



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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R2106017

April 5, 2023

Agenda ID #21495
Quasi-Legislative

TO PARTIES OF RECORD IN RULEMAKING 21-06-017:

This is the proposed decision of Commissioner Houck. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's May 18, 2023 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf

Attachment

Decision PROPOSED DECISION OF COMMISSIONER HOUCK
(Mailed 4/5/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Modernize the Electric Grid for a
High Distributed Energy Resources
Future.

Rulemaking 21-06-017

**DECISION PROVIDING FUNDING DETAILS FOR FUNDING
THE PROCEEDING'S CONSULTANT SERVICES****Summary**

Energy Division is authorized to continue to retain the services of the consultants hired to provide technical assistance in this proceeding, with costs of no more than \$1.6 million beginning in Fiscal Year 2023-2024. This decision clarifies that Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Utilities) are responsible for reimbursing the Commission for payments to these consultants, beginning in Fiscal Year 2023-2024. As described herein, Utilities are authorized to submit a Tier 1 Advice Letter requesting to establish a one-way balancing account to recover any funds or expenditures related to the consultant services in this proceeding.

1. Background

The Commission initiated Rulemaking (R.) 21-06-017 on June 24, 2021 to prepare the electric grid for an anticipated high number of distributed energy

resources. The Order Instituting Rulemaking (Order) stated that consultants would be needed to support several aspects of the rulemaking including but not limited to the annual implementation and future improvements of the Distribution Planning Process and Distribution Investment Deferral Framework (DDP/DIDF) processes; community outreach efforts; improvements to the data portals of Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company (Utilities); grid modernization plan development and review; and the investigation and development of the means to optimize siting, sizing, interconnection, and dispatch of distributed energy resources.¹ The Order also proposed that the consultants would conduct an in-depth study and facilitate workshops on Distribution System Operator models, roles and responsibilities; grid architecture; and other associated topics.²

Referencing a ruling in the precursor to this rulemaking (R.14-08-013, the Distribution Resources Plans (DRP) proceeding), the Order explained the ruling “authorized the use of reimbursable funds for Energy Division to hire consultants to support the DRP proceeding.”³ Further, the Order indicated that the previously authorized funds of \$4 million had not been spent and stated the funds “would be applied to a consultant support contract” for R.21-06-017.⁴

On June 28, 2022, Utilities filed a motion seeking clarification regarding the source of funding for consultant services provided to the Commission (Motion). Utilities assert that while the Order “anticipates technical support and authorizes

¹ Order at 24-25.

² Order at 25

³ Order at 24 citing the April 13, 2020 *Administrative Law Judge’s Ruling Modifying the Distribution Investment Deferral Framework Process* at 12.

⁴ Order at 24.

the use of up to \$4M from the prior Distribution Resources Plan (DRP) [proceeding] for consultant services to support this new proceeding... no other details are provided and there is no specificity regarding (a) what the exact source of the funds used to pay for the [Commission's] consultants should be, and if additional funding is needed from the [Utilities], (b) how the [Utilities] are to record costs associated with the activities that consultants provide on behalf of the [Commission], and (c) how the [Utilities] should seek recovery of the funds which the [Utilities] provide to the [Commission] to fund the [Commission's] consultants."⁵ No party responded to the Motion. The record for this decision stands submitted as of the filing of the Motion, June 28, 2022.

2. Issues Before the Commission

Procedurally, a motion before the Commission would be resolved through an Administrative Law Judge's Ruling. However, in the case of this motion, a Commission decision is necessary to confirm future funding of consultant services for this proceeding. Therefore, this decision responds to the Motion by providing additional authorization and guidance to Utilities and the Energy Division.

3. Additional Direction is Needed From the Commission

This decision finds that the Order did not provide the needed details to fund the consultant services for this rulemaking. As described below, this decision provides the following: (1) describes the funding source for the consultant services needed for this rulemaking; (2) authorizes Energy Division to retain the current consultants to continue work on this rulemaking; (3) authorizes Utilities to submit a Tier 1 Advice Letter to open a one-way balancing account to

⁵ Motion at 1-2.

record the funds for consultant services; and (4) authorizes Utilities to recover the costs of these funds from ratepayers.

