER deployment and provide distribution system value.

In its first question during the scoping workshop, the Commission asks stakeholders about near-term priorities and whether a new Track 1 should be established to address those issues.⁴ The Joint Parties submit that a new Track 1 consider near-term activities that address DER integration barriers so that DERs can contribute to grid reliability and resilience in the near-term. With recent region-wide power shortages and public safety power shutoff events negatively affecting the economy and the public health, we respectfully urge the Commission to “fast-track” grid integration of existing DERs that are capable of quickly providing grid services. These DERs can provide near-term solutions to enhance grid flexibility, reduce the need for related extensive grid upgrades, support resource adequacy, and protect the health and safety of local communities and the public at large.

Recognizing that this proceeding is both the successor to the integrated DER (IDER) and DRP proceedings, there are several issues from these proceedings, and others, that could reasonably be addressed in the near-term. First, the investor-owned utilities’ (IOUs) integration capacity

³ Enel X Opening Comments at 3.

⁴ Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future Energy Division presentation at 22. September 22, 2021.

analysis (ICA) tools are a DRP topic that the Commission has identified as unresolved in the OIR and could benefit from near-term consideration.⁵

Second, the California Energy Storage Alliance (CESA) notes in its opening comments that it would support a new Track 1 to address near-term DER priorities and that the Commission's Question 5 under the originally proposed Track 1 would be an appropriate starting point for the modified Track 1: *What policies could the Commission adopt quickly to enable aggregators to increase the scope of services they provide the distribution grid?*⁶ The Joint Parties agree that this question would appropriately frame the scope of a modified Track 1 and agree with CESA that DER aggregations have untapped potential today.⁷ This question is particularly ripe for discussion considering the California Independent System Operator's (CAISO) forthcoming implementation of Federal Energy Regulatory Commission Order 2222 (O. 2222), which enables DERs and DER aggregations to participate in both wholesale and retail markets in a manner consistent with the grid services they are technically capable of providing. While CAISO holds primary responsibility for implementing O. 2222, the Commission has a key role to play in ensuring IOUs are prepared to enable greater DER aggregations and this newly modified Track 1 can serve as a vehicle to address this critical near-term topic at the intersection of wholesale and retail markets.

Finally, a stakeholder question was raised during the scoping workshop related to IOUs' proposed transportation electrification (TE) tariffs pursuant to AB 841 and potential consideration of similar tariffs to enable more streamlined, cost-effective deployment of building electrification technologies.⁸ Considering that electrification of transportation and buildings is a core strategy for achieving California's decarbonization goals, it is critical to ensure that utility customers are 1) not unduly discouraged from adopting electrification technologies and 2)

⁵ OIR at 2. A recent Administrative Law Judge Ruling in the DRP proceeding also orders the IOUs to develop reports by February 2022 to discuss how alignment of ICA and Grid Needs Assessment assumptions could improve the ICA. These reports merit near-term consideration. *Administrative Law Judge's Ruling Ordering Refinements to Load Integration Capacity Analysis* at 11, R.14-08-013, Issued September 9.

⁶ CESA Opening Comments at 7-8.

⁷ *Id.*

⁸ The IOUs' AB 841 tariffs are currently being addressed in R.18-12-006 and, as proposed, would broadly eliminate customer contributions for utility-side make-ready infrastructure upgrades required to support the deployment of non-residential electric vehicle charging infrastructure for customers that elect to use the tariff.

encouraged to manage new, flexible electric loads in a manner consistent with grid conditions. Considering that the Commission is in the process of approving IOUs' voluntary TE tariffs pursuant to AB 841, the Commission could consider using a modified Track 1 as a venue to consider new voluntary IOU tariffs to encourage uptake and management of building electrification technologies. If the Commission does not opt to consider this option in a modified Track 1, the Joint Parties recommend the Commission to consider it in the originally proposed Track 2 as a mechanism for encouraging and integrating new, flexible DERs.

c. The Distribution Resource Planning (DRP) Data Portals Improvement Report and Workshop in Track 2 can be advanced in response to recent Commission guidance from R.14-08-13.

In the OIR, the Commission proposes to include a DRP Data Portals Improvement Report and Workshop deliverable by Q4 of 2023.⁹ However, the Joint Parties believe that this procedural item could be advanced to Q1 of 2023 as proposed in Revised Schedule #3 in the scoping workshop. In the September 9 *Administrative Law Judge's Ruling Ordering Refinements to Integrated Capacity Analysis*, the Commission ordered the IOUs to submit annual "Integration Capacity Analysis Annual Reports" starting Q4 of 2022, which will include greater detail around opportunities for continued improvement of ICA tools.¹⁰ Given that the IOUs will have submitted these reports in late 2022, it would be reasonable to move up the Commission's consideration of DRP Data Portal issues to ensure momentum is not lost and that progress can continue to be made on long-standing ICA issues. We also ask that the Commission clarify how its DRP Data Portal Technical Report will relate to the IOUs' ICA Annual Reports in order to reduce duplicate efforts and address ICA topics in a timely manner.

⁹ OIR at 28.

¹⁰ *Administrative Law Judge's Ruling Ordering Refinements to Load Integration Capacity Analysis* at 11, R.14-08-013, Issued September 9.

III. CONCLUSION

The Joint Parties appreciate the Commission's consideration of these reply comments and its efforts to continue advancing DER policy in alignment with state policy goals. We look forward to remaining active participants in this proceeding.

Respectfully submitted,

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