11 "SF - Courtyard Conference Room" (3848205824)

00:02:30.060 --> 00:02:48.840

And now for the agenda for today.

12 "SF - Courtyard Conference Room" (3848205824)

00:02:48.840 --> 00:03:04.380

Of course we have the introduction and then we'll go to the opening remarks by Commissioner Houck right after we discuss the agenda. ED staff afterwards will give an overview of laying out the ground rules for this workshop and how we are hoping to kind of get everything done today.

13 "SF - Courtyard Conference Room" (3848205824)

00:03:04.380 --> 00:03:21.570

Then from there we'll proceed to the block one presentations. 1st up in block one will be the coalition of California utility employees and the Solar Energy Industry Association (SEIA) and the Small Business Utility Advocates, and lastly the joint investor-owned utilities.

14 "SF - Courtyard Conference Room" (3848205824)

00:03:21.570 --> 00:03:37.170

Following that we'll have a nice 5 min break before we jump into block two. Block two presenters will be southern California gas, the local government sustainability energy coalition, the California large energy Consumers Association and vote solar.

15 "SF - Courtyard Conference Room" (3848205824)

00:03:37.170 --> 00:03:55.080

Following that we will have an hour long lunch break, and then post lunch break we'll jump into the block group presenters where the California public Advocates office, the inland region regional Energy Network, the northern California real Energy Network, and the tri-County regional Energy Network will give their presentations.

After all three blocks are completed, ED staff will then present our changes to the update process. Someone on our staff will do a quick overview of the changes we are going to propose followed by leading a 20 min Q and A on said proposal afterwards.

Then lastly, we'll have our next steps and close. Alright, and with that, let us go over to the opening remarks. Commissioner Houck can take it away.

**Commissioner Houck:**

Thank you. Good morning and thank you everyone for joining us today for the avoided cost calculator or ACC workshop on guiding principles.

18 "SF - Courtyard Conference Room" (3848205824)

00:04:32.120 --> 00:04:52.120

Builds equity and changes to the biannual update process. This workshop is part of the data access and cost effectiveness for Distributed Energy Resources (DER) rulemaking. Specifically, this is part of the rule making's phase one track one rate-setting track addressing the ACC and DER program cost effectiveness issues. This workshop is.

19 "SF - Courtyard Conference Room" (3848205824)

00:04:52.120 --> 00:05:12.120

As a result of last August commission decision adopting changes to the ACC and outlining a path to addressing several outstanding issues, specifically guiding principles for the ACC addressing equity concerns and changes to the biannual update process. Today's workshop will provide an opportunity to hear from stakeholders on these.

20 "SF - Courtyard Conference Room" (3848205824)

00:05:12.120 --> 00:05:41.839

Issues and to also hear from energy division staff regarding their proposal to modify the biannual update process. So I'd like to take a step back for a moment to frame the purpose of today's discussion. The commission uses the ACC to provide guidance across a wide variety of proceedings on the value of DERs as part of the utilities overall portfolio mix with supply side resources. The ACC calculates the avoided costs related to the provision of electric and natural gas service and the outcome.

21 "SF - Courtyard Conference Room" (3848205824)

00:05:41.839 --> 00:06:10.879

Are used in the cost effectiveness analysis for DERs. There are three issues before the commission within this proceeding that the ACC, that the ACC update decision issued last August identified as needing further consideration. So first what modifications if any, to the biannual ACC update process are appropriate? Second, should the commission adopt guiding principles for the ACC including principles that ensure alignment with IRP.

22 "SF - Courtyard Conference Room" (3848205824)

00:06:10.879 --> 00:06:30.879

And other DER related proceedings, and 3rd, how should equity issues be considered in evaluating DER cost effectiveness? Regarding the biannual update process, while the decision did not modify the process, it noted that the current process should be reviewed. Per that decision, this workshop will facilitate discuss.

23 "SF - Courtyard Conference Room" (3848205824)

00:06:30.879 --> 00:07:01.489

Session on how to improve the process with energy division staff presenting their proposal later today. This will be a great opportunity for constructive dialogue with parties in the public regarding guiding principles. Many parties requested that the PUC adopt a set of guiding principles for the ACC and there are some key themes to the recommendations that we received on guiding principles, including ensuring transparency of process, ensuring the ACC is neutral to different forms of DER technology, aligning the.

24 "SF - Courtyard Conference Room" (3848205824)

00:07:01.489 --> 00:07:30.829

ACC with the IRP, ensuring consistent and predictable ACC results, defining avoided costs and addressing equity issues. While there were while we received these key themes, the actual recommendations differed significantly and that's the purpose of today's workshop to allow for continued consideration and dialogue of guiding principles for the ACC and to allow for more time to consider the specific guiding principles that should be adopted.

25 "SF - Courtyard Conference Room" (3848205824)

00:07:30.829 --> 00:07:58.339

This will provide parties with an opportunity to discuss differing proposals amongst each other and with energy division staff. Last, regarding equity issues, parties disagreed about whether and how equity issues should be considered in evaluating DER cost effectiveness. So it's essential that the commission considers equity that we find a way for the ACC to capture the full value of DERs and consider the value of DERs as one component.

26 "SF - Courtyard Conference Room" (3848205824)

00:07:58.339 --> 00:08:26.359

Among many to meeting our clean energy goals. So this workshop also provides a venue for further discussion on, on that important issue. So today we will hear present presentations from numerous parties and utilities as well as energy division staff. I want to thank you for to all the presenters today. I want to especially thank our energy division staff for organizing and leading today's workshop and to all the.

27 "SF - Courtyard Conference Room" (3848205824)

00:08:26.359 --> 00:08:46.359

Interested parties for your valuable input in this process. So I will be in attendance and listening throughout most of the day as Will my advisor, Audrey Newman, who is also here, I will need to step out for part of the afternoon session though. And again, these are important topics under consideration. I'm looking forward to the presentations, the discussion.

28 "SF - Courtyard Conference Room" (3848205824)

00:08:46.359 --> 00:08:54.239

And further dialogue as we work through these issues. So I'll turn it back over to staff.

29 "SF - Courtyard Conference Room" (3848205824)

00:08:54.239 --> 00:09:14.239

Thank you Commissioner Houck. A few ground rules for today. We do have twelve presenters and a lot of topics and a lot to go over, so we will be moderating the time to ensure that everybody has their allotted amount of time to complete their presentations as well as we have the allotted amount of.

30 "SF - Courtyard Conference Room" (3848205824)

00:09:14.239 --> 00:09:34.239

For time for Q and A this is a safe space for sharing ideas. We are tackling topics, not people. We are going to practice the kindness of ELMO or, “Enough, let's move on”. Again, this is out of respect for everybody's time. And we're going to stay on time.

31 "SF - Courtyard Conference Room" (3848205824)

00:09:34.239 --> 00:10:08.779

Purpose and on topic as outlined by Commissioner Huk, and so subject matter outside of these topics will be kindly redirected. I want to reassure everyone that we have the today is being recorded. We will also have a transcript and we have two staff that are just dedicated to taking notes today. So everything said will be captured. That means if you said it once, NO it's been captured and NO need to say to say it again. For those.

32 "SF - Courtyard Conference Room" (3848205824)

00:10:08.779 --> 00:10:42.959

In the room, just a reminder, there is water in the corner, there's coffee in the corner, and then as a result of those two things, if you need to use the restrooms, check in with the front desk and they can direct you to the 1st floor restrooms. Next slide. Just guidelines, not sure if the microphone, but each presenter is going to have 10 min.

33 "SF - Courtyard Conference Room" (3848205824)

00:10:42.959 --> 00:11:02.959

Please let staff know when you want to change the slide. If you're presenting remotely, we'll have a 10 min Q and A after each block of presentations and staff will be keeping track of time to progress the workshop in a timely manner. If you go over as mentioned, we'll.

34 "SF - Courtyard Conference Room" (3848205824)

00:11:02.959 --> 00:11:23.779

Move on to the next presenter. Alright, so I'll be in charge of running the slides today, so just like Hannah said, just let me know when you would want to change the slide and I will. I know there seems to be a bit of a lag between when I change the slide and.

35 "SF - Courtyard Conference Room" (3848205824)

00:11:23.779 --> 00:11:40.949

On the Webex so just keep that in mind, but we'll get through this I think in a quick and efficient manner. And with that, we're going to get started. Our 1st presenter is the coalition of California utility employees. I believe our presenter.

36 "SF - Courtyard Conference Room" (3848205824)

00:11:40.949 --> 00:11:57.419

Today is the better that I set up in the. They might hear you a little better on the front. Yeah. At the front ground. Yes. Okay.

37 "SF - Courtyard Conference Room" (3848205824)

00:11:57.419 --> 00:12:14.159

Okay we go, ok.

38 "SF - Courtyard Conference Room" (3848205824)

00:12:14.159 --> 00:12:34.159

Right, I’m ready when you are, if you're starting a timer. Hey. Hi everybody. My name is Darian Johnston and I am an attorney for the Coalition of California Utility Employees. I'm joined online.

39 "SF - Courtyard Conference Room" (3848205824)

00:12:34.159 --> 00:12:54.159

Find by our subject matter expert Robert Earl. A little bit before I dive in, dive in about CUE represents a coalition of labor unions, that are comprised of working class public utility workers throughout the state of California that work for most of the publicly owned and privately owned utilities of the state.

40 "SF - Courtyard Conference Room" (3848205824)

00:12:54.159 --> 00:13:14.539

So in this presentation, I'm going to go over a few things, you can go to the next slide. I'll give you a little bit of a roadmap of where we're going with this. Essentially these recommendations that CUE has come out of the 2024 ACC update process and so if you have questions about more detail on these proposals, you can find.

41 "SF - Courtyard Conference Room" (3848205824)

00:13:14.539 --> 00:13:41.059

In them in more detail in our opening brief for the 2024 ACC update. But the three things that we've really pulled out and think that the commission should continue considering in terms of guiding principles are as follows to align the ACC with the IRP, the integrated resource plan to ensure procedural transparency and to evaluate and address cost effectiveness issues separately from equitable access issues with respect to DERs. And I'll get into those a little bit more.

