

COM/DH7/smt 8/11/2023



FILED

08/11/23

04:03 PM

R2106017

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

**ASSIGNED COMMISSIONER'S AMENDED
SCOPING MEMO AND RULING**

The scoping memo and ruling issued on November 15, 2021 (Initial Scoping Memo) set forth the issues, need for a hearing, schedule, category, and other matters necessary to scope 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). This assigned Commissioner's Amended Scoping Memo (Amended Scoping Memo) amends the scope of the Initial Scoping Memo, streamlines the process for resolving these issues, and updates the procedural schedule as set forth below. Unless stated otherwise in this Amended Scoping Memo, all rulings in the Initial Scoping Memo remain unchanged.

In July 2021, when the Commission adopted this Order Instituting Rulemaking (OIR), it anticipated the potential for future amendments in the scope of the proceeding as the Commission's exploration of the initial issues presented could reveal new or changing avenues of inquiry.¹ The Commission has since issued several rulings and held workshops on Track 1 and Track 2 of

¹ OIR to Modernize the Electric Grid For A High Distributed Energy Resources Future, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M390/K664/390664433.PDF> , at 13

this proceeding. The amendments below address the feedback from the parties and streamline the process for resolving these issues.

This Ruling also directs the investor-owned utilities (Utilities) to provide supplemental responses to their filings submitted in response to the March 9, 2023, Administrative Law Judge (ALJ) Ruling.² The Utilities are directed to respond to the questions included in Appendix A.

Accordingly, the statutory deadline for resolving this proceeding is extended to December 31, 2025.

1. Procedural Background

The Commission initiated this Rulemaking in July 2021 to prepare the electric grid for a high number of distributed energy resources (DERs), including those specific to transportation electrification and as defined in Assembly Bill (AB) 327 (Perea, 2013) and Pub. Util. Code Section 769.³

AB 327 affected a number of provisions of regulated utility service and the energy market, including Net Energy Metering, the Renewables Portfolio Standard, natural gas and electricity rates, and electricity resources. Pursuant to AB 327, Section 769 required the Commission to open the Distributed Resources Plan proceeding. Section 769 set forth directives regarding the integration of DERs into the Utility electric distribution planning process and a mandate for the Commission to review, modify, and approve Utility distribution resources plans.

Rulemaking (R.) 21-06-017 will address unresolved and ongoing issues from two proceedings launched in 2014. The Distribution Resources Plans

² ALJs' Ruling Seeking Additional Information from Utilities on Their Distribution Planning Process <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=503321849>

³ All further references to "section" and "code" in this Assigned Commissioner's Scoping Memo and Ruling are references to sections of the Pub. Util. Code unless otherwise noted.

proceeding (R.14-08-013) and Integrated Distributed Energy Resources proceeding (R.14-10-003) were intended to implement AB 327 and fulfill the requirements of Sections 454.5(b)(9)(c), 701.1(a), 769, and 8360(c)-(i). The Commission recently closed R.14-08-013 and expects to close R.14-10-003 following the consideration of updates to the Avoided Cost Calculator.

The Commission launched R.21-06-017 not only to address the continuing actions from R.14-08-013 and R.14-10-003,⁴ but also to study the impacts of high penetrations of DERs on the grid, and identify better forecasting strategies, plan and operate a distribution system that can support a large number of DERs on the grid in the future, which we now refer to as a High DER Grid future. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE) (jointly, the Utilities) were named Respondents to this proceeding.

A prehearing conference (PHC) was held on August 17, 2021, to develop the list of parties in this proceeding. The Commission's Energy Division hosted a workshop on September 22, 2021, to discuss the scope of this proceeding and the schedule for resolving the issues. After considering the opening and reply comments on the order instituting R.21-06-017, the issues and initial schedule of the proceeding were set forth in an Assigned Commissioner's Scoping Memo and Ruling (Initial Scoping Memo) on November 15, 2021. This assigned Commissioner's Amended Scoping Memo (Amended Scoping Memo) amends

⁴ The unresolved issues from R.14-08-013 include whether the Integration Capacity Analysis (ICA) data are sufficient to support distributed energy resource provider siting needs. Recent stakeholder comments about the ICA data will be carried forward into the new proceeding. For details, refer to the *January 27, 2021, Administrative Law Judge's Ruling on Joint Parties' Motion for an Order Requiring Refinements to the Integration Capacity Analysis*.

the scope of the Initial Scoping Memo, streamlines the process for resolving these issues and updates the procedural schedule as set forth below.

