



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

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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
<b>(NOT CONSOLIDATED)</b>	
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 (Filed July 1, 2015)
And Related Matters.	Application 15-07-007 Application 15-07-008

**CLEAN COALITION COMMENTS ON DEMONSTRATION PROJECTS C-F OF THE  
UTILITY AB 327 (2013) SECTION 769 DISTRIBUTION RESOURCE PLAN**

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**CLEAN COALITION COMMENTS ON DEMONSTRATION PROJECTS C-F OF THE UTILITY AB 327 (2013) SECTION 769 DISTRIBUTION RESOURCE PLAN**

**I. INTRODUCTION**

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”)—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

## II. COMMENTS

### *a. Clean Coalition supports the initial demonstration project design*

The Clean Coalition broadly supports the proposed demonstration projects as necessary and appropriate for evaluating the use of analytic methodologies and data to site, deploy, and operate portfolios of DER, including utility, third-party, and customer owned resources. These demonstration projects are essential for utilities to gain real-world experience with DER functions and high penetration levels, successfully resolve concerns regarding grid impact and performance, and develop confidence in DER applications where these best meet operational needs, ratepayer interests, and other appropriate considerations.

There appears to be significant unrealized potential to evaluate and leverage experience and data from existing DER to derive initial results on grid impacts and upgrade deferral in the project designs. We support moving forward with the proposed projects without delay, while refining the use of available data and project investment through ongoing or interim review.

### *b. A Joint Report should be required to integrate the results from the utilities separate but related demonstration projects in each category.*

Questions have been raised regarding the overlap and potential redundancies of having each utility pursue similar demonstration projects. This is a legitimate concern with regard to both the DRP demonstration projects and other pilots and initiatives being undertaken by the utilities. Review of the proposals indicates substantial diversity in application and limited redundancy, but continued oversight of the proposals is merited. The Clean Coalition understands that some redundancy may be warranted in order for each utility to gain timely experience within its own systems. More importantly, for each utility to benefit from the diversity among each other's demonstration projects addressing related issues, these results should not only be shared but should be aggregated and compared. To this end, we recommend an additional Joint Report integrating the results from each utility's separate demonstration projects in each category and addressing their broader applicability.

Staff have previously recommended that a joint DRP-IDER Demonstration Project Design Working Group (“DPDWG”) potentially be established with stakeholders and the IOUs to use the data and learning from the Demo A and B projects to establish a design and sourcing framework for the Demo C, D, and E projects. We support early implementation of such a working group or workshop to advise on demonstration project refinement and reporting to ensure that all necessary questions are being addressed such that these projects efficiently yield conclusive and actionable results.

*c. Clean Coalition does not support the schedule*

We are deeply concerned that the proposed schedule creates critical delay in deployment, evaluation, and publication of results and the timely of application of these results to future distribution planning for the benefit of ratepayers, the accommodation of customer driven DER adoption, and support of state policies on transitioning to sustainable a energy supply and reducing emissions. As proposed, results will not be available until 2020 or later, missing the opportunity to apply lessons learned to improved design and outcomes for years, including the anticipated biennial utility Distribution Resource Plans for 2017 and 2019.

The proposed schedule for Demo C anticipates the Pacific Gas & Electric Company (“PG&E”) requiring 1.5 years to prepare and administer a solicitation, in addition to nearly a year for subsequent construction. Southern California Edison (“SCE”) does not expect to deploy Demo C until Q2 2019 – nearly three years from today, although they anticipate issuing the final report only six months later. San Diego Gas & Electric (“SDG&E”) estimate only 3 months for procurement, but 18 months for installation, again resulting in Q2 2019 deployment, and reporting results in 2020. Demo D is likewise excessively delayed; SCE expects to have data in 2019 (reporting results in 2020), SDG&E anticipates needing 24 months to deploy, with data result in 2020. Even worse, PG&E anticipates over 4 years from Commission approval to reporting results, pushing into 2021.

Utility expenditures on distribution operations, maintenance, and investment are among the largest customer costs, constituting roughly 1/3<sup>rd</sup> of the customer bill and nearly equally the cost of energy itself. The opportunities for significant savings and

efficiencies to be realized through well-integrated DER planning should not be delayed, and the Clean Coalition strongly recommends immediate initial implementation of the demonstration projects followed by publication and application of interim evaluation results at the earliest opportunity, i.e. within 6-9 months of initial deployment. Further implementation and subsequent refinement of results will be necessary and useful, but initial findings will critically inform the development of these demonstrations and application of their results across the system as a whole. In many cases, the major lessons to be learned from these demonstration projects will be apparent soon after they are deployed, and additional value will be incremental as details on optimization are refined. As such, the Commission should seek initial deployment and results without delay.

The primary cause of delay in deployment in the demonstration project proposals is their reliance upon lengthy procurement processes. While competitive bidding may result in marginally lower upfront cost for demonstration deployment, it comes at a high cost in the resulting delay of results.