42 "SF - Courtyard Conference Room" (3848205824)

00:13:41.059 --> 00:14:02.869

In detail in the following slides. So a few things about the basics and apologies ahead of time for my AI photos that I created on Chat GPT. That is supposed to be an avoided cost calculator, keeping it fun. So a few basic points, the IRP identifies least cost and best fit work.

43 "SF - Courtyard Conference Room" (3848205824)

00:14:02.869 --> 00:14:22.869

Portfolio of generation resources to meet clean energy goals. This is a guiding planning document that ensures not only that we're meeting our clean Renewable Portfolio Standard goals, but we're also ensuring reliability and that we're doing so in a way that is as cost effective as possible and as many of the parties in this proceeding know.

44 "SF - Courtyard Conference Room" (3848205824)

00:14:22.869 --> 00:14:52.969

Oh, that's really important because it ensures that electricity continues to be cost competitive and hopefully more cost effective than alternative fossil fuels. And that that price competitiveness is important to ensure that we're encouraging fuel switching, which is a huge underlying factor and element of many of California's policies for decarbonization. The ACCC is a part of that. It identifies costs to utilities at great payers avoided as a result of distributed energy resources like rooftop solar.

45 "SF - Courtyard Conference Room" (3848205824)

00:14:52.969 --> 00:15:09.719

Battery storage behind the meter, things of that nature, and the avoided cost calculator is used to determine the value of those doors, and it's also used to determine the payment for that value in, in the net billing tariff program prior previously the net energy metering program.

46 "SF - Courtyard Conference Room" (3848205824)

00:15:09.719 --> 00:15:29.719

With those basics, I'll explain the details on each of our proposals in more detail. So our 1st recommendation is to align the ACC with the IRP. You can go to the next slide. Why is that again my AI picture? This is sort of a puzzle of the integrated resource plan where the.

47 "SF - Courtyard Conference Room" (3848205824)

00:15:29.719 --> 00:15:47.399

ACC is a piece of that puzzle. It's a part of that planning process to ensure that at the end of the day, the resources that serve Californians are the most cost effective set of resources consistent with state regulations directed to ensure reliability and renewable procurement.

48 "SF - Courtyard Conference Room" (3848205824)

00:15:47.399 --> 00:16:07.399

In aligning the ACC with the IRP was something that came from a number of parties out of the prior ACC update process. It's already sort of a de facto guiding principle of the ACC. If you look back and a lot of these are cited and discussed briefs, the commission has already said that this is an important aspect of.

49 "SF - Courtyard Conference Room" (3848205824)

00:16:07.399 --> 00:16:27.399

Of determining what the accurate avoided cost is of distributed energy resources. The reason that this is so important is because it, it basically ensures that there's an apples to apples comparison between supply side resources that are procured utility scale resources that are going to be procured by investor and utility.

50 "SF - Courtyard Conference Room" (3848205824)

00:16:27.399 --> 00:17:00.289

And demand side resources that are also making up part of the portfolio of generation and storage that are, that are essentially comprising the total resource portfolio that serves California. Alignment ensures that we're selecting the most cost effective resources consistent with that least cost best fit mandate, and for those who are writing down the law, that's public utilities code section 04:54 .51. It also ensures that DIRS owners are appropriately compensated, that they're not under compensated.

51 "SF - Courtyard Conference Room" (3848205824)

00:17:00.289 --> 00:17:20.289

And that they're not overcompensated. And that's really important to ensure that we're providing an appropriate and fair price under the net billing tariff, but it also ensures that we're not overburdening rate pairs by overpaying for a resource. And as many of us in this room know, that ends up disproportionately harming low income.

52 "SF - Courtyard Conference Room" (3848205824)

00:17:20.289 --> 00:17:40.289

Customers who, who generally don't have the resources to afford to install DERs on their properties. So if we're overpaying for that type of resource, it means that customers on the grid who don't personally benefit from DERs are also paying additional, they're overpaying for the resources.

53 "SF - Courtyard Conference Room" (3848205824)

00:17:40.289 --> 00:18:05.089

And not receiving an in-kind benefit in terms of avoided costs. You can go to the next slide. The second guiding principle that we're proposing is around transparency. We can also conceive with this as a suggestion related to the biannual update process and how it can be improved. And we suggest that the ACC update should be the product of transparent public processes with robust stakeholder.

54 "SF - Courtyard Conference Room" (3848205824)

00:18:05.089 --> 00:18:26.329

engagement. Why is that? It's really important that the ACC is accurate for all of the reasons that I just described. Making sure that the tool appropriately determines the avoided cost value to rate pairs into utilities as a result of DERs on the grid. Making sure that this model, which is meant to estimate.

55 "SF - Courtyard Conference Room" (3848205824)

00:18:26.329 --> 00:18:53.149

It's not a perfect tool but it's meant to estimate what that avoided cost value is. The accuracy is really important. And in prior update cycles, we've seen conceptual suggestions from energy division staff that were adopted before they were actually run using real current data. If, and I, I know a lot of folks in this room know that the NO new DERs scenario is, is generally what was raised in the.

56 "SF - Courtyard Conference Room" (3848205824)

00:18:53.149 --> 00:19:27.739

2024 ACC update as a conceptual changes to the conceptual model that were adopted. And then once they were implemented and run with real data, it didn't work as many of the folks conceived that it would, and it wasn't very effective. And so in the in the most recent update cycle, we've had to kind of corrupt that. But it means that we've had an inaccurate tool as a result, and so our comments in the prior update cycle and what we're recommending here is to make sure that we're actually transparent, that we're running proposed changes to the model with real data so that we can.

57 "SF - Courtyard Conference Room" (3848205824)

00:19:27.739 --> 00:19:47.739

Have not only more of a, accurate and robust conversation about what the impact of those models will be, we can more fully litigate them. Discovery will be more effective, and I also think it will make sure that you have more stakeholders who are able to participate because they can see the results of those models, and have a better, more.

58 "SF - Courtyard Conference Room" (3848205824)

00:19:47.739 --> 00:20:14.039

Rounded understanding of what that actually means, from the perspective of parties and interveners who get involved in these proceedings. We have some more specific updates suggested in our comments, but I'll save those for today. Next slide. The final guiding principle that we suggest is related to equity that DERS cost effectiveness and DERs access issues are distinct and they should be addressed separately.

59 "SF - Courtyard Conference Room" (3848205824)

00:20:14.039 --> 00:20:34.039

So why is that? Equity is a really important topic and it has a lot of different facets. Some of that facet relates to cost effectiveness. Low income customers are struggling to pay their bills. They're in an affordability crisis and that is part of the reason it's really important that we're not procuring resources that are cost ineffective.

60 "SF - Courtyard Conference Room" (3848205824)

00:20:34.039 --> 00:20:57.329

And that we're not exacerbating any cost shifts that exist under the current Net Billing Tariff program. That is a really important equity issue and another equity issue that comes up in the context of distributed energy resources is access to the technologies, access to rooftop solar, access to batteries and things of that nature. There are demonstrated.

61 "SF - Courtyard Conference Room" (3848205824)

00:20:57.329 --> 00:21:17.329

Access disparities for low-income customers as well as renters. Both of those issues deserve attention from, from the commission and they deserve study and, and policy mechanisms to ensure that we're, we're addressing those equity issues, but conflating them is a problem. And so by ensuring that we're addressing and looking and evaluating.

62 "SF - Courtyard Conference Room" (3848205824)

00:21:17.329 --> 00:21:47.749

Those cost effectiveness issues separately from access issues ensure that we're achieving and understanding how those equity issues play out distinctly. It also ensures that, again, we're making sure that the ACC is accurate, that it's valuing the avoided cost value of DERs to the grid. It's not over compensating and overburdening customers who aren't a part of, that don't have DERs. So we would suggest and again this is a number of parties had suggested in the prior ACC update.

63 "SF - Courtyard Conference Room" (3848205824)

00:21:47.749 --> 00:22:19.811

Great to look at distributional impacts of the Commission's policies around DERs deployment but to do so after cost effectiveness models are run. So those are really the three things that we suggest today. We're open to questions and our expert property is online for questions as well. Thank you so much. All right. Thank you. Of course, all questions will come at the end of the block on presentation. So if part of time we're going to move on to the solar energy industry's Associations presentation. Tom Beach I believe you.

64 "Tom Beach" (528632320)

00:22:19.811 --> 00:22:21.712

Were on the call? Yes.

65 "SF - Courtyard Conference Room" (3848205824)

00:22:21.712 --> 00:22:25.335

Can you all hear me? Yes, we can. Alright, great. Thank you very.

66 "Tom Beach" (528632320)

00:22:25.335 --> 00:22:42.411

Very much Alex. My name's Tom Beach. I'm a consultant at cross border energy and a consultant to the solar Energy Industries Association, which is the national Trade Association for the solar industry. So in my presentation, if you could go to the 1st.

67 "SF - Courtyard Conference Room" (3848205824)

00:22:42.411 --> 00:22:44.054

The next slide.

68 "Tom Beach" (528632320)

00:22:44.054 --> 00:23:04.889

I'm actually going to spend most of my time on the equity piece of this. The guiding principles, 1st of all, I I'd like to congratulate the queue presentation for the awesome graphics that it had on the ACC and.

69 "Tom Beach" (528632320)

00:23:04.889 --> 00:23:22.859

You know, I think most of the principles we have here are, are straightforward. You know, we, we also support accuracy, transparency, consistency with the IRP, and basing the ACC on long run avoided costs.

70 "Tom Beach" (528632320)

00:23:22.859 --> 00:23:42.859

And, you know, we think that the ACC should be updated on a timely basis at least every two years and coordinated with the IRP proceeding. I think the only aspects of our guiding principles that that might be different.

71 "Tom Beach" (528632320)

00:23:42.859 --> 00:24:05.479

And that I'd like to highlight is we do feel very strongly that the DERs, all kinds of DERs involve some kind of change in the use of retail electricity. DERs either increase electric use like EVs, they can decrease electric.

72 "Tom Beach" (528632320)

00:24:05.479 --> 00:24:27.509

Electric use such as solar or they can change when it's used like storage. Because they're all it's all DERs are also closely linked with retail electric use. We we think that the ACC should rely heavily on the same long run marginal costs that are used for rate making.

