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

ADMINISTRATIVE LAW JUDGE’S RULING DIRECTING RESPONSES TO POST MARCH 4-5, 2019 WORKSHOP QUESTIONS

Summary

No later than May 24, 2019, parties shall file responses to the post workshop questions contained in this ruling. Reply comments may be filed no later than June 7, 2019.

1. Background

On August 13 and 14, 2018, the Administrative Law Judge held a workshop to discuss two new issues in the February 12, 2018 Amended Scoping Memo of Assigned Commissioner and Joint Ruling with Administrative Law Judge: 1) Design, for Commission consideration and adoption, alternative sourcing mechanisms or approaches that satisfy distribution planning objectives; and 2) Consider how existing programs, incentives, and tariffs can be coordinated to maximize the locational benefits and minimize the costs of distributed energy resources. During the August Workshop, parties began to develop ideas for designing tariffs and alternative streamlined methods of solicitation for procuring distributed energy resources.
On November 16, 2018, a ruling was issued directing parties to file proposals for distributed energy resources tariffs. On February 15, 2019, several parties filed responses to the November 16, 2019 Ruling. However, only seven proposals complied with the ruling. These seven proposals became the focus of a March 4-5, 2019 workshop.

2. Overview of March 4-5, 2019 Workshop

The seven proposals that were the focus of the March 4-5, 2019 workshop are:

i. Distribution and Hosting Capacity Tariff presented by the California Energy Storage Alliance (CESA);

ii. Distribution Investment Deferral Framework Tariff Pilot presented by Pacific Gas and Electric Company (PG&E);

iii. Grid Services Tariff presented by the California Storage and Solar Association (CALSSA);

iv. Simplified Standard Contract presented by Southern California Edison Company (SCE);

v. Regional Distributed Energy Resources Tariff presented by the Solar Energy Industry Association (SEIA) and Vote Solar;

vi. Bring Your Own Device presented by Sunrun; and

vii. Riders Tariff presented by SCE.

Following presentations of each of the seven proposals, which included a question and answer session, the participants of the workshop divided into small groups that involved the sponsor of each of the proposals. The small group discussions reviewed four requirements of the proposals: 1) whether the proposal meets the proposed design principles described in the November 16, 2018 Ruling; 2) whether the proposal can meet grid needs; 3) whether the proposal addresses managing risks; and 4) whether the proposal
addresses incrementality. On the second day of the workshop, workshop participants were again divided into small groups and discussed each of the proposals without the proposal sponsor. The purpose of this discussion was to recommend improvements to the proposals. During the last session of the workshop, small groups again met with the proposal sponsor to discuss the proposal improvement recommendations. During this session, the groups were instructed to develop areas of agreement regarding the recommendations.

3. Post Workshop Record Development

Below are post workshop questions to which parties are directed to respond. Responses shall be filed no later than May 24, 2019. Reply comments may be filed no later than June 7, 2019.

To assist parties, a copy of a summary on the workshop is appended to this ruling, as Attachment A. The summary should not be considered a transcript of the two-day workshop. Parties are permitted to include comments on the workshop discussion in their filing.

Post Workshop Questions

1. Explain in detail whether you think the Commission should adopt a tariff for distributed energy resources.

2. If the Commission determines that it should adopt a distributed energy resources tariff, should the tariff focus solely on distribution deferral services (energy, capacity, and voltage/Volt Ampere Reactive (VAR))? If the tariff should focus solely on distribution deferral, should the tariff have synergy with the distribution investment deferral framework and how? Should a distributed energy resources tariff be a supplement to the current solicitation process or replace it? Should the tariff be updated or refined over time and why?

3. If the Commission determines that it should adopt a distributed energy resources tariff, explain whether the
Commission should adopt more than one tariff proposal for distributed energy resources.

4. If the Commission determines that it should adopt a distributed energy resources tariff, explain whether the Commission should take an initial step of piloting a tariff proposal for distributed energy resources.

5. If the Commission determines it should take the initial step of piloting a tariff proposal for distributed energy resources, explain whether the Commission should pilot more than one tariff proposal.

6. Which one or more of the seven tariff proposals presented at the workshop would you support either as proposed or with modifications and why? If a proposal requires modifications, describe those modifications. Explain how the proposal meets the design principles, meets grid needs, manages risks, addresses incrementality, and ensures that operational requirements are met. Explain whether you would support the proposal as a tariff or only as a tariff pilot.

