BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

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

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 reply 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 an extension of the reply comment period to May 29, 2026.

The opening comments of other parties confirm what CESA's members have experienced firsthand: Screen Q has become a significant structural barrier to the interconnection of distributed energy storage projects, and the process that follows a Screen Q failure offers no viable path forward for the vast majority of Rule 21 projects. The Commission has an opportunity in this proceeding to make targeted, durable reforms that address both problems.

I. The Commission Should Consider Immediate Reforms to Reduce the Rate at Which Projects Fail Screen Q

A. The Current Flow Impact Test Produces Results Inconsistent with Screen Q's Purpose

The record developed through SEIA's data requests confirms that the root cause of elevated Screen Q failure rates is a structural flaw in the Flow Impact Test.[1] Under the original CAISO Appendix DD framework, the test divides a project's incremental power flow by the project's own size rather than by the transmission facility's capacity. Because Rule 21 projects are almost always sized well below any nearby transmission facility, the project's own size is effectively always the denominator. The result is that the test measures the DFAX, the fraction of the project's output that flows to a given line, rather than whether that flow poses any actual risk of overloading the line. A transmission facility with substantial remaining headroom can absorb a high DFAX from a small storage project without any reliability consequence, but under the original test that project fails Screen Q regardless.

PG&E's data response to SEIA illustrates this concretely: every Screen Q failure in PG&E's sample was attributable to the DFAX threshold, not to any demonstrated concern about actual transmission loading.[2] A 1.5 MW storage project with a DFAX of 15.4% fails under the current test despite a calculated flow impact on the limiting facility of only 0.0067%. This is precisely the kind of outcome Screen Q was never designed to produce, and it is causing CESA members' projects to be unnecessarily forced out of the Rule 21 queue.

[1] *Comments of the Solar Energy Industries Association in Response to Assigned Commissioner's Scoping Memo and Ruling, R.25-08-004 (Apr. 30, 2026) ("SEIA Opening Comments"),* at 16-18.
[2] *Pacific Gas and Electric Company's Opening Comments on Assigned Commissioner's Scoping Memo and Ruling, R.25-08-004* (Apr. 30, 2026) ("PG&E Opening Comments"), Attachment A at 7.

B. CESA supports PG&E's Proposed Screen Q Modification

CESA finds PG&E's proposed dual-threshold modification to Screen Q to be a technically promising and procedurally significant development in this record. CESA encourages the Commission to give it serious consideration for the following reasons.

First, the proposal is analytically grounded in the existing CAISO Appendix DD framework.[3] By requiring that both DFAX exceed 5% and Flow Impact exceed 1% before a project is referred to the WDAT Cluster Study process, it preserves Screen Q's core purpose of identifying projects with meaningful transmission impacts, while eliminating the mechanism that causes projects to fail on DFAX alone, a metric that says nothing about whether a transmission facility will be loaded beyond its limits. PG&E's own illustrative examples confirm that projects currently failing Screen Q at DFAX levels of 14-15% have actual flow impacts of less than 0.03% on the limiting facility.[4] The proposed test would correctly allow these projects to pass.

Second, PG&E's proposal should apply consistently across all three IOU territories as a uniform Rule 21 tariff modification, which could address the problem that the three IOUs are currently applying Screen Q using materially different approaches with no Commission-mandated standard to ensure consistency. A codified dual-threshold test could remedy that disparity and give developers a more predictable, uniform standard across California.

Third, the proposal reforms only the Flow Impact Test, leaving the Short Circuit Duty, Transient Stability, and Reactive Support components unchanged. It would not reduce the rigor of Screen Q for the safety and reliability concerns those tests address. It would remove only the ability

[3] PG&E Opening Comments at 4-5.
[4] PG&E Opening Comments, Attachment A at 7

of DFAX alone to trigger a Cluster Study referral when actual power flow impact is demonstrably negligible.

