

October 8, 2021

**To:**

[DERActionPlan@cpuc.ca.gov](mailto:DERActionPlan@cpuc.ca.gov)

**Re: Comments of the California Energy Storage Alliance on the Draft Distributed Energy Resource (DER) Action Plan 2.0**

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Dear Sir or Madam:

Following the workshop held on August 6 to present the California Public Utilities Commission's ("CPUC") Draft Distributed Energy Resource ("DER") Action Plan 2.0, the California Energy Storage Alliance ("CESA") hereby submits these comments to provide our perspective on key areas of modification, improvement, and/or additions to the various vision and action elements.

## **I. INTRODUCTION & BACKGROUND.**

Building off the first DER Action Plan in 2016 and recognizing the need for DERs to meet the state's Senate Bill ("SB") 100 policy goals, CESA supports the CPUC's release of the Draft DER Action Plan 2.0 on July 23, 2021 to ensure that DER efforts are coordinated across the state to meet SB 100 goals, maximize ratepayer investments, and include environmental social justice ("ESJ") and tribal communities. Given the cross-agency and cross-proceeding issues to enhance DER deployment, procurement, and utilization, such a roadmap is necessary to serve as the CPUC's and other agency's "North Star" and guide incremental progress and/or key reforms to unlock the full potential of DERs. Considering the significant buildout of clean energy resources needed to decarbonize the grid while ensuring that it is reliable and resilient, DERs will play an important role. Much of this rationale underpins and is already explained in the DER Action Plan, to which CESA is supportive and looks forward to engaging with state policymakers and regulators in embarking on efforts to achieve the vision and action elements therein.

To this end, CESA is strongly supportive of the DER Action Plan but generally recommends that, where appropriate and reasonable, the action elements be oriented toward outcomes and results as opposed to process-related milestones. While much progress has been made to enable and grow DERs in California, there have been some instances where necessary policy changes have been excessively bogged down in process without much incremental progress. Notwithstanding these overarching comments, CESA believes that the Draft DER Action Plan 2.0 largely achieves these ends and hopes that the Commission, in coordination with the California Energy Commission ("CEC") and California Independent System Operator ("CAISO"), will use this plan as a guide to make steady and significant progress on realizing the action items.

## **II. COMMENTS.**

Below, CESA offers our comments on key areas of modification, improvement, and/or additions to the various vision and action elements, organized along the specific proposed tracks. CESA is also separately offering our recommendations as part of a Joint DER Coalition of like-minded organizations and companies; to avoid duplication, we only focus on certain key recommendations that may be unique to CESA members. These comments can be summarized as follows:

- “Pay for load shape” load management services represent a new potential form of load flexibility that warrants earlier consideration in 2022 in a limited form initially that could be expanded upon further development of dynamic and real-time pricing options by 2024.
- A dedicated energy storage rulemaking should be considered upon completion of the Energy Storage Procurement Study.
- A stakeholder forum to address modifications to and imminent filings on Wholesale Distribution Tariffs (“WDTs”) can improve outcomes related to the key principles, goals, and industry considerations in the DER Action Plan.

### **1. Load Flexibility and Rates Track.**

CESA is largely supportive of this track and aligns with the Joint DER Coalition’s comments on simplifying and distilling the multitude of action elements into fewer high-level actions needed. In addition to dynamic and real-time pricing (“RTP”) options being generally available by 2024, CESA is particularly supportive of the following **Vision Element 1F Action Element 2** with the following modifications:

“By **2024 Fall 2022**, the CPUC initiates consideration of **processes, value, and criteria in the load flexibility rulemaking** to evaluate third-party subscription “pay for load shape” load management services including an assessment of how to promote participation and benefits to low-income and ESJ communities.”

CESA views this action item as building off ideas presented in the Load Shift Working Group<sup>1</sup> and represents a potentially new model for load response and flexibility that could scale and potentially simplify DER operationalization through tariff-based riders

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<sup>1</sup> *Final Report of the California Public Utilities Commission’s Working Group on Load Shift* published by Gridworks on January 31, 2019 at 11-12.

[https://gridworks.org/wp-content/uploads/2019/01/LoadShiftWorkingGroup\\_report\\_final.pdf](https://gridworks.org/wp-content/uploads/2019/01/LoadShiftWorkingGroup_report_final.pdf)

and/or (in the case of bidirectional DERs such as stationary and mobile storage) comprehensive Rule 2 and Rule 21 reform. The pay-for-load-shape (“P4LS”) approach could also reduce or eliminate the need for baselining typically used in demand response (“DR”) performance evaluation. For distribution operators, the P4LS approach could be helpful in resource and investment planning as well as for operational forecasting.