7. Which tariff proposal(s) would you oppose and why? Include in your opposition explanation whether this proposal meets the design principles, meets grid needs, manages risks, addresses incrementality, and ensures that operational requirements are met. Explain whether you would only oppose this proposal or proposal(s) as a tariff or also as a tariff pilot.

8. At this point, the record does not contain any information regarding the costs of implementing or administering the proposals. What details should the Commission know about implementation/administration costs before adopting either a proposal or a pilot?

9. What cost parameters should the Commission adopt for the proposals? What cost parameters should the Commission adopt if a proposal is piloted first?
10. Beside costs, is there additional information the Commission should obtain before adopting any of the proposals? Could this information be obtained through piloting the proposals?

**IT IS RULED** that:

1. No later than May 24, 2019, parties shall respond to the ten Post Workshop Questions contained in this ruling. Parties may include comment on the March 4-5, 2019 workshop discussion.

2. Reply comments may be filed no later than June 7, 2019.

Dated April 15, 2019, at San Francisco, California.

/s/ KELLY A. HYMES
Kelly A. Hymes
Administrative Law Judge
ATTACHMENT A
Sponsors for the proposals presented an overview of each of the proposals. During this time, workshop participants asked clarifying questions on the proposals. Below is a brief overview of the discussion of each proposal.

1. California Energy Storage Association (CESA) - Distribution and Hosting Capacity Tariff
   - Synergy with Distribution Investment Deferral Framework (DIDF)
   - Supplement tariff with Request for Offer (RFO)
   - Ratable procurement, start with tariff for long-term needs, then use RFO to procure remainder of need
     - Screening process can better identify right types of projects to defer;
     - Needs that may be developing gradually over time, not lump sum upgrades.
   - Capacity payment and performance-based energy payment;
   - Like Competitive Solicitation Framework (CSF) pilot contracts, similar screening criteria as DIDF;
   - Focus on needs not appropriate for an RFO or difficult to solve within RFO context;
   - Unit cost of mitigation of planned investments, to determine how much to be paid over the year, every time you dispatch
     - Both capacity and energy payment- whatever portion the distributed energy resources (DER) is meeting to solve the over-capacity need, apportioned between both payment types.
   - Not reasonable to just cancel a tariff, need to leverage existing programs like Self Generation Incentive Program (SGIP) to incentivize DERs in need areas;
   - Over-subscription: Can begin with certain caps and pre-determined price based on deferral value;
   - Some minimum eligibility requirements
   - Chipping away
     - Idea is to reduce the need an RFO would solve, making it more reasonable;
IDER Tariff Workshop Summary (March 4-5, 2019)

- Deferral value is cost cap, so how to figure out how much money willing to pay
  - Suggestion: Locational Net Benefits Analysis (LNBA) values could be used to inform the value;
  - New tariff for each project.

2. Pacific Gas and Electric Company (PG&E)- DIDF Tariff Pilot

- Core principles:
  - Meet specific need, Start with DIDF;
  - Cost-effective, traditional wires solution is bogey;
  - Start with a pilot
- Right place, time, price, and certainty
  - Cannot be regional or state-wide, needs to be specific to need
  - Cannot pay more than wires solution or double-pay (incremental)
  - Project must dispatch or come on at right time
  - Reliability- wires are known, 24/7
    - Need DER to show up when needed - how do we ensure that?
    - Enough reliability could involve some reserve margin as buffer
    - More about certainty to deliver when required
- Standard contract, start with technology neutral pro forma (TNPF) contract that needs to be negotiated in first round, eventually make it non-modifiable
- Procuring distribution deferral service
  - Capacity or capacity + energy price
- Put deferral value out to market, include range of prices, parties fill out price sheet, PG&E picks cheapest solution
- Quick subscription process to make go/no-go decision on traditional vs. DER solution
- Reverse auction to pay clearing price to all competitors or bid price for each of the proposals?
  - Bid price
- Difference between this and current CSF pilot process?
  - Price is out there and set and transparent
  - Price take bidding
IDER Tariff Workshop Summary (March 4-5, 2019)

- Volt/VAR
  - Willing to consider whatever is identified in DIDF
- Cost-effectiveness based on distribution deferral value
- Would this replace the DIDF RFO?
  - Too early to tell, likely do not want to eliminate RFO process.

