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

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| Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769. | Rulemaking 14-08-013<br>(Filed August 14, 2014) |

# VOTE SOLAR'S COMMENTS ON COMMISSIONER'S RULING RE DRAFT GUIDANCE FOR USE IN UTILITY AB 327 (2013) SECTION 769 DISTRIBUTION RESOURCE PLANS


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On November 17, 2014, Commissioner Picker issued a Ruling regarding draft guidance for use in Utility Distribution Resource Plans ("DRPs") pursuant to A.B. 327 (2013) Section 769. The Ruling included as an attachment a draft Distribution Resource Plan Guidance ("Draft Guidance") document and invited parties to submit comments on the Draft Guidance no later than December 5, 2014 (subsequently extended to December 12, 2014). The Vote Solar Initiative ("Vote Solar") respectfully submits the following comments on the Draft Guidance.

Vote Solar is a non-profit, non-partisan, grassroots organization working to fight climate change and foster economic opportunity by bringing solar energy into the mainstream. On September 5, 2014, Vote Solar submitted comments in response to the 16 questions included in the Commission's August 20, 2014 Order Instituting Rulemaking ("OIR") in this proceeding. On October 6, 2014, Vote Solar submitted reply comments addressing certain initial comments submitted by other parties. In short, our previous comments and reply comments emphasized that the Commission should ensure that distribution planning strongly supports a modernized electric grid which (1) serves as a backbone to facilitate access to Distributed Energy Resources ("DERs"); (2) provides open access to DER providers; (3) facilitates information transparency and a greater diversity of energy choices for customers; (4) and expands options for renewable-

energy procurement for all customers.

## RECOMMENDATIONS

Vote Solar believes that the Draft Guidance, as a whole, thoughtfully and appropriately incorporates the goals of this Proceeding and the requirements of A.B. 327, and we commend Commission Picker and Commission Staff on their work thus far. In particular, we are pleased that the Draft Guidance directs utilities to develop multiple DER growth scenarios that take geography into account; supports provision to the public of useful, user-friendly data that are updated frequently; adequately addresses safety considerations; and recognizes that the DRP process should be a living process, during which the Commission, the Utilities and other stakeholders engage continuously and transparently.

However, Vote Solar believes that the Draft Guidance could be strengthened further, in specific five areas, as discussed below.

### Recommendation 1: Utilities should identify optimal DER mixes, both in terms of ease of grid integration and locational net benefits.

In the Draft Guidance, the section titled "Integration Capacity and Locational Value Analysis," on p. 15, states:

> "This section directs the Utilities to develop three analytical frameworks related to the grid integration capacity of DER, the quantification of DER locational value, and the future growth of DERs. The intent being to create a set of mutually supportive tools that at once detail how much DER can be deployed under a business as usual grid investment trajectory, while building the capabilities to compare portfolios of DERs as alternatives to traditional grid infrastructure."

It is important to acknowledge that the development of each of these three frameworks depends on the assumed mix of Distributed Energy Resources ("DERs"). For example, with respect to the grid integration capacity of DER, the amount of capacity on the existing distribution network that may be available to accommodate DERs varies by the assumed DER

mix. A mix of DERs that includes energy-storage capability and distributed photovoltaic ("PV") systems with smart-inverter functionality likely could be deployed at a much higher penetration level than a mix of distributed PV systems without storage capability or smart-inverter functionality. To facilitate DER deployment, DRPs should identify the mix or mixes of DERs that can be most easily accommodated on distribution circuits.

Likewise, with respect to the quantification of DER locational value, the results of such an analysis will vary based on the assumed DER mix. The Draft Guidance does not adequately consider that the range of eligible DERs is extremely broad, and that the characteristics of individual DERs vary such that some will yield higher locational values than others, depending on where they are deployed. To rectify this, and to provide added clarity to customers and DER developers, Utilities should identify the mix or mixes of DERs that would yield the highest locational net benefits in specific locations.

With respect to the future growth of DERs, the Draft Guidance directs the Utilities to develop three ten-year scenarios that project the expected growth of DERs through 2025. Vote Solar supports this approach. However, it would be more beneficial to customers and DER developers for these growth scenarios to include projections for each DER type, bearing in mind that customer-sited DER deployment will account for some portion of this growth. In addition, to tie future DER growth together with the other two analytical frameworks (i.e., grid integration capacity of DER and quantification of DER locational value), Vote Solar believes that DER growth should be incentivized to encourage optimal DER mixes that yield cost-effective integration and the highest locational values, taking into consideration the State's policies concerning greenhouse gas (GHG) reductions and the preferred loading order, as well as environmental justice issues and other societal or policy issues.

**Recommendation 2: Strengthen the role of customers in achieving the optimal DER mix.**

According to the Draft Guidance, because the DRPs will provide a platform for future investments in energy-delivery infrastructure, included on pp. 4-5 are three "parallel goals" that the Utilities' DRPs should reflect. These parallel goals are similar to goals that Vote Solar proposed in its previous comments. We are particularly pleased by the inclusion of the second parallel goal (i.e., "to enable customer choice of new technologies and services that reduce emissions and improve reliability in a cost efficient manner"), which we discussed in our October 6, 2014 reply comments.

Similarly, Vote Solar believes that customers also should play a significant role in achieving the optimal mix of DERs. The Draft Guidance should reflect stronger support for the role of customers in achieving optimal DER mixes, and for the role of Utilities in facilitating customer energy choice. We believe that explicit support for customer choice should be incorporated into specific portions of the Draft Guidance, as indicated below.

