



COM/MGA/smt 5/12/2021

FILED
05/12/21
04:01 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Consider Streamlining Interconnection
of Distributed Energy Resources and
Improvements to Rule 21.

Rulemaking 17-07-007

**ASSIGNED COMMISSIONER'S SECOND AMENDED SCOPING
MEMO AND RULING FOR PHASE II OF PROCEEDING**

This amended scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope Phase II of this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

The October 2, 2017 *Scoping Memo of Assigned Commissioner and Administrative Law Judge* stated there would be a Phase II in Rulemaking (R.) 17-07-007, which would address cost allocation issues that arise in connection with new upgrade practices in distribution resource planning. While the November 16, 2018 *Assigned Commissioner's Amended Scoping Memo and Joint Administrative Law Judge Ruling* only addressed Phase I issues of the proceeding, later decisions in this proceeding direct the consideration of certain issues during Phase II.

The Administrative Law Judge issued a Ruling on April 8, 2021 providing a proposed scope and schedule for Phase II. Parties were directed to file comments on the proposed scope and schedule for Phase II of R.17-07-007 no later than April 23, 2021; reply comments were required to be filed no later than

April 30, 2021. The following parties filed comments: California Energy Storage Alliance; California Solar and Storage Association (CALSSA); Green Power Institute; Interstate Renewable Energy Council, Inc. (IREC); Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) (together, Joint Utilities); Public Advocates Office of the Public Utilities Commission (Public Advocates Office); San Diego Gas & Electric Company (SDG&E); Small Business Utility Advocates (SBUA); The Utility Reform Network (TURN). The following parties filed reply comments: Green Power Institute, SCE, and TURN.

After considering the filings, I have determined the issues and schedule of Phase II of the proceeding to be set forth in this scoping memo.

2. Issues

Parties were asked to comment on the proposed set of scoping issues. Each of the issues proposed by the Administrative Law Judge in the April 8, 2021 Ruling are discussed individually below, followed by a discussion of additional scoping issues proposed by parties.

The proposed scope of issues included a determination of whether there are ratepayer cost impacts as a result of Proposal 1-A, which was adopted in Decision (D.) 19-03-013, and whether the Commission should establish new fees to address such cost impacts. These costs should be reviewed. However, I agree with Joint Utilities that it is premature to determine ratepayer impacts related to the implementation of Proposal 1-A, which modified Screen Q exemption size threshold.¹ The Commission should review such ratepayer impacts in a

¹ Joint Utilities Opening Comments, April 23, 2021 at 1-2.

future Rule 21 proceeding, following implementation and at least a two-year collection of data to allow for any determination of cost impacts.

The April 8, 2021 Ruling stated that D.20-09-035 directed PG&E, SCE, and SDG&E (Utilities) to submit testimony in Phase II proposing how to implement Proposal 81 and include costs and cost recovery method. Proposal 81 is intended to identify where interconnection projects are likely to fail Screen L² of the Rule 21 interconnection application process. No party opposed the inclusion of a review of the proposed implementation plan for Proposal 81 in the scope of Phase II.

Proposal 8i Option B, adopted in D.20-09-035, retained the status quo whereby non-exporting projects of all sizes skip Screens K, L, and M but stated the Commission would revisit Option A in Phase II of this proceeding. Option A would relocate Screen I to the Rule 21 technical framework overview whereby all non-exporting projects above 30 kVA would be reviewed under all Screens. D.20-09-035 found Option A would result in unknown additional costs. No party opposed including a review of the cost of Proposal 8i Option B in the scope of Phase II. However, IREC recommended the Commission review the sub-issues of who is responsible for upgrade costs that may be triggered when load is reduced and what process should be used to determine when upgrades are needed if a load reduction is triggered by a specific interconnection application.³ I find these sub-issues relevant and have included them in the scope presented below.

² Screen L is the Transmission Dependency/Stability Test. This Screen checks for dependent effects that would affect the stability of the hosting portion of the distribution system.

³ IREC Opening Comments, April 23, 2021 at 5-6.

