

**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  
Distribution Energy Resources Future.

Rulemaking 21-06-017

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**ADVANCED ENERGY UNITED’S REPLY COMMENTS IN RESPONSE TO  
ASSIGNED COMMISSIONER’S RULING ON TRACK 1 AND TRACK 2  
DISTRIBUTED ENERGY RESOURCES ORCHESTRATION**

**1. Introduction and Summary**

Advanced Energy United appreciates the opportunity to submit these reply comments to the Assigned Commissioner’s (ACR) Ruling on Track 1 and track 2 Distributed Energy Resources Orchestration in accordance with CPUC Rules of Practice and Procedure and the instructions accompanying the ACR and the Reply Comment deadline extension provided in the April 3, 2026 E-mail Ruling Granting Extension on Comments and Workshop to April 30, 2026.

In general, Parties’ opening comments reflect a wide range of understanding, or confusion, of the Ruling’s overall intent, specific proposals, and timeline and process. This reflects a large degree of ambiguity and possible contradiction in the Ruling that should be clarified.

Comments also identify significant unresolved issues at the most foundational levels of what composes a DER Orchestration Framework, from the form of DSO operations, to cost-effectiveness evaluation, to common policies, platforms, and protocols. Finally, comments reflect a tension or diversity of opinion regarding whether the higher priority is a broad strategic framework, versus a more tactical implementation plan for DER Orchestration.

In our opening comments, United focused on opposition to requiring new and separate IOU application processes to propose DER Orchestration Frameworks. We suggested that applications would be premature and prejudicial. Instead, we recommend that the Commission work to define fundamental and consistent Framework parameters in this proceeding, and that implementation can occur in other existing venues or a future process.

In our comments below, we note other parties that expressed skepticism or opposition to the proposal for an application proceeding. We support other parties' proposals to continue to develop Framework elements (including cost-effectiveness and common platforms or protocols) through work groups in this proceeding, while implementation continues in other proceedings including the Distribution Planning Process. Through this reply to parties' comments, we re-iterate and refine our recommendations:

- The Commission should not require separate Applications at this time.
- High DER Track 2 should be focused on the definition of fundamental and consistent DER Orchestration Framework issues, including the principles and platforms for ensuring DER visibility, control, and open access. Working groups, stakeholder proposals, and IOU reports are an appropriate vehicle to develop the record.
- DER Orchestration can proceed in the near term through the several existing proceedings and the Distribution Planning Process. If necessary, additional programs or systems can be proposed in IOU advice letters once Framework issues have been decided.

**2. The Ruling is ambiguous, and this ambiguity sparks tension between strategic framework versus tactical implementation**

The Ruling was ambiguous regarding whether the utilities were being expected to propose sweeping visions of DER Orchestration, or were instead asked to propose specific priority programs in specific priority places.

For example, Cal Advocates noted “[t]he March 2026 Ruling does not reasonably define the purpose and content of the proposed IOU applications”<sup>1</sup> and SDG&E stated, “[a]s indicated above, the Commission should distinguish between the adoption of a DER Orchestration Framework and the review of a utility application to operationalize that framework.”<sup>2</sup>

PG&E separately described the purpose of DER Orchestration applications as broad and strategic, and as specific and tactical: “The purpose of DER Orchestration is to identify and address distribution system operational needs and associated capability gaps...”<sup>3</sup> as well as “Each IOU should present the grid service use cases that they plan to address and when.”<sup>4</sup>

SDG&E did not explicitly make the case for having the Commission define an Orchestration Framework prior to IOU’s filing an implementation plan, but they did endorse the conceptual distinction: “However, the Commission should distinguish between adopting an overarching DER Orchestration Framework and reviewing a utility-specific application or request to operationalize that framework. The former should establish the guiding principles, core design elements, and procedural pathway for DER orchestration, while the latter should demonstrate the utility’s readiness to deploy specific capabilities to dispatch DERs to provide identified distribution services in identified locations, and on an appropriately phased basis... Meaningful progress can still be made if utilities are subjected to a common readiness framework but are permitted to propose utility specific implementation pathways based on their respective system conditions, existing platforms, and operational maturity.”<sup>5</sup>

CalSSA also recognizes a distinction between framework and implementation, though they emphasize the urgency of the latter: “In describing the need for DER orchestration as a “framework,” the Ruling risks maintaining a focus on the theoretical rather than quickly developing actual programs. We have the capabilities to mobilize cost-effective non-wires

