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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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
(Filed August 14, 2014)

Application of Southern California Edison Company (U338E) for Approval of Its Distribution Resources Plan.

Application 15-07-002
(Filed July 1, 2015)

Application of San Diego Gas & Electric Company (U902E) For Approval of Distribution Resource Plan.

Application 15-07-003
(Filed July 1, 2015)

In the Matter of the Application of PacifiCorp (U901E) Setting Forth its Distribution Resource Plan Pursuant to Public Utilities Code Section 769.

Application 15-07-005
(Filed July 1, 2015)

In the Matter of the Application of Pacific Gas and Electric Company for Adoption of its Electric Distribution Resources Plan Pursuant to Public Utilities Code Section 769 (U39E).

Application 15-07-006
(Filed July 1, 2015)

Application of Liberty Utilities (CalPeco Electric) LLC (U933E) for Approval of Its Distribution Resources Plan.

Application 15-07-007
(Filed July 1, 2015)

In the Matter of the Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U913E) for Approval of its Distribution Resource Plan.

Application 15-07-008
(Filed July 1, 2015)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE, INCLUDING DECONSOLIDATION OF CERTAIN PROCEEDINGS AND A DIFFERENT CONSOLIDATION OF OTHER PROCEEDINGS

Summary

This ruling sets out the scope of the issues, adopts a procedural schedule, determines the categorization and need for hearing, and designates the Presiding Officer in the above-referenced rulemaking, pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules).¹ This ruling is appealable only as to categorization, pursuant to Rule 7.6.

1. Procedural Background

The Order Instituting Rulemaking (OIR) for this proceeding was adopted by the Commission on August 20, 2014. On February 6, 2015, the assigned Commissioner issued a ruling with guidance for what the investor-owned utilities (IOUs) should file in their Distribution Resource Plans (DRPs). Those DRPs were filed July 1, 2015 and became Applications (A.) 15-07-002 (Southern California Edison (SCE)), A.15-07-003 (San Diego Gas & Electric (SDG&E)), A.15-07-005 (PacifiCorp), A.15-07-006 (Pacific Gas and Electric (PG&E)), A.15-07-007 (Liberty Utilities), and A.15-07-008 (Bear Valley Electric). Interested

¹ All subsequent citations to Rules refer to the Rules of Practice and Procedure, which are codified at Chapter 1, Division 1 of Title 20 of the California Code of Regulations.

parties filed protests² and/or responses³ to the applications on August 31, 2015, and the relevant IOUs filed replies on September 15, 2015.

A prehearing conference (PHC) was held in these proceedings on September 30, 2015. During the PHC, the then-assigned Administrative Law Judge (ALJ) Gamson described some steps that would lead to the eventual scoping memo in this proceeding, including Energy Division development of a draft Distribution Resources Plan Roadmap Straw Proposal (Roadmap) and a possible workshop. The Roadmap was distributed to the service list by Energy

² Protests were timely filed by the Community Environmental Council; Enphase Energy, Interstate Renewable Energy Council (IREC); Office of Ratepayer Advocates (ORA); Solar Energy Industries Association (SEIA); The Utility Reform Network (TURN); Vote Solar; and jointly by Comverge, CPower, EnergyHub, EnerNOC, and Johnson Controls.

³ Responses were timely filed by the Alliance for Retail Energy Markets (AREM); jointly by the Bioenergy Association of California (BAC), California Association of Sanitation Agencies, California Energy Efficiency Industry Council (Efficiency Council), Center for Sustainable Energy (CSE), Clean Coalition, Community Choice Partners, Community Environmental Council, Comverge, EnergyHub, EnerNOC, Enphase Energy, Environmental Defense Fund (EDF), Local Government Sustainable Energy Coalition (LGSEC), Marin Clean Energy (MCE), San Francisco Bay Area Regional Energy Network (BayREN), Association of Bay Area Governments (ABAG), Solar Energy Industries Association (SEIA), Natural Resources Defense Council (NRDC), Southern California Regional Energy Network (SoCalREN), County of Los Angeles, The Utility Reform Network (TURN), VoteSolar, the World Business Academy (WBA), Bloom Energy, and CPower; Bloom Energy; jointly by the California Association of Sanitation Agencies and BAC; the California Clean DG Coalition (CCDC); Efficiency Council; California Energy Storage Alliance (CESA); the California Independent System Operator (CAISO); the CSE; the City of Fresno; the City of Long Beach; the Cogeneration Association of California (CAC); EDF; FuelCell Energy; the Green Power Institute (GPI); the Independent Energy Producers Association (IEP); MCE; NRDC; NLine Energy; NRG Energy; jointly by SolarCity and the California Solar Energy Industries Association (CalSEIA); and WBA.

