

**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

**REPLY 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**

Alex J. Morris
Vice President, Policy & Operations

Jin Noh
Policy Manager

CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811 x110
Email: amorris@storagealliance.org

April 1, 2019

**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

**REPLY 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**

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, 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 Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Energy Solutions, LS Power

these reply comments on 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 our feedback on potential areas of refinement to the Distribution Investment Deferral Framework (“DIDF”) to consider the procurement of cost-effective and reliable distributed energy resources (“DERs”) as a potential alternative to traditional infrastructure investments. Significant lessons learned have been gathered by proceeding through the first round of the DIDF cycle in 2018 and by having stakeholders like CESA participate in the Distribution Planning Advisory Group (“DPAG”) to assess the investor-owned utilities’ (“IOU”) Grid Needs Assessment (“GNA”) and Distribution Deferral Opportunity Report (“DDOR”) filings. In opening comments, CESA provided suggestions and feedback on how to increase the market response to the DIDF Request for Offers (“RFO”) to better facilitate competitive outcomes and increase the viability of DERs being procured as a distribution investment alternative. Specifically, CESA offered recommendations to streamline the DIDF process that has the potential to reduce uncertainty faced by developers of changing grid needs and thus changing solicitation requirements.

Many parties also offered comments on potential areas of refinement to the DIDF process. CESA focuses its brief reply comments here on supporting parties’ comments that focus on

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>).

streamlining the DIDF process while respectfully disagreeing with parties' positions that favor maintaining the status quo process and framework.

II. CONSOLIDATION OF FILINGS AND DPAG MEETINGS WILL STREAMLINE THE DIDF PROCESS AND PROVIDE MORE TIME FOR THE COMPETITIVE SOLICITATION PROCESS THAT ENCOURAGES MORE ROBUST MARKET PARTICIPATION.

CESA appreciates the comments from the investor-owned utilities (“IOUs”), Solar Energy Industries Association (“SEIA”), and Vote Solar (“VS”) expressing a desire to integrate the GNA and DDOR filings into a single report.² The IOUs all generally agreed on filing a joint GNA and DDOR filing during mid-summer, or, in the case of Pacific Gas and Electric Company (“PG&E”), by mid-September.³ SEIA and VS did not provide specific recommendations for the new deadline for a joint GNA/DDOR to be filed but agreed on the need to streamline the DIDF process in this way.⁴ The Public Advocates Office (“PAO”), however, recommended that the GNA and DDOR filings not be consolidated into a single report on the grounds that they use the IOUs’ GNA filings within General Rate Case (“GRC”) proceedings to track and confirm IOUs’ distribution project expenditures over time. They claim that combining the GNA with the DDOR would not allow them to have adequate time to analyze the utility’s grids needs within the GNA, which would impact their ability to review GRCs.⁵ CESA respectfully disagrees with maintaining the status quo process to support parties’ efforts in a related but out-of-scope process (*e.g.*, GRCs).

The Commission should prioritize the reasonable needs of project developers and market participants over the administrative preferences of the PAO because the success of this DIDF

² PG&E comments at p.3; SCE comments at p.3; SDG&E comments at p.1; and SEIA/VS comment in p. 3

³ PG&E comments at p. 4.

⁴ SEIA/VS comment on p. 3.

⁵ PAO comments at p. 3

process depends on project developers having sufficient time and certainty about the IOUs' needs to propose viable distribution investment deferral projects.⁶ If the DIDF process does not allow adequate time for project developers and market participants to respond to distribution investment deferral opportunities – which includes designing project specifications and financials, identifying and gaining site control, and obtaining interconnection agreements, ideally before making final binding RFO agreements – the Commission's DIDF process will not succeed. CESA acknowledges the importance of PAO's interest in tracking and comparing the contents of the GNA with similar information in the IOUs' GRCs, but this can be accomplished through thoughtful organization of the IOUs' consolidated GNA/DDOR filing in a manner that responds to PAO's information needs. In addition, with the GRC cycle occurring in staggered three-year processes for each IOU, CESA believes that a consolidated GNA and DDOR filings every year should not unreasonably infringe on stakeholder review during the GRC process, while such a consolidated filing would have significant benefit to streamlining the DIDF process.