3. California Solar and Storage Association (CALSSA)- Grid Services Tariff

- RFO could be better for larger or more complex projects
- Tariff could shave off at least 200 days off RFO
  - Timing cuts off hundreds of projects as too near-term which could now be deferred
- Investor Owned Utilities (IOUs) did not include Tier 3 and 4 Distributed Deferral Opportunity Report (DDOR) projects in RFO
- Tariff should reduce transaction costs, enabling more projects to move into Tier 1 or 2
- Diversity of project types in list of deferral projects
- Price set at 85 percent of annual deferral value, maybe that could be reduced by a few percent
- 10-year minimum term, some wanted longer
  - 10-year min could give you more savings than thought by need being avoided further than expected
  - Justifiable because it can defer 20-30 years of investment
    - Increased energy makes this difficult
- Cap at capacity of deferral need + safety margin
- Bids due up front- difficult for developers to assume that risk
- Offered on ongoing basis up until certain point where IOU needs to move forward with contingency solution
- Frequently updated, publicly available queue for developers to know what is available/who to sign up
- Available needed months, paid after each month or summer season
- Utilities micro-target marketing dollars
- Do not worry about under procurement for now for pilot basis, try it out for 2-3 years, then move to an upfront model if it does not suffice
- Critical to refine incrementality and export restrictions from storage
  - Currently cannot provide full value to the grid
IDER Tariff Workshop Summary (March 4-5, 2019)

- Push back against use of LNBA values because it values more than deferral
  - Contains RECC value, Cost of New Entry (CONE) value, i.e. contains more values than deferral value
- Could have off-taker of other attributes.

4. **Southern California Edison (SCE)- Simplified Standard Contract (SCE 1)**

- Only focused on distribution capacity, need coincident capacity to the grid need
- Undisclosed deferral value (value submitted to Commission, not public)
- Must fully meet need, no ratable procurement
- SCE’s TNPF covers more than distribution capacity (also includes resource adequacy), so not a great starting point
  - Need a non-negotiable contract just for distribution capacity
  - Zeroing in to distribution capacity service only, cannot simply pull service out of TNPF
- Questions:
  - Reverse auction criteria?
    - Upfront pricing, bidders provide quantities at prices and specific technologies
    - Some utility decision on least cost best fit part
  - DER profile types that would help meet need displayed in tariff offering, would help developers
- If underprocurement, could shift entire price band downward and inform prices once again
- Level of negotiation after Commission approves tariff
  - Vision is non-negotiable contract, develop through stakeholder process just targeting capacity
  - Tariff is non-negotiable by nature.

5. **Solar Energy Industries Association (SEIA) / Vote Solar- Regional DER Tariff**

- Focused on long-term benefits of DERs, not deferring specific projects
- DERs have long economic lives that extend beyond time horizon of distribution upgrade planning
IDER Tariff Workshop Summary (March 4-5, 2019)

- More a modification existing DER programs, can be tailored to different DER technologies
- Available to customers without aggregator, easy to administer
- Marginal distribution costs broken down by division, a lot of variation by division
  - DERs developed in high cost division, making them more targeted
- Four divisions with high marginal distribution costs, all impacted by recent wildfires
- Tariff based on 75 percent of marginal distribution cost – system average cost
- Floor on minimum and cap to limit payments in high cost divisions
- Allocate tariff costs down to hours by using division-specific Peak Capacity Allocation Factor
- Available to all new DER adoptees in specific divisions
  - Re-define divisions to target DERs each year or as needed
- 15 years’ worth of compensation paid out over 5 years
- Similar to California Solar Incentive program or SGIP incentives
- Does not specifically address near-term needs but does not mean it cannot if it is coincident
  - Offered support to meet near-term in general
- Not truly demand-related data
- Would require two tariffs- one in DIDF and one not
- Rate cases do not reflect needs that can be met with DERs
- Could be used for transmission avoidance down the road.

6. Sunrun- Bring Your Own Device (BYOD) Tariff

- Retail side customer program, allows customers to participate
- Mirror existing utility energy efficiency and demand response programs
- Value is transparently determined
- Utility incentive mechanism, opportunity to share value through tariff
- Products: distribution capacity, peaking capacity, negative market peaking capacity
  - Tier 1 to commit DER (including system wide values)
  - Tier 2 performance based tied to value being provided
    - Larger of the two payments
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- 10-year certain term, not etched in stone though, flexible (mentioned 7-8 years)
- Pre-approved list of products and vendors applicable under BYOD tariff
- Aggregator ensure value is delivered
- Developers and aggregators partner with utilities on outreach
- Tier 1 payment occurs when person signs up and does not require an identified need
- Total of T1 and T2 payments less than DER cost
  - T2 payments in line with DIDF
  - T1 given no matter where need is
    - Utilities essentially do this now
- Grid modernization is needed before deploying.