The proposed scope of issues included addressing infrastructure and costs for implementing Utilities' counterproposal to resolve Issue 9 regarding Limited Generation Profile, as adopted in D.20-09-035. Comments to the April 8, 2021 Ruling focused on two concerns with respect to including this issue in the scope: i) timing, especially as it relates to Advice Letter 4455-E;⁴ and ii) why the implementation costs are not addressed in a general rate case versus Phase II of this rulemaking.⁵ I recognize the concern with respect to the timing of Advice Letter 4455-E and the schedule of this proceeding, as well as the request by Utilities to hold stakeholder discussions. The schedule has been revised to acknowledge both of these concerns. With respect to the appropriate procedural venue for this issue, I agree with SCE that discussion in this proceeding is warranted regarding potential funding for implementation costs and cost recovery.⁶

D.20-09-035 directed Utilities to serve testimony in Phase II providing a detailed proposal, related costs and a cost/benefit analysis for implementation of the Lightning Review Process. Utilities requested to hold stakeholder discussions, which has been added to the schedule.⁷ D.20-09-035 also directed Utilities to serve testimony in Phase II addressing i) implementation proposals, costs, and cost recovery for Issue 22 regarding portal improvements and ii) timelines, costs, and cost recovery method to implement Proposal 23f, which would modify interconnections portals to enable simple tracking of

⁴ Joint Utilities Opening Comments, April 23, 2021 at 3. Joint Utilities Opening Comments solely refer to Advice Letter 4455-E. However, as indicated in Appendix A, Advice Letters PG&E 6141-E and SDG&E 3721-E are related.

⁵ IREC Opening Comments, April 23, 2021 at 8-10.

⁶ SCE Reply Comments, April 30, 2021 at 5.

⁷ Joint Utilities Opening Comments, April 23, 2021 at 3-4.

vehicle-to-grid projects. No party opposed these two issues being included in the scope.

Parties offered several recommendations for additional Phase II issues. First, CESA recommended that Phase II explicitly address cost allocation impacts to Federal Energy Regulatory Commission (FERC) projects.⁸ CESA noted that the *Proposed Decision Addressing Remaining Phase I Issues* would require the members of the Interconnection Discussion Forum to discuss the potential impact of distribution upgrades cost sharing to projects that are under the jurisdiction of the FERC within 90 days of the issuance of the decision, if adopted.⁹ Utilities would then be required to provide a report on the discussion and file and serve the report in this proceeding, no later than 30 days after the discussion occurs. I find it reasonable to include a placeholder scoping issue to review the report in Phase II of the proceeding, if the Commission adopts this proposal. The process to review the report will be addressed at a later date.

CESA¹⁰ and TURN¹¹ recommended the Commission review distribution upgrade costs. The *Proposed Decision Addressing Remaining Phase I Issues* would require Utilities “to analyze data collected pursuant to D.02-03-057, with respect to costs associated with all interconnections, and report on the impacts on non-net energy metering customers of the cost shift of upgrades related to net energy metering projects that were paid by applicants that triggered the upgrades but have not benefitted other interconnection customers or

⁸ CESA Opening Comments, April 23, 2021 at 5-6.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ TURN Opening Comments, April 23, 2021 at 1-2.

ratepayers.”¹² The proposed decision, if adopted, would require the results of the study to be filed with the data on distribution upgrades cost sharing for projects under the jurisdiction of the FERC, previously discussed. Here again, I find it reasonable to include a placeholder for this issue, if the Commission adopts the proposal.

CALSSA recommended a review of the application fees for non-net energy metering systems.¹³ No party opposed this. Sufficient changes to the interconnection process have been made to warrant revisiting the application fee. Reducing the fees to reflect the reduced utility staff hours afforded by efforts to streamline the process should be balanced against the cost of implementing the systems that enable this streamlining. I find it reasonable to consider the cost of application fees for non-net energy metering systems during the cost allocation phase.

Public Advocates Office recommended adding a review of the cost impacts of Proposals 8b and 8c.¹⁴ I agree that a review of the cost impacts should be conducted. These proposals were adopted in D.20-09-035 and Ordering Paragraph 15 requires Utilities to submit a Tier 3 advice letter with cost data from these two proposals. However, the advice letter is not due for submittal until 18 months following implementation of the two proposals.¹⁵ Hence, the data will not be timely for Phase II of this proceeding. Accordingly, a review of this data is more appropriate for a future Interconnection rulemaking.