73 "Tom Beach" (528632320)

00:24:27.509 --> 00:24:43.139

And, that are developed in, in CPUC electric rate making proceedings. The 2nd thing I'd like to highlight that maybe a little different in our principles is the 1st one here, where we point out that.

74 "Tom Beach" (528632320)

00:24:43.139 --> 00:25:03.139

That it really the DERs are often thought of as behind the meter resources, but they don't have to be. Resources of the same scale, can also be in front of the meter resources. All that's involved is, is moving the point of interconnect.

75 "Tom Beach" (528632320)

00:25:03.139 --> 00:25:23.879

Question a few feet from one side of the utility meter to the other side. And we think that there's substantial potential in California for in front of the meter distributed resource programs that can provide similar benefits to behind the meter resources.

76 "Tom Beach" (528632320)

00:25:23.879 --> 00:25:40.559

But that's an area that that we think is underdeveloped in California and we think the ACC can be used to help value those small scale distributed in front of the meter resources as well.

77 "Tom Beach" (528632320)

00:25:40.559 --> 00:26:00.559

So, those are really the two main points that we have on guiding principles. So why don't we go to the, not, not that slide the next one and talking about equity. So what I'd like to talk about is the role of equity in.

78 "Tom Beach" (528632320)

00:26:00.559 --> 00:26:20.759

The cost effectiveness evaluations. There are really two of the standard practice cost effectiveness tests that concern equity. One is the participant test that, that assesses whether a distributed resource is cost effective for the customer who adopts it.

79 "Tom Beach" (528632320)

00:26:20.759 --> 00:26:38.249

And I'm not going to talk about that kind of obviously if DERs are going to be successful, they have to be a reasonable economic proposition for the customer. What I want to talk about is the Ratepayer Impact Measure (RIM) test, the rate payer impact measure test that measures the impact.

80 "Tom Beach" (528632320)

00:26:38.249 --> 00:26:54.989

Of the cost effectiveness of DERs from the perspective of non-participating rate pairs. The RIM test is a very stringent test. It's sometimes called a “NO losers test” because if a DER passes the RIM test, then everybody benefits.

81 "Tom Beach" (528632320)

00:26:54.989 --> 00:27:14.989

The problem with that is that it's so stringent that, e.g., the consultant Aimery Lovens has described the RIM test as “a hardly any winners test” because it's very few programs can pass it. And as a result, the test has, is not.

82 "Tom Beach" (528632320)

00:27:14.989 --> 00:27:39.989

Used at all in for energy efficiency programs. And I think that there are some serious questions about the extent to which the RIM test should be used for other types of DERs, and I'm going to talk about some of of those issues. If a program gets a RIM score of less than one.

83 "Tom Beach" (528632320)

00:27:39.989 --> 00:27:56.429

That's not necessarily inequitable if all customers have access to the DER. If everybody has equal access to the DER, then.

84 "Tom Beach" (528632320)

00:27:56.429 --> 00:28:13.499

You know, the, the fact that it, it may have adverse effects on non participants is really not imposing a disadvantage on any particular class of customers. So that basically means that.

85 "Tom Beach" (528632320)

00:28:13.499 --> 00:28:31.919

What maybe really important if a program has a RIM score of less than one is, is not necessarily changing the program, but may but taking steps to provide incentives for all customers to have equitable access to that program.

86 "Tom Beach" (528632320)

00:28:31.919 --> 00:28:51.919

So, e.g., with respect to solar, that's why low-income solar programs and community solar are so important to provide access to solar for customers who may not own their own homes or who may not have a home that's suitable for solar.

87 "Tom Beach" (528632320)

00:28:51.919 --> 00:29:12.379

Also the RIM test doesn't measure all of the benefits for the general body of citizens and rate payers. There are societal benefits, and we think that if we want to use a RIM test that that perhaps we should develop a societal RIM test that includes.

88 "Tom Beach" (528632320)

00:29:12.379 --> 00:29:31.079

Those values. So if you go to the next slide, the other the other big problem with test with the RIM test is that it tends to look to look only at a single type of DER.

89 "Tom Beach" (528632320)

00:29:31.079 --> 00:29:46.199

And in, in the world we're in now, that is increasingly an unrealistic way to look at customer adoption of the ERs, and I'll just use myself as an example.

90 "Tom Beach" (528632320)

00:29:46.199 --> 00:30:06.199

You know, I put solar on my home, my 1st system in 2003 and at, at that point I was pretty much a, a solar only customer and I, I did go for many years with only paying the minimum bill, to PG and E as a result of my solar system.

91 "Tom Beach" (528632320)

00:30:06.199 --> 00:30:24.179

But, today I fully have fully electrified my house and the situation is much different. I have upgraded my solar system, but I also have storage. I have an electric vehicle, I have a heat pump, I have an induction stove.

92 "Tom Beach" (528632320)

00:30:24.179 --> 00:30:42.089

I'm actually taking more power from the grid than I ever have before, and it's a hundred percent off peak power. From 03:00 P.M. to midnight, my system only exports power to the grid. So.

93 "Tom Beach" (528632320)

00:30:42.089 --> 00:31:02.089

You know, analyzing someone like me just from the perspective of the fact that I have solar, I think disregards the fact that the what we really want to achieve in California, which is to have.

94 "Tom Beach" (528632320)

00:31:02.089 --> 00:31:22.369

People adopt multiple types of DERs, and some of them are going to reduce usage. Some of them are going to increase usage and some of them are going to shift usage across time. I think what customers want in the end is a diverse low cost.

95 "Tom Beach" (528632320)

00:31:22.369 --> 00:31:45.599

Source sources of electricity that's not just one source. I benefit from having solar panels on my house, and a battery so that when the when the grid goes out, I can continue to have a supply of electricity. I also benefit from the price diversity. I've paid for a lot of my power up front.

96 "Tom Beach" (528632320)

00:31:45.599 --> 00:32:05.599

But I'm still taking, like I said, more power than ever before, from the grid and I pay for that as I go. And just focusing on a narrow RIM test that looks only at one type of DER, ignores both the fact that we want customers to adopt multiple.

97 "Tom Beach" (528632320)

00:32:05.599 --> 00:32:22.193

The ERs and the customers who adopt one type of DER are more likely to adopt multiple types of DERs. So I'll stop there and appreciate this opportunity and look forward to continued participation in this proceeding.

98 "SF - Courtyard Conference Room" (3848205824)

00:32:22.193 --> 00:32:29.994

Alright, thank you Tom. Now move over to the small business utility advocates presentation.

99 "Ted Howard" (2764643840)

00:32:29.994 --> 00:32:35.789

And Ted Howard, are you on the call? Yes, good morning Ted Howard here from Small Business Utility Advocates.

100 "Ted Howard" (2764643840)

00:32:35.789 --> 00:32:55.789

Please forgive what may not appear to be a very imaginative set of slides, but I'm hoping my thoughts will help stimulate your imagination. Next slide please. So just quickly I wanted to review the national Standard Practice Manual that.

101 "Ted Howard" (2764643840)

00:32:55.789 --> 00:33:12.059

Provides its ideas of what could be some, beneficial guiding principles without going through them all, given the limited time. Number one, it would be to treat DERs like a system resource. Number two.

102 "Ted Howard" (2764643840)

00:33:12.059 --> 00:33:29.549

Aligning the primary cost effective tests with jurisdictions applicable policy goals, that's pretty straightforward. As is number three, ensuring symmetry across costs and benefits, obviously asymmetry can lead to biased results. Number four, cost effective tests should account for all relevant material impacts.

103 "Ted Howard" (2764643840)

00:33:29.549 --> 00:33:49.549

In other words, you've got to provide your best estimate of a quantitative value for a benefit or a cost because to do otherwise is to implicitly attribute a zero value, and at least you're making your best guess as what would be the most accurate value. On number five, conduct a forward looking long term analysis.

104 "Ted Howard" (2764643840)

00:33:49.549 --> 00:34:16.519

Versus what would have occurred without the DER. Six is pretty straightforward. We want to avoid double counting. Seven similarly ensuring transparency, including all relevant assumptions, methodologies and results, and then eight conduct a rate impact analysis, and one an example that would be a Distributional Equity Analysis that I'll get into get into in a subsequent slide. Next slide, please, additional guiding principles, I've just mentioned a couple of.

105 "Ted Howard" (2764643840)

00:34:16.519 --> 00:34:37.309

Here, I'd also add affordability, ability to pay DER technology neutrality. Neutrality is important and I will get into the distributional equity analysis briefly. However, I also wanted to just propose undertaking refined estimates of DER free ridership.

106 "Ted Howard" (2764643840)

00:34:37.309 --> 00:34:55.079

And utilizing the resulting net to gross ratios to determine the relative value attributed to DERs by different customer classes. The resolution E-5350 for the 2026 program year on direct install measures has made a point 90 net to growth for residential and a point 70 net to gross.

107 "Ted Howard" (2764643840)

00:34:55.079 --> 00:35:15.079

For commercial with NO modification for HDR customers, I would like to see that reevaluated, as I think there is as the final bullet shows a concept basically an economics of diminishing marginal utility wherein if you basically if you give a dollar.

108 "Ted Howard" (2764643840)

00:35:15.079 --> 00:35:35.079

to a person of low income, they'll be very grateful for that. If you give a dollar to a very wealthy person, they'll say NO thanks, I don't need that. That's the concept of dimensioning marginal utility. The more, the higher income, the lower the value you place on receiving an additional dollar, in this case an additional dollar of a.

109 "Ted Howard" (2764643840)

00:35:35.079 --> 00:35:55.559

Distributed energy resource service. Next slide please. So equity issues, I would like to propose a Distributional Equity Analysis separate from the benefit cost analysis. I have concerns that the benefit cost analysis may have challenges.

110 "Ted Howard" (2764643840)

00:35:55.559 --> 00:36:15.559

Beyond just determining average costs and benefits for all customers. A Distributional Equity Analysis could focus on priority populations and identify, you know, equity metrics such as energy burden, pollution exposure, service reliability, access to services.

111 "Ted Howard" (2764643840)

00:36:15.559 --> 00:36:48.089

Affordability, all those could be considered separate from the benefit cost analysis that and they're following that the policy makers could weigh the benefit cost analysis in the context of the distributional equity analysis and try to find the optimal balance. So the SBUA recommends an expedited workshop for stakeholder consideration of distributional equity analysis, and for more information on that, I'd refer anyone interested to this Berkeley lab report cited there.