7. SCE- Riders Tariff (SCE 2)

- Not necessarily active dispatch, instead determine effectiveness of energy efficiency, solar, etc.
- Can eliminate Volt needs, not VAR needs
- Ratable procurement, need to ensure time to build contingency
  - Value provided according to how far in the future DERs can avoid a distribution upgrade
- Upfront incentive only paid out once sufficient DER capacity to meet the need is available
- DER potential study- have seen go 2-3 years
  - Time consuming internally, but we are working at getting better at this.

Others: Green Power Institute (GPI) and Bloom

- Bloom unable to attend
- GPI ideas
  - Reform current Renewable Market Adjusting tariff (ReMAT), Commission has scoped this reform, so IDER could track it and potentially be a model for a wholesale DER tariff. Add volumetric component
  - Feed-in tariff for projects 1 megawatts (MW) and below, market reference pricing
    - Create a fixed price true feed-in tariff.
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Design Principles Debrief

Discussion, with proposal sponsor, of whether and how these proposals follow design principles and how the proposals could be revised to meet the principle. (Note: Time limitations did not allow all groups to address all principles.)

- CESA:
  - Make it more technology-neutral
  - Greenhouse gas (GHG) and cost minimization principles- more clarity needed on GHG emissions reductions role as principle
  - Need to align with DIDF, a 3- to 5-year need window
  - Concerns on ratable procurement, need to directly and fully address needs

- PG&E:
  - Tee up tariff and RFO at same time, see which one can go faster.

- CALSSA:
  - Met most of design criteria
  - Under procurement- if lagging where it needed to be (ratably), IOU monitors what market has delivered, then IOU can decide to cut off tariff and say the project is not viable
  - Defined 15 percent discount from deferral value is not cost-effective
  - Losses due to double payment from deferrals that are not viable and require a traditional upgrade would be offset by the deferrals that are viable and customer savings
    - Seems unduly burdensome to customers.

- SCE 1:
  - Parties state playing field is not level for DERs and wires to begin with because sourcing is easier for wires
  - Simplified standard contract for one product- comment that it does not allow value stacking of DERs, so expand to other wholesale market products like resource adequacy, ancillary services, etc.
    - *Multiple products may overcomplicate this exercise*
  - Not meant for overall system reduction, meant for distribution cost reduction
  - GHG principle should not preclude proposals
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- SEIA/Vote Solar:
  - Not for deferring specific distribution upgrades
  - Really just modification of existing programs

- Sunrun:
  - Two of the products are not for deferral and thus do not follow DIDF.

- SCE 2:
  - Giving the DERs the first cut, so allow both to compete evenly
  - Tech neutrality with procurement mechanism
  - Being open to all technologies- with energy efficiency, would want to use a Measurement and Evaluation approach
  - Structured better for behind the meter DERs, would need to figure out how in front of the meter devices could successfully participate given a lot of the value is from more than deferral.

2. General issues

- Sharing of risk, spreading risk among parties will help developers participate
- Proposals focused explicitly on distribution deferral, but some note how DERs can be compensated for other services.

Meeting Grid Needs Debrief

Discussion, with proposal sponsor, of whether and how these proposals meet the needs of the grid and how the proposals could be revised to meet grid needs.

- CESA:
  - Long-term needs are difficult to identify, more the exception than the rule
  - Near-term also difficult to solve due to contingency

- PG&E:
  - Very focused on grid needs- right time and place
  - Proposal moves too fast and would not give sellers enough time to explore whether they can meet the needs or not

- CALSSA:
  - Milestones with off-ramps to mitigate a utility’s cost exposure
    - Queue for initial reservations illuminates what the market response looks like, and if it can respond successfully
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- SCE 1:
  - Based on Grid Needs Assessment (GNA) from DIDF to solve identified needs
    - Debate whether there are grid needs outside of DIDF
    - SCE states this proposal is for DIDF needs only
  - Developers must take some risk by committing to deliver full capacity.

