

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



FILED

07/27/26

10:43 AM

R2106017

Order Instituting Rulemaking to
Modernize the Electric Grid for
a High Distributed Energy
Resources Future.

Rulemaking 21-06-017

**OPENING COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S
RULING ISSUING QUESTIONS ON THE DISTRIBUTED ENERGY RESOURCES
ORCHESTRATION WORKSHOP REPORTS**

Scott Murtishaw
Executive Director

CALIFORNIA ENERGY STORAGE ALLIANCE
808 R Street, #209
Sacramento, California 95811
Telephone: 510-205-7774
Email: scott@storagealliance.org

July 27, 2026

**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

**OPENING COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S
RULING ISSUING QUESTIONS ON THE DISTRIBUTED ENERGY RESOURCES
ORCHESTRATION WORKSHOP REPORTS**

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 and Administrative Law Judge's Ruling Issuing Questions on the Distributed Energy Resources Orchestration Workshop Reports* ("Ruling"). The Track 2 DER Orchestration Workshop Reports included Workshop 1, held May 21, 2026 ("Workshop 1 Report"), and Workshop 2, held June 5, 2026 ("Workshop 2 Report").

CESA appreciates the Commission's continued engagement with stakeholders on the foundational elements of a Distribution System Operator (DSO)-led DER orchestration framework. Energy storage, including electrochemical batteries and thermal energy storage, can complement that role by delivering dispatchable, verifiable, and locationally relevant grid services that workshop participants, including PG&E, identified as central to a High DER future. CESA's comments below respond to selected questions in the Ruling and urge the Commission to adopt a framework that:

- (1) preserves open, competitive access to distribution-level services alongside the utility's operational role;
- (2) prioritizes storage as a planning-grade resource for deferring traditional infrastructure investment and providing Resource Adequacy and other reliability value;
- (3) supports protocol-neutral technical standards across all IOU territories as each utility advances its own readiness;
- (4) recognizes the full range of storage technologies, including non-exporting thermal energy storage and storage-based load shifting, as best-fit orchestration resources, and removes barriers to full value stacking, including Resource Adequacy (RA); and
- (5) ensures strong CAISO-DSO coordination, including a deliverability methodology that reflects how local storage resources actually operate.

I. CESA'S COMMENTS ON SPECIFIC RULING QUESTIONS

A. Response to Question 6: The Regulatory Pathway Should Preserve Open, Competitive Market Access While Recognizing the Utility's Central Operational Role

The choice of regulatory pathway will shape how California's distributed energy market develops for years to come, and CESA encourages the Commission to weigh this choice carefully. Workshop 1 participants proposed a range of frameworks along a spectrum, from IOU enterprise ADMS/DERMS models, to IOU grid-edge DERMS, to independent marketplace operators, to a fully independent DSO. As the Workshop 1 Report reflects, several parties noted that IOU-operated enterprise DERMS models are designed primarily around coordinating utility-managed DERs and may need further development to support orchestration of third-party and CCA-managed resources at scale, and that reliance on a single communications protocol could limit aggregator participation and raise costs if not paired with broader protocol options. Parties also

pointed to rapid growth in independent flexibility marketplaces, including the expansion of the U.K. market and the U.S. launch of independent operators such as Piclo, as useful models for the Commission to review as it designs a framework suited to California. CESA believes that it is prudent for the Commission to closely consider the benefits and risks that CalCCA outlined of an IOU-run flexibility market as compared to an independent flexibility market.

CESA recognizes that utilities may continue to play a central and necessary role in operating a safe, reliable distribution grid, and CESA's comments are not intended to diminish that role. Rather, CESA asks that whatever regulatory pathway the Commission selects, whether an Advice Letter and memo account process, an application process, or another vehicle, be paired with built-in flexibility that preserves open, competitive access to distribution-level services alongside the utility's operational responsibilities. At minimum, CESA recommends the pathway include: (1) non-discriminatory, third-party aggregator access to distribution-level services on transparent terms; (2) protocol neutrality, so that no single utility-preferred communications standard becomes a de facto barrier to participation; (3) independent monitoring to help ensure DSO and marketplace-operator functions remain fair to all participants; and (4) direction to Energy Division to evaluate independent marketplace operator and independent DSO models alongside utility-led approaches, so the Commission has a full picture of available options as it develops a long-term structure. Building in this flexibility early will make the framework easier to refine as the market matures.

B. Response to Question 10: The Commission Should Support Protocol Neutrality Across IOU Territories as Each Utility Advances Its Own Technical Readiness

The workshop reports document differing stages of DERMS and telemetry maturity across the three large IOUs, reflecting each utility's own infrastructure investments and planning

timelines. For example, the reports describe differences in DERMS and VPP deployment, AMI 1.0 versus anticipated AMI 2.0 capabilities, and each utility's proposed regulatory and pilot timelines. CESA recognizes these differences are a natural result of each utility's individual technology roadmap. At the same time, if left unaddressed, this divergence could result in a staggered, multi-year rollout in which third-party storage developers gain access to orchestration opportunities in one service territory well before another, which may discourage the kind of statewide investment the Commission is trying to attract.

CESA encourages the Commission to support a baseline policy of protocol neutrality that applies across all three IOUs on a reasonably synchronized timeline, even as each utility continues to advance its own Enterprise DERMS or grid-edge DERMS platforms at its own pace. Aligning on open, interoperable communication standards, even while underlying platform maturity differs, would allow storage providers to plan and deploy portfolios across service territories on a more consistent basis. CESA also recommends the Commission direct the IOUs to jointly define “AMI 2.0” capabilities and a common deployment timeline, since the term is used throughout the record without a settled technical definition.