112 "Ted Howard" (2764643840)

00:36:48.089 --> 00:37:03.509

I guess the next slide, looking at intergenerational equity, I think this is something that's becoming increasingly important given the current political environment.

113 "Ted Howard" (2764643840)

00:37:03.509 --> 00:37:23.509

The ACC could apply a social discount rate which reflects a fair balance between current and future generations. The commissioner has acknowledged that that the appropriate social discount rate maybe lower than the 3 % currently applied, but that there is NO sufficient record currently we common.

114 "Ted Howard" (2764643840)

00:37:23.509 --> 00:37:43.509

That there were several organizations which have concluded that a 2 % social discount rate achieves the greatest net benefits analyses by Federal Council of Economic Advisors, the Environmental Protection Agency, New York State Department of Environmental Conservation and others have recommended a 2 %.

115 "Ted Howard" (2764643840)

00:37:43.509 --> 00:38:07.039

Social discount rate. The EPA analysis is in itself conservative, it's limited to quantifying climate change damages caused by changes in the annual average temperatures of sea level rise, but it doesn't explicitly incorporate damages associated with other changes including variability and changes in the probability of extreme temperatures or changes in proceed.

116 "Ted Howard" (2764643840)

00:38:07.039 --> 00:38:30.589

Or humidity. So even it is very conservative and I would just add that current the current federal US government, is clearly abandoning climate change mitigation efforts as we speak, accelerating fossil fuel development, and deaccelerating and even penalizing renewable energy development, and now just two days ago, the federal government has announced that it will be.

117 "Ted Howard" (2764643840)

00:38:30.589 --> 00:38:50.589

Seeking to block climate change mitigation policies at the state and local levels. This would just further provide impetus for a lower social discount rate, so I would hope that could be considered and I would recommend a stakeholder workshop to look at that. And then, so the final summary slide.

118 "Ted Howard" (2764643840)

00:38:50.589 --> 00:39:11.494

Is just those three recommendations we made recommending an expedited CPU workshop for distribution distributional equity analysis. Secondly, the commission could consider running the ACC with a 2 % discount rate and would thirdly, the commission could consider a stakeholder workshop focused on the optimal social discount rate.

119 "SF - Courtyard Conference Room" (3848205824)

00:39:11.494 --> 00:39:21.747

And thank you, that's it. Alright, thank you Ted. And with that, we'll move over to the Joint IOU’s presentation.

120 "Ted Howard" (2764643840)

00:39:21.747 --> 00:39:25.096

Okay.

121 "SF - Courtyard Conference Room" (3848205824)

00:39:25.096 --> 00:39:48.260

Yes. Good morning, everyone. Apologies to those who have to look in the back of my head. I'm Danny Wagner, I am with SCE and I'm here representing the joint utilities that includes PG&E, SDG&E, SoCalGas, and of course.

122 "SF - Courtyard Conference Room" (3848205824)

00:39:48.260 --> 00:40:19.250

Edison. So, next slide, I'm going to just briefly go over the guiding principles that we've proposed and then focus mainly on equity and cost effectiveness. So on to the next slide. So, just for this slide and this slide after it, I'm just going to talk about some historical statements that the joint utilities made in the 2024 update and that included just SE PG and E and SDG and E and did not include so called gas doesn't mean they disagree with it, but.

123 "SF - Courtyard Conference Room" (3848205824)

00:40:19.250 --> 00:40:39.250

Just for accuracy, they were not part of that historical statement. So, so the Joint IOUs proposed three guiding principles. The first is that the avoided costs in the ACC should be tied to IOU revenue requirements and things that show up on customer bills, and they should not include.

124 "SF - Courtyard Conference Room" (3848205824)

00:40:39.250 --> 00:41:06.060

Broader societal benefits or non energy benefits. This is not to say that a broader societal concerns are not worthwhile or that non energy benefits are not real. We're not saying that. But in order to look at the impact on customers and to keep a focus on affordability and how that's going to impact customers, you have to start with keeping the scope related to customer costs.

125 "SF - Courtyard Conference Room" (3848205824)

00:41:06.060 --> 00:41:26.060

And then next, the ACC universally should reflect costs are universally applicable to all DERs and that the ACC should be used for planning and not the evaluation of procurement solicitations or compensation for DERs. And this is.

126 "SF - Courtyard Conference Room" (3848205824)

00:41:26.060 --> 00:41:46.980

Because the ACC is more of a, a long run cost, and when we do solicitations, there are current costs and the solicitations in front of us are more short term and so if we are using the ACC costs, which by the end of the cycle could be.

127 "SF - Courtyard Conference Room" (3848205824)

00:41:46.980 --> 00:42:04.260

Maybe three years old, we may make decisions that are not cost effective for customers. Let's go on to the next slide. So, adjusting equity, going to the next slide, let me see.

128 "SF - Courtyard Conference Room" (3848205824)

00:42:04.260 --> 00:42:24.260

So the user interested and open to considering a more standardized way of looking at equity and the current approaches that we have really are not that standardized that will ad hoc piecemeal. And so doing something more standardized that can help us look.

129 "SF - Courtyard Conference Room" (3848205824)

00:42:24.260 --> 00:42:46.520

Okay, how cost of benefits are distributed between different customer groups, you could help us inform policy making and avoid regressive transfers between different types of customers. 1 s so.

130 "SF - Courtyard Conference Room" (3848205824)

00:42:46.520 --> 00:43:06.300

This would be a supplement to cost effectiveness testing. It would not replace cost effectiveness testing. On to the next. So the ACC, it really defines and quantifies costs. It doesn't really.

131 "SF - Courtyard Conference Room" (3848205824)

00:43:06.300 --> 00:43:24.540

determine cost effectiveness, you have to determine, you have to look at avoided costs relative to the cost of the resource to really look at benefits but it needs to be accurate so that it can then become an input to accurate cost effectiveness.

132 "SF - Courtyard Conference Room" (3848205824)

00:43:24.540 --> 00:43:40.410

And equity analysis. So it looks at cost effectiveness looks at net benefits in total and doesn't really look at the cost benefits to different groups except for.

133 "SF - Courtyard Conference Room" (3848205824)

00:43:40.410 --> 00:43:55.890

Perhaps participant cost benefits and non participant cost benefits. And if you really want to go further and look at the benefits to like different income groups, you would need to use a.

134 "SF - Courtyard Conference Room" (3848205824)

00:43:55.890 --> 00:44:12.870

Distributional Equity Analysis. So, I wanted to paint a picture here of.

135 "SF - Courtyard Conference Room" (3848205824)

00:44:12.870 --> 00:44:27.900

Cost effectiveness, you know, it's really something that is not intuitive and, it's not really that easy to understand. It doesn't really compete with cues pictures, but, so here.

136 "SF - Courtyard Conference Room" (3848205824)

00:44:27.900 --> 00:44:43.920

What we're showing is that cost effectiveness is really dependent on different perspectives and, it really matters like to whom, to whom is it cost effective. So with the.

137 "SF - Courtyard Conference Room" (3848205824)

00:44:43.920 --> 00:44:59.580

Participant costs. I'm sorry. Can I take a couple minutes here? Not typical, but Do you want to get more water? Yeah, can I do that? I'm sorry. Oh, that's fun.

138 "SF - Courtyard Conference Room" (3848205824)

00:44:59.580 --> 00:45:19.580

While we take 1 min, the next section we'll go into is a Q and A so please if you have questions, you can, you can line them up.

139 "SF - Courtyard Conference Room" (3848205824)

00:45:19.580 --> 00:45:40.970

In the chat and we'll, address your questions within the room. You can also put up your hand and when we get to Q and A, we'll let you unmute and, start with your questions right when we start in with the Q and A.

140 "SF - Courtyard Conference Room" (3848205824)

00:45:40.970 --> 00:46:00.970

This is Dan, can I ask a, can I ask a question? Just for, for folks out there who are trying to figure out, should they go eventually it'll show me. Yeah. Should they go speaker by speaker or should they ask questions for the broadcam? Do you have any specification for the Q and A's?

141 "SF - Courtyard Conference Room" (3848205824)

00:46:00.970 --> 00:46:20.220

Oh, thank you. Thank you, Dan. I think as the speakers, we've had four speakers and so you may have questions related to one presentation or another, it would be helpful if you could identify which presentation your question is related to or if it is general for the room.

142 "SF - Courtyard Conference Room" (3848205824)

00:46:20.220 --> 00:46:38.190

I think I'm good now. I was just speaking quickly. I need to catch my breath, didn't. Absolutely taking many deep breaths. So I think we all needed a break anyway. Okay. Good, good for all of us then. So, so let me, you know.

143 "SF - Courtyard Conference Room" (3848205824)

00:46:38.190 --> 00:46:55.200

Address this slide so you know cost effectiveness really isn't that intuitive, so I wanted to create a picture, and really sort of explain like what questions each cost effectiveness test answers and what its limitations are. So.

144 "SF - Courtyard Conference Room" (3848205824)

00:46:55.200 --> 00:47:15.200

You know, with the participant cost test, we're looking at cost benefits to a, you know, program participants as a whole, and it you know it looks at things like incentives they may receive bill savings or you know the cost to that particular.

145 "SF - Courtyard Conference Room" (3848205824)

00:47:15.200 --> 00:47:33.630

For a customer for participating in a program. The Program Administrator Cost test is really cost to rate payers. And so like the name Program Administrator Cost (PAC) test to me is a little misleading because it makes you think it's really talking with cost benefits to.

146 "SF - Courtyard Conference Room" (3848205824)

00:47:33.630 --> 00:47:50.010

The administrator, but it really looks at total cost benefits to the revenue requirement and who pays the revenue requirement, it's there's rate pairs. And so this is really the best way to look at cost benefits to rate pairs in total.

147 "SF - Courtyard Conference Room" (3848205824)

00:47:50.010 --> 00:48:06.870

And it would include things like the administrative costs of running a program, the, you know, the incentives are a cost to rate payers and any benefits like system benefits that are avoided by a DER would be included there.