Division on November 2, 2015 and a workshop was held to discuss the Roadmap on November 9, 2015.

An ALJ ruling was issued November 16, 2015 requesting comments on the Roadmap, and interested parties filed comments on November 20, 2015.⁴

The draft Roadmap developed by Energy Division staff and the comments from parties have helped shape and inform this scoping memo. This scoping memo supersedes the Roadmap for purposes of conducting this proceeding.

2. Consolidation/Deconsolidation Issues

As a threshold matter, there was considerable discussion at the PHC about whether to keep all of these proceedings consolidated, with particular focus on how to handle effectively the filings from the small and multi-jurisdictional utilities (SMJUs), including Pacificorp, Liberty Utilities, and Bear Valley Electric.

In addition, there was discussion about whether the rulemaking (R.) proceeding R.14-08-013 should remain open and/or remain consolidated with the individual distribution resource plan (DRP) applications of the utilities.

We have considered these issues and conclude that the applications of the SMJUs are sufficiently different and generally less complex than the applications of the larger IOUs, such that the DRPs of the SMJUs should be spun off into a separate set of consolidated applications. Thus, with the issuance of this Scoping Memo, we will de-consolidate A.15-07-005 (Pacificorp), A.15-07-007 (Liberty Utilities) and A.15-07-008 (Bear Valley Electric) from this rulemaking R.14-08-013,

⁴ Comments on the Roadmap were timely filed by AREM, Bloom Energy, CAISO, CESA, Clean Coalition, Community Environmental Council, CSE, EDF, Enphase, GPI, IEP, NRDC, NRG, ORA, PG&E, SDG&E, TURN, Vote Solar, and jointly by SoCalREN, BayREN and LGSEC.

and re-consolidate them separately together as a package of three applications. We anticipate that this will mean that those three applications/DRPs will be acted upon separately in one decision, but this is ultimately an issue to be determined in a scoping memo for those consolidated applications.

At this time, we will not make any changes to close the DRP rulemaking (R.14-08-013), but will leave it open and consolidated with the large utility applications A.15-07-002 (SCE), A.15-07-003 (SDG&E), and A.15-07-006 (PG&E). This will give us flexibility to consider policy issues that are more appropriate for a rulemaking and more detailed technical issues that are more appropriate for the applications, while also avoiding any potential unintended impacts on the Assigned Commissioner's February 6, 2015 Guidance Ruling that led to and shaped the DRP application filings on July 1, 2015.

3. Scope of Issues

This set of consolidated proceedings (R.14-08-013, A.15-07-002, A.15-07-003, and A.15-07-006) will be divided into three separate Tracks to help us effectively manage our work. The Tracks will run concurrently, and schedules will sometimes run in parallel, as detailed in the schedule tables included below. The Tracks, as described further below, will be designated as follows:

- Track 1: Methodological Issues (quasi-legislative);
- Track 2: Demonstration and Pilot Projects (ratesetting);
and
- Track 3: Policy Issues (quasi-legislative).

In addition, in comments on the Roadmap, several parties suggested establishing working groups to address various topics. At this time, we are not inclined to set up any formal working groups for this proceeding. We may

reconsider this possibility as the work progresses and the needs and purposes of potential working groups become clearer.

Track 1: Methodological Issues (Quasi-Legislative)

Track 1 will handle issues related to the Integration Capacity Analysis (ICA), Locational Net Benefits Analysis (LNBA), and the authorization for demonstration projects A and B associated with researching and improving the ICA and LNBA methodologies. The scope of issues in this area includes the following:

- Development of the ICA and LNBA methodologies;
- Frequency and method of updating the ICA and LNBA;
- How the ICA and LNBA methodologies will be used;
- Limitations on the use of ICA and LNBA methodologies;
- Whether the LNBA properly evaluates avoided costs of DER deployment to the environment, public health, and other societal factors;
- Whether the LNBA will correctly value costs and benefits of DER integration;
- How to ensure that LNBA and ICA results will be integrated into a single map or display to indicate optimal locations;
- Threshold confidentiality and security issues related to data access and public display;
- Further definition of how the LNBA and ICA results would be included in tariffs or other valuation schemes for grid services; and
- Whether to approve, modify, or reject proposals for Demonstration Projects A and B.

