

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769.	Rulemaking 14-08-013 (Filed August 14, 2014)
And Related Matters.	Application 15-07-002 Application 15-07-003 Application 15-07-006
(NOT CONSOLIDATED)	
In the Matter of the Application of PacifiCorp (U901E) Setting Forth its Distribution Resource Plan Pursuant to Public Utilities Code Section 769.	Application 15-07-005
And Related Matters.	Application 15-07-007 Application 15-07-008

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE ADMINISTRATIVE LAW JUDGE’S RULING REQUESTING ANSWERS TO
QUESTIONS TO IMPROVE THE DISTRIBUTION INVESTMENT DEFERRAL
FRAMEWORK PROCESS**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits

¹ 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, Aggreko, Alligant Scientific, LLC, AltaGas Services, Amber Kinetics, Ameresco, American Honda Motor Company, Inc., Avangrid Renewables, Axiom Exergy, Better Energies, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Clean Energy Associates, ConEd Battery Development, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, EDF Renewable Energy, ElectriQ Power, eMotorWerks, Inc., Enel X North America, Energport, Engie Storage, E.ON Climate & Renewables North America, esVolta, Fluence, Form Energy, General Electric Company, Greensmith Energy, Gridwiz Inc., Hecate Grid LLC, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, Lendlease Energy

these comments to the *Administrative Law Judge’s Ruling Requesting Answers to Questions to Improve the Distribution Investment Deferral Framework Process* (“Ruling”), filed by Administrative Law Judge (“ALJ”) Robert M. Mason on February 25, 2019.

I. INTRODUCTION.

CESA appreciates this opportunity to provide comment on potential areas of improvement to the Distribution Investment Deferral Framework (“DIDF”), including the role, schedule, and process of the Distribution Planning Advisory Group (“DPAG”), Grid Needs Assessment (“GNA”) filing, and Distribution Deferral Opportunity Report (“DDOR”), as established by Decision (“D.”) 18-02-004. CESA was an active participant in the DPAG and found the process to be helpful in understanding the distribution planning process as well as the location and nature of distribution grid needs. CESA commends the investor-owned utilities (“IOUs”) for educating stakeholders on their distribution grid needs and planning processes, as well as being generally receptive to external feedback. Our goal was to provide industry insight into identifying the best-fit opportunities for distributed energy resources (“DERs”) as well as to provide input on how to structure contracts and grid service products for DERs in the closely-related Integrated Distributed Energy Resources (“IDER”) proceeding (R.14-10-003). By better understanding distribution grid needs, CESA believes that DER market participants were better positioned and prepared to structure bids and projects in response to a competitive solicitation, thereby increasing the odds of

Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Energy Solutions, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., Nuvve, Pattern Energy, Pintail Power, Primus Power, Polyjoule, Quidnet Energy, Range Energy Storage Systems, Recurrent Energy, SNC-Lavalin, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, Tenaska, Inc., Tesla, True North Venture Partners, Viridity Energy, VRB Energy, WattTime, and Wellhead Electric. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

a robust market response and increasing the likelihood that DERs could cost-effectively defer traditional distribution investments.

However, despite finding the information shared in the DPAG to be helpful and insightful, CESA generally found the meetings to be administratively time-consuming and burdensome, leading to limited participation and attendance from the developer community outside of a few industry trade groups such as CESA. This Ruling is thus timely in seeking ways to improve and streamline the DIDF process to ensure DERs can viably defer or avoid distribution investments and provide savings to ratepayers. Below, CESA provides our responses to the questions posed in the Ruling that provide recommendations on how the DIDF process can be improved.

II. SCHEDULE AND CONTENT OF FILINGS.

Question 1: What modifications to Grid Needs Assessment (GNA) and Distribution Deferral Opportunity Report (DDOR) would improve the DIDF process?