¹² Proposed *Decision Addressing Remaining Phase I Issues*, issued on April 7, 2021, at 71-72.

¹³ CALSSA Opening Comments, April 23, 2021 at 1-2.

¹⁴ Public Advocates Office Opening Comments, April 23, 2021 at 4-5.

¹⁵ D.20-09-035 at Ordering Paragraph 15.

CESA requests to add the issue of infrastructure upgrade and cost allocation issues related to behind the meter hybrid and energy storage Resource Adequacy capacity in light of FERC Order No. 2222 and the active consideration of Behind the Meter hybrid and standalone energy storage capacity in the resource adequacy proceeding (R.19-11-009).¹⁶ In reply comments, SCE contends that resource adequacy and deliverability should not be in Phase II of this proceeding. SCE explains that while implementation issues associated with FERC Order 2222 should be addressed in a future interconnection proceeding, deliverability is not appropriate in Phase II because “it is a key component of the resource adequacy program and rules regarding the application for and administration of deliverability are governed by the CAISO [California Independent System Operator] Tariff.”¹⁷ I agree with SCE’s contention. Deliverability should not be addressed in the interconnection proceeding.

Public Advocates Office recommended to include cost allocation for three other Phase I issues: Issue 3 Process Option 2, which is the notification only for system modifications; Issue 3 Process Option 2 safety and reliability calculator, and Proposal 15a, which requires Utilities to itemize costs billed to distributed energy resources interconnected to the grid.¹⁸ No party opposed these additions. I find these cost allocation issues to be relevant and should be included in the scope of Phase II.

¹⁶ CESA Opening Comments, April 23, 2021 at 6-8.

¹⁷ SCE Reply Comment, April 30, 2021 at 2.

¹⁸ Public Advocates Office Opening Comments, April 23, 2021 at 2-4.

Green Power Institute recommended the Commission continue the discussion of interconnection streamlining and automation issues.¹⁹ Green Power Institute argues that given the urgency of Public Safety Power Shutoff events, the Commission should scope a more complete discussion of automation and streamlining issues. TURN opposes the inclusion of this issue. TURN argues the purpose of Phase II is to address cost allocation issues that arise in connection with new upgrade practices in distribution planning.²⁰ I agree with TURN, further streamlining and automation will be addressed in future interconnection proceedings, once the Commission and Utilities have implemented the vast number of changes adopted in Phase I of this proceeding and collected data to ascertain the success of these issues.

Lastly, due to the overlap of the issue of cost sharing of distribution upgrade costs across several issues listed above, Phase II will address the issue of cost sharing of distribution upgrade costs, in general.

After review of the comments to the April 8, 2021 Ruling, the issues to be determined or otherwise considered are:

1. Is the proposed implementation plan for Proposal 8l (directed in D.20-09-035) reasonable? Are the proposed implementation costs reasonable? Should the Commission implement Proposal 8l as proposed by Utilities?
2. Is Proposal 8i Option A (adopted in D.20-09-035) reasonable? Are the costs to implement Proposal 8i Option A reasonable? Who is responsible for upgrade costs when load is reduced? What process should be adopted for determining the need for upgrades if a load reduction is triggered? Should the Commission adopt Proposal 8i Option A?

¹⁹ Green Power Institute Opening Comments, April 23, 2021 at 3-5.

²⁰ TURN Reply Comments, April 30, 2021 at 3.

3. What are the infrastructure and costs necessary to implement the Utilities' counter proposal for Issue 9 regarding Limited Generation Profile (adopted in D.20-09-035)? Are these costs reasonable? How should upgrade costs be treated in the event a circuit's hosting capacity is exhausted by developers using the Limited Generation Profile of Issue 9?
4. Does the Utilities' proposal to implement the Lightning Review Process comply with the principles adopted in D.20-09-035, Ordering Paragraph 20? Does the proposal consider the positions described in the Working Group Two Report, as required by D.20-09-035? Does the proposal include a cost/benefit analysis as required by D.20-09-035? Are the proposed implementation costs reasonable? Should the proposal to implement the Lightning Review Process be adopted?
5. Do the Portal improvements proposed by Utilities encourage the growth of the use of distributed energy resources, as required by D.20-09-035? Are the proposed portal improvements reasonable? Are the portal improvement costs reasonable? Are the proposed costs recovered from the set of customers who benefit from the proposal as required by D.20-09-035? Should the Commission adopt the proposed portal improvements?
6. Are the proposed timeline, costs, and cost recovery method to implement Proposal 23f (adopted in D.20-09-035) reasonable? Should the Commission adopt the proposed timeline, costs, and cost recovery method?
7. If the Commission adopts the *Proposed Decision Addressing Remaining Phase I Issues* and requires the members of the Interconnection Discussion Forum to discuss the potential impact of distribution upgrades cost sharing to projects that are under the jurisdiction of the FERC and requires Utilities to provide a report on the discussion then the report should be reviewed in this proceeding to determine distribution upgrades cost sharing to FERC projects.