148 "SF - Courtyard Conference Room" (3848205824)

00:48:06.870 --> 00:48:26.870

When you get to the Total Resource Cost test, you start off with the, the rate payer cost benefits and then on top of that, you add incremental cost benefits associated with the program participant. So that program participant.

149 "SF - Courtyard Conference Room" (3848205824)

00:48:26.870 --> 00:48:47.070

Is a ratepayer and there are costs and benefits are included in as a rate pair, but then you just add on top of that incremental cost benefits as program participants. So that essentially hides transfers that may take place between rate pairs.

150 "SF - Courtyard Conference Room" (3848205824)

00:48:47.070 --> 00:49:07.070

And program participants, for instance bill savings or incentives. Incentives are paid by rate pairs to program participants but they don't show up in the total resource cost test. And then lastly have the Rate Impact Measure test, which looks at the change in the revenue requirement.

151 "SF - Courtyard Conference Room" (3848205824)

00:49:07.070 --> 00:49:34.650

Over the change in billing determinates, and, you know, for instance energy efficiency can lower the revenue requirement but can lower billing determinates more quickly, and therefore cause an increase in rates. It it's probably the, the closest thing we have to measuring cost shift between customers. And, you, you've.

152 "SF - Courtyard Conference Room" (3848205824)

00:49:34.650 --> 00:49:54.650

Whether something is cost effective or not is really going to depend on what test you use and the perspective from that from that perspective. Let's going to the next point. So the Distributional Equity Analysis, this is what we need to do if we wanted to take cost effectiveness a step further.

153 "SF - Courtyard Conference Room" (3848205824)

00:49:54.650 --> 00:50:20.450

Because again, cost effectiveness is just in total, it doesn't really look at, you know, cost effective to whom, right? Just in total. And so we would need something like a distributional equity analysis to really drill deeper, and separate, you know, between two different populations, you know, how do you divide those cost benefits? And hopefully that could inform decision making.

154 "SF - Courtyard Conference Room" (3848205824)

00:50:20.450 --> 00:50:46.350

So that we avoid lower income customers, funding benefits of more mostly go to higher income customers. I think that is probably we would agree something that we don't want. And we think you starting with the ideas in the LBNL DA framework is probably a good way to start off with investigating this concept. Let's go on to the next slide, please.

155 "SF - Courtyard Conference Room" (3848205824)

00:50:46.350 --> 00:51:02.370

So in summary, equity cannot be fully addressed within cost effectiveness alone and the you know the CPUC we recommend should look at a complimentary analysis that takes it further such as the DEA to look at really.

156 "SF - Courtyard Conference Room" (3848205824)

00:51:02.370 --> 00:51:19.830

How are programs affecting different groups? And we, we would really need to dig down, look into your analytical framework, you know, it would involve like both bill impact and who's you know participating in programs, and so there really needs to be something, a lot of work there.

157 "SF - Courtyard Conference Room" (3848205824)

00:51:19.830 --> 00:51:35.490

And starting with the workshop and perhaps bringing LBNL in would be a good way to start. So, thanks everyone and I guess we'll wait for questions later. All right, thank you. Thanks. Have your one.

158 "SF - Courtyard Conference Room" (3848205824)

00:51:35.490 --> 00:51:51.120

All slides of course will be on the slide deck that will be sent out following the workshop. Now we'll go into our 10 min Q and A from the presentations from block one, so I see we already have a question here from Tom Beach.

159 "SF - Courtyard Conference Room" (3848205824)

00:51:51.120 --> 00:52:12.930

Yeah, I can just read it out then, for the joint IOUs, hasn't the CPUC adoption of the use of the ACC to pay net billing tariff of customers for exported power violating your principle that the ACC should not be used for compensation?

160 "SF - Courtyard Conference Room" (3848205824)

00:52:12.930 --> 00:52:32.930

I think it's true that we think that you know it is not really you have the net billing tariff, which is based on the ACC but most of our rates are really much more directly related to the cost search in

161 "SF - Courtyard Conference Room" (3848205824)

00:52:32.930 --> 00:52:58.964

GRC phase two. And so there is a dislocation there, and so we prefer compensation that would be based on the GRC phase two, but we understand that the commission has decided differently and respect that. All right? Oh, something just happened. Oh, you need to unmute her?

162 "Esfahani, Asal" (3497028096)

00:52:58.964 --> 00:53:06.000

Never mind. I can unmute myself, I can't unmute others so that

163 "SF - Courtyard Conference Room" (3848205824)

00:53:06.000 --> 00:53:36.330

They can read out their questions. Okay, we can’t do that even? Sorry about the tech difficulties one moment, please. Yeah, that just it just closed for whatever reason. I'm working on getting that back right now. Dan, did you have some questions you wanted to post? Sure, but people can see, right? They just can't talk.

164 "SF - Courtyard Conference Room" (3848205824)

00:53:36.330 --> 00:53:55.170

Okay, and it'll show up on the screen. That's great. Okay, let's start. Well, Danny, you're in front. So I guess getting some dialogue going, I wanted to ask, do you agree, do the joint IOUs agree with SEIA's proposal?

165 "SF - Courtyard Conference Room" (3848205824)

00:53:55.170 --> 00:54:14.940

to evaluate or compensate in front of meter resources using the ACC and I guess secondly, do you think that that's something that we should consider here? So, I don't want to speak for all the joint utilities on the fly, I could really get myself in trouble. So, but I would say that it's something to consider and just

166 "SF - Courtyard Conference Room" (3848205824)

00:54:14.940 --> 00:54:30.900

speaking for myself, if you're talking about avoided costs on the system and not really rates avoided by particular customers behind the meter, then

167 "SF - Courtyard Conference Room" (3848205824)

00:54:30.900 --> 00:54:46.140

it would make sense to consider in front of the meter resources, but that's just me speaking now and not a firm answer for all joint utilities. Okay, thank you. Shall I ask some more or are we getting back to.

168 "SF - Courtyard Conference Room" (3848205824)

00:54:46.140 --> 00:55:04.350

One more. Sure. Okay, well this one's for Tom. And so I was trying to understand what the suggestion was for the RIM test. So, was there a concern with how the RIM is calculated?

169 "SF - Courtyard Conference Room" (3848205824)

00:55:04.350 --> 00:55:22.967

Or how it's being used for decision making in specific proceedings and I guess then the question is, what do you think should be done in this proceeding related to the RIM test? And I'm including sort of the the idea of a societal RIM, but also is the, is that.

170 "Tom Beach" (528632320)

00:55:22.967 --> 00:55:24.750

Or is there something more?

171 "Tom Beach" (528632320)

00:55:24.750 --> 00:55:46.190

Yeah, thanks Dan. In terms of calculation, I think that the idea of a societal RIM test would obviously involve introducing additional benefits into the calculation. But I think largely my comments on the RIM

172 "Tom Beach" (528632320)

00:55:46.190 --> 00:56:03.840

test are directed at how that test is used and evaluated for decision making in specific proceedings. I do think that the commission should give some serious thought

173 "Tom Beach" (528632320)

00:56:03.840 --> 00:56:23.840

to trying to break down silos between different types of DERs. I mean that really is the key point I was making is that really customers do not adopt just one type of DER and we don't want them to. We want them to adopt multiple types

174 "Tom Beach" (528632320)

00:56:23.840 --> 00:56:45.410

of DERs. And a customer who has just solar is much different than a customer who has solar plus storage plus a heat pump plus an EV. And those the it's really the characterization of the DER.

175 "Tom Beach" (528632320)

00:56:45.410 --> 00:57:01.609

for customers that needs to change and the complexity of DER adoption needs to be considered going forward and some of the silos between different types of DERs

176 "SF - Courtyard Conference Room" (3848205824)

00:57:01.609 --> 00:57:04.710

need to be broken down.

177 "SF - Courtyard Conference Room" (3848205824)

00:57:04.710 --> 00:57:24.710

Are there more questions I just have one small follow up, which is, so I heard that and I'm not I'm not clear what that leaves us with in terms of what we're supposed to do about the RIM based on your comments in this proceeding, so I'll just stop there. I'm not sure what the action is for staff related to the RIM in this proceeding in a technology neutral framework, but I guess the one thing I.

178 "SF - Courtyard Conference Room" (3848205824)

00:57:24.710 --> 00:57:46.409

What I did want to say is while you were talking, I looked up what the RIM is for a number of different other measures and there are a ton of EE measures and programs that are well above one on the RIM. So I just want to make clear that like that for the record that the RIM is not impossible to pass in any, in any way shape or form. So I want to make sure that we're talking specifically about one thing versus another.

179 "Tom Beach" (528632320)

00:57:46.409 --> 00:58:05.100

Yeah, I, but I'm not, you know, I accept that and I know that there are, e.g. energy efficiency and demand response programs that that pass the RIM test.

180 "Tom Beach" (528632320)

00:58:05.100 --> 00:58:20.580

I think my point that it is an extremely stringent test is accurate and there are certainly programs that don't pass the RIM test that

181 "Tom Beach" (528632320)

00:58:20.580 --> 00:58:40.580

nonetheless are programs that have been adopted, I think if you, you know, the surveys that I've seen of how, e.g. energy efficiency programs are evaluated nationally indicates that there are very few states where.

182 "Tom Beach" (528632320)

00:58:40.580 --> 00:58:53.688

The RIM test is e.g. a decisive factor in choosing energy efficiency programs.

183 "SF - Courtyard Conference Room" (3848205824)

00:58:53.688 --> 00:59:04.806

Asal, are there any questions in the chat, we welcome and invite folks to raise

184 "Esfahani, Asal" (3497028096)

00:59:04.806 --> 00:59:09.324

their hand as well? Or none.

185 "SF - Courtyard Conference Room" (3848205824)

00:59:09.324 --> 00:59:16.980

Okay, any in the room?