CESA supports the DIDF process and agrees that it is important to fairly and reasonably apply screening and prioritization criteria to identify candidate deferral project opportunities that are truly viable for DER solutions. This is necessary to solicit responses from many DER participants to offer products and services in a solicitation or via a tariff mechanism. CESA finds it important to focus the developer community on high-potential and viable projects to avoid wasting IOU procurement teams' and developers' time and resources on request for offers ("RFO") that are unlikely to result in a successful solicitation. An important balance must be struck between not overly limiting the deferral opportunities due to, for example, misunderstandings of DER capabilities (or whatever other reason) and too expansively making deferral opportunities available even though certain needs would be difficult for DER solutions to address. The DPAG serves an important role in this regard.

a. Would integrating the GNA and DDOR create a more efficient DDOR process? When should this filing be served?

Yes, integrating the GNA and DDOR deliverables into one filing at the same time would increase the efficiency of the DDOR process. Whereas the GNA is filed in June of every year and the DDOR is filed in September of every year as it is today, the DIFD process can be improved by consolidating the two filings to be submitted in July or August – ideally in July. Currently, there is no additional stakeholder input provided or solicited during the time period between GNA and DDOR filings and developers are unable to gain much insight or take action based on the identified distribution grid needs presented in the GNA filing. For example, the 2018 GNA has not been particularly informative to what the final 2018 RFO has looked like. As a result, unless the IOUs explain the need for the time between the GNA and DDOR filings, the DIFD process can be further streamlined by eliminating this lag time between the GNA and DDOR filings. With this integrated filing occurring in June (or a month or two later than the currently scheduled GNA filing in June), the IOUs should have additional time to prepare their GNA and then apply their initial technical/timing screens and prioritization screens in their DDOR that can be filed at the same time. Furthermore, with stakeholders becoming familiar with the process and with the IOUs moving toward standardized screening criteria, CESA finds few barriers to adjusting the process toward an integrated GNA and DDOR filing.

b. Would changing the deadline for the GNA/DDOR better align the DIFD process with the IOUs' annual planning cycle? Please be as specific as possible.

By introducing the GNA and DDOR filings together and earlier in the DIFD process, more time is made available for the DPAG review and Commission regulatory review process to better ensure a timely launch of the IDER RFO in January of every year. D.16-12-036 allocated approximately six months in the Competitive Solicitation Framework for the IOUs to establish the

DPAG and identify two projects for the 2018 pilot solicitation.² Meanwhile, the current DIDF process takes a roughly five-month process for the GNA/DDOR filings and DPAG review until the IOUs are required to file Tier 2 Advice Letters on candidate deferral projects selected for competitive solicitation before December 1.³ By eliminating one or two months from this stage of the DIDF process and moving earlier the deadline for the advice filing (*e.g.*, October 1), CESA believes that more time is made available for the Commission review process such that the IOUs have a timely launch of their RFO in January, thus giving bidders at least five months as opposed to at least three months to submit offers in the RFO. A more compressed, efficient, and standardized GNA/DDOR and DPAG timeline will also provide some buffer for any regulatory delays due to modifications or changes needed to what the IOUs propose in their advice filings.

CESA stresses that the DIDF process should strive to adhere to a January launch of the IDER RFO at the very latest to ensure at least five months are dedicated to the competitive solicitation process, thus giving developers enough time to assess their market potential, begin the process of acquiring customers, land, and/or site control, line up their supply chains, enter the interconnection queue, etc. Some developers are unlikely to submit bids into an RFO if there is a short market response time given the backend procurement and development challenges and the inability to sufficiently gauge what they are capable of delivering, which poses development risk (*e.g.*, sunk costs) and contract risk (*e.g.*, potential events of default). For example, for the 2018-

² *Decision Addressing Competitive Solicitation Framework and Utility Regulatory Incentive Pilot*, D.16-12-036, issued on December 15, 2016 in R.14-10-003, p. 15.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M171/K555/171555623.PDF>

³ *Administrative Law Judge's Ruling on the Application of the Competitive Solicitation Framework for Distribution Investment Deferrals in the Distribution Resource Planning Proceeding*, issued on November 19, 2018 in R.14-08-013, p. 6.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M240/K044/240044803.PDF>; *Decision on Track 3 Policy Issues, Sub-Track 1 (Growth Scenarios) and Sub-Track 3 (Distribution Investment and Deferral Process)*, D.18-02-004, issued on February 15, 2018 in R.14-08-013, pp. 3, 7-8.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M209/K858/209858586.PDF>

