

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



Order Instituting Rulemaking to
Update Distribution Level
Interconnection Rules and
Regulations.

Rulemaking 25-08-004

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**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE
ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

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April 30, 2026

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In accordance with the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”) hereby respectfully submits these opening comments on the *Assigned Commissioner’s Scoping Memo and Ruling* (“Scoping Memo”) issued on March 3, 2026, in Rulemaking 25-08-004 (“R.25-08-004” or “proceeding”). On March 6, 2026, the Administrative Law Judge issued *Email Ruling Granting Extension for Comments, Motion to Late File NOI, and Motions for Party Status*, granting and extension of the opening comment period to April 30, 2026.

CESA supports the Phase 1 scope as set forth in the Scoping Memo and commends the Assigned Commissioner for prioritizing the most urgent interconnection reform issues. Modifications to Screens Q and improved adherence to interconnection timelines are critical to California’s ability to achieve its clean energy and reliability objectives. CESA also urges the Commission to move expeditiously into Phase 2 and provides recommendations below for how the Commission should structure that subsequent phase to best advance the interests of energy storage developers and California ratepayers.

I. CESA Supports the Phase 1 Scope and Urges Expedited Action on Screen Q and Interconnection Timelines

A. Screen Q Reform is Urgently Needed

CESA strongly supports the Commission’s decision to prioritize modifications to Screen Q in Phase 1. As CESA documented in its October 2025 opening comments on the Order Instituting Rulemaking (“OIR”), Screen Q has become a near-automatic barrier for DER projects above 1 MVA. Under the current “supercluster” environment, projects are evaluated against CAISO transmission base cases populated with speculative bulk transmission-connected projects that will likely never all be built. This approach overstates network upgrade costs and does not accurately reflect the incremental grid impact of new DERs. The Scoping Memo’s Appendix A questions appropriately probe the root causes of Screen Q failures.

B. Alternative Cost Responsibility Pathways Should Be Considered

CESA particularly welcomes Question A.2.ii¹ as an opportunity to advance a concrete reform it proposed in its OIR comments: an alternative cost responsibility pathway that breaks the current binary pass/fail dynamic of Screen Q. While CESA strongly recommends this issue be addressed in Phase 1 given its direct implications for interconnection pathways and near-term project viability, it is unclear whether it falls exclusively within that phase, as elements of the Phase 2 scope, as described in the Scoping Memo, overlap with this topic. Specifically, Phase 2 includes consideration of cost sharing and responsibility for upgrade costs associated with load reduction, including whether to establish a cluster process for multiple customers to share grid

¹ A.2.ii asks: “Is there any subset of applications that, even though they fail Screen Q or R, could be interconnected under the condition that the resources pay for their share of the upgrade costs later identified by a cluster study?”

upgrade costs. Although distinct in intent, the framing of that question creates some ambiguity relative to the reform CESA is advancing here.

Under CESA's proposal, projects that fail Screen Q but do not individually trigger network upgrades would have the option to proceed with interconnection, without entering the cluster study process, by accepting proportional responsibility for eventual network upgrade costs and executing appropriate cost responsibility agreements with the interconnecting utility. This approach would reduce project abandonment caused by study process uncertainty, preserve utility planning flexibility for future upgrades, and ensure that costs are borne by cost causers rather than shifted to ratepayers or imposed as a blanket barrier on otherwise viable projects.

C. Interconnection Timeline Compliance Requires Stronger Accountability

CESA likewise supports the Phase 1 focus on IOU compliance with interconnection timeline requirements established in Decision ("D.") 20-09-035. Timeline non-compliance is not a minor procedural issue, it directly delays deployment of the DERs that California needs to meet its reliability and climate goals, and imposes real costs on developers and ratepayers alike.

As CESA noted in its OIR comments, the Commission should consider meaningful compliance mechanisms, including performance incentives for IOUs that exceed benchmark timelines and financial penalties for chronic non-compliance. The Commission should also require IOUs to demonstrate adequate staffing and technical resources to meet interconnection demand, and should mandate real-time applicant-accessible tracking systems so that bottlenecks can be identified and addressed before they compound.

The Scoping Memo's Appendix A questions regarding whether existing D.20-09-035 timelines remain reasonable, whether the 95% compliance benchmark should be reconsidered, and

whether additional timeline requirements should be adopted are all well-framed. CESA urges the Commission to use this proceeding not merely to reassess timelines, but to adopt accountability mechanisms with real teeth.

II. Phase 2 Should Be Scoped Expeditiously and Should Include a Dedicated “FTM DER Interconnection Pathways” Track

While CESA supports the phased approach adopted in the Scoping Memo, we encourage the Commission to proceed to Phase 2 in a timely manner. Several important interconnection issues that fall outside the current Phase 1 scope remain unresolved, and addressing them promptly will help maintain momentum toward California’s reliability and clean energy objectives. CESA therefore recommends initiating the Phase 2 scoping process once the Phase 1 record is sufficiently developed.

For Phase 2, CESA recommends that the Commission organize the remaining issues around a central theme of “Front-of-the-Meter (“FTM”) DER Interconnection Pathways.” This organizing framework would allow the Commission to coherently address the specific and acute barriers facing wholesale distributed energy storage and other FTM DERs, which differ substantially from the challenges facing behind-the-meter resources.

A. Re-evaluation of the Interconnection Process for Non-NEM, Non-Export Resources (Scoping Memo Issue 3.j)

The Scoping Memo identifies as a potential Phase 2 issue “whether the Commission should re-evaluate the interconnection process for qualifying non-NEM, non-export resources.” CESA interprets this issue as encompassing FTM DER resources that seek to interconnect under Rule 21 but do not participate in the Net Energy Metering (“NEM”) or Net Billing Tariff (“NBT”) programs. These resources, including front-of-meter storage, often face an awkward fit within

existing interconnection pathways that were designed primarily for behind-the-meter resources or for large transmission-connected generators.

B. CESA's Proposed Reform: A Tiered FTM DER Interconnection Framework

In addition to the issues identified above, CESA requests that Phase 2 include consideration of the tiered interconnection framework CESA proposed in its OIR comments. As described in CESA's OIR comments, the current framework fails to recognize that most FTM DERs are located in load-rich areas, rarely inject power into the bulk transmission system, and can provide significant local reliability benefits through dispatchability. A tiered framework would create a new, intermediate interconnection pathway for "Dispatchable Local Export Projects" exporting DERs that (1) do not materially impact the transmission grid, and (2) can be dispatched in response to reliability events. Such projects would qualify for streamlined interconnection based on a localized impact analysis, bypassing CAISO deliverability requirements that are inappropriate for distribution-connected resources with primarily local effects.

This proposal addresses a fundamental structural problem in the current Rule 21 framework: the lack of any interconnection pathway that matches the operational reality of most FTM DERs. By creating a tiered framework alongside the existing fast-track and cluster study processes, the Commission can facilitate deployment of locally beneficial dispatchable resources without compromising grid safety or reliability.

III. Conclusion

CESA appreciates the Commission's focus on the most urgent interconnection reform issues in Phase 1 and urges the Commission to act expeditiously. Advancing these reforms in parallel with a clearly defined and timely Phase 2 will be critical to supporting efficient DER deployment and advancing California's reliability and clean energy goals.

Respectfully submitted,

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April 30, 2026