186 "SF - Courtyard Conference Room" (3848205824)

00:59:16.980 --> 00:59:36.980

Alright, one more from the room. Okay. I have, but I think the one I want to ask here is sort of about I wanted to follow up on one of Ted's points, which was it's a sort of a similar question about net to gross values. When I think of net to gross values I generally think of a pretty specific

187 "SF - Courtyard Conference Room" (3848205824)

00:59:36.980 --> 01:00:04.747

value that's adopted in an energy efficiency sort of space to look at one measure or another. And so I guess I'm trying to understand what you would have us do in this proceeding, which is technology neutral related to net to gross values. I heard some concern about how they're about maybe some specific values, but is there a broader issue for us to take on here or is that more of an EE

188 "Ted Howard" (2764643840)

01:00:04.747 --> 01:00:26.220

specific kind of a comment. Well, I realize that the net to gross may not be most appropriately modified or analyzed in this proceeding. I would leave that up to you to decide. I know you have separate proceedings for looking into that and calculating, so I'm thinking

189 "Ted Howard" (2764643840)

01:00:26.220 --> 01:00:46.220

Something that would be starting from the beginning and perhaps with a consultant and looking back and making sure we've really considered all factors that impact the net to gross. It just seems to me that it's pretty straight forward, that customers with lower income would place a higher value on receiving a

190 "Ted Howard" (2764643840)

01:00:46.220 --> 01:01:02.007

distributed energy resource versus those of higher income and I don't think that's reflected currently. I think you know best whether you could do anything within this proceeding. I'm not going to try to advise you on that.

191 "SF - Courtyard Conference Room" (3848205824)

01:01:02.007 --> 01:01:05.644

Thanks tom.

192 "Esfahani, Asal" (3497028096)

01:01:05.644 --> 01:01:44.685

There is a question in the chat, I'll read it. It's from Suburish Vinod. TRC looks at benefit to the ratepayer versus cost to the ratepayer plus cost to the participant. The benefit to the participant in the form of bill cost savings is not fully included as a benefit. To address equity concerns, should the benefit to the participant also be included in the analysis and not just benefits to the ratepayer or should there be a transition to PAC which is a ratio of benefit to ratepayer to cost to ratepayer?

193 "SF - Courtyard Conference Room" (3848205824)

01:01:44.685 --> 01:01:47.730

Okay.

194 "SF - Courtyard Conference Room" (3848205824)

01:01:47.730 --> 01:02:07.260

Okay, so I do think that the bill savings to the program participant are included, but the reason that they don't show up is because sometimes it's reshuffling between ratepayers and

195 "SF - Courtyard Conference Room" (3848205824)

01:02:07.260 --> 01:02:27.260

and the program participants. So, you know, it's the same reason that incentives don't show up in the TRC, right? Because you have a plus and a minus on the same side of the ledger and they cancel out. So I like just based on the question, I'm not sure it's correct that the TRC does not consider.

196 "SF - Courtyard Conference Room" (3848205824)

01:02:27.260 --> 01:02:45.660

savings because they're just canceled out, right? That's how they are considered. Thank you. So that concludes the Q and A portion for block one.

197 "SF - Courtyard Conference Room" (3848205824)

01:02:45.660 --> 01:03:05.660

We will have a break and start again at 1:10. We will start quickly at 1:10, so Alex, if you go to the next slide, the presenters that are presenting next should be prepared starting at 1:10 to start their presentations. And so this is the queue for the next block.

198 "SF - Courtyard Conference Room" (3848205824)

01:03:05.660 --> 01:03:27.540

So thank you everybody for your attention, participation, and we'll see you in 10 min. Bye. Like 5 min breaks, so. Five, yeah, 5 min break. Sorry, just looking at the right time. 5 min. Perfect.

199 "SF - Courtyard Conference Room" (3848205824)

01:07:27.540 --> 01:07:49.050

Yeah everybody. Thank you all for waiting. We're going to give people in person about one more minute before we get started again. Apologies, but don't worry, this will not cut into any of the presentation times at all for the upcoming presenters. So just one more minute, please. Thank you.

200 "SF - Courtyard Conference Room" (3848205824)

01:08:49.050 --> 01:09:14.100

Oh alright thank you all for the, for waiting. Now we're going to get started with the block two presentations, starting our 1st will be SoCal Gas.

201 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:09:14.100 --> 01:09:32.670

Ana are you- Yes, I am. I'm ready. Thank you. I'm Ana Garza-Beutz. I'm public policy and planning manager for SoCalGas. SoCalGas has been delivering affordable and reliable natural gas for over a hundred and fifty years.

202 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:09:32.670 --> 01:09:52.650

Our gas infrastructure supports electric reliability by complementing batteries and providing reliable dispatchable energy when renewables and storage cannot meet demand. In addition, SoCalGas pipelines can deliver cleaner energy by blending natural gas with renewable natural gas.

203 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:09:52.650 --> 01:10:12.650

and or hydrogen supporting customers with increasingly decarbonized fuels. Next slide, please. The avoided cost calculator helps support individual DER programs by providing values for cost effective analysis. The ACC

204 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:10:12.650 --> 01:10:35.430

needs to be able to accommodate potentially unique needs of individual programs. On the left side of this slide are screenshots of some of the main ACC output tabs. On the right are a few programs that depend on the ACC such as energy efficiency, the recent net billing tariff.

205 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:10:35.430 --> 01:10:52.020

the energy Savings assistance program or ESA, demand response and others. Each program's analysis can potentially use different ACC values in different ways depending on the needs of each individual program.

206 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:10:52.020 --> 01:11:10.740

Next slide, please. To facilitate the use of the ACC by other proceedings and programs, SoCalGas proposes ACC guiding principles of enhancing neutrality, flexibility, and transparency or clarity.

207 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:11:10.740 --> 01:11:27.480

By neutrality, we mean that the avoided cost calculator should be resource agnostic. In other words, technology and fuel neutral. By flexible, we mean that the avoided cost calculator should have the flexibility to accommodate changes in fuel types.

208 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:11:27.480 --> 01:11:44.160

By transparent, we mean that the ACC should more clearly communicate important information about its values to enable the appropriate use of ACC data. In the next two slides, we will dive deeper into these three guiding principles.

209 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:11:44.160 --> 01:12:02.070

Next slide, please. The main function of the avoided cost calculator is to monetize DEER avoided costs or benefits which the ACC does on a dollar per therm and a dollar per kilowatt hour basis.

210 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:12:02.070 --> 01:12:19.620

To best serve California's goal of affordable decarbonization, the ACC should enable users to evaluate and compare the cost effectiveness of all potential DER solutions. Our 1st two priorities, neutrality and flexibility

211 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:12:19.620 --> 01:12:35.730

can help support this goal. Let's begin with technology neutrality. Equal consideration in treatment of demand side and supply side resources can enable the determination of the most cost effective resources,

212 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:12:35.730 --> 01:12:51.750

supporting affordability. Similarly, the ACC should be able to evaluate different technologies such as microgrids, energy efficiency, linear generators, demand response, fuel cells, and others.

213 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:12:51.750 --> 01:13:11.750

Increasing the pool of potential DEER technologies helps find the most cost effective resources supporting affordability. Sticking with the neutrality principle, let's discuss the neutral treatment of the gas and the electric avoided cost calculators.

214 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:13:11.750 --> 01:13:30.120

To be fully technology neutral implies that DERs evaluated in the gas ACC and DERs evaluated in the electric ACC will receive consistent treatment. Both of the calculators should have similar rigor and assumptions

215 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:13:30.120 --> 01:13:50.120

enabling fair apples to apples comparison of gas and electric DERs. E.g., the gas avoided calculator currently uses a constant natural gas emissions factors for all years. The gas ACC should be upgraded to incorporate

216 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:13:50.120 --> 01:14:09.150

the CPUC’s SB 1440 goal of 12% renewable gas by 2030. This change would help bring more even treatment of the gas and electric ACCs since the RNG target is analogous to electric SB 100 targets.

217 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:14:09.150 --> 01:14:29.150

This fair and consistent treatment of the calculators should be able to yield more affordable DER solutions and to help determine when fuel substitution is an affordable solution. Our second principle, flexibility, is focused specifically on fuel flexibility since

218 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:14:29.150 --> 01:14:50.100

DERs can potentially use different fuels. It's important that both the electric and gas ACCs have the flexibility to incorporate different types of fuels. E.g., some natural gas fueled DERs such as linear generators, can also run on renewable natural gas or on hydrogen.

219 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:14:50.100 --> 01:15:10.100

The ACCs should add the flexibility to modify the fuels of DERs. To summarize this slide, our neutrality and flexibility guiding principles can lead to fair and consistent treatment of a broad array of DERs, helping users find cost effective DERs and helping

220 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:15:10.100 --> 01:15:31.680

determine when fuel substitution is cost effective, all supporting ratepayer affordability. Next slide please. Our 3rd and final principle is transparency or clarity. There are a lot of values in these calculators. Many of which change as the inputs are modified.

221 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:15:31.680 --> 01:15:48.780

Clearly marking values important, and relevant characteristics, can help prevent unintentional misuse. This is important because using the wrong value in downstream analysis could have financial consequences for rate payers impacting affordability.

222 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:15:48.780 --> 01:16:07.140

E.g., the unintentional inclusion of a non rate payer benefit in downstream analysis could result in rate payers funding expensive DERs or DERs that would otherwise not have been selected had the appropriate inputs been used.

223 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:16:07.140 --> 01:16:27.140

This error could negatively impact ratepayer affordability. The clear and transparent labeling would be important to help support the purposeful use of ACC costs and values. To be fair, the current ACC has made some progress in this area.

224 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:16:27.140 --> 01:16:57.180

Some user selections such as utility, climate zone, societal cost tests, total resource costs are also displayed in other areas of the calculator, all in the effort to help the user. This is a very good start, but it does not go far enough. Firstly, the selections do not appear in all of the ACC data tables, and secondly, the displays don't include some important designations such as rate payer versus non rate payer costs.

225 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:16:57.180 --> 01:17:16.650

Finally, some ACC values have ten or more significant digits, implying a high degree of accuracy. The ACC should disclose the relative certainty or uncertainty of its values to prevent users from incorrectly assuming an extreme level of confidence.

226 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:17:16.650 --> 01:17:31.698

In conclusion, SoCalGas proposes principles of neutrality, flexibility, and transparency to support more accurate downstream analysis and affordability.

227 "SF - Courtyard Conference Room" (3848205824)

01:17:31.698 --> 01:17:42.102

Thank you. All right. Thank you, Ana. And with that we'll move over to the next presentation by Steven Moss.