2019 DIDF cycle, Pacific Gas and Electric Company (“PG&E”) launched their RFO on February 28, 2019 with bids due on April 1, 2019 while Southern California Edison Company (“SCE”) launched its RFO on March 7, 2019 with bids due on March 28, 2019 – granting developers just 30 business days and 15 business days, respectively, to submit an offer. This is an unreasonably short window in which to submit an offer. Even as the GNA and DDOR filings to provide some indication in advance of the RFO of the direction in which the competitive solicitation is heading, developers are unlikely to put in significant time and resources until these project opportunities are approved.

Therefore, in the interest of facilitating a robust market response to solicit and select the most cost-effective bids and reduce the risk of procuring DERs that may not deliver, enough time is needed in the competitive solicitation stage of the DIDF process. It is similarly important to streamline and standardize processes to reduce the regulatory review process.

Furthermore, CESA also recommends consideration of a potential shift in the timing of the GNA/DDOR filing and DPAG process to begin later in the year. From the DPAG meetings, CESA has come to understand that the distribution planning process begins in the fall of every year and incorporates updated load and DER forecasts from the California Energy Commission (“CEC”) as well as internal “starting point” analysis around this time of the year. With forecasts being revised during the fall season of the year, CESA believes that a better time for the GNA/DDOR filing process and the DPAG meetings to occur during the December through February period, with an RFO launch in March, followed by contract approval by September. Given the dynamic nature of distribution planning and the forecast revisions occurring in the fall of every year, CESA suggests that a shift in the RFO schedule would mitigate some of the uncertainties and significant changes that cause the GNA/DDOR filings to look different from the actual need at the time of the RFO.

Without such changes, CESA is concerned that the DIDF process is causing developers to lose interest in the constantly-changing nature of this RFO opportunity.

c. Is there any data in the GNA and DDOR that should be added, removed or modified to provide more useful information? Please comment on the best format consistent across all IOUs to issue GNA/DDOR data.

CESA sees significant benefits in standardizing the content in the GNA and DDOR filings to streamline review and apply a consistent standard for redacting data. In particular, distribution capacity appears to be a distribution grid service that could be made consistent given that stakeholders and the IOUs are familiar with this product and have developed *pro forma* contracts that align well with the provisions of this service. Specifically, CESA believes the following data and information should be made available to DPAG participants and RFO bidders upon signing a non-disclosure agreement (“NDA”):

- Deficiency percentage and MW/MVA
- Type of traditional capital investment equipment
- Duration (hours) and timing (hours of the day, number of days in the year) of the deficiency and associated DER service requirements
- Location and ID of substation, circuit, and/or feeder
- Specific locational net benefits analysis (“LNBA”) values denominated in both MW and MWh
- Number and composition of customers by class (*e.g.*, residential, commercial, and industrial), subject to the ‘15x15 rule’

Much of the above information is already made available in the IOUs’ current GNA and DIDF filings. CESA supports continued availability of the aforementioned information, especially in the tiered format, detailed descriptions, and flow graphics that Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”) used. An additional information category above is around the associated DER service requirements, which may not

directly factor into the screening and prioritization criteria but would be helpful for DPAG participants to understand how the IOUs envision structuring the DER service provisions for the identified distribution grid need to determine its true viability for DER solutions. For example, the “firmness” requirements for DER projects in some cases in the past DIDF cycle presented significant challenges for DERs to defer the distribution investment and is an important consideration of the DPAG review process to assess whether DERs are technically viable for any identified deferral opportunities. It will be important to assess whether any DER service provisions are truly necessary to meet an identified distribution grid need and factors into the technical screening criteria and market potential prioritization criteria.