- SEIA/VS:
  - Not directed at specific grid needs, instead a first step towards DER locational granularity
    - Length of time horizon of need- PG&E plans up to 5 years only, SCE and San Diego Gas & Electric Company (SDG&E) plan longer
    - But SCE/SDG&E have no locational granularity.

- Sunrun:
  - Will the promised capacity show up?
    - Utility testing to ensure need will be met
  - How to ensure money is being saved?
    - Will be difficult to properly apportion the upfront and ongoing incentives.

- SCE 2:
  - Based on DIDF grid needs only
  - Avoids double compensation by paying only after dispatch
  - Aligns customer incentives with grid needs.

DAY 2 WORKSHOP NOTES

Managing Risks Debrief

Discussion, with proposal sponsor, of whether and how these proposals manage risks and how the proposals could be revised to manage risks.

- PG&E: manage reliability risk-
  - Need contract terms to ensure performance
    - Ensure they deliver with strong financial incentives
  - Concerns if developer cannot perform, cannot sign up customers, get site, or could run out of money
  - Party comments that shifting risk all to seller
**IDER Tariff Workshop Summary (March 4-5, 2019)**

- Developer bears performance risk
- IOU bears reliability risks
  - Overpayment by customers risk- cap at wires solution
  - Underprocurement risk- short amount of time to open subscription period
- Not forum for new, inexperienced, experimental suppliers
- Companies with wherewithal to commit financially

- **CESA:**
  - Manage risks by leveraging DIDF and only using the tariff to focus on certain project types- screening in DIDF to identify the right projects for tariff
  - Setting cap to tariff to not over-procure

- **CALSSA:**
  - Give utility off-ramp to assess the market response to determine if they need to pursue contingency solution
  - Administratively determined discount of 85 percent, but could be open to something more like ReMAT so that price could adjust
  - Even unsuccessful deferrals do flatten out load (but are still financial burden for customers).

- **SCE 1:**
  - By design, proposal does prevent over and under procurement because contract only awarded at full quantity
    - Risk of attrition- slight buffer or reserve margin
      - Question if included in cost-effectiveness cap or not
    - Given upfront commitment, people may not want to subscribe
    - Envisioning up to two rounds but could combine into one round to streamline.

- **SEIA/VS:**
  - Concern: deferring needs that have not been identified creates significant over and under procurement risk
  - Long-term marginal costs tend to be higher in rural areas, so that may be a function of geographic region rather than system constraints
  - Rewarding to certain demographics of population
    - Need to be more granular in approach?
  - Look at participation rates in net energy metering (NEM), SGIP, etc.
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- Sunrun:
  - Proposal responds to risk that millions of DERs will be deployed without being enrolled in programs
    - Tie them to program frameworks that exist today
  - Second payment only made when need fully met. First paid out anyway
  - Get customer to adopt, so give them a modest payment- initial payment is based off system need and system-wide values (not DIDF)
    - Timing along with years of viability of DER.

- SCE 2:
  - Focused solely on DIDF projects
  - Establish a procurement cap
  - Only compensate when sufficient capacity installed, and not paying incentive for rider until full need met
    - Would still receive existing program funding
    - Developer community could essentially underwrite the customer risk to discount services they install at customer site
  - Operational risk with performance once installed- compensation mechanism to defer
  - Regarding developer financial risk, Utilities need to do contingency planning
    - Utility risk - must continue to build contingency solution

Incrementality Debrief

Breakout discussion with proposal sponsor on whether the proposals adequately address incrementality and how the proposals could be revised to better address incrementality.