228 "Steven Moss" (1272748800)

01:17:42.102 --> 01:17:56.490

The local government sustainable energy coalition. Howdy people and thank you. Thanks for the opportunity to be here. Here's a photo of my daughter trying to avoid the cost of being cold.

229 "Steven Moss" (1272748800)

01:17:56.490 --> 01:18:16.490

I'm here representing the local government's sustainable energy coalition, we're a coalition of local governments as is our name. We do have some other partner agencies as a part of our coalition. What I'm going to talk about today, not every single one of these local governments necessarily specifically agrees with every little thing or may not even have the

230 "Steven Moss" (1272748800)

01:18:16.490 --> 01:18:18.000

opportunity to examine it.

231 "Steven Moss" (1272748800)

01:18:18.000 --> 01:18:38.000

But the thrust of what I'm going to say, the concepts, there's a general support among our coalition. If you go to the next slide. So I'm taking the opportunity for the safe space to kind of float the idea that that we really should rename what this avoided cost calculator is.

232 "Steven Moss" (1272748800)

01:18:38.000 --> 01:18:48.480

Rather than avoiding utility costs, we should be calling it something like an affordability cost or reliability assurance calculator, and it should be calibrated at the local level.

233 "Steven Moss" (1272748800)

01:18:48.480 --> 01:19:08.480

I think there's some pieces missing from this slide that aren't appearing I don't know. There they go. Thank you. That was magical. So we believe that kind of from a local government perspective, we're very concerned right now about the affordability, but not affordability of the grid alone. The affordability of keeping

234 "Steven Moss" (1272748800)

01:19:08.480 --> 01:19:10.950

electricity available to households.

235 "Steven Moss" (1272748800)

01:19:10.950 --> 01:19:30.950

And in many cases local governments are part of adopting distributed energy resources for that purpose to increase reliability and our customers doing the same as have other parties that have presented so far. And in order to be a part of the integrated resource plan, the ACC does need to align.

236 "Steven Moss" (1272748800)

01:19:30.950 --> 01:19:43.770

With sort of this broader ecosystem of energy that's developing, we're NO longer a spoke and wheel model type grid. Although that remains the dominant way we regulate.

237 "Steven Moss" (1272748800)

01:19:43.770 --> 01:20:03.770

In fact, we're becoming a much more dispersed grid in both the obvious solar plus storage distributed generation being adopted by local governments and others, and less obvious like backup generators that are ubiquitous throughout the state because many customers don't feel that they're getting the reliability they need.

238 "Steven Moss" (1272748800)

01:20:03.770 --> 01:20:22.650

So we generally believe that the concepts should be enlarged to understand that we're looking at a system that goes beyond utilities and in order to sync with the kind of planning that we actually do at the energy commission level, we need to consider the old dispersion.

239 "Steven Moss" (1272748800)

01:20:22.650 --> 01:20:42.650

of energy the energy ecosystem, meaning maybe we call this the avoided cost calculator, but maybe we call it the avoided utility costs or something else. If you go to the next slide. This slide is kind of heavy on a bunch of bullets and I'm not going to talk about all of them because many of them have been covered by other speakers.

240 "Steven Moss" (1272748800)

01:20:42.650 --> 01:21:02.650

And so far this morning, some people seem to believe that the existing avoided cost calculator is using long term costs, others believe it is relying on short term costs. We think it's more short term than long term although there are many costs that are being calibrated overall, it strikes me that just even based on this conversation so

241 "Steven Moss" (1272748800)

01:21:02.650 --> 01:21:22.650

far we need to understand what actually is being captured in the short term in a long term way, and be able to apply those effectively and accurately. We agree with other parties that there needs to be an understanding of grid and behind the meter distributed energy resources and the way they create value. Solar plus storage,

242 "Steven Moss" (1272748800)

01:21:22.650 --> 01:21:33.750

which does not require a reserve margin, which is required for utility procured power. That's lost right now. It's not really accounted for.

243 "Steven Moss" (1272748800)

01:21:33.750 --> 01:21:52.440

On the last bullet, and again speaking to previous presenters, in classical economics, we would certainly separate cost effectiveness from equity. That would be a classical way of understanding things. You want to get a cost effective solution and then you want to address equity issues.

244 "Steven Moss" (1272748800)

01:21:52.440 --> 01:22:09.750

We're not living in a world in which that's actually occurring in the utility system. The utility rates as it stands are socialized across all rate payers. We have a baseline that provides extra allocation at a lower rate in certain geographies, we have the CARE program.

245 "Steven Moss" (1272748800)

01:22:09.750 --> 01:22:29.750

Costs actually differ by local places. So we actually are currently sitting on a system in which there's all kinds of cross subsidies occurring now. They're just embedded in the system. We have essentially agreed that they should be done because we have a system that

246 "Steven Moss" (1272748800)

01:22:29.750 --> 01:22:49.750

is socialized across the broad geography, not always because of the baseline, right? We actually make exceptions, but to think that we can separate cost effectiveness from equity in the current system, we can't. They're already embedded. We should be paying careful track of the difference between cost effectiveness and equity, but.

247 "Steven Moss" (1272748800)

01:22:49.750 --> 01:22:58.470

we should acknowledge that those two things are currently inseparable in the way we actually run the system. And many of these things also get the notion that

248 "Steven Moss" (1272748800)

01:22:58.470 --> 01:23:13.620

when we say cost effective, it's a kind of a fancy word, but it isn't necessarily what we're doing and many people have talked to the various perspectives around our tests. Are they actually really effectively measuring costs? Probably not.

249 "Steven Moss" (1272748800)

01:23:13.620 --> 01:23:33.620

Go to the next slide. I only have a couple more slides. The idea of the ‘affordable cost calculator’ and just a bit of like reminders of history, there was, this was not an immediately adopted or embraced approach. Here's a report to the legislature in which concerns are raised about the differences

250 "Steven Moss" (1272748800)

01:23:33.620 --> 01:23:34.680

between

251 "Steven Moss" (1272748800)

01:23:34.680 --> 01:23:53.640

the actual cost of procuring energy, and what appears to be shown in an avoided cost perspective. I think the punchline here is we have utilities, PG&E and San Diego at least, who have quite high electric generation rates.

252 "Steven Moss" (1272748800)

01:23:53.640 --> 01:24:10.560

and relative to the total ACC, it doesn't look like things are going correctly. In other words, the concerns that were raised now, you know, almost ten years ago around the problems that may be embedded in the avoided cost calculator.

253 "Steven Moss" (1272748800)

01:24:10.560 --> 01:24:30.560

They're still here. We haven't solved them yet, we continue to rely on this, on this mechanism. Next slide please. So this is my last slide and it just sort of reiterates some of the things that I've covered. Again local governments, we're kind of agnostic on how

254 "Steven Moss" (1272748800)

01:24:30.560 --> 01:24:37.620

Energy is delivered. We want it delivered affordably and reliably. In today's world, that can be done a lot of different ways.

255 "Steven Moss" (1272748800)

01:24:37.620 --> 01:24:57.620

Certainly grid power is a backbone resource, not something that's trivial to ignore. But there are other resources that can be deployed as needed to bolster reliability and also as more affordable. We don't think that utility revenues alone should be, and this was mentioned by the utility representative.

256 "Steven Moss" (1272748800)

01:24:57.620 --> 01:25:10.380

That's not the litmus test. The litmus test is affordability across customer groups and income groups and that should be the focus of this calculator not protecting necessarily utility revenues.

257 "Steven Moss" (1272748800)

01:25:10.380 --> 01:25:29.940

There are other things that should be considered like reliability and resiliency at the customer level, market cost via volatility. And finally, although I don't think we are asserting that we should look at job creation and economic activity as embedded in any kind of calculator, we do think it matters.

258 "Steven Moss" (1272748800)

01:25:29.940 --> 01:25:37.236

And particularly in today's world to be able to have visibility on those things and we should pay attention to them as, as we go along making

259 "SF - Courtyard Conference Room" (3848205824)

01:25:37.232 --> 01:25:47.656

choices. And with that, I hand it to the next. All right. Thank you Steven. That will pass it over to the California Large Energy Consumers

260 "Sam Harper - CLECA" (3115629824)

01:25:47.656 --> 01:25:50.261

Association.

261 "SF - Courtyard Conference Room" (3848205824)

01:25:50.261 --> 01:25:52.459

Hi.

262 "Sam Harper - CLECA" (3115629824)

01:25:52.459 --> 01:26:10.952

Can you all hear me? Yes, we can hear you Sam. Great. Well my name is Sam Harper. I'm here representing CLECA, the California Large Energy Consumers Association and I certainly appreciate the opportunity to speak here today. I just have a short presentation and.

263 "Sam Harper - CLECA" (3115629824)

01:26:10.952 --> 01:26:27.182

Jump right into it. So CLECA just as background, CLECA represents companies across a variety of industries that produce goods essential for daily life, oxygen for hospitals, critical infrastructure, goods distribution, et cetera.

264 "Sam Harper - CLECA" (3115629824)

01:26:27.182 --> 01:26:47.182

CLECA members are typically large, high load factor, high voltage customers operating in California, across IOUs, municipalities, et cetera. Some are DA, some are bundled. And all these customers, the price of electricity is critically important to their

265 "Sam Harper - CLECA" (3115629824)

01:26:47.182 --> 01:27:06.332

competitiveness, and reliability is critically important to them operating their business. And, then finally for background, you know, CLECA members have participated for decades now in reliability DR programs like BIP, providing critical resources in the greater times of need.

266 "Sam Harper - CLECA" (3115629824)

01:27:06.332 --> 01:27:22.262

If you go to the next slide, oh, I'm on this slide still. So have a few goals here and a few interests in this proceeding, so.

267 "Sam Harper - CLECA" (3115629824)

01:27:22.262 --> 01:27:42.262

The most important thing for us is accuracy, transparency, predictability, and consistency. None of those are controversial based off all the documentation thus far and all the discussions thus far, but I think how we get there does matter. And CLECA member companies care about the ACC for several reasons.