Finally, CESA commends the continued effort towards greater transparency on a broader range of grid needs, which may highlight additional potential deferral opportunities by DERs. For example, during DPAG meetings last year, PG&E indicated that it would provide sub-distribution substation needs during the 2019 DIDF cycle. Providing more information to DER solution providers will allow for a more robust market response in the 2019 DIDF cycle and incentivize broader participation among developers.

III. DPAG SCHEDULE AND PROCESS.

Question 2: What changes, if any, should be made to the structure and agenda of the DPAG in order to efficiently and effectively review the IOUs’ candidate deferral projects?

- a. Please comment on the topics that should be discussed at regular DPAG meetings. Please be specific as possible.**
- b. Please provide suggestions on how to consolidate DPAG meetings across all the IOUs and what amendments to the confidentiality requirements this would entail.**

Yes, the structure of the DPAG meetings could be changed to reduce administrative burden and increase efficiency in reviewing the IOUs’ candidate deferral projects. The current process

involves each IOU scheduling and running independent DPAG meetings even though there were certain areas of repetition or opportunities to efficiently schedule the meetings. Instead, CESA therefore recommends that the DPAG meetings for each IOU to be held consecutively or consolidated as much as possible.⁴ The consolidated DPAG meetings with all three IOU representatives should focus on common themes and issue areas such as merits of screening and prioritization criteria, service provisions, confidentiality rules, incrementality, and lessons learned from past IDER RFOs. CESA found past DPAG meetings repeating the same conversations for common issue areas across meetings for different IOUs, which can be streamlined in one consolidated meeting with all three IOU representatives. Meanwhile, IOU-specific DPAG meetings should continue as they address distribution grid needs, planning and data tools, and grid architecture that may be unique to each IOU. However, to streamline these meetings, CESA recommends that these meetings be scheduled efficiently on consecutive hours or days and complement in-person meetings with teleconference meetings, wherever possible. A tighter timeline will increase continuity and flow of information being presented, require less time for previous meeting recaps, and increase stakeholder attendance.

IV. DATA CONFIDENTIALITY.

Question 3: Please comment on whether any of the data categories that the IOUs marked as confidential are overly redacted and should instead be public.

- a. Have IOUs followed the guidance of Decision (D.) 18-02-004 with regard to making data available? (see End Notes 1-3)**
- b. Have the IOUs followed the guidance of the July 24, 2018 Administrative Law Judge ruling addressing data**

⁴ For example, in 2018, PG&E held their meetings on September 14, September 27, and October 25, SCE held their meetings on September 17, October 11, and October 30, and SDG&E held their meeting on October 2 and October 30. These represent seven unique meetings and have month-long gaps in between meetings, creating a need for meetings to focus on a recap of previous meetings.

confidentiality in the Distributed Resource Planning proceeding? (see End Note 4)

The IOUs appear to have generally followed the guidance of D.18-02-004 following the issuance of the Administrative Law Judge’s Ruling on July 24, 2018 and December 17, 2018. While this information was only made available through an NDA or through the DRP Portal upon the issuance of the Rulings,⁵ CESA believes that the IOUs have otherwise complied with D.18-02-004 and supports the Commission affirming that distribution data categories as identified in the DIDF should continue be made available to individuals and companies that intend to use the information in good faith by participating in the RFOs and adhere to terms of the NDA. In particular, CESA appreciates that the actual cost of distribution system upgrades was determined in D.18-02-004 (and reaffirmed in the July 24, 2018 Ruling) as being considered public information as part of the DIDF, which is a key data point for stakeholders in assessing the viability of different deferral opportunities and developers in understanding whether they could compete in the RFOs. Any changes to the NDA terms should be reviewed by stakeholders and approved by the Commission.⁶

c. Cite specific categories of information that IOUs have redacted that should be made public.