- SCE 1:
  - Must address DERs already baked into underlying assumption
    - Assumption of existing DERs (into Supervisory Control and Data Acquisition System (SCADA)) and new DERs (into the Integrated Energy Policy Report (IEPR))
    - Address same as RFO- 3 categories of fully, partially and not incremental, already endorsed by Commission
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- Requires Utilities assessment since there is no magic formula
- Describe incrementality process at onset of tariff, put out matrix, then when offers come in and before selecting them, Utility does assessment to determine if it is delivering solution above what has been forecasted
  - Developer describes offer but does not have to prove incrementality
    - Idea: flip incrementality, where you assume all DERs are incremental in IDER and existing programs must prove incrementality instead.
  - CALSSA:
    - Proposal did not address incrementality- continue to use existing approved process, but needs to be changed
    - Two core ideas:
      - What is additional need and how DERs will operate during that need
      - Example: Need from 9am-1pm, no DER would operate during that time in the forecast, so that would all be incremental
      - Becomes a problem when need and capacity are close-no way to know what is incremental or not
    - In past, utilities prohibit participation in a SCE program for CSF pilot/DIDF
    - Important ratio- incremental need relative to DERs in forecast operating in the hours of need
      - High ratio, i.e. large need w/ low forecast, less of an incrementality problem
        - “do not worry about it”
      - Low ratio, i.e. need and forecast are similar, bigger incrementality concern
        - Total need plus DERs in forecast- reduce amount of compensation per unit of capacity to keep it within cost cap
        - One potential approach: to lower amount of tariff payment by inverse ratio previously mentioned
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- SCE 2:
  - Above and beyond what is forecasted, or incremental services you otherwise did not procure
    - Services- paid according to deferral value only, local incentive
  - Gross load forecast, back out IEPR, giving us net load forecast.
  - Take pot of money from deferral, and spread across forecast DER penetration and need that we must realize
    - Which gives each customer less money (“peanut butter spread”), so spread across all MW, only pay after incremental MW is met.

- Sunrun:
  - Hedge value that DER will be there

- SEIA/VS:
  - Local deferral need
  - Funds from programs reallocated, then deploy resources as is consistent with methodology
    - How to pay for market transformation value is an issue
  - Transmission & distribution (T&D) component to a NEM tariff.

- PG&E:
  - Commission-applied tests
    - Similar to SCE - wholly, partially, not incremental
  - Provide incremental service if already sourced through another program
  - Proposed: agree a certain percentage would have happened anyway, and give them that portion of the value
  - Incremental service- services not offered under existing program could be incremental
  - Pilot with energy efficiency - “haircut” methodology: a certain percent of those MW hours would have happened but not all
    - Some parties prefer this approach, some do not
  - Incrementality determination is time-consuming.

- CESA:
  - Leverage existing programs
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- Firm up forecast certainty and rate at which DERs are procured
  - Needs to be further discussed.

Refining Proposals

Breakout discussion to improve proposals without proposal sponsors at table.

- CESA:
  o More focused on DIDF, LNBA not available now but in the future
  o Value stacking could be used in the future
  o DERS not prohibited from offering services elsewhere
  o Need to pay only for what is delivered
  o Cannot pay incentives before need is met
  o Payment tiers need to be better defined in order to measure success, operationalize
  o “Chipping away” at need likely does not work because “lumpy” distribution investments make it tough to avoid double payment, and the forecasted need is uncertain
  o Proposal may be a little niche, needs fleshing out
  o Needs to articulate how to avoid double compensation with tariff combined with RFO approach
  o What types of needs should it solve?
    - Mid-term seems like the sweet spot
    - Long-term needs may go away
    - Short-term best addressed in current IOU programs, in rare cases.

- PG&E:
  o Leave more time for developers to respond, a week is too short
  o Communicate distribution need to developers as soon as possible through a webinar or workshop
  o Expand “haircut” approach to more than energy efficiency
  o Allow resource to be used multiple ways (include such terms in contract)
  o Value stacking DER benefits could create issues around double compensation.
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- CALSSA:
  o DIDF good, cap on overprocurement good, need to provide more clarity on penalties
  o Refine under procurement risk, have end date and milestones to see how project progresses
  o Is 10 years too long of a term? When does the term start? Need clarity
  o Cannot be paying participants no matter what if you have an open subscription, becomes an issue if/when you must procure a traditional solution
  o .85x price does not work, need to create an adjusting price or a lower price
    ▪ Research around what is the right strike price
    ▪ Going lower at every price adjustment could take a long time.

- SCE 1:
  o Eliminate additional bidding rounds by putting all prices in first round
  o Need to clarify incrementality
  o Incrementality- if minimal DER is forecasted, then all can be considered incremental (CALSSA approach which did not have consensus)
  o How does DER potential study influence offering of standard contract? SCE clarified this is not a piece of SCE’s Proposal 1.

- SEIA/VS:
  o Consensus: need to align with DIDF and focus on identified distribution needs
  o Marginal distribution costs may not be deferrable by DERs, which they should be for this tariff
  o Clarify: how existing programs are changed to meet need
  o Needs to account for double counting between system and local level
  o This proposal more applicable to modifying existing programs than new.