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<sup>1</sup> CalAdvocates at p. 2

<sup>2</sup> SDG&E at p. 12

<sup>3</sup> PG&E at p. 16

<sup>4</sup> PG&E at p. 12

<sup>5</sup> SDG&E at p. 15

alternatives to costly grid expansion. The first step is to identify target locations and get expandable programs underway.”<sup>6</sup>

**3. Fundamental lack of alignment of vision – and skepticism that a single vision is necessary.**

Opening comments reveal a lack of consensus or even acceptance of some of the most basic conditions that the Ruling is based on. Several parties strongly object to the Ruling’s endorsement of IOU-led DER Orchestration as the default model. CalCCA is particularly clear that the Ruling, “wrongly assumes that other DSO models have been adequately considered in this proceeding, despite the OIR’s direction to do so.”<sup>7</sup> CalCCA goes on to identify several foundational issues – such as open access, IOU incentives, and market systems development – that are unresolved, whether in application to the IOU or alternative DSO frameworks.

Nexamp also raises this fundamental misalignment, while raising the possibility of a framework inclusive of IOU and open access, stating Nexamp “does not believe the Commission should assume that IOU-led orchestration is the default model. Instead, the Commission should require an open, interoperable framework that allows independent third parties and aggregators to participate on a comparable basis, with clear rules for coordination, telemetry, communications protocols, performance standards, and accountability.”<sup>8</sup>

**4. Commission should decide more fundamental Framework issues on a consistent basis before requiring IOU applications**

Cal Advocates puts the issue most succinctly: “First, the proposed process moves to IOU applications too quickly and before fully developing Commission guidance on a DER orchestration framework. Any application process should follow a Commission decision that authorizes the IOU applications and sets out the contents of the applications in sufficient detail to

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<sup>6</sup> CalSSA at p. 10

<sup>7</sup> CalCCA at p. 3

<sup>8</sup> Nexamp at p. 1-2

allow the IOUs to apply a consistent DER orchestration framework in their respective applications.”<sup>9</sup>

Aspects that deserve a full record and Commission direction include those that are fundamental to any orchestration framework – such as the DSO model – and those that are best served by being common and consistent across IOUs, such as cost-effectiveness evaluation, platforms or protocols for visibility and control, and a common readiness framework by which IOUs should be developing increasing capability through their disparate programs or investments.

**a. Cost effectiveness**

Cal Advocates proposes a working group to address cost-effectiveness evaluation for DER Orchestration. United supports this proposal because cost-effectiveness evaluation of DER Orchestration can be done well or poorly. A poorly conceived cost effectiveness approach – such as evaluating each and every constraint prior to designing and then approving a bespoke DER Orchestration solution, as was done in the DIDF process – is obsolete and discredited. Contrary to Cal Advocate’s advocacy<sup>10</sup>, best practice in DER Orchestration cost-effectiveness evaluation does look to systemic, portfolio solutions. In fact, a system-wide load flexibility and DER orchestration model tends to outperform case-by-case evaluations because it captures interactions, timing, and shared value streams that siloed analyses miss. DER orchestration can serve many use cases with the same resources, platforms, and programs.

Many parties agreed that avoided cost, as implemented through the Avoided Cost Calculator (ACC) is a useful starting point, but that additional or alternative methods for evaluating or ensuring cost-effectiveness for distribution services should be explored.

United agrees with CalSSA<sup>11</sup> that capacity payments, allowing for flexible use of DERs to serve a variety of purposes, are an effective way to ensure cost effectiveness while presenting an

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<sup>9</sup> Cal Advocates at p. 2

<sup>10</sup> “The Commission should clarify that locational and temporal value recognition means DER orchestration should be evaluated for a specific use case, at a specific location, and over a defined period of time...” Cal Advocates at p. 10

<sup>11</sup> CalSSA at p. 5

attractive business proposition to participating customers. Capacity payments can cover a variety of benefits provided by DERs dispatched for multiple purposes.

However, EDF also proposed the Commission “should consider the feasibility and implications of developing a distribution locational marginal price (dLMP), or flexibility market.”<sup>12</sup> United agrees that market-based cost discovery, indexed or capped at avoided cost values, should be explored.