⁵ *Administrative Law Judge’s Ruling Resolving Confidentiality Claims Raised by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company as to Distribution System Planning Data Ordered by Decision (D.) 17-09-026 and D.18-12-004*, issued on December 17, 2018 in R.14-08-013, p. 15.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M251/K163/251163640.PDF>

⁶ CESA notes that there appears to be an outstanding (yet-to-be-decided) Petition for Modification (“PFM”) of D.10-12-048 and Resolution E-4414 in a separate proceeding to, among other things, create a two-step process for developers to validate their identity, explain the need for access, and meet the “need to know” criteria for accessing distribution grid data. CESA has some concerns that the outcomes of that PFM will impact data confidentiality issues in the DIDF. Unless sufficiently demonstrated as being needed and reasonable, CESA has concerns that the proposed process in the PFM would present barriers to DER providers in the DIDF process.

CESA recommends that the LNBA values, though not redacted completely, be specified as opposed to presented in ranges. During the past DIDF cycle, the LNBA ranges were not entirely helpful in assessing the viability of deferral opportunities given that the ranges were very large. For example, projects scoring as \$0-100/kW-year encapsulates projects that may have \$1/kW-year in LNBA value as well as \$99/kW-year, but this major difference in value is not captured in these range values. Since LNBA values do not factor into bidding behavior during the RFO process, CESA finds no reason to obscure these LNBA values in large ranges. Instead, it may support the prioritization process for deferral project selection in addition to signaling to developers that there may be value-stacking opportunities to capture some of this additional locational value through participation in other programs or in the provision of other grid services.

Furthermore, more granular data on the location of the planned investment and the target location for DER solutions would be useful in assessing the quantity and viability of a DER solutions to successfully defer a planned investment. Currently, the planned investment locations are presented in “divisions” but certain DER technologies have locational performance differences where further locational guidance can be beneficial to increasing the likelihood of a successful deferral.

V. PRIORITIZATION AND COST-EFFECTIVENESS METRICS.

Question 4: How can the IOUs’ DDOR and Advice Letters (ALs) provide sufficient information for DPAG participants, the Independent Professional Engineer (IPE) and Commission staff to determine if candidate deferral projects provide a reasonable basis for prioritization and evaluation of Distributed Energy Resources (DER) alternatives based on the cost-effectiveness metric?

- a. Please comment on ways to improve and make consistent across IOUs the DER cost effectiveness evaluation.**

CESA believes that the cost-effectiveness metric can be made consistent across the IOUs, as SCE measures this based on the ratio of the \$/MWh of traditional capital project and the 10-year energy need in MWh whereas PG&E and SDG&E measures this based on the simple unit cost of the investment divided by the capacity and energy need, along with other factors. CESA favors SCE's cost-effectiveness methodology because it has a clearer \$/MWh value to assess against DER solutions and determines this value on a 10-year need, which lends itself to longer 10-year deferral contracts that supports the financeability of DER projects.

Finally, CESA recommends a change to the cost-effectiveness analysis to incorporate a probability weighted adder for DER solutions that can be in place beyond the contracted period to further defer or avoid the traditional capital investment altogether. PG&E, for example, is looking to contract DER solutions for a 6-7 year period, which does not align well for energy storage resources that can last for and are typically contracted for at least a 10-year period. Significant value is left on the table for an energy storage resource that can defer or avoid an investment beyond the 6-7 year period, which may affect how longer-lasting DER solutions are assessed in the cost-effectiveness assessment. A probability weighted adder could be attributed such that there is a 50% likelihood for the DER solution to defer an investment in Year 8, 25% likelihood in Year 9, etc. CESA is open to discussing this issue further.

VI. CONTINGENCY PLANS AND CHANGES TO PLANNING DATA AND PROJECTS.

Question 5: How can the IOUs' DDOR and Advice Letters (ALs) provide sufficient information for DPAG participants, the Independent Professional Engineer (IPE) and Commission staff to determine if candidate deferral projects provide a reasonable basis for prioritization and evaluation of Distributed Energy Resources (DER) alternatives based on the cost-effectiveness metric?

This is a desirable goal. Participants need predictability about deferral project needs, pricing, performance parameters, and other terms. Selected deferral projects should only be subject to changes upon a demonstration by the IOU that significant underlying assumptions about the project have materially changed.