- In the "DER Growth Scenarios" section, on p. 17. As stated above, DER growth will be a product of customer choices and Commission policies that are adopted to encourage the optimal mix of DERs that result in the lowest integration costs and highest locational value, with optimal DER mixes varying by location. Two of the three growth scenarios that Utilities must develop are adaptations of IEPR cases; the third is based on very high potential growth in the use of DERs to meet transmission system needs and resource adequacy. This section should take into consideration that the results of these three forecasts might not equal or closely align with the optimal mixes of DERs. If the forecasts do not align closely with the optimal DER mixes, utilities should incentivize specific types of DERs that are most appropriate for specific locations in order to achieve

and maintain optimal DER mixes. Utility distribution planning must continue to be customer-focused, both in terms of the State's IEPR process and determining optional DER mixes. Utilities must be fully supportive of customer choice and customer DER preferences, which together are a critical component of determining optimal DER mixes.

- The Draft Guidance should require Utilities to address system upgrades that might be necessary to accommodate forecasted customer demand for DERs, as well as how to mitigate (e.g., via incentivizing energy storage, vehicle-grid integration or demand response in locations with high PV penetration, or incentivizing smart inverters to provide voltage or frequency support) or recover the costs of those upgrades. We recommend inserting this requirement as a new passage (designated "1(d)") on p. 17.
- In the "Tariffs and contracts" section, on p. 21. This section should explicitly direct Utilities to develop recommendations for incentivizing customer DER adoption that can lead to optimal DER mixes, which may vary by location.
- In the "Barriers to Deployment" section, on pp. 22-23. This section should explicitly direct Utilities to identify current barriers to customer DER adoption. Vote Solar believes that this section should focus on barriers to customers, rather than on barriers to Utilities and to the general deployment of DER.
- In the "Optimal Locations" section, on pp. 28-29. The list of definitions of "optimality" used to determine optimal DER locations should also explicitly include locations at which customers want to install DERs.

**Recommendation 3: Explicitly recognize that societal value can be locational.**

The "Locational Values and Benefits" section, on p. 29, states that the "benefits" of DER can be "societal," but it does not clearly recognize that societal value can be locational. Vote

Solar believes that from an environmental-justice perspective, it could be beneficial to site DERs in certain locations. This is especially true where DER deployment could replace or mitigate dirtier forms of generation that are currently sited in or near such locations.

**Recommendation 4: Specify how the DRP process will work with the LTPP process.**

The Draft Guidance should be more specific in terms of how the DRP process will be synchronized with the Commission's Long Term Procurement Plan ("LTPP") process. The Draft Guidance does specify that Utilities' DRP filings shall include a 10-year time horizon that is synchronized with the Commission's LTPP and General Rate Case ("GRC") processes, and with the CAISO's transmission planning process ("TPP"). The Draft Guidance also specifies that the Commission will not establish new DER-procurement targets in this Proceeding. Vote Solar agrees with these positions. However, it is important to consider how to ensure that California's policy goals and procurement decisions are reflected in Utilities' DRPs.

Vote Solar discussed in its reply comments how customer demand for DERs should be incorporated into ongoing and future planning efforts for electric utilities in California, how DER planning and deployment via the DRP process should inform other planning efforts, and how the broader coordination of such efforts (including the facilitation of customer DER deployment) is consistent with the Commission's Loading Order. DRPs should facilitate customer adoption of DERs and cost-effective, non-consumer driven deployment of DERs to the maximum extent possible. DRPs should also forecast consumer-driven DER demand and propose policies to incentivize optimal mixes of DERs. The resulting DER growth should be incorporated into the LTPP process and used as an assumption for the future expansion of DERs, which are preferred resources in the Commission's Loading Order. We believe this approach should be incorporated into the "Phasing of Next Steps" section, on pp. 23-26 of the Draft Guidance.

**Recommendation 5: Maximize opportunities for stakeholder input.**

The Draft Guidance should clearly address future opportunities for stakeholder input both before and after the development of the initial DRPs. Transparency and stakeholder input are critical to all phases of this process. Accordingly, Vote Solar believes it would be beneficial for the Commission to hold a series of workshops in spring 2015 (i.e., after the Commission has finalized its DRP guidance and before the Utilities' DRP filing deadline of July 1, 2015) and a series of workshops after Utilities' DRP proposals have been filed.

The spring workshops would allow Utilities to inform the Commission and stakeholders as DRP proposals are developed, particularly with respect to modeling, assumptions and analysis. Keeping the Commission and stakeholders informed of the proposals as they are developed would reduce the number and scope of potential areas of disagreement arising from the actual DRP filings. It would also reduce the amount time necessary to iron out any areas of disagreement. The post-filing workshops would serve as a forum to allow Utilities to explain their DRP proposals to the Commission and stakeholders, and to allow the Commission and stakeholders to seek clarification on and modification to the DRP proposals. After post-filing workshops, the Commission should allow comments and reply comments on the DRP proposals. After taking into consideration comments and reply comments, the Commission will be well positioned to review and approve, or modify and approve, the proposed DRPs, as required by Section 769 of the California Public Utilities Code.

## CONCLUSION

Vote Solar appreciates the opportunity to submit these comments on the Draft Guidance document included in the Ruling issued November 17, 2014, by Commissioner Picker.

*/s/ Kevin T. Fox*

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