BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resource Future.	R.21-06-017

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON TRACK 3 WORKING GROUP REPORTS

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Dated: **July 22, 2024**

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Pursuant to the May 29, 2024 *Administrative Law Judges' Ruling Providing Two Working Group Report[s] and Directing Responses to Questions on Reports*,[1] as modified by the June 11, 2024 *Email Ruling Partially Granting Extension of Time for Comments*,[2] Southern California Edison Company ("SCE") respectfully submits the attached reply comments on the working group reports for Track 3, Phase 1 of the High DER Proceeding.

Respectfully submitted,

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[1] R.21-06-017, *Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future*, Administrative Law Judges' Ruling Providing Two Working Group Report[s] and Directing Responses to Questions on Reports (May 29, 2024).

[2] R.21-06-017, *Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future*, Administrative Law Judge's Email Ruling Partially Granting Extension of Time for Comments (Jun. 11, 2024).

Attachment

SCE's Reply Comments on Track 3 Working Group Reports

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E)
REPLY COMMENTS ON TRACK 3 WORKING GROUP REPORTS

July 22, 2024

Southern California Edison Company ("SCE") thanks the California Public Utilities Commission ("CPUC" or the "Commission") for this opportunity to reply to stakeholder comments filed July 8, 2024, on the working group reports for Track 3, Phase 1 of R.21-06-017, the High DER Future Proceeding ("High DER" or the "Proceeding"). The reports focused on the business and use cases for smart inverter operationalization ("SIO"), as well as the cybersecurity requirements for such operationalization. In these reply comments, SCE responds to certain opening comments on business and use cases:

I. The Prioritization of Use Cases Should Be Conducted by Balancing Inherent Value with Technological Feasibility

On the topic of prioritization of use cases, the California Solar & Storage Association ("CALSSA") noted that "[m]any of the use cases in the Report describe how a function would work without any explanation of why it is needed. CALSSA disagrees with this mindset. The most important things are not necessarily the quickest to implement, and the things we could do now we may not even want to implement."[1]

SCE appreciates CALSSA's concern and agrees that not all use cases outlined in the report offer significant value. With that said, it is important to take advantage of functionality that can be deployed with existing technologies. As technologies continue to develop, capabilities will evolve over time. A good example is SCE's Load Control Management Systems ("LCMS") pilot, where SCE is using available technology to implement localized control based on static limits, but as our Advanced Distribution Management System ("ADMS") and Distributed Energy Resource Management Systems ("DERMS") become functional, we would then use that to enhance load management with communications-based dynamic limits. Thus, there is a balance to be struck here: SCE agrees that certain use cases offer clearer benefits than others, and we may have interim or bridging technology we can use to bring them to bear. On the other hand, we cannot simply prioritize use cases based on the largest benefits, as these may not be possible to implement currently, and other less valuable but still beneficial use cases could have available solutions now.

II. The Rule 21 Proceeding Should Remain Focused on Generation Issues

CALSSA also expresses concern that "[t]he current Rule 21 proceeding [R.17-07-007] is at an inflection point between Phase 1 and Phase 2. The California Public Utilities Commission could either rescope Phase 2 to update the scoping questions but still within a Rule 21 framework[,] or close the proceeding and open a new proceeding that includes Rule 21 in one track and Rules 2, 15, 16, and 29 in another track. There would be an advantage of simplicity if the proceeding continued to be limited to Rule 21, but CALSSA leans toward the approach of including load and generation in a single proceeding."[2]

[1] R.21-06-017, Comments of the California Solar & Storage Association on Smart Inverter Operationalization Working Group Reports, July 8, 2024, p. 1.
[2] R.21-06-017, Comments of the California Solar & Storage Association on Smart Inverter Operationalization Working Group Reports, July 8, 2024, p. 11-12.

SCE does not, at this point, recommend addressing load energization and generation interconnection in the Rule 21 context. There is still much to resolve in R.17-07-007, and SCE would not want to put that proceeding at risk of being overburdened. SCE agrees, though, that load and generation may need a joint proceeding, with the number of storage resources that provide both load and generation growing rapidly, soon to be joined by bi-directional electric vehicle charging. However, there remain many discrete issues that apply only to load or generation, and from a policy perspective, they are frequently quite different: the set of issues and policies related to interconnection of a wholesale generator remain different from the set of issues related to energizing a new residential or commercial retail customer. Therefore, SCE recommends that R.17-07-007 remain focused on generation, including unaddressed scoped issues, while the Commission consider a future proceeding to address interconnection more broadly, potentially including both load and generation issues.