2. Issues

The Amended Scoping Memo continues to review issues under three tracks. The three tracks are (1) Distribution Planning and Execution Process and Data Improvements; (2) Distribution System Operational Needs and System Operator Roles and Responsibilities; and (3) Smart Inverter Operationalization and Grid Modernization Planning. The issues in Tracks 1 and 3 will be conducted in two phases, as indicated in the list of scoping issues presented below. In addition to the issues listed below, included in the scope will be the consideration of any federal and state jurisdictional ratemaking issues that may be relevant to the implementation of the High DER future, including Federal Energy Regulatory Commission (FERC) Order 2222.

The issues in this proceeding are amended as set forth below:

Track 1: Distribution Planning and Execution Process and Data Improvements

Phase 1: Near-Term Actions

1. Utilities forecast, identify, and plan infrastructure projects as part of the distribution planning process. However, the Utilities' larger distribution planning and execution process also includes activities such as investment planning, prioritization, execution, and a cost recovery mechanism associated with these projects.
 - a. What other work plan activities outside the Utilities' distribution planning and execution process should be included in the proceeding?
 - b. What near-term actions are needed for more effective and timely execution of infrastructure projects?
 - c. Regarding cost recovery, what mechanism, such as a

balancing or memorandum account or other process, is needed to allow flexibility to implement infrastructure projects in and outside the general rate case (GRC) cycles?

2. How should Utilities' Grid Needs Assessment/Distribution Deferral Opportunity Reports be coordinated with the draft Transportation Electrification Framework and/or any existing or future Utility transportation electrification planning efforts stemming from the transportation electrification proceeding. (R.18-12-006) and any successor proceeding?⁵
3. How can the Grid Needs Assessment/Distribution Deferral Opportunity Reports better reflect the types of Transportation Electrification investments identified in the draft Transportation Electrification Framework and the legislative directives from AB 841 (Ting, 2020)?⁶
4. How should Integration Capacity Analysis data and calculations be improved to enhance accuracy and usefulness for DER planning, siting, and interconnection, especially with respect to electrification load?⁵ Should the Data Portal design be improved to provide access to data for multiple stakeholders in the distribution planning process (DPP)?⁶
5. What initial analysis is needed for the Commission to determine in Track 1, Phase 2, of this proceeding how best to improve local engagement in utility distribution planning?

⁵ The January 27, 2021, Administrative Law Judge's Ruling on Joint Parties' Motion for an Order Requiring Refinements to the Integration Capacity Analysis, directs the Utilities to retain an independent technical expert to review their data validation plans and efforts.

⁶ Data Portals hosted by the three utilities provide ICA, Locational Net Benefit Analysis, Grid Needs Assessment/Distribution Deferral Opportunity Reports, and other data to the public. Confidentiality issues were resolved pursuant to the December 17, 2018 Ruling and July 24, 2018 Ruling for R.14-08-013. (A) The PG&E portal is available at https://www.pge.com/en_US/for-our-business-partners/distribution-resource-planning/distribution-resource-planning-data-portal.page; (B) the SDG&E portal is available at <https://www.sdge.com/more-information/customer-generation/enhanced-integration-capacity-analysis-ica>; and (C) the SCE portal is available at <https://drpep.sce.com/drpep>.

Phase 2: Distribution Planning Process Improvement

1. How should Utilities better integrate DERs into their standard annual DPP? How should the Utility DPPs improve to provide transparency, capture additional value from DERs, and optimize DER siting?
2. Should the Distribution Investment Deferral Framework (DIDF) be modified to better align the DIDF with Utility DPPs? Improvements may include better capturing of DER value and optimizing DER siting, implementing key insights from the Standard Offer Contract pilot and Participation Pilots adopted in Decision (D.) 21-02-006, as well as evaluating how can DERs provide resource adequacy services when not being used for deferral.
3. Leveraging the analysis identified in Track 1, Phase 1, are there ways in which utility distribution planning representatives could better engage with local and tribal governments, ESJ communities, and local developers to ensure new planned loads and developments are factored into Utility DPPs and local concerns regarding distribution planning are adequately addressed?
4. How should Pre-Application and Post-Application projects be considered for deferral in the DIDF and/or Utility DPPs? Should avoided permitting and regulatory costs be included in the deferral value calculation?

Track 2: Distribution System Operational Needs and System Operator Roles and Responsibilities

1. What are the operational needs necessary to efficiently operate a high DER grid, unlock economic opportunities for DERs to provide grid services, limit market power, reduce ratepayer costs, increase equity, support grid resiliency, and meet State policy objectives?
2. What are the existing gaps and barriers in achieving the needs identified above within our current Distribution

System Operator (Utilities)? What are the potential solutions in overcoming these barriers?

Track 3: Smart Inverter Operationalization and Grid Modernization Planning

Phase 1: Smart Inverter Operationalization

1. Which smart inverter operationalization use cases should be prioritized and implemented to leverage the capabilities of smart inverters to provide value to grid operators and ratepayers? Parties should consider, but are not limited to, the smart inverter operationalization use cases identified in the Rule 21 Working Group Four Report.⁷
 - a. What technical, regulatory, functional, and operational guidelines or requirements for high priority smart inverter operationalization use cases should the Smart Inverter Operationalization Working Group develop for Commission consideration?⁸
 - b. For each priority use case, what are the specific communications and Distributed Energy Resources Management System (DERMS) requirements (*e.g.*, real-time or near-real-time communications, DERMS power flow assessment capabilities)?
 - c. For priority use cases what are the policies, rules, and guidance on how Utilities should schedule or dispatch aggregators and/or DERs and how aggregators/DERs must respond to utility signals?

⁷ Rule 21 Working Group Four Final Report, August 12, 2020, California Public Utilities Commission Interconnection Rulemaking (R.17-07-007), at 79. Available at <https://gridworks.org/wp-content/uploads/2020/08/R21-WG4-Final-Report.pdf>. See also [D.21-06-002](#) at 68. Preliminary list of use cases are listed in Annex F and Annex G to the Rule 21 Working Group Three Final Report, June 14, 2019, California Public Utilities Commission Interconnection Rulemaking (R.17-07-007). Available at: <https://gridworks.org/wp-content/uploads/2021/02/R1707007-Working-Group-Three-Final-Report.pdf>.

⁸ Template Aggregator Agreements and pilots for mitigating operational flexibility constraints are being developed as part of the Rule 21 proceeding (R.17-07-007) pursuant to [D.21-06-002](#), Ordering Paragraphs 18 and 19.

2. What technology roadmaps or other relevant Commission directives related to DERMS and smart inverter operationalization should be adopted to ensure the utilities are able to implement the Working Group's recommendations?⁹
3. What existing cybersecurity standards should be applied for smart inverter operationalization and DERMS to ensure communications between the equipment and management systems are secure (*e.g.*, Institute of Electrical and Electronics Engineers (IEEE) 1547.3)?

Phase 2: Grid Modernization Planning and Cost Recovery

1. Should the Commission's review of Utility Grid Modernization Plans be moved out of general rate cases and into dedicated procedural forums? If so, should review of cost recovery for Utility Grid Modernization Plans also be moved to the same forums?
2. What updates are needed to the Grid Modernization Framework adopted in D.18-03-023 to better prepare the electric grid for a high DER future?
3. The Grid Modernization Framework provides guidance for how grid modernization requests should be presented in general rate cases (*i.e.*, Grid Modernization Plans) but stops short of recommending which technologies to adopt. Should the framework develop specific investment priorities and functional needs for grid modernization?
4. How should Utility Grid Modernization Plans be coordinated with the draft Transportation Electrification Framework and/or any existing or future Utility transportation electrification planning efforts stemming

⁹ PG&E provided their second Grid Modernization Plan with their GRC filing in 2021. SDG&E will provide their first Grid Modernization Plan in May 2022 with their GRC filing. SCE will provide their second Grid Modernization Plan with their GRC filing in May 2023.

from the transportation electrification proceeding (R.18-12-006)?¹⁰

5. How should the planned investments identified in the annual Distribution Investment Deferral Framework (DDOR) and/or Utility DPPs be further aligned with investments proposed and approved in the quadrennial general rate cases to reduce ratepayer costs and provide maximum value to ratepayers?

As we advance through this proceeding, the matters pertaining to later Tracks or Phases within the proceeding could be addressed in an earlier stage in the proceeding.

3. Need for Evidentiary Hearing

As discussed in the Initial Scoping Memo, comments filed on the OIR and discussion at the September 22, 2021 workshop, it appears that the issues of this proceeding can be resolved through comments and workshops without the need for evidentiary hearings. With respect to the issues in this Amended Scoping Memo, the issue can be resolved through comments and workshops without the need for evidentiary hearings. However, parties can file a motion to request an evidentiary hearing as needed. If requesting an evidentiary hearing through the required motion, the motion shall include a list and discussion of the disputed material facts.

4. Schedule

The following modified schedule reflects the activities resulting from the amended scope and is adopted here and may be modified by the assigned

¹⁰ See Section 3.1 in the draft *Transportation Electrification Framework, Energy Division Staff Proposal*, February 2020, regarding the proposal for Utility strategic, long-term Transportation Electrification Plans. Available at <https://www.cpuc.ca.gov/zev> and <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M326/K281/326281940.PDF>.

Commissioner and ALJs as required to promote the efficient and fair resolution of the rulemaking.

Activity	Date
Track 1: Distribution Planning and Execution Process and Data Improvements	
<i>Phase 1: Near-Term Actions</i>	
Each utility responds to questions in Appendix A of this ruling.	20 days from the date of issuance of this ruling
Reply comments to Utilities' responses	Ten days from the last day of filing comments
Track 1 Phase 1 Staff Proposal	Fourth Quarter 2023
Staff Proposal Workshop	Fourth Quarter 2023
Track 1 Phase 1 Proposed Decision	First Quarter 2024
<i>Phase 2: Distribution Planning Process Improvement</i>	
Electrification Impact Study Part 2	Third/Fourth Quarter 2024
Data Portals Improvement Technical Report	TBD
Track 1 Phase 2 Staff Proposal	TBD
Track 1 Phase 2 Staff Proposal Workshop	TBD
Track 1 Phase 2 Proposed Decision	TBD
Track 2: Distribution System Operational Needs and System Operator Roles and Responsibilities	
Future Grid Distribution System Operation Workshop Series	First Quarter 2024
Track 2 Workshop Report	Second Quarter 2024
Track 2 Proposed Decision	Third/Fourth Quarter 2024

Activity	Date
Track 3: Smart Inverter Operationalization and Grid Modernization Planning	
<i>Phase 1: Smart Inverter Operationalization</i>	
Smart Inverter Operationalization Working Group Report	Fourth Quarter 2023
Smart Inverter Operationalization Staff Proposal and Workshop	Second Quarter 2024
Track 3 Phase 1 Proposed Decision	Fourth Quarter 2024
<i>Phase 2: Grid Modernization Planning and Cost Recovery</i>	
Grid Modernization Plan Improvement and General Rate Case Alignment Staff Proposal and Workshop	TBD
Track 3 Phase 2 Proposed Decision	TBD

While Pub. Util. Code Section 1701.5(a) requires a quasi-legislative proceeding to resolve issues raised in the scoping memo within 18 months of the date the proceeding is initiated; Section 1701.5(b) allows the Commission to specify a later date. Given the different tracks, the complexity of issues, and the amended scope to be addressed, the Commission expects to complete this proceeding by December 31, 2025. The assigned Commissioner or assigned ALJ may modify the schedule as necessary to promote the efficient management and fair resolution of this proceeding.

5. Category of Proceeding and Ex Parte Restrictions

The Amended Scoping Memo retains the previous determination of the OIR as quasi-legislative.

6. Public Outreach

The Commission served the Order on the official service lists identified in the Initial Scoping Memo and the service list of R.22-07-005.¹¹

Further, the Order was also served to the California Air Resources Board, the California Energy Commission, the Governor's Office of Business Development, the State Board of Forestry and Fire Protection, the California Office of Emergency Services, the California Department of Fish and Wildlife, the California Office of Planning and Research, the California Infrastructure and Economic Development Bank, the California State Association of Counties, the California Native American Heritage Commission and the Tribal contacts list managed by the Native American Heritage Commission, the California Municipal Utilities Association, the Disadvantaged Communities Advisory Group, the League of California Cities, the California Office of Energy Infrastructure Safety, and the Rural County Representatives of California.¹²

7. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation 30 days after the PHC. However, in cases where no prehearing conference is scheduled and new issues emerge subsequent to the original time set for filing, the Commission may determine an appropriate procedure for

¹¹ Initial Scoping Memo at 17-18.

¹² Formation of the Disadvantaged Communities Advisory Group was called for in Senate Bill 350, the Clean Energy and Pollution Reduction Act of 2015. The 11-member group meets several times a year to review Commission and CEC clean energy programs and policies to ensure that disadvantaged communities, including tribal and rural communities, benefit from proposed clean energy and pollution reduction programs. The Commission's Wildfire Safety Division transferred to the California Natural Resources Agency in July 2021, pursuant to AB 1054, and is now referred to as the California Office of Energy Infrastructure Safety.

accepting new noting of intent. Hence, parties have until the filing date of the reply comments to the utility responses to questions in Appendix A of the Amended Scoping Memo to file and serve a notice of intent to claim compensation for participating in the amended scope of issues.

8. Response to Public Comments

Parties may but are not required to, respond to written comments received from the public. Parties can view comments on the “Public Comment” tab of the online docket card for this proceeding and may provide responses using the “Add Public Comment” button on that same tab.

9. 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.

10. 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 ALJs. 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. Although Rule 1.10 requires service on the ALJ's of both an electronic and a paper copy of filed or served documents, parties to this proceeding should only provide electronic copies of their documents to ALJ's Hymes and Lakhanpal until further notice.

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 only send hard copies of documents to Commissioners or their personal advisors if 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).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription services are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents, and daily or weekly digests.

11. 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 e-mails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email

