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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources

Rulemaking 14-10-003
(Filed October 2, 2014)

ADMINISTRATIVE LAW JUDGE'S RULING ESTABLISHING A WORKING GROUP TO DEVELOP THE COMPETITIVE SOLICITATION FRAMEWORK

Summary

This Ruling notices the establishment of a working group in this proceeding for the purpose of developing a competitive solicitation framework targeting the reliability needs within the areas identified by analysis performed in Rulemaking (R.) 14-08-013 et al. Parties in this proceeding are encouraged to participate in the working group. Utility representatives on the working group are directed to file a status report, as described below, on June 1, 2016. A final report describing the working group's recommended solicitation framework shall be filed by the utility representatives by August 1, 2016, as described below.

Notices of all working group meetings will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

Background

On February 26, 2016, the assigned Commissioner and Administrative Law Judge issued a Joint Ruling and Amended Scoping Memo (Scoping Memo) that determined the scope and schedule for the proceeding based upon Decision (D.) 15-09-022 in this proceeding and the Ruling and Scoping memo in Rulemaking (R.) 14-08-013 et al. The Scoping Memo explained that the two proceedings would work in coordination, with R.14-08-013 et al. responsible for developing methodologies to determine how distributed energy resources can meet system needs as an alternative to traditional investments, providing justification for meeting those needs with distributed energy resources, defining the services that may be bought and sold to meet the needs, and producing maps that indicate where distributed energy resources should be sourced. The Scoping Memo further explained that this proceeding, R.14-10-003, would then be responsible for developing a competitive solicitation framework targeting the reliability needs within the areas identified in R.14-08-013. R.14-10-003 would also continue to develop technology-neutral cost-effectiveness methods and protocols, leverage the work being performed through demonstration pilots in R.14-08-013, and address the utility roles, models and financial interests with respect to the deployment of distributed energy resources.

As part of the development of the competitive solicitation framework, the Scoping Memo scheduled the issuance of a ruling establishing a competitive solicitation framework working group to develop the framework.

Discussion

Accordingly, this Ruling hereby establishes a working group tasked with the purpose of developing a competitive solicitation framework to target the

reliability needs within the areas identified by the Integration Capacity Analysis and the Locational Net Benefits Analysis performed in R.14-08-013.

All parties of R.14-10-003 are encouraged to participate in the working group to develop consensus on the following elements of a competitive solicitation framework, as described in the February 26, 2016 Scoping Memo:

- a. Defining the services to be bought and sold within the identified areas. The definitions should include details on the expected reliability and other performance requirements, as well as any constraints, not previously determined in R.14-08-013, on how distributed energy resources can meet the identified need.
- b. Development of methodologies to count services provided and ensure no duplication with procurement in other proceedings, i.e., ensure these resources are incremental to existing efforts and avoid double-counting of resources.
- c. Development of solicitation rules or principles such as constraints on procurement, e.g., floors and ceilings on volume procured, price paid, etc.
- d. Development of solicitation oversight needs, e.g., procurement plans, procurement review groups, etc.
- e. Development of solicitation evaluation methodology to include the valuation of any deferred distribution system upgrade.
- f. Development of solicitation pro forma contract(s).

In addition to the items a through f from the Scoping Memo, a new element is added:

g. Development of outreach plans to ensure robust participation in the competitive solicitations.

All working group meetings shall be convened by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company

(SoCalGas) (jointly, the Utilities), with the first meeting to be held no later than April 7, 2016. Future notices of the working group meetings will be posted on the Commission's Daily Calendar by the Commission's Energy Division to inform the public that a decision-maker or an advisor may be present at those meetings. Parties shall check the Daily Calendar regularly for such notices.

In order to ensure that the working group is moving forward in an expeditious and effective manner, a status report is necessary, as well as a final report. The working group shall jointly develop each report describing the activities of the working group and the progress of the working group in attaining each of the elements listed above. Each report shall identify consensus issues and disputed issues, positions of parties on disputed issues, and a recommended plan for addressing each disputed issue, e.g., through further working group discussions, comments on the record, etc. The Utilities, as representatives of the working group, shall file the status report on June 1, 2016 and the final report on August 1, 2016.

This Ruling and its contents will be discussed during the March 28, 2016 workshop regarding lessons learned from prior solicitation experiences. At that time, parties will be asked to comment on the tasks assigned to the working group (see elements a. through g. listed above). It is possible that the role of and tasks assigned to the working group may evolve as a result of the March 28, 2016 workshop discussion.

IT IS RULED that:

1. A working group is established in Rulemaking 14-10-003 with the objective of developing a competitive solicitation framework targeting the reliability needs within the areas identified by analysis performed in Rulemaking 14-08-013 et al.