8. If the Commission adopts the *Proposed Decision Addressing Remaining Phase I Issues* and requires Utilities “to analyze data collected pursuant to D.02-03-057, with respect to costs associated with all interconnections, and report on the impacts on non-net energy metering customers of the cost shift of upgrades related to net energy metering projects that were paid by applicants that triggered the upgrades but have not benefitted other interconnection customers or ratepayers” and require the results of the study to be filed with the data on distribution upgrades cost sharing for projects under the jurisdiction of the FERC, previously discussed, the Commission should study those results in Phase II of this proceeding to determine impacts.
9. Should the Commission revise the application fee for non-net energy metering systems? How should the Commission determine what the revised fee should be?
10. What should the cost allocation of the utility notification system for Issue 3 Process Option 2 (adopted in D.19-03-013) and the related safety and reliability calculator be?
11. What should the cost allocation of Proposal 15a (adopted in D.19-03-013) be?
12. How should the Commission address cost sharing of distribution upgrade costs in general?

3. Need for Evidentiary Hearing

All twelve issues in this proceeding potentially contain contested, material issues of fact. Accordingly, we will allow parties to present evidence on these twelve issues.

4. Schedule

In comments to the April 8, 2021 Ruling, Joint Utilities highlighted Advice Letter 4455-E outlining the recommendations regarding standard review, certification requirements, and interconnection processes for Limited Generation

Profile, as required by Ordering Paragraphs 15 and 51 of D.20-09-035.²¹ Joint Utilities requested the Commission to provide clarification how the disposition of this advice letter will be integrated with Phase II. Upon further review, I have discovered there are several instances where submitted advice letters impact the resolution of Phase II issues. Attached as Appendix A is a list of advice letters directed by Phase I decisions, which remain unresolved. As indicated in Appendix A, the delayed resolution impacts several issues in Phase II. I find it necessary to suspend the service of testimony for Phase II until February 2022, to allow for resolution of the advice letters. In the meantime, parties are encouraged to meet and discuss the issues to better understand party positions and technical aspects of issues. A workshop will be scheduled in December 2021 to discuss the issues.

The following schedule for Phase II is adopted here and may be modified by the Administrative Law Judge as required to promote the efficient and fair resolution of the rulemaking:

Activity	Date
Stakeholder Discussion	June 1, 2021-November 30, 2021
Workshop	December 2021
Ruling Providing Testimony Guidance	January 2022
Testimony Served	February 2022
Rebuttal Testimony Served	March 2022
Evidentiary Hearing Held	April 2022
Opening Briefs Filed	May 2022
Reply Briefs Filed	June 2022

²¹ Joint Utilities Opening Comments, April 23, 2021 at 3.

Proposed Decision Issued(no later than 90 days after Reply Briefs are filed)	September 2022
--	----------------

Phase II of the proceeding will stand submitted upon the filing of reply briefs unless the Administrative Law Judge requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

5. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission’s previous determination in the initial scoping memo that Phase II would be categorized as ratesetting. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

6. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), where new issues emerge subsequent to the time set for filing notices of intent to claim compensation, the Commission may determine an appropriate procedure for accepting new or revised notices of intent to claim compensation. Accordingly, a customer who intends to seek an award of compensation for Phase II must file and serve a notice of intent to claim compensation by June 11, 2021, 30 days after the issuance of this Second Amended Scoping Memo. Pursuant to Rule 17.2, parties found eligible for an award of compensation in Phase I of this proceeding remain eligible in Phase II.

7. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

8. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

9. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the Administrative Law Judge. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the Administrative Law Judge of both an electronic and a paper copy of filed or served documents. However, the current circumstances surrounding the COVID-19 pandemic has led the Commission to temporarily waive this rule.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

10. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

11. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Kelly A. Hymes is the assigned Administrative Law Judge and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of Phase II of this proceeding is described above and is adopted.
2. The schedule for Phase II of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The presiding officer is Administrative Law Judge Kelly A. Hymes.

5. The category of the proceeding is ratesetting.

This order is effective today.

Dated May 12, 2021, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES
Martha Guzman Aceves
Assigned Commissioner

Appendix A

Phase II Scoping Memo Advice Letter Dependencies

Related Advice Letters	Decision	Ordering Paragraph	Issue #	Impact to Phase II
PG&E 6141-E: Modification of Electric Rule 21 for Qualifying Non-export and Limited Export Inverters to Use a Time-of-Year Maximum Monthly Export Value Settings Pursuant to Decision 20-09-035 Ordering Paragraphs 51 and 15 SCE 4455-E SDG&E 3721-E	D.20-09-035	15	9	Delays Issue 3
		51	A-B 3	
SDG&E 3678-E: San Diego Gas & Electric Company's Proposed Process for Aligning Ordering Paragraphs 15 and 16 of Decision 20-09-035 to Implement the Limited Generation Profile PG&E 6058-E SCE 4404-E	D.20-09-035	16	9	Delays Issue 3

Related Advice Letters	Decision	Ordering Paragraph	Issue #	Impact to Phase II
PG&E 6154-E: Modification to Pacific Gas and Electric Company's Electric Rule 21 Pursuant to E-5035 Related to AL 5553-E and R.17-07-007 Working Group 1 Decision 19-03-013 PG&E 6155-E: Creation of New Electric Sample Form 79-1211 - Generation Facility Material Modification Worksheet, Pursuant to Resolution E-5035 as Related to Advice 5583-E Template and R.17-07-007 Working Group 1 Decision 19-03-013 SCE 4461-E SDG&E 3736-E SDG&E 3737-E	D.19-03-013	Resolution E-5035	3	Delays Issues 5 and 10
TBD	Proposed Decision Addressing Remaining Phase I Issues			Delays Issues 7 and 8

Related Advice Letters	Decision	Ordering Paragraph	Issue #	Impact to Phase II
PG&E 5988-E: Advice Letter Modifying Electric Rule 21 Pursuant to Decision 20-09-035 for Working Group 2 and 3 SCE 4328-E SDG&E 3642-E	D.20-09-035	7	8i	
		13	8q	
		14	8r	
		46	27ai	
		49	AB 1	Delays Issue 3
		50	AB 2	Delays Issue 3
52	AB 4			
PG&E 6014-E: Advice Letter Modifying Electric Rule 21 Pursuant to Decision 20-09- 035 for Working Group 2 and 3 (due 60 Days from Issuance) SCE 4359-E SDG&E 3654-E	D.20-09-035	1	8a	
		2	8b	
		3		
		4	8c	
		12	8n	
		17	10	
		18	11	
		23	12c	
		24	12d	
		30	12j	
		32	16	
		33	20	
		37	23a	
		38	23b	
40	23d			
46	27 a iii			
PG&E 5915-E: Advice Letter Modifying Electric Rule 21 Pursuant to Decision 20-09- 035 for Working Group 2 and 3 (due 120 Days from	D.20-09-035	5	8f1	
		6	8f, 8g, 8h, 8j	
		8	8k	

Issuance) for Ordering Paragraphs 5, 6, 8 and 11 SCE 4402-E SDG&E 3677-E + Substitute Sheet		11	8m	
SCE 4422-E: Modifications to Electric Tariff Rule 21 to Incorporate IEEE 1547.1 Test Procedures into Testing Regime for Phase 2 and 3 Requirements in Compliance with Resolutions E-5000 and E-5036 PG&E 6093-E SDG&E 3702-E	D.20-09-035	6, 7, and 8		
PG&E 5595E: Proposed Telemetry Requirements for Systems Between 250 kW and 9.9 MW, Pursuant to Decision 19-03-013. SCE 4044E SDG&E 3407E	D.19-03-013			