C. SDG&E Must Be Required to Resume Evaluating Projects Under Screen Q

The Commission should also consider the inconsistency across IOU territories. SDG&E has confirmed in its data response to SEIA that it is auto-failing all projects that reach Screen Q without any analysis of whether those projects would actually contribute to the need for Reliability Network Upgrades, on the grounds that CAISO removed the Electrical Independence Test from its tariff following FERC Order 2023.[5] This position does not appear to be supported by the language or purpose of Rule 21. Rule 21's reference to the CAISO tariff was intended to incorporate the methodology for evaluating electrical independence, not to make the existence of an active EIT in CAISO's tariff a precondition for conducting any evaluation at all. PG&E and SCE have both continued to conduct Screen Q evaluations using a reasonable adaptation of the Appendix DD framework with the current CAISO Cluster Study base case. SDG&E must be directed to resume evaluating Rule 21 projects.

II. Rule 21 Projects That Fail Screen Q Should Not Be Required to Enter the CAISO Cluster Study Process

Even with the reforms described above, some Rule 21 projects will fail Screen Q and require a transmission system impact study. CESA supports SEIA's proposal to establish an affected system study pathway within Rule 21, and encourages the Commission to consider this reform as a core element of its Phase 1 decision.

[5] *SDG&E Response to SEIA Data Request 01, Question 3, R.25-08-004* (Apr. 14, 2026) ("SDG&E DR SEIA 01-Q3") ("Because SDG&E no longer has a basis in CAISO's Tariff to use in applying Screen Q as currently set forth in Rule 21, projects cannot pass Screen Q as currently in effect."), included as Attachment C to SEIA's Opening Comments.

The current requirement, that projects failing Screen Q withdraw from Rule 21 and reapply through the WDAT Cluster Study, is not a viable path for distributed storage projects. Three problems are particularly relevant to CESA members.

First, the structural mismatch raises significant analytical concerns: a project fails Screen Q based on transmission conditions produced by the current Cluster Study queue, but is then required to be studied in the next cycle under entirely different conditions that may bear no relationship to the original failure. The RNUs that triggered the Screen Q result may be fully resolved by the time the project re-applies, yet the project had no opportunity to be studied alongside the cluster responsible for resolving them and no opportunity to be credited for any proportionate contribution.

Second, the timing and cost barriers are significant. The Cluster Study window opens once per year on October 1 (barring any reform efforts, such as the stakeholder process that created an approximately three year long wait between the Cluster 15 and Cluster 16 windows), meaning a project that fails Screen Q at any other point faces up to twelve months of waiting before it can even submit an application, followed by a 90-day Customer Engagement Window and a 150-day study period.

Lastly, energy-only projects that proceed without scoring permanently forfeit eligibility for cash reimbursement of RNU costs[6], meaning any network upgrade costs assigned become an unrecoverable expense that can exceed a small storage project's entire economic margin.

The affected system study pathway that SEIA proposes would address these concerns. When a Rule 21 project is identified as potentially contributing to RNUs, the IOU would

[6] SEIA Opening Comments at 24-25, citing CAISO Resource Interconnection Standards ("RIS") § 4.4.

coordinate with its transmission engineering function to conduct a targeted impact study while the project remains in the Rule 21 queue, following the 150-day timeline established in FERC Order 2023. The applicant would pay a study deposit and remain responsible for proportionate upgrade costs under existing CAISO crediting policy, without losing its queue position or facing the scoring criteria and deposit structures designed for utility-scale generators.

CESA's understanding is that the Commission already has the authority to pursue this approach today. SEIA confirmed through direct correspondence with CAISO that CAISO relies on the participating transmission owner, the IOU, to conduct affected system studies and determine whether reliability mitigation is needed.[7] This suggests the Commission's authority over the IOUs could be a sufficient basis for this reform, without requiring CAISO tariff changes first.

The status quo of diverting distributed energy storage projects to the CAISO Cluster study is unsustainable. SEIA's proposal offers a reasonable solution.

III. Conclusion

CESA appreciates the opportunity to submit these reply comments.

Respectfully submitted,

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[7] SEIA Opening Comments at 34, Correspondence from Robert Emmert to Sky Stanfield, April 10, 2026