Parties should note that an ALJ ruling issued January 8, 2016 requested comments on the division of tasks between this proceeding and the Integrated

Distributed Energy Resource (IDER) Proceeding (Rulemaking (R.) 14-10-003), including Staff's proposal that this proceeding handle the aspects of the LNBA methodology that are location-specific and leave the other elements of the analysis, including system level, to the IDER rulemaking. We will need to resolve and clarify this scoping question as the proceedings move forward.

Track 1 will be designated as quasi-legislative, under the assumption that no additional funding beyond that already authorized by the Commission in other venues will be needed for demonstration projects A and B. If additional funding authorization is requested or required, this Track will be re-categorized as ratesetting.

In order to address the scope above, we anticipate the following activities. Items shown in italics are events that have already occurred:

ACTIVITY	DATE
<i>Workshop on ICA methodology and Demonstration Project A proposals</i>	<i>November 10, 2015</i>
<i>ALJ Ruling inviting pre-workshop comments and alternatives to LNBA methodologies</i>	<i>January 8, 2016</i>
<i>Pre-LNBA-workshop comments filed and served</i>	<i>January 26, 2016</i>
Workshop on LNBA methodology and Demonstration Project B proposals (joint with IDER proceeding)	February 1, 2016
ALJ Ruling inviting comments on ICA methodologies, ICA workshop report (produced by utilities), LNBA methodology, LNBA workshop, and Demonstration Projects A and B	Early February 2016
ICA, LNBA, and Demonstration Projects A and B post-workshop comments filed and served	Late February 2016
Assigned Commissioner's Ruling refining ICA and LNBA methodologies and requirements and authorizing Demonstration Projects A and B	End of 1 st Quarter 2016
Staff straw proposal on data access procedures and types	1 st Quarter 2016

ACTIVITY	DATE
Workshop on data access	1 st Quarter 2016
Parties' comments on data access	Early 2 nd Quarter 2016
Proposed decision containing data access requirements	2 nd Quarter 2016
Utilities file reports on results of Demonstration Projects A and B	End of 2016
Proposed Decision updating ICA and LNBA methodologies, uses, and next steps	Early 2017

Track 2: Demonstration and Pilot Projects (Ratesetting)

In this Track of the proceeding, we will primarily focus on the design and authorization for Demonstration Projects C, D, and E, as designated in the February 6, 2015 Guidance Ruling and described below.

Project C: Demonstrate DER Locational Benefits. This project will validate the ability of DER to achieve net benefits consistent with the LNBA.

Project D: Demonstrate Distribution Operations and High Penetrations of DERs. This project calls for the utilities to integrate high penetrations of DER into their distribution planning operations. The utilities must: a) assess locational benefits and values of DER at the substation level using ICA and LNBA across multiple circuits; b) demonstrate the operations of multiple DER in concert; c) coordinate operations with third parties and customers; d) develop and explain the methodology for selection of DER types used in the project; and e) utilize both third-party-owned and utility-owned resources.

Project E: Demonstrate a microgrid where DERs (both customer-owned and utility-owned) serve a significant portion of customer load and reliability services. This project will demonstrate the use of a DER management system for controlling the resources. The project will develop, document, and implement a

methodology for construction and operation/dispatch of the DER portfolio. The project will include both third-party-owned and utility-owned resources.

We may also evaluate Project F, proposed by SDG&E only, which is a pilot project designed to test sourcing methods. Though this topic area may turn out to be more logically handled in the IDER rulemaking, we include it here because the proposal was filed in this proceeding and it may be more expeditious to consider all pilots as a group.

In this Track, we will evaluate the utility proposals for these Demonstrations, as included in their applications, and consider project modifications and/or alternative proposals from parties. We may also consider additional projects.

At this point, as indicated generally above, we are not anticipating sponsoring a formal working group for project design and implementation, as requested by some parties. This is primarily because we already have specific proposals from the utilities for evaluation. However, should workshop or post-workshop comments suggest that there are large gaps in design needing attention from a stakeholder group, we may reevaluate whether to authorize a working group structure.

This Track will be categorized as ratesetting, because the Commission will most likely need to identify and authorize funding to conduct these demonstration projects.