- a. Is there a point in the AL, solicitation and procurement process at which the IOUs should be required to complete the project, regardless of a change in the distribution system need?**
- b. Under what circumstances should projects be changed and/or eliminated and at what time in the DIDF cycle?**

CESA understands the challenges of planning as load and DER forecasts change. For this reason, CESA strongly supports the timing screening metric and forecast uncertainty prioritization metric in the DIDF process to mitigate these variables that may lead to an investment not being needed altogether. At the same time, CESA cautions against unreasonably cancelling DER projects because of a change in circumstances, as this leads to unacceptable levels of uncertainty as developers sink costs into acquiring customers and finding sites for DER projects. A line could be drawn at the point of contract approval by the Commission for when the IOUs should be required to complete the project, regardless of a change in the distribution system need. Projects should be allowed to be changed and/or eliminated prior to Commission approval of contracts executed in the IDER RFO to avoid under- or over-procurement, with the IOUs being required to make a showing that load and DER forecasts have materially changed to the degree that such action is required. Developers may need to bear that risk in participating in the IDER RFOs, but drawing the line at the point of contract submittal to the Commission for approval appears to be a reasonable balance in allocating risk to the ratepayer, developer, and IOU while giving more time to developers to begin procuring resources sooner, which in turn increases the likelihood of DER developers in participating in the RFO. As noted before, much of this forecast uncertainty and

change risk can be mitigated in the screening and prioritization process, as well as through contracting structures that allow for staged deployment of projects, similar to what was done by SCE in its 2018 IDER RFO.

To manage post-contracting forecast uncertainty risk, the IOUs can leverage the modularity of many DER solutions to more surgically right-size for the exact deferral need. For example, the IOUs could use SCE's procurement and deployment approach to sensibly adjust installed capacity over time as forecasts become more certain. In its 2018 IDER RFO, SCE delineated how a 3-MW capacity need would be met through four project deployment phases, starting with 1.5 MW in 2020, 2 MW in 2022, 2.5 MW in 2025, and finally reaching the target 3 MW in 2026.⁷ While this approach was intended to manage deployment risks, CESA believes that such an approach could also be applied to address ongoing changes to the forecast and mitigate the over-procurement or under-procurement risks for DER solutions. Similar to how the current Resource Adequacy ("RA") Framework includes a process for monthly or mid-year adjustments to RA requirements to capture load migration,⁸ the DIDF process could adopt a similar mechanism to adjust and update distribution deferral capacity requirements for a target project. Importantly, in assessing these risks for DER solutions, CESA notes that traditional 'wires' solution present the same type of over-procurement risks as forecasts change and become more certain, but DER solutions have the advantage in being able to adjust its installed capacity in light of these changing needs. CESA thus supports SCE's approach and concurs with the IE's recommendation that *pro forma* contracts should allow bidders to propose annual increases (or decreases) in capacity over time for all DERs.

⁷ *Submission of Contracts for Procurement of Energy Storage Resulting from the Integrated Distributed Energy Resources Incentive Pilot Solicitation*, SCE Advice 3874-E filed on October 5, 2018, pp. 5-6.

⁸ *Decision Adopting Local Capacity Obligations for 2019 and Refining the Resource Adequacy Program*, D.18-06-030, filed on June 25, 2018, p. 20.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M216/K634/216634123.PDF>

- c. **Please comment on how best to disseminate and act on changes to DER and load forecasts that occur prior to the time that projects are approved for solicitation (see 5. a. above).**

The current approach to disseminate changes to DER and load forecasts and the associated effects on deferral opportunities (*e.g.*, cancelled projects) appears to be a reasonable process at this time. This approach is timely and flexible and allows for efficient responses from stakeholders who wish to question, protest, or inquire about the proposed changes.

- d. **Should spending on planned investments be suspended while the projects are being bid out for distribution deferral? Please comment on specific timing.**
- e. **Are any changes or improvements needed for the presentation and content of IOU contingency plans?**

CESA has no comment at this time.

VII. SCOPE AND ROLE OF IPE.

Question 6: What is the appropriate scope of work for the IPE?