Furthermore, CESA recommended in its opening comments that DPAG meetings for each IOU should be held consecutively or consolidated as much as possible. The IOUs similarly indicated their recommendation to reduce the amount of DPAG meetings and to capture the key details into a single in-person DPAG meeting while discussing other topics through an off-site webinar.⁷ However, the PAO suggests that the DPAG structure or agenda be unchanged as the status quo DIDF process provides ample time to examine each of the IOUs' GNA and DDOR

⁶ For example, CESA observes that SCE's 2019 DIDF RFO only afforded market participants 21 days to respond to the RFO (*i.e.*, March 7 to March 28), which is an unacceptably short amount of time to expect a robust market response. Some CESA members have indicated that they did not participate in this RFO because of the short time period given to respond and the uncertainty created by having two projects nixed (though for valid reasons). Regulatory review is important but it should be done efficiently and in a streamlined manner.

⁷ PG&E comments at p. 8 and SCE comments at p. 7

filings.⁸ While the current process allows for more time for stakeholder review, CESA believes that the DPAG meetings could be consolidated and streamlined without materially impacting the ability for stakeholders to review the GNA and DDOR filings. Reducing the number of DPAG meetings and having them be as consecutive as possible will ultimately provide better content retention among stakeholders.

III. A DPAG-TO-RFO PROCESS MAY BE SUITABLE FOR STANDARDIZED AND PRODUCTIZED SERVICES SUCH AS DISTRIBUTION CAPACITY BUT THE DIDF PROCESS SHOULD NOT PRECLUDE THE CONSIDERATION OF CANDIDATE PROJECTS FOR OTHER DISTRIBUTION SERVICES SUCH AS RESILIENCY.

The DIDF process should strive to provide market participants with more time to respond to DIDF RFOs. Many parties provided recommendations on how to improve the DIDF process that creates more time for competitive solicitation responses. Specifically, CESA conditionally supports PG&E's proposal to proceed from DPAG meetings to issuing the RFO, bypassing the additional step of submitting a Tier 2 Advice Letter process to the Commission to approve the list of candidate projects to be included in the DIDF RFO.⁹ Their intent is to provide DER developers with more advanced notice of projects included in the RFO, removing a front-end regulatory step to better ensure that the IOUs can solicit for more near-term grid needs. In principle, CESA supports streamlined approval processes for competitive solicitations and for executed contracts submitted for approval.

Regarding PG&E's proposal, CESA believes that their proposed DPAG-to-RFO process can work well once the IOUs have established consistent and reasonable prioritization metrics to assess candidate deferral projects. Moreover, their proposed DPAG-to-RFO process may work

⁸ PAO comments on p. 12

⁹ PG&E comments at p. 4.

well for certain grid services like distribution capacity – a service type that CESA believes has been well vetted and reasonably standardized as ‘products’ with service requirements that account for the performance capabilities and characteristics of DERs – at least for some of the IOUs.

However, CESA has concerns that other distribution grid services, such as resiliency, that DERs are capable of providing might not be sufficiently considered under the proposed DPAG-to-RFO process, in part because further DPAG discussions are needed on how DERs could provide distribution services other than distribution capacity, and because products and service provisions for resiliency need to be further developed. Therefore, while it is reasonable and more effective to have distribution capacity projects proceed through a DPAG-to-RFO process without an intermediate Advice Letter submission step,¹⁰ CESA believes that such a process should not preclude the consideration of candidate projects for less-vetted and less-discussed services such as distribution resiliency. The Commission and the IOUs should strive to have resiliency services to be productized and standardized similar to what is being increasingly achieved for distribution capacity services.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments and looks forward to working with the Commission and stakeholders in this proceeding. CESA believes that it is important to streamline the DIFD process where reasonable to allocate sufficient time in the

¹⁰ At the same time, CESA recommends that each of the IOUs must arrive at a standardized screening and prioritization process with workable RFO structures and service provisions before such a DPAG-to-RFO Process could be adopted. Furthermore, if such a DPAG-to-RFO process is found to be reasonable for an IOU and adopted/implemented, CESA still recommends an information-only Advice Letter filing for the identified candidate projects to be included in the DIFD RFO. This information-only filing would reduce the additional regulatory approval step in the DIFD process while also providing stakeholders with an explanation for why certain candidate projects were selected or not selected for a subsequent RFO following DPAG review and input. Without such an information-only filing, it would be unclear to DPAG participants on whether their input was factored into the IOU’s candidate project selection.

process to have market participants respond to a DIDF RFO. In making such improvements, the DIDF RFOs will more likely invite greater market participation, which more likely leads to cost-competitive and cost-effective bids and offers that ultimately deliver cost savings to the ratepayers.

Respectfully submitted,



Alex J. Morris
Vice President, Policy & Operations
CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811 x110
Email: amorris@storagealliance.org

Date: April 1, 2019