Regardless of the method, United agrees with EDF that “the complete methodology to be used, and how that will to evolve over time, should be settled before the IOU’s applications are filed, not after, to ensure applications are based around clear and consistent benefit-cost quantification from the start.”

Lastly, United agrees with parties that recognize the unique and separate benefits of scale. For instance PG&E point out that “VPP compensation and program admin costs must be less than or equal to the incremental benefits realized from the use case (or a pathway to realize this at a future scale).”<sup>13</sup> EnergyHub also noted a cost-effectiveness principle that, “Applications should be consistently evaluated on whether they facilitate or prohibit scale from the highest-potential sources of load flexibility.”<sup>14</sup>

#### **b. Consistent policies, platforms, processes, protocols**

Other parties recommend a working group to address common Orchestration platform issues, including systems promoting DER visibility and control, open access, and reliability. Several parties noted that the full accounting of IOUs’ DERMS and ADMS systems would be a useful foundation to this discussion. For instance EDF “The Commission should require the IOUs to detail the current capabilities of their ADMS/DERMS in the context of the DER orchestration frameworks they propose, how they expect those capabilities to change and improve over time, and how that change in capabilities will change the scope or characteristics of their DER

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<sup>12</sup> EDF at p. 14

<sup>13</sup> PG&E at p. 10 and again at p. 12

<sup>14</sup> EnergyHub at p. 2

orchestration.”<sup>15</sup> Parties including CalCCA and EnergyHub noted that full implementation of IOU’s enterprise DERMS may not be necessary to achieve significant DER Orchestration, and these alternatives should be explored.

##### **5. Near-term implementation does not require a separate application**

United appreciates CalSSA’s comments that the Ruling’s call for an Orchestration Framework may be “overthinking this issue.” We agree that the greater priority in the near term is moving beyond pilots to “quickly create and begin scaling up programs.”<sup>16</sup>

Many parties highlight the multiple proceedings that are addressing aspects of DER Orchestration, from Tracks 1 and 3 in the High DER proceeding, to dynamic rates (now rate design), demand response, DER cost effectiveness, and the CEC’s Load Management Standards. Each of these addresses broad framework issues, from DER visibility and control to open access, as well as in many cases addressing specific program approvals and implementation.

For instance, SDG&E states “It is unclear whether the DER orchestration application contemplated by the Ruling is intended as the regulatory vehicle by which, for example, a V2G program would be approved or whether such proposals should be considered within other established proceedings, such as for Demand Response (“DR”).” ...Lastly, there is a new DR rulemaking to establish new DR policies, which is likely to delay the next filing of DR applications for new DR programs until 2029 for implementation in 2030.<sup>7</sup> This schedule may create a disconnect between the Ruling’s expectations for the DER orchestration application and what the Commission currently permits SDG&E to do in the DR space.”<sup>17</sup>

Further, the tactical planning of DER Orchestration deployment also has an existing home – the Distribution Planning Process. SCE notes, “Although the results from EIS Part 2 can highlight areas that may have the greatest potential for demand flexibility and capital deferral, SCE

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<sup>15</sup> EDF at p. 14

<sup>16</sup> CalSSA at p. 1

<sup>17</sup> SDG&E at p. 14

strongly recommends that the annual distribution planning process is a more reliable source for identifying where DER orchestration can offer the most value.”

Finally, to the extent that the DER Orchestration Framework the Commission develops in Track 2 requires utility-specific planning or proposals that are not captured in these other proceedings, SCE suggests (p. 2) “it is possible that alternatives to the application process envisioned in the ACR would be more efficient, such as advice letters...It is appropriate to develop broad policy parameters for orchestration implementation in this proceeding, but determination of specific grid investment needs should remain in other proceedings.”

### **Conclusion and summary**

United contends that Parties’ comments reflect a widespread confusion about what the Ruling proposes, but through the responses to the Ruling’s ambiguity we see common themes among many parties with which United agrees. These include:

- The Commission should not require separate Applications at this time.
- High DER Track 2 should be focused on the definition of fundamental and consistent DER Orchestration Framework issues, including the principles and platforms for ensuring DER visibility, control, and open access. Working groups, stakeholder proposals, and IOU reports are an appropriate vehicle to develop the record
- DER Orchestration can proceed in the near term through the several existing proceedings and the Distribution Planning Process. If necessary, additional programs or systems can be proposed in IOU advice letters once Framework issues have been decided.

Respectfully Submitted,  
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