- a. **What are the primary questions the IPE should seek to answer for the DPAG participants and the Commission?**
- b. **How can the reporting and accountability of the IPE be better aligned with serving the Commission and DPAG participants?**
- c. **Should the IPE report directly to the Energy Division staff and not to the IOUs?**
- d. **How can the IPE report be more useful to informing the selection of projects for deferral? Should the IPE provide independent recommendations in their IPE report?**
- e. **Should the IPE include data requests sent to IOUs and IOU responses in the public and confidential versions of the IPE report?**

CESA believes that the IPE's role is to be impartial and provide objective information clarifying technical details. Based on the DPAG meetings, the IPE should continue to provide

independent recommendations to the Commission on the candidate project(s) for deferral by DERs through an IDER RFO. It is reasonable to have the IPE be hired by and work for the Commission. CESA supports the inclusion of data requests sent to the IOUs and their responses in both the public and confidential versions of the IPE report.

VIII. FOR PROJECT DEVELOPERS.

Question 7: Please comment on what information the IOUs need to provide that would improve your ability to respond to solicitations. Please be as specific as possible.

CESA offers several recommendations on information that could be provided by the IOUs to improve developers' abilities to respond to RFOs.

First, CESA recommends that the IOUs each provide an example net market value ("NMV") calculation, including the weighting of various factors, to support stakeholder understanding of how DER projects will be assessed against the cost cap of the RFO.

Second, the timing of customer data availability should be improved. The lack of customer data availability until after contracts are executed and the lack of clarity on the incrementality of their bids as being potential barriers to participation. Improved communications and feedback and increased transparency through NDAs or highly aggregated customer data may be ways to overcome these barriers.

Third, locational guidance would be helpful for developers to ensure that the distribution grid need is met. As noted in SCE's 2018 IDER RFO evaluation, specific locational siting of energy storage projects was critical and the lack of siting guidance delayed the execution of the contract. Building on these lessons learned, each IOU should strive to provide detailed siting guidance to support the success of proposed DER solutions.

Finally, outreach to bidders is critical. Past RFOs have suffered from insufficient outreach to prospective bidders and has been highlighted as a recommendation for improvement by the IPE. Communicating with respondents who submitted a bid but were not shortlisted after the shortlisting decisions were made will provide important feedback to bidders as to why their offer was not chosen and will help bidders in understanding how they can improve their offers and bids in future solicitations.

IX. OTHER TOPICS.

Question 8: Please comment on any other suggestions for how to improve the 2019 DIDF cycle.

A key open issue throughout the DIDF process has been the definition of incrementality. Though incrementality is more likely addressed in the IDER proceeding, Commission guidance and clarification is needed, as clarity on incrementality would potentially create opportunities for projects sourced through other programs and solicitations to address the underlying distribution grid need while mitigating some of the uncertainty and risks with deployment of new-build DER solutions. A DER resource's eligibility to participate as part of a DER solution for a solicitation should be determined based on whether the resource will provide incremental services as defined in Resolution E-4889. Moreover, a participation in another solicitation, tariff, or other program should not preclude participation in an RFO if the DER can provide incremental services in response to separate and discrete grid needs. For example, the Commission should ensure that behind-the-meter ("BTM") solutions that export energy to the grid are not categorically excluded or prohibited from participating in the solicitation process or via tariff mechanisms.

Furthermore, the IDER proceeding is also considering the potential to pilot or utilize alternative sourcing mechanisms such as tariffs to procure DERs for the distribution grid needs identified in the DIDF. The Commission has yet to determine whether tariff ideas could be tested

in the upcoming DIDF cycle, but CESA notes that a tariff-based procurement approach has the potential to address some of the uncertainty and risk factors identified in this Ruling. If the Commission makes a determination on tariff mechanisms before the start of the 2019 DIDF cycle, it may be a good opportunity to test whether tariff mechanisms can support improvements to the DIDF process.

X. CONCLUSION.

CESA appreciates the opportunity to submit these responses to the questions posed in the Ruling and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,



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