A review of the Order finds that Section 5.3 references the April 13, 2020 Ruling that authorized Energy Division to use \$4 million of reimbursable funds to hire consultants to support proceeding R.14-08-013 and states the funds “would be applied to a consultant support contract primarily for this proceeding.” However, the Order did not provide any additional details, including the necessary associated ordering paragraphs. Therefore, this decision finds it necessary to provide additional details on the funding source and necessary authorization.

The Order outlined the tasks to be completed by the consultants for R.21-06-017. As indicated in the Motion, consultants have been hired by the Commission and have commenced work on this proceeding.⁶ Through adoption of the Order, the Commission deemed the consultant work essential to this proceeding. Hence, the Commission should authorize Energy Division to retain the consultants to continue the work described in the Order.

Because the consultants’ work supports the objectives of this proceeding, ratepayer funding is appropriate. Hence, the Commission should require Utilities to submit a Tier 1 Advice Letter requesting to open a new one-way balancing account to track these costs.

The Order stated that the previously authorized funds totaled \$4 million but that was as of 2021. Given the amount of time that has elapsed and the work that has been performed and invoiced to the Commission, funding for the consultants should begin on July 1, 2023 through the end of the contract date of

⁶ Motion at 2 and 4.

September 30, 2025 and be capped at \$1.6 million. Utilities shall reimburse the Commission using the following proportions: PG&E, 40 percent; SDG&E, 20 percent; and SCE, 40 percent.

4. Summary of Public Comment

Commission Rule of Practice and Procedure (Rule) 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No member of the public submitted written comments with respect to the funds for consultants in this proceeding.

5. Conclusion

This decision authorizes Energy Division to retain the consultants to continue the work described in the Order. Energy Division is also authorized to manage the contract between the Commission and the consultants, as well as the work of the consultants.

This decision requires Utilities to submit a Tier 1 Advice Letter requesting to open a new one-way balancing account to track these costs; the balancing account should be titled High DER Consulting Funds.

Finally, this decision directs that funding for the consultants shall begin on July 1, 2023 through the end of the contract date of September 30, 2025 and be capped at \$1.6 million.

6. Comments on Proposed Decision

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of

Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

7. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Kelly A. Hymes and Manisha Lakhanpal are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. The Order Instituting Rulemaking 21-06-017 referenced the April 13, 2020 Ruling that authorized Energy Division to use \$4 million of reimbursable funds to hire consultants to support R.14-08-013 and stated the funds would be applied to a consultant support contract primarily for R.21-06-017.

2. The Order Instituting Rulemaking 21-06-017 did not provide adequate details on the funding for the consultant services, including the necessary ordering paragraphs.

3. It is necessary to provide additional details on the funding source for the consultant services and the related authorizations.

4. The Order outlined the tasks to be completed by the consultants for Rulemaking 21-06-017.

5. Consultants have been hired by the Commission and have commenced work on Rulemaking 21-06-017.

6. The Commission deemed the consultant work essential to this proceeding by adoption of the Order Instituting Rulemaking.

7. The consultant's work supports the objectives of this proceeding.

8. Ratepayer funding of the consultant's work is appropriate.

9. Previously authorized funds totaled \$4 million, as of 2021.

10. Total funding authorized in this decision should be decreased to take into account work previously invoiced.

Conclusions of Law

1. The Commission should authorize Energy Division to retain the consultants to continue the work described in the Order Instituting Rulemaking 21-06-017.

2. The Commission should authorize Utilities to submit a Tier 1 Advice Letter requesting to open a new one-way balancing account to track the costs of the consultant services.

3. Funding for the consultant services to be provided between July 1, 2023 and September 30, 2025 should not exceed \$1.6 million.

O R D E R

IT IS ORDERED that:

1. The Energy Division is authorized to retain the previously hired consultants to continue the work in this proceeding. The Energy Division shall manage the contract between the Commission and the consultants, and the work of the consultants. The funding for this contract shall begin on July 1, 2023 and shall not exceed \$1.6 million, to be reimbursed proportionately by the large electrical corporations as follows: Pacific Gas and Electric Company, 40 percent; San Diego Gas & Electric Company, 20 percent, and Southern California Edison Company, 40 percent.

2. No later than 30 days from the issuance date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company shall submit a Tier 1 Advice Letter requesting to open a new one-way balancing account to track the costs of the consultants

referenced in Ordering Paragraph 1. The balancing account shall be titled, "High DER Consulting Funds."

3. Rulemaking 21-06-017 remains open.

This order is effective today.

Dated _____, at San Francisco, California.