268 "Sam Harper - CLECA" (3115629824)

01:27:42.262 --> 01:28:04.222

We're kind of on both sides of this issue in some respect. So, on the one side, you know, CLECA member companies provide DER resources, most notably emergency DR programs like BIP, the base interruptible program, which has been tremendously valuable for California, saving the grid from rotating outages several times just

269 "Sam Harper - CLECA" (3115629824)

01:28:04.222 --> 01:28:25.492

since 2020, and so the accuracy of the ACC to ensure that that program can continue and is appropriately compensated is critically important to us and to the state. And then on the other hand, you know, as large customers, CLECA members pay for DERs and have a keen interest in making sure that they are cost effective.

270 "Sam Harper - CLECA" (3115629824)

01:28:25.492 --> 01:28:41.822

And, you know, we're relying on the IRP and the ACC process to ensure that California can reliably and cost effectively meet its environmental goals. So with all that background on our interest in it, we basically have two key goals.

271 "Sam Harper - CLECA" (3115629824)

01:28:41.822 --> 01:28:59.612

One is to encourage a broad resource inclusion approach in the valuation of the ACC revenue streams. And second is to encourage a transparent, simple, and understandable update process. So I'll dig into those in the next two slides, if you would advance.

272 "Sam Harper - CLECA" (3115629824)

01:28:59.612 --> 01:29:22.612

So we certainly agree with the stated goals of the ACC to be technology agnostic. I think that's well documented and has broad agreement. I think, you know, we do think there's some gaps and we need some changes, we think some changes are necessary in the 2026 ACC

273 "Sam Harper - CLECA" (3115629824)

01:29:22.612 --> 01:29:44.272

process to achieve that goal. In particular related to the integrated calculation of GHG and generation capacity, this is the new approach that was introduced in the 2024 ACC process. By way of example, you know, we don't believe that selecting only two resource types to go into that integrated calculation is technology

274 "Sam Harper - CLECA" (3115629824)

01:29:44.272 --> 01:30:01.922

agnostic nor do we believe that, you know, applying generation capacity minimums and caps that are binding in many years of the forecast horizon, are appropriate when they're tied to a particular technology's fixed O and M cost.

275 "Sam Harper - CLECA" (3115629824)

01:30:01.922 --> 01:30:21.181

We don't believe that's technology agnostic either. You know, the ACC process should not determine which particular avoided cost value streams apply, that dictate which types of DERs

276 "Sam Harper - CLECA" (3115629824)

01:30:21.181 --> 01:30:41.181

are determined cost effective. You know, we think that's supplanting the IRP process and inappropriate through the ACC. And so we think it's very important that the integrated calculation include a broader set of resources, and in particular it needs to include resources

277 "Sam Harper - CLECA" (3115629824)

01:30:41.181 --> 01:31:02.301

that rely predominantly on generation capacity for their value, not just those that rely predominantly on GHG. And that's the point about essentially, you know, picking the resource characteristics that are deemed cost effective. So you know expanded resource mix was discussed in the Commission decision

278 "Sam Harper - CLECA" (3115629824)

01:31:02.301 --> 01:31:22.581

adopting the 2024 ACC to be considered in this process. And you know our position is that, you know, it should be quite broad potentially including the entire preferred system plan set of resources, you know, but understanding that there will be differences in opinions and discussions about which resources to include.

279 "Sam Harper - CLECA" (3115629824)

01:31:22.581 --> 01:31:45.361

We think at a bare minimum as a guiding principle, resource characteristics sufficient to run the model for the entire PSP being published so that different parties can, you know, run the model in different ways and see the results we think is a prudent principle at this stage.

280 "Sam Harper - CLECA" (3115629824)

01:31:45.361 --> 01:32:05.361

And then, you know, finally, we just want to touch on the concept of marginal resources through the ACC. You know, a concept like a marginal resource can mean different things in different contexts. And so even that, you know, a resource that is not considered marginal through the IRP process, we still might want to consider it

281 "Sam Harper - CLECA" (3115629824)

01:32:05.361 --> 01:32:25.521

marginal through the ACC process, you know. Just as an example, DR programs are typically reupped every year, re-contracted every year, even if they're considered existing resources in the IRP process. So we would not want to get into a situation where we're kind of taking them for granted. We assume we have them already

282 "Sam Harper - CLECA" (3115629824)

01:32:25.521 --> 01:32:42.901

but then the valuation is insufficient to re-contract resources that we're relying on for grid reliability. Next slide please.

283 "Sam Harper - CLECA" (3115629824)

01:32:42.901 --> 01:32:58.441

So, the next kind of key goal we have is to strive for transparency, simplicity and understandability by all parties. And that really involves a few things. One is avoiding complexity wherever possible.

284 "Sam Harper - CLECA" (3115629824)

01:32:58.441 --> 01:33:17.611

Partly that goes into transparency, but also, you know, the more sophisticated the model is, the more resources it takes to understand it and the easier it is to have an underlying assumption that's kind of embedded deeply within the model, dictate the outcome without people really understanding that impact.

285 "Sam Harper - CLECA" (3115629824)

01:33:17.611 --> 01:33:34.231

Second, you know, we think that stakeholders need sufficient time to review and comment on major process updates. You know, we think just more time and more process is important in this 2026 proceeding process.

286 "Sam Harper - CLECA" (3115629824)

01:33:34.231 --> 01:33:49.561

And in particular it's important that whatever changes are proposed are modeled against the underlying IRP resource assumptions, the most recent PSP, such that we really see what the impact is

287 "Sam Harper - CLECA" (3115629824)

01:33:49.561 --> 01:34:08.161

of any proposed change. Not just conceptually but in reality. Next, you know, consistency of values and transparency are very important. Wild swings in the ACC values can really

288 "Sam Harper - CLECA" (3115629824)

01:34:08.161 --> 01:34:28.161

be detrimental to resource development. It's tough if you're planning a multi-year resource development process, whether it's, you know, any type of DER really, it typically takes a while to develop. And if the ACC values are wildly swinging up and down it's hard to plan for which resources are going to be cost effective in the future.

289 "Sam Harper - CLECA" (3115629824)

01:34:28.161 --> 01:34:47.236

And then just finally, you know, we think that the values for transmission and distribution should be really fairly considered and make sure that they're consistent across the proceedings. So thank you for

290 "SF - Courtyard Conference Room" (3848205824)

01:34:47.236 --> 01:34:57.260

the opportunity to present today. I appreciate the time and happy to answer questions. All right. Thank you Sam. Of course, our questions will come at the end of the block.

291 "Steve Campbell" (3041247232)

01:34:57.260 --> 01:35:01.801

And now we shall jump, we'll jump to Vote Solar's presentation.

292 "Steve Campbell" (3041247232)

01:35:01.801 --> 01:35:17.671

Great, thank you Alex, and thank you commissioner. Thanks to energy division staff for the opportunity to present today. My name is Steve Campbell Regulatory Director at Vote Solar. Vote solar is a nonprofit regulatory advocacy organization started in California.

293 "Steve Campbell" (3041247232)

01:35:17.671 --> 01:35:37.671

and now works across 25 states focused only on state level policy. This presentation considers how to get from today's policy planning framework to an updated framework that strategically focuses on maximizing community benefit achievable through an existing compensation structure available to customers at the ACC.

294 "Steve Campbell" (3041247232)

01:35:37.671 --> 01:35:41.011

Next slide, please.

295 "Steve Campbell" (3041247232)

01:35:41.011 --> 01:36:01.011

Okay, so this is not news to any of you in the room or online, but energy planning is complex and efforts to reform a complex process are difficult and take time. This snippet here is from the text from a fiscal committee analysis of AB 2891. Last year, the bill did not

296 "Steve Campbell" (3041247232)

01:36:01.011 --> 01:36:27.051

Pass. It was seeking to allow LSEs to have more control over their resource advocacy and load modification templates. This bird's eye view shows how California’s cyclical and continuous multi year joint agency planning process is very difficult. It begins essentially with CARB, issues a scoping plan every five years. The last one is 2022. Then we have the.

297 "Steve Campbell" (3041247232)

01:36:27.051 --> 01:36:52.911

CEC IPER every year with a major update biannually, 2025 is a major year. The CPUC IRP is a three year cycle, 2024 to 2026 is the current one. The CPUC RA process is ongoing as the planning process is ongoing. Each of these CEC and CPUC dockets or proceedings or policies essentially use.

298 "Steve Campbell" (3041247232)

01:36:52.911 --> 01:37:08.791

Each one of them uses the output from the others. So if you want to change something in future years, you have to begin in years past. That's essentially what Vote Solar intends to do here in the 2026 ACC.

299 "Steve Campbell" (3041247232)

01:37:08.791 --> 01:37:26.131

Essentially it's difficult to repair the plane as it's flying. Next slide please. Okay, so where does the ACC fit in? This slide is from the 2024 ACC staff proposal workshop.

300 "Steve Campbell" (3041247232)

01:37:26.131 --> 01:37:41.641

As you can see the left graph, it shows the IRP baseline, the black line, the lower line is the planned DER that's existing distributed energy resources plus Title 24 driven DERs.

301 "Steve Campbell" (3041247232)

01:37:41.641 --> 01:38:01.641

And then the difference between the left graph and the right graph is green and red says if cost effective, the planned DER are cost effective and the system will build more DER. And then at the top right it says that arrow says each ACC update guides DER

302 "Steve Campbell" (3041247232)

01:38:01.641 --> 01:38:22.851

investment. So, from, from that workshop, energy division staff said the purpose of the ACC is to ensure that DERs are evaluated under a framework that is consistent with evaluation of supply side resources in the IRP. I think this sounds good, but its Vote Solar opinion, the consistency and the

303 "Steve Campbell" (3041247232)

01:38:22.851 --> 01:38:40.411

consistent framework is missing. DERs are modeled as a static input or supply side resources are modeled dynamically, given our portfolio and advantage. And a consistent framework would model DERs dynamically as well. This is sometimes referred to as cross sector optimization.

304 "Steve Campbell" (3041247232)

01:38:40.411 --> 01:38:56.341

Next slide, please. Okay so where does equity fit in? As mentioned by a few others in this presentation today, the commission did good work last year and.

305 "Steve Campbell" (3041247232)

01:38:56.341 --> 01:39:16.341

It released the societal cost test decision is how we refer to it. To enable the commission to consider the societal benefits of avoided energy generation. It is an information only cost test that uses the