BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resource Future.	Rulemaking 21-06-017 (Filed June 24, 2021)

REPLY COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON THE ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S RULING ISSUING QUESTIONS ON THE DISTRIBUTED ENERGY RESOURCES ORCHESTRATION WORKSHOP REPORTS

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I. INTRODUCTION

The California Efficiency + Demand Management Council (CEDMC)[1] submits these Reply Comments pursuant to July 9, 2026, Assigned Commissioner's and Administrative Law Judge's Ruling,[2] the California Public Utilities Commission (Commission or CPUC) Rules of Practice and Procedure and in response to the opening comments filed by other parties on July 27, 2026.

II. SUMMARY

CEDMC appreciates the Commission's leadership in developing a distributed energy resources (DER) orchestration framework that can support reliability, affordability, equity, and

[1] CEDMC is a statewide trade association of non-utility businesses that provide energy efficiency (EE), demand response (DR), and data analytics services and products in California.[1] Our member companies employ many thousands of Californians throughout the state. They include EE, DR and distributed energy resources (DER) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. CEDMC's mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement. For more information see: https://cedmc.org/

[2] Assigned Commissioner's and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Workshop Reports (July 9, 2026) (Ruling).

decarbonization in a high-DER future. As third-party providers of energy efficiency, demand response, load flexibility, and aggregated DER solutions, CEDMC's members are well positioned to deliver cost-effective distribution and system benefits at scale.

In our Opening Comments on DER Orchestration,[3] CEDMC emphasized several core principles: 1) DER orchestration must function as an open platform, not a vertically integrated utility program; 2) Participation pathways, dispatch mechanisms and compensation structures should be technology-neutral and performance-based; 3) Valuation and compensation frameworks must be transparent, location-specific, and grounded in avoided cost principles; 4) DER orchestration must be designed to preserve and integrate with wholesale market participation, including California Independent System Operator (CAISO) programs; and 5) Interoperability, open standards, and aggregation are foundational to scalability. These principles reflect the broader recognition that navigating a transformation of this scale requires evaluating grid solutions against a balanced set of dependability, affordability, and adaptability-oriented objectives, rather than incremental, issue-specific fixes alone.[4]

The remainder of our comments focus on the support provided by multiple parties for these positions.

III. MULTIPLE PARTIES SUPPORT A COMPETITIVE, TECHNOLOGY NEUTRAL, AND TRANSPARENTLY VALUED DER ORCHESTRATION FRAMEWORK

A. The distribution system operator (DSO) should function as a signaler, not a controller, of DER programs and delivery.

The DSO's function is to identify grid needs and send actionable signals (pricing and dispatch instructions); however, the DSO should not directly operate or control customer devices. Deployment and operation of DERs, and the actual delivery of DER-based grid services, is properly a competitive function performed by aggregators and third-party operators. Regarding

[3] Opening Comments of the California Efficiency + Demand Management Council on the Assigned Commissioner's Ruling on Track 1 and Track 2 DER Orchestration (April 20, 2026) (CEDMC Comments)
[4] GridWise Architecture Council, *Bridging to the Future: Navigating the Transition to 21st Century Power Systems* (June 2026), Executive Summary and § 4.6, Table 3 (proposing a "balanced scorecard" of eight customer and societal objectives, including dependability, affordability, and adaptability, for evaluating grid transformation).

the DSO's role, San Diego Gas & Electric's (SDG&E's) Comments on the Workshop Report state that "the DSO identifies where and when grid services are valuable [and] communicates the timing, quantity and attributes of needed services to the DER owner or its aggregators" who then perform the actual deployment.[5]

Voltus opposes "command and control" investor-owned utility (IOU) dispatch models on competitive and innovative grounds and states that its "Distribution Adequacy" proposal would have DER operators bear investment and performance risk and compete to deliver standardized grid services.[6] Voltus refers to one "failure" of the Automated Demand Response program, where DER operators are required to adopt more rigid (and costly) communication protocols because they are unable to leverage simple application programming interfaces (APIs).[7] Additionally, Voltus refers to the "success of programs such as Demand Side Grid Support (DSGS), and the large and healthy ecosystem of third party solution providers and aggregators as the path forward."[8] The California Solar and Storage Association (CALSSA) is skeptical of utilities re-engineering devices to be operable through the service meter, calling it a multi-billion dollar investment for an experiment that is not needed."[9]

The California Energy Storage Alliance (CESA) recognizes that "utilities may continue to play . . . a necessary role in operating a safe, reliable distribution grid," but whatever pathway the Commission selects needs to include "non-discriminatory, third-party aggregator access to distribution-level services on transparent terms."[10] And California Community Choice Association (CalCCA) points to "independent flexibility marketplace models" as a useful

[5] San Diego Gas & Electric Company's (U 902 E) Opening Comments on Assigned Commissioner's and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Workshop Reports, at p. 22. (July 27, 2026) (SDG&E Comments on Workshop Reports)
[6] Comments of Voltus, Inc., at p. 9. (July 27, 2026) (Voltus Comments)
[7] Id., at p. 10
[8] Id., at p. 10
[9] Comments of the California Solar & Storage Association on DER Orchestration Workshop Reports, at p. 11. (July 27, 2026) (CALSSA Comments on Workshop Reports)
[10] Opening Comments of the California Energy Storage Alliance on the Assigned Commissioner's and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Workshop Reports, at p. 4. (July 27, 2026) (CESA Comments on Workshop Reports)

comparison that the Commission should weigh against an IOU-run flexibility market.[11] CEDMC adds that there are recent examples of such marketplace models in the Market Access programs implemented by community choice aggregators (CCAs) and IOUs here in California.