In order to address the scope above, we anticipate the following activities:

ACTIVITY	DATE
Workshop(s) to discuss Demonstration Project C, D, E, and F proposals and potential alternatives	March or April 2016

ACTIVITY	DATE
Workshop to discuss sourcing activities for Projects C, D, E, and F (joint with IDER proceeding)	April 2016
Comments on Projects C, D, E, and F, and potential alternatives	May 2016
Reply comments on Projects C, D,E, and F, and potential alternatives	May 2016
Proposed Decision on Projects C, D, E, and F authorization	July 2016
Final Decision on Projects C, D, E, and F adopted by Commission	August 2016
Projects C, D, E, and F begin	September 2016
Projects C, D, E, and F first progress reports filed	March 2017

Track 3: Policy Issues (Quasi-Legislative)

Track 3 will address the numerous policy issues that have been raised by parties in comments on the applications and in the rulemaking proceeding. Though additional issues may be added by the assigned Commissioner and/or ALJ by a subsequent scoping ruling, at this time these policy issues include the following:

- Definition of distribution services that can be provided by distributed energy resources, to the extent these are not already addressed in Track 1 above related to the LNBA methodology;
- Competitive neutrality, grid neutrality, and third-party ownership of DERs;
- Grid modernization investment/deferral frameworks;
- Control over dispatch of DERs;
- The role of community choice aggregators (CCAs) and electric service providers (ESPs) and the utilities' responsibilities for competitive neutrality with respect to other wholesale electricity providers;

- Utility role, business models, and financial interest with respect to DER deployment;
- Coordination with other agencies with respect to climate policy;
- Coordination with other procurement-related proceedings within the Commission, including the long-term procurement plan (LTPP) proceeding;
- Coordination with the California Energy Commission's (CEC's) Integrated Energy Policy Report (IEPR) and demand forecast, as well as with the California Independent System Operator's (CAISO's) Transmission Planning Process (TPP);
- Maximizing ratepayer benefits of DERs, both in terms of overall system cost (including generation, transmission, and distribution) and greenhouse gas (GHG) reductions;
- Value of DERs to customers;
- Barriers to DER deployment that are safety or reliability-related. Other general discussion of barriers will be deferred to the IDER rulemaking;
- DER deployment in disadvantaged communities;
- Accounting for the GHG reduction benefits of DERs;
- What grid modernization functions need to be deployed to support full DER integration;
- Establishment of safety standards;
- Data access and confidentiality issues, to the extent they are not resolved in Track 1 with respect to the LNBA and ICA methodologies. These may also include further definition of electric service provider interface functionality for third-party data access;
- Appropriate growth scenarios and/or forecasts for analysis of DER deployment;
- Consideration of and need for optimized portfolios of DERs;

- Whether and when to require periodic updates to utility distribution resource plans;
- Relationship to utility general rate cases (GRCs); and
- Integration of DRPs into utility distribution infrastructure planning and investment.

Of the three Tracks, the plan and schedule for Track 3 is the least well-developed at this stage since activities in Tracks 1 and 2 will come first. Additional workshops and/or comments will be scheduled at a later date. The table below includes a preliminary schedule that will be modified:

ACTIVITY	DATE
Workshop on growth scenarios	2 nd Quarter 2016
Workshop on grid moderation investment framework, including integration of DRP into distribution infrastructure, planning, investment, and alignment with GRCs	2 nd Quarter 2016
Workshop on process alignment with other proceedings, including the LTPP, the CEC IEPR, and the CAISO TPP	2 nd / 3 rd Quarter 2016
Workshop on process interaction with other CPUC proceedings, including Integrated Distributed Energy Resources, interconnection, electric vehicles, zero net energy, storage, etc.	3 rd Quarter 2016
Other workshops TBD	TBD
Post-workshop comments TBD	TBD
Proposed Decision on initial set of policy and coordination issues (those addressed in workshops in 2016)	4 th Quarter 2016
Final Decision on initial set of policy and coordination issues	End of 2016
Additional workshops and scoping	Early 2017

4. Categorization and Need for Hearings

The Commission preliminarily determined that this proceeding would be categorized as quasi-legislative. In this Scoping Memo, we affirm this determination, with the exception of Track 2 which will be categorized as ratesetting.

We anticipate that the proceedings may require hearings.

As the assigned Commissioner, President Michael Picker is designated as the presiding officer for the quasi-legislative portions of this proceeding (currently Tracks 1 and 3), and ALJ Julie A. Fitch is designated as the presiding officer for the ratesetting portions (currently Track 2).