We strongly recommend pursuing and evaluating procurement practices in parallel with the technical demonstration projects, and not subjecting the technical demonstration deployment to a multi-year delay pending completion of competitive procurement in a serial process. The ratepayer benefits realized through early actionable technical demonstration project results, and their system wide application, vastly outweighs any marginal procurement cost savings achieved through a lengthy solicitation process. We cannot forecast the relative value of early results with any precision at this stage, but the magnitude can be illustrated: If a demonstration project procurement cost is \$10 million and demonstrates a 5% savings over conventional investment, a single project application would net ratepayers \$500,000 in avoided costs or net benefits. If a competitive solicitation process reduced the procurement costs by 10% or even 20%, ratepayers would save \$1-2 million on that single project, but would delay by two years the ability to realize the \$500,000 savings on every other project system-wide that would benefit from results of the technical demonstration.

The Commission should note that its own approval process is a significant contributing factor. The IOUs complied with Commission requirements to develop and file initial DRPs within 6 months, included demonstration project proposals. Commission

and party review of the demonstration projects is unquestionably necessary and has refinement contributed to important refinement. However, an 18 month period for review and approval of these initial plans may reasonably be considered excessive. We strongly recommend the Commission expedite its approval process for these demonstration projects to the fullest extent practical. These are not only relatively insignificant expenditures in the context of the utilities' multi-billion dollar annual distribution investments, but the results of these demonstrations will help optimize investment and reduce net ratepayer costs.

Both competitive solicitation and other procurement mechanisms and tariffs should be pursued without delay as scoped in the related IDER proceeding, and it is appropriate to coordinate demonstrations or trial application of these processes with DRP procurement. However, technical demonstration projects in the DRPs should not be delayed in order to implement trial procurement in advance of initial deployment of the technical demonstrations.

While the DRP resource procurement process is important to develop, test, and refine to ensure distribution operators can rely upon timely deployment of non-utility owned DER assets in response to grid planning, it is distinct from, and should not delay, the field testing and proof of DER solutions in physically meeting grid needs. Indeed, procurement is only broadly relevant once the demo projects have confirmed the value of DER solutions. As such, it is inappropriate to allow DER procurement to unnecessarily delay achieving field test results from the demo projects.

DER procurement and compensation is scoped for the IDER proceeding. Per D.15-09-022, while the IDER may consider piloting any new sourcing mechanisms, as appropriate, in concert with DRP Demos, sourcing mechanisms are out of scope for the DRP, and deferred to IDER. While we agree that this is essential for successful implementation of DRP system wide, the Commission should avoid conjoining these matters in any way that delays the physical testing of DER solutions and utility confidence in their capabilities and reliability. Not only does the solicitation process itself require substantial time—to develop the RFO, publicize it, evaluate responses, enter into final contracts and await Commission approval—but third-party providers face potentially significant further delays associated with interconnection, permitting, and

deployment that utilities may avoid when installing utility owned DER within their own distribution facilities.

In the DRP Roadmap, CPUC Staff envisioned a Decision by the end of 2016 to set spending caps and authorize spending for Demo projects C, D, and E. This Decision would be informed by the workshop and current comments discussing cost requirements and targets for these projects.

The Clean Coalition strongly supports this approach. Timely progress in gathering and applying informative results from the demonstration projects can be achieved if the Commission authorizes modest spending and requires immediate development and deployment of initial systems and equipment for the demonstration projects as well as reporting of interim findings.

Staff further recommended that a joint DRP-IDER “Demonstration Project Design Working Group” potentially be established with stakeholders and the IOUs to use the data and learning from the Demo A and B projects to establish a design and sourcing framework for the Demo C, D, and E projects.

The Clean Coalition strongly supports this approach for refinement of demo project design and sourcing frameworks, including midcourse modifications or additions to design and sourcing where initial results warrant, and for those components requiring more time to develop.

*d. Clean Coalition supports immediate initial use of utility owned facilities and existing third party facilities in demonstration project design, followed by incremental addition of additional third party facilities*

The use of existing facilities and immediate deployment of utility owned facilities will avoid the delays associated with competitive solicitation procurement where that is a factor. Separate from the issue of timeliness, the demonstration projects will benefit from the flexibility to fully utilized equipment and resources for optimal aggregate operation. The potential range of use scenarios related to each DER component of an integrated system is difficult to anticipate in advance, and the optimal use for the grid may not align with the interests of disparate DER equipment owners. Contractual restrictions are likely to intentionally or inadvertently limit full utility use of third-party DER functions.

As such, it is important for the purpose of these demonstration projects that utility ownership of some assets be supported. Only with the unrestricted ability to experiment with equipment use—including potentially modifying its functionality or exploring its operation outside of planned parameters—can the full potential of these demonstration projects be realized. Appropriate DER services and operational contracts can be developed only after these demonstration project results are completed, i.e., only after understanding how DER equipment can provide the most value to grid operations. This in no way inhibits existing DER or new procurements from offering additional capacity and services to the grid operator, but it is essential not to limit evaluation of DER potential in these demonstrations. Innovation will be offered by third-party providers, but should also be available for utility staff to develop through unrestricted access, application, and use of DER equipment to the extent necessary. Utility ownership addresses contractual issues regarding the full potential range of uses for DER; this should be encouraged in addition to the offerings of aggregators or other independent DER owners.

### **III. CONCLUSION**

Clean Coalition respectfully requests that the Commission adopt these recommendations for the reasons stated above.

Respectfully submitted,

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