CEDMC agrees with the above comments – the market needs to be fluid and allowed to do its best to both provide the needed resources and allow a thriving competitive framework. As stated in CEDMC's Comments, a DSO-led orchestration framework does not mean the DSO controls all DERs on its system; the orchestrator's role should be limited to identifying grid needs and issuing actionable signals, whether through pricing mechanisms or dispatch instructions while the deployment and operation of DERs should remain the role of DER aggregators.[12] This division of labor is consistent with distribution system operator frameworks that treat System Operations and DER Market Administration as distinct, though interrelated, core functions.[13]

B. Technology and infrastructure requirements should be neutral, standards-based, and needs-justified.

CEDMC supports communication protocols, distributed energy resource management system (DERMS) architecture and device compatibility requirements that are technology-neutral and standards-based, not tied to a specific utility-preferred or proprietary approach. Mandating a specific proprietary technology may hinder competition and innovation. Interoperability requirements should minimize utility-specific customization so that vendors and aggregators are not forced to build separately for each IOU territory.

CEDMC supports Pacific Gas and Electric Company's (PG&E) Opening Comments that recommend:

> "The Commission should avoid prescribing specific technologies and instead focus on the capabilities necessary to provide a given grid service, such as visibility, controllability, interoperability, measurement and

[11] California Community Choice Association's Opening Comments on Assigned Commissioner's and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Workshop Reports, at pp. 16-17. (July 27, 2026) (CalCCA Comments on Workshop Reports)
[12] CEDMC Comments, at p.12. (Apr. 20, 2026)
[13] Maine Governor's Energy Office / Strategen Consulting, *Distribution System Operator (DSO) Feasibility Study* (2024), § 5.1, at pp. 24-25 (distinguishing System Operations, Integrated System Planning, and DER Market Administration as separate, interrelated core distribution system operator functions).

> verification, and dependable performance. A technology-neutral approach will enable utilities, customers, aggregators, and technology providers to deploy the resources that can most cost-effectively address identified grid needs and deliver maximum ratepayer value."[14]

SDG&E cautions that prescribing specific technologies, system architectures or communications protocols at the "Framework level" would risk stranding utility and market investments and foreclosing future innovation.[15] CESA "supports protocol-neutral technical standards across all IOU territories as each utility advances its own readiness."[16]

CEDMC agrees with the above positions and continues to support the development of a clear interoperability strategy, including standard interfaces for aggregator-to-DSO communications, device and platform compatibility requirements that do not require utility-specific customization, and a transparent testing and certification process.[17] This concern is borne out in national research finding that as grid service and interoperability definitions become standardized across jurisdictions, technology providers are able to offer more affordable products requiring less customization.[18]

C. CEDMC Recommends the development of a centralized data repository to increase visibility, identify distinct value streams and prevent double compensation for a single service.

CEDMC agrees with other parties that preventing double compensation for a single service is appropriate. However, there are legitimate, distinct value streams that can be provided by a single asset at the same time. CESA indicates that:

> "[T]he absence of transparent, bankable multi-use application rules makes it difficult for customers and developers to fully utilize their storage assets to serve both local distribution needs and CAISO wholesale markets,

[14] Pacific Gas and Electric Company's (U 39 E) Opening Comments on the Assigned Commissioner and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Reports, at p. 15. (July 27, 2026) (PG&E Comments on Workshop Reports)
[15] SDG&E Comments on Workshop Reports, at p. 7.
[16] CESA Comments on Workshop Reports, at p. 3.
[17] CEDMC Comments, at p.10. (Apr. 20, 2026)
[18] *Common Grid Services Terms and Definitions Report*, PNNL-34483 (DOE Grid Modernization Laboratory Consortium, July 2023), § 1.2.

which limits investment."[19]

CEDMC recommends the development of a centralized repository giving IOUs, CCAs, and third parties visibility into customer program and dynamic rate participation.[20] This is a concrete, enforceable mechanism to prevent genuine double compensation while preserving CESA's legitimate value-stacking concern. Software-enabled visibility of this kind allows participant screening and is a proven approach to enforcement in comparable flexibility programs (e.g., Market Access Programs), and a similar approach should inform the design of the repository CEDMC proposes here. A tiered, purpose-limited data access model of this kind is consistent with national grid data sharing guidance describing a "Shared" data tier, under which data is made available to a defined group of participants for a specific purpose without becoming fully public.[21]

D. Valuation should be location-specific, temporal, and grounded in avoided cost.

CALSSA's Comments on the Workshop Reports propose the Commission's existing marginal cost of distribution calculations as a starting point for valuing DER-based distribution capacity, while also identifying a market-based or bilateral alternative that could reduce administrative burden while protecting ratepayers through least-cost selection.[22] The Commission's Avoided Cost Calculator provides a related, complementary starting point already in use across DER valuation methodologies statewide, though it is not locational. CEDMC recommends developing valuation approaches that pair the Avoided Cost Calculator's marginal-cost foundation with a locational adder for priority constrained areas.[23]

IV. CONCLUSION

CEDMC appreciates the opportunity to provide these reply comments and looks forward to continued collaboration with the Commission, Energy Division, CAISO, utilities, and

[19] Id.
[20] Id.
[21] NARUC, *Grid Data Sharing Playbook* (Fall 2023), at p. 22 (describing a tiered data classification model — Open, Public, Shared, and Closed — drawn from UK Energy Data Taskforce guidance).
[22] CALSSA Comments on Workshop Reports, at p. 7.
[23] CEDMC Opening Comments, at p.8. (Apr. 20, 2026)

stakeholders to ensure DER orchestration advances reliability and affordability while unlocking the full value of competitive, third-party DER solutions for California ratepayers.

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Respectfully Submitted

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