- Sunrun:
  o Proposal involves system level benefits
  o Need to address:
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- Purpose of tariff is only for distribution deferral, so are all the products applicable or not?
- Clarify ratio of T1 payments for near-term services relative to long-term services
- Make clear the sources of revenue. Where does T2 money come from? IOU? CAISO?
- The idea is to increase enrollment, not dispatch
- Increase T1 payments in areas of need?

- SCE 2:
  - Compensation could be provided through more of an auction mechanism, but there may be more value in simplicity
  - Design elements:
    - Split of upfront and ongoing payments- need to define what that ratio is
    - What the aggregator structure should be? And how it is managed?
    - Alignment of tariff with DIDF need needs to be clarified
    - Duration of program needs to be clarified
  - No consensus on whether this compounds the issue of double compensation, given that underlying programs have certain incentives
    - One idea: Some programs should be ineligible, like NEM and SGIP.

Areas of Agreement

Breakout discussion to discuss recommended improvements with proposal sponsors at table.

- PG&E:
  - More time for developers to respond- PG&E agrees, their idea was to create a fast tariff window for near-term needs, but if developers want more time, then PG&E could leave it open longer. Just less likely to meet short-term needs then.
    - Might need to pick one- meet near-term or give developers more time
    - Developers would want a month minimum, probably more like 1-2
IDER Tariff Workshop Summary (March 4-5, 2019)

- Commission approval needs to be sped up to meet near-term needs
- Re: Communicating the need to developers earlier, could instead revise the Distribution Planning Advisory Group (DPAG) process
  - In DPAG, developers sign non-disclosure agreement so they cannot work internally to determine how to meet needs because they cannot discuss
- In DDOR, determine which projects could be best for tariff or RFO
  - In the DDOR, could you identify which projects are highly likely to be selected in the following round?
  - Communicate DDOR projects more- cannot do through DPAG because it is private, but DDOR is public
- Did not fully have consensus:
  - Putting out deferral value to market is positive.

- SCE 2:
  - Deferral value is cap
  - Additional clarification on upfront vs. ongoing incentive
  - Clarify relationship between rider tariff and existing programs
  - DER potential study- need to quickly assess customer composition, needs to be a repeatable process.

- Sunrun:
  - Make existing programs as supportive as possible of DIDF goals
  - No agreement on other components.

- SEIA/VS:
  - Agreed on 4 of 5 refinements
    - Proposal is more directed to modifying existing programs, done as a pilot and need to measure success
    - Marginal costs should exclude non-deferrable costs
    - Clarify whether on top of program addressing system needs, and if system needs align with distribution needs
    - If adopted permanently, need to avoid double counting
  - Differing opinions on scope of this proposal’s use case, could be beyond scope of this effort.

- SCE 1:
  - Willing to keep subscription to 1 round
  - Incrementality needs to be addressed- open to revisiting it
  - Designed to source resources that are not double counted
IDER Tariff Workshop Summary (March 4-5, 2019)

- DER potential study not a piece of SCE’s Proposal 1
- Similarities between SCE 1 and PG&E proposal such that the differences between these proposals could be refined in PGE-SCE conversations
  - SDG&E added they could get behind such a proposal
- In piloting, run parallel with RFOs? Pilot 1 in 2020 DIDF via tariff, others via RFO.

- CALSSA:
  - Milestones or off-ramps based on market response: open to it
    - Milestones need to be defined
  - Rescind offers in queue if total response is not enough
    - Two-step queue: affidavit then contract. Could not rescind contract, but okay to rescind to affidavit folks
  - Define pilot- could cap capacity or number of enrollees
  - Instead of fixed 85 percent of deferral value, open to a market adjusting tariff
  - No agreement: tariff term- IOUs would max at deferral length, CALSSA wants at least 10 years.

- CESA:
  - Agree to use DIDF to identify need;
  - Agree to cap amount of DERs to procure based on DIDF need;
  - Eligibility requirement- commercially avail technology, prior participation eligibility;
  - Needs to provide more clarity on incrementality, and group needs to further refine it;
  - Supports value stacking, but no agreement on who needs to value those pieces;
  - Resource adequacy and distribution deferral do not have a conflict regarding incrementality;
  - Disagreement: using aggregated portfolio basis vs. more granular resources;
    - Tiered price points could accommodate that.

(End of Attachment A)