C. Response to Questions 12 - 14: Energy Storage, Including Non-Exporting Thermal Storage, Is a Best-Fit DER Technology, and the Commission Should Address Barriers to Full Value Stacking, Including Resource Adequacy

12a. Storage technologies, broadly defined, are best-fit orchestration resources. Front-of-the-meter and behind-the-meter battery energy storage systems are among the best-fit customer- and grid-connected technologies for DER orchestration because of their bidirectional flexibility and rapid response times, which map directly onto PG&E's dispatchable, verifiable, and locationally relevant criteria discussed above.

CESA encourages the Commission to ensure the framework does not unintentionally narrow “best-fit” DERs to electrochemical batteries, EVs, and exportable resources alone. Commercial thermal energy storage (TES) and other storage-based load-shifting resources can shift large cooling loads, reduce circuit and substation peaks, support speed-to-power use cases, and defer distribution upgrades, all while preserving normal customer operations. Even though TES does not export energy to the grid, a measured, verifiable reduction in net load during a constrained local window provides real, measurable distribution value and should be recognized alongside exporting resources for purposes of Questions 12 through 14 and 16.

CESA also encourages the Commission to distinguish storage-based load shifting (both electrochemical and thermal) from behavioral demand response. Storage resources can be defined, and made dependable for planning and dispatch purposes, through committed capacity, dispatch duration, charging and recovery rules, and availability windows, together with direct telemetry or submetering, rather than relying solely on estimated, baseline-derived measurement. This distinction should inform how the Commission answers Question 14 on circuit-level demand flexibility modeling and Question 16 on the components of a reliable orchestration framework.

12b. Restrictive double-compensation rules remain a barrier to broader storage participation. The draft guiding principles identify “Preventing Double Compensation” as a priority, and CESA agrees that guarding against improper double payment for a single service is appropriate. At the same time, as reflected in the Workshop 1 Report, this principle should be applied carefully so it does not inadvertently limit legitimate, distinct value streams, including local congestion relief, avoided distribution upgrades, voltage support, and resilience benefits, that a single storage asset can provide at the same time. Today, the absence of transparent, bankable multi-use application rules makes it difficult for customers and developers to fully utilize their

storage assets to serve both local distribution needs and CAISO wholesale markets, which limits investment.

CESA recommends the Commission consider implementation of resource-level, device-specific metering, i.e., separate “storage resource metering,” so that each distinct service a storage asset provides can be measured and compensated individually, rather than relying only on premises-level AMI data or estimated baselines that cannot disaggregate simultaneous uses. Storage Resource Metering, enables separate compensation for the host customer and the resource (i.e. each resource can independently participate in a different program). It also enables separate compensation in case there is more than one system at a host site. Metering and telemetry technology capable of this disaggregation exists and is commercially deployed today. The Commission should consider near-term implementation options rather than waiting for a future AMI 2.0 rollout.

12c. RA value should be an explicit, not merely implicit, part of the value stack. CESA encourages the Commission's framework to say so explicitly rather than leaving RA eligibility to be inferred. Local DER storage resources are well suited to respond to the rapidly evolving project-based loads, including data centers and other large loads, highlighted in the latest Integrated Energy Policy Report (IEPR) forecast, and the orchestration framework should explicitly recognize and reward that reliability contribution as part of the resource's value stack.

D. Response to Question 16: The Framework Must Include Robust CAISO-DSO Coordination, Including a Deliverability Methodology that Reflects How Local Storage Actually Operates

To maintain safety and reliability while scaling DER orchestration, the framework will benefit from strong coordination between DSOs and CAISO at the transmission-distribution interface, building on the priority areas and telemetry discussion in the Workshop 2 Report. At a

minimum, the framework should include: (1) clear mechanisms to coordinate dispatch signals between DSO-directed local grid services and CAISO bulk-system dispatch, preserving a clear operational boundary between distribution optimization and bulk-system dispatch; and (2) clear, stackable definitions of distinct local grid services, such as distribution upgrade deferral and voltage support, so storage providers can reliably forecast and stack distinct value streams, consistent with CESA's comments on Questions 12 and 13 above.

CESA also encourages the Commission to focus DSO-CAISO coordination not only on ensuring the distribution grid is operated safely, which remains essential, but also on what CAISO needs from the DSO to allow qualifying local resources to obtain deliverability and RA status that reflects how they actually operate. Under current rules, RA resources must obtain deliverability status through CAISO's deliverability assessment, which is a reliability-based test for generation interconnection that is focused on extreme on-peak conditions. CAISO's methodology tests whether a resource can deliver to the aggregate of system load.¹ However, a local DER storage resource that charges during off-peak hours to serve local distribution load arguably should not need to demonstrate deliverability to the aggregate CAISO system load during the system peak hour in order to receive deliverability status. CESA recommends the Commission request a joint CPUC-CAISO effort to determine how CAISO's deliverability study methodology could be adjusted to appropriately assess these locally serving resources.

II. Conclusion

CESA respectfully requests that the Commission consider these comments in developing the DER orchestration framework and in directing next steps for the IOUs' DER orchestration

¹ See <https://www.caiso.com/documents/on-peak-deliverability-assessment-methodology.pdf>, at p. 2.

applications. CESA looks forward to continued engagement with the Commission and parties on these issues.

Respectfully submitted,

Scott Murtishaw

Scott Murtishaw
Executive Director
CALIFORNIA ENERGY STORAGE ALLIANCE

July 27, 2026