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

Order Instituting Rulemaking on the Commission's Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011

**ADMINISTRATIVE LAW JUDGE'S RULING REOPENING RECORD TO CONSIDER THE MODIFICATION OF DECISION 12-09-018 AND RULE 21**

Pursuant to Public Utilities Code Section 1708, this Ruling reopens the record of Rulemaking (R.) 11-09-011 to review Rule 21 to determine if an exception in Section B.1 of Rule 21 remains appropriate and whether it could result in reliability and safety concerns for the grid, thereby requiring a modification of Decision 12-09-018. Parties are instructed to file responses to the questions contained in this ruling no later than April 23, 2021. Replies shall be filed no later than April 30, 2021.

**1. Background**

Decision (D.) 12-09-018 adopted revisions to Rule 21, which governs the interconnection of generating facilities and distributed energy resources to the grid. Relevant to this Ruling, D.12-09-018 created Section B.1, which (in the case of Pacific Gas and Electric Company's Rule 21 tariff) reads as follows:

This Rule describes the Interconnection, operating and Metering requirements for those Generating Facilities to be connected to Distribution Provider's Distribution System and Transmission System over which the California Public Utilities Commission (Commission) has jurisdiction. All Generating Facilities seeking Interconnection with Distribution Provider's Transmission System shall apply to the California Independent System Operator (CAISO) for Interconnection and be subject to CAISO Tariff except for 1) Net Energy Metering Generating Facilities and 2) Generating Facilities that do not export to the grid or sell any exports sent to the grid (Non-Export Generating Facilities). Net Energy Metering Generating Facilities and Non-Export Generating Facilities subject to Commission jurisdiction shall interconnect under this Rule regardless of whether they interconnect to Distribution Provider's Distribution or Transmission System. Subject to the requirements of this Rule, Distribution Provider will allow the Interconnection of Generating Facilities with its Distribution or Transmission System. Generating Facility interconnections to Distribution Provider's Distribution System that are subject to Federal Energy Regulatory Commission (FERC) jurisdiction shall apply under Distribution Provider's Wholesale Distribution Tariff (WDT) whether they interconnect to Distribution Provider's Distribution or Transmission System.

Recently, the Commission's Energy Division became aware of instances where distributed energy resources, sized in the tens to hundreds of megawatts for each installation, are interconnecting to the transmission system and taking service under the net energy metering tariff, raising grid stability issues. First, the current rule does not provide for telemetry information sharing between the utilities and CAISO. Second, Section B.1, as currently written cannot ensure that the assets connected to the transmission system are safely configured to meet transmission grid requirements, especially as it relates to inverter programming.

## 2. Reopening Rulemaking 11-09-011

Public Utilities Code Section 1708 allows the Commission, at any time, upon notice to the parties, and with opportunity to be heard, to rescind, alter, or amend any decision. To ensure the Commission has the information it needs to review this exception and ensure transmission grid requirements are safely met, this Ruling reopens the record of R.11-09-011 to gather information and ascertain whether a modification to Rule 21 is necessary. To ensure appropriate notification, this Ruling is served to the parties of R.11-09-011 as well as the current Interconnection Rulemaking, R.17-07-007.

Accordingly, parties are instructed to file responses to the questions provided below:

1. Do differences in smart inverter settings or telemetry requirements exist for distributed energy resource systems interconnecting to the California Independent System Operator (CAISO)-controlled utility transmission grid through the Rule 21 tariff versus systems interconnecting through the CAISO tariff?
  - a. If so, specify the differences and explain in detail how each difference in settings affects transmission grid stability and reliability. Be as specific and as technical as possible.
  - b. Elaborate on any other technical differences between interconnecting to the transmission grid through Rule 21 versus the CAISO tariff.
  - c. What are the technical advantages/disadvantages of allowing transmission interconnection through Rule 21 instead of the CAISO tariff?
2. What technical requirements and changes are necessary to bring the installed systems interconnected to utility transmission grids via Rule 21 into compliance with CAISO's requirements (specifically smart inverter, telemetry settings and other technical requirements)? Are

these changes affected by system size? Please indicate changes necessary system-by-system.

3. Does interconnecting to the transmission system through Rule 21 further the State of California's renewable energy, climate change and environmental justice goals in a way that cannot be accomplished by interconnecting to the distribution system through Rule 21 or to the transmission system through the CAISO tariff?
  - a. If so, how?
  - b. What are the benefits and are these benefits only achievable via transmission level interconnection under Rule 21? If so, why?
4. Does transmission interconnection through Rule 21 lead to monetary benefits for California ratepayers? If so, what are these benefits and are these benefits only achievable via transmission level interconnection under Rule 21?
5. Do responses to questions 1-4 differ between Net Energy Metering and Non-Export systems? If so, how do responses differ? If responses differ, be as specific as possible about why this is the case.
6. For Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company only: What lines (voltages) in your electric grids are deemed Transmission versus Distribution (or sub-Transmission)?
7. What was the initial rationale for allowing transmission interconnection for Rule 21 through the Settlement Agreement as specified in D.12-09-018 (Appendix A, at A-1-A-2)? (Provided in quotes below.) Is the initial rationale for allowing transmission interconnection for Rule 21 systems still valid? If so, why? Please provide specific examples.

“All Generating Facilities seeking Interconnection with the Distribution Provider’s Transmission System shall apply to the California Independent System Operator (CAISO) for Interconnection and be subject to CAISO Tariff except for

- 1) Net Energy Metering Generating Facilities and
- 2) Generating Facilities that do not export to the grid or sell any exports sent to the grid (Non-Export Generating Facilities). NEM Generating Facilities and Non-Export Generating Facilities subject to Commission jurisdiction shall interconnect under this Rule regardless of whether they interconnect to Distribution Provider's Distribution or Transmission System"?

No later than April 23, 2021, parties shall file comments, responding to the questions in this Ruling. Reply comments shall be filed no later than April 30, 2021. Parties shall serve comments and reply comments to the service list of R.11-09-011 and R.17-07-007.

**IT IS RULED** that:

1. The record of Rulemaking 11-09-011 is reopened to consider modification of Decision 12-09-018 and Electric Rule 21.
2. Parties shall file comments, responding to the questions contained in this Ruling, no later than April 23, 2021 and shall serve those comments on this service list and the service list of Rulemaking 17-07-007.
3. Parties shall file reply comments no later than April 30, 2021.

Dated April 7, 2021, at San Francisco, California.

/s/ KELLY A. HYMES  
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Kelly A. Hymes  
Administrative Law Judge