5. Ex Parte Communications

Track 2 is of this proceeding subject to Rules 8.2, 8.2 (c), 8.3 and 8.4 of the Commission's Rules of Practice and Procedure (Rules) with respect to *ex parte* communications in ratesetting proceedings. Tracks 1 and 3 are categorized as quasi-legislative and thus *ex parte* communications are allowed without restrictions or reporting requirements.

Since there will be workshops in this proceeding, notices of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

6. Service List

The most current service list for this proceeding is maintained by the Commission's Process Office and posted on the Commission's web site, www.cpuc.ca.gov. Parties are responsible for ensuring that the correct information is contained on the service list, including limiting the persons listed in the "Parties" category to one person per organization. Additional persons

may be listed as “Information Only.” Parties are required to notify the Process Office and other parties of corrections or changes to the service list, in accordance with Rule 1.9(f).

Requests for party status must be made by motion, in accordance with Rule 1.4.

7. Documents

All documents in this proceeding must be filed and served in accordance with the Commission’s Rules. Documents should be served in the format in which they were filed (typically PDF), or in the format required by any ruling of the assigned ALJ. Parties should promptly provide documents in the underlying format (e.g., Microsoft Word) upon timely request by another party.

Commissioner Picker should receive documents by e-mail only.

Paper copies of documents, in addition to electronic service, must be promptly provided to ALJ Fitch. Paper copies for the ALJ should be printed on both sides of the page; be stapled; and include a copy of the certificate of service. Paper copies for the ALJ should not include a copy of the service list, a cover sheet, or copies for more than one person in the same envelope.

8. Final Oral Argument

A party in a ratesetting proceeding or phase of a proceeding in which an evidentiary hearing is held has the right to make a Final Oral Argument (FOA) before the Commission, if the FOA is requested in the time and manner specified in the Scoping Memo or later ruling (Rule 13.13). If a hearing has been held, parties should use the following procedure for requesting FOA, unless a later ruling provides different instructions. If a hearing has not been held, these procedures do not apply.

Any party seeking to present FOA may file and serve a motion at any time that is reasonable, but no later than the last date that reply briefs are due. The motion must state the request, the subject(s) to be addressed, the amount of time requested, recommended procedure and order of presentations, and anything else relevant to the motion. The motion must contain all the information necessary for the Commission to make an informed ruling on the motion, providing for an efficient, fair, equitable and reasonable FOA. If more than one party plans to move for FOA, parties must use their best efforts to present a joint motion, including a joint recommendation on procedure, order of presentations, and anything else relevant to the motion. A response to the motion may be filed within five days of the date of the motion.

If a final determination is later made that no hearing is required, Rule 13.13 will cease to apply, along with a party's right to make an FOA.

9. Intervenor Compensation

Any party that expects to request intervenor compensation for its participation in this rulemaking must file its notice of intent to claim intervenor compensation in accordance with Rule 17.1 and Sections 1801-1812.

IT IS RULED THAT:

1. The scope of issues and schedule set forth above are hereby adopted for this proceeding, with the understanding that additional scheduling may be necessary to address any issues in this proceeding that are not currently scheduled.

2. The assigned Commissioner and/or Administrative Law Judge may modify the schedule set forth in this scoping memo as needed.

3. The time allowed for resolution of this proceeding is 24 months from the date of this scoping memo and ruling.

4. This proceeding is categorized as quasi-legislative, except Track 2 which is designated as ratesetting. This determination is appealable pursuant to Rule 7.6.

5. Hearings may be needed in this proceeding.

6. *Ex parte* communications restrictions and reporting requirements of Rule 8.2, 8.2 (c), 8.3, and 8.4 apply to Track 2 of this proceeding. Tracks 1 and 3 are categorized as quasi-legislative and *ex parte* communications are allowed without restriction or reporting requirements.

7. Proceedings Application (A.) 15-07-005 (PacifiCorp), A.15-07-007 (Liberty Utilities) and A.15-07-008 (Bear Valley Electric) are deconsolidated from the remaining proceedings herein, and are hereby re-consolidated separately as a package of three applications.

8. Michael Picker is the assigned Commissioner for this proceeding and is designated as the Presiding Officer for the quasi-legislative portions of the proceeding.

9. Administrative Law Judge Julie A. Fitch is the Presiding Officer for the ratesetting portions of this proceeding.

Dated January 27, 2016, at San Francisco, California.

 /s/ MICHAEL PICKER
Michael Picker
Assigned Commissioner

 /s/ JULIE A. FITCH
Julie A. Fitch
Administrative Law Judge