The Commission may have proposed this action element as it relates to dynamic and RTP options, but P4LS could represent a new form of DR or load flexibility that is distinct from retail rate response, wholesale market integration, or traditional DR constructs. Certain limited forms of P4LS could be achieved in a more near-term timeframe, where permanent load shifting or reduction can be achieved for a specific set of hours or periods of the day as opposed to a 24-hour load shape. Since the action element above only directs the “initiation” and “consideration” of P4LS load management services, it is appropriate to plan for earlier consideration of the issue in the forthcoming load flexibility rulemaking.

## **2. Grid Infrastructure Track**

CESA supports the Joint DER Coalition’s comments on this track and has no further recommendations at this time. With the Joint Coalition’s recommendations, CESA is otherwise generally supportive of the various vision and action elements in this track, viewing the focus on how the current distribution planning tools and process can evolve to better transmit planning-focused grid data and operational system conditions in an effort to facilitate smart and strategic building and transportation electrification as well as DER siting and deployment. Additionally, CESA strongly supports the inclusion of the potential expansion of the notification-only pilot to a wider scale as well as to other use cases – a move toward plug-and-play infrastructure that scales DER deployment while maintaining safety and reliability.

## **3. Market Integration Track**

CESA supports the Joint Coalition’s comments on this track, including the modified Vision Element 3A and the various action items added under this vision. In addition, CESA generally supports the action elements regarding the issuance of the Energy Storage Procurement Study and the timeline for the procedural next steps. Depending on the timeline for the completion of the evaluation, CESA recommends earlier consideration of the findings in the study in one or more relevant proceedings, ideally a standalone energy storage rulemaking to address resource-specific issues. To this end, CESA recommends a minor modification to **Vision Element 3A Action Element 6:**

**“By 2023 or earlier, the CPUC should consider the findings of the energy storage procurement study either in a new energy storage rulemaking or in one or more relevant proceedings.”**

Since the conclusion of the Energy Storage Rulemaking (R.15-03-011) and the 2018 Energy Storage Applications (A.18-12-006, et al.), there has been no dedicated venue to address various energy storage procurement, contracting, and policy issues, even though energy storage represents a major part of the grid’s future and represents a broad asset class of different technology types, configurations, and business models. Rather, these resource-specific issues have been required to fit within one of the existing proceedings, which has made it difficult to draw attention or focus on any particular storage-specific issues (*e.g.*, streamlined procurement and contract approval processes). Furthermore, there are underutilized, emerging, or under-explored classes of energy storage, such as thermal energy storage and a wide range of long-duration energy storage (“LDES”) technologies. Taking into account these myriad issues, the Commission should consider a dedicated storage-specific rulemaking to address these matters in a timely and focused manner.

Notably, the Draft DER Action Plan 2.0 also calls out WDTs, which are interconnection tariffs jurisdictional to the Federal Energy Regulatory Commission (“FERC”) and particularly impact in-front-of-the-meter (“IFOM”) energy storage resources. CESA supports the vision to ensure WDTs follow cost-causation principles and do not deter or discriminate their participation in the California Independent System Operator (“CAISO”) wholesale markets, but the action element is limited in its lack of potential involvement of key stakeholders such as CESA to inform the development of tariff changes that not only reflect the aforementioned principles but also reflect industry input and align with the state’s policy goals. As such, CESA recommends a minor modification to the Vision Element 3F Action Element 1 as follows:

**“The CPUC directs utilities to notice and discuss WDT tariff changes to relevant stakeholders and participates in FERC proceedings and rulemakings related to WDTs for interconnection of DERs to the wholesale grid to represent the interests of California rate-payers and state energy and climate goals affected by FERC policy.”**

Granted, there may be limited authority for the CPUC to require the utilities to engage, educate, and seek input from stakeholders in advance of a WDT filing before FERC, but CESA believes that this is a best practice in ensuring that any WDT modifications are aligned with the DER Action Plan and allows stakeholders to provide preliminary input prior to the filing, thereby reducing the likelihood or scope of issues that could be disputed at FERC. Similar to how the CAISO engages stakeholders through their initiatives to achieve consensus where possible and seek technical input from relevant stakeholders prior to a tariff amendment filing, such a process could facilitate better outcomes.

#### **4. DER Customer Programs Track**

CESA generally supports the proposed track, vision elements, and action elements. Where possible and reasonable, the Draft DER Action Plan identifies a need to coordinate and ensure consistency on cost-effectiveness analysis and disadvantaged communities (“DAC”) considerations across DER customer programs while recognizing areas where differences may be warranted or appropriate. In addition, customer data storage and access is an important consideration to support DER deployment and development of new, innovative DER programs by community choice aggregators (“CCAs”). Finally, CESA is generally supportive of the consideration of end-of-life issues.

### **III. CONCLUSION.**

CESA appreciates the opportunity to submit these comments regarding the Draft DER Action Plan 2.0 and looks forward to collaborating with the Commission and stakeholders in all affected and relevant proceedings.

Respectfully submitted,



Jin Noh  
Policy Director  
**California Energy Storage Alliance**

Grace Pratt  
Policy Analyst  
**California Energy Storage Alliance**