III. DERMS Does Not Require Additional Oversight

Moving to issues of oversight and transparency, the California Community Choice Association ("CalCCA") suggested a need for "annual audits of DERM operations and performance; an annual report on the findings of those audits; and a workshop to address and resolve IOU dispatches that unnecessarily interfere with program objectives and incentives of non-IOUs."[3] Additionally, CalCCA asserts that IOUs should be required to share near real-time data with CCAs, including grid conditions and customer usage data.[4] SCE simply responds that these issues are not in scope for Track 3 of the High DER proceeding and should not be considered by the Commission at this point.

IV. Incentivizing DER Participation Does Not Require Compensation in Abnormal Conditions

Regarding DER participation, the Vehicle-Grid Integration Council ("VGIC") suggested that the compensation model must be changed. Specifically, in abnormal grid conditions, "to allow the DSOs to utilize command capabilities to reduce firm export limits, customers must be compensated for their forgone revenue or service. Otherwise, customers are unlikely to agree to such terms and may forgo providing exports to the grid at all."[5] Likewise, Enphase Energy, Inc. states "any criteria or conditions under which DSOs can seek to modify firm limits under abnormal conditions should be clearly delineated and agreed upon, including the potential for compensation to make up for lost expected revenue."[6]

These comments conflate two distinct scenarios in which a customer may be required to reduce load or curtail generation. First, a customer may voluntarily participate in a program that requires modification to load or generation, for which they may be compensated. Second, a utility may require involuntary actions to maintain safety and reliability. Interconnections with firm capacity would not be subject to curtailment under normal conditions. However, firm interconnections are by no means exempt from actions taken by the utility as necessary to maintain grid safety and reliability. This could include

[3] R.21-06-017, California Community Choice Association's Comments on Administrative Law Judge's Ruling Providing Two Working Group Reports and Directing Responses to Questions on Reports, July 8, 2024, p. 5.
[4] R.21-06-017, California Community Choice Association's Comments on Administrative Law Judge's Ruling Providing Two Working Group Reports and Directing Responses to Questions on Reports, July 8, 2024, p. 5.
[5] R.21-06-017, Comments of the Vehicle-Grid Integration Council on the Administrative Law Judge's Ruling Providing Two Working Group Reports and Directing Responses to Questions on Reports," July 8, 2024, p. 8.
[6] R.21-06-017, Comments of Enphase Energy, Inc. on Smart Inverter Operationalization Working Group Reports, July 8, 2024, p. 3.

involuntary curtailment of generation,[7] or (in extreme, rare conditions) curtailment of load via rotating outages.[8] Customers are not compensated during these situations. Utilities leverage voluntary participation first before turning to involuntary curtailment. The utilities have a broad responsibility to maintain the safety and reliability of the grid, and it is of paramount importance that utilities be able to take actions as needed to maintain these objectives – and these emergency actions should not be subject to previously negotiated compensation arrangements.

SCE emphasizes that compensation to customers in abnormal conditions is without precedent, and the CPUC should not consider this approach. It would open the door to any customer, DER-enabled or not, to seek this compensation, and compensating customers in abnormal conditions would result in ratepayers paying for unrealized benefits, increasing the cost of providing a safe and reliable grid. SCE also disagrees that lack of compensation for dropping below minimum limits in abnormal conditions would somehow dissuade customers from providing exports at all; they will be compensated for all exports during normal conditions. SCE believes there is a reasonable level of understanding and sophistication among customers in California, allowing them to acknowledge that rare abnormal conditions are a shared burden.

Finally, SCE notes that the use of DERMS will allow more precise actions to solve imminent safety or other operational issues to reduce the overall impact to customers, and thus while curtailment is unlikely to be avoided entirely in any foreseeable future state, it will likely become less onerous over time, rather than more onerous.

V. Conclusion

SCE commends the CPUC's Energy Division on its SIO use case and cybersecurity reports, and would like to underscore the thoughtfulness and consideration evidenced in the comments submitted by the various stakeholders. While we note some differences of opinion above, SCE does not believe any are insurmountable, and we look forward to continued collaboration in this track of High DER to support a CPUC Decision on these topics.

[7] Rule 21, Section D.9 sets forth the following: "Distribution Provider may limit the operation or disconnect or require the disconnection of a Producer's Generating Facility from Distribution Provider's Distribution or Transmission System at any time, with or without notice, in the event of an Emergency, or to correct Unsafe Operation Conditions."

[8] As in a Public Safety Power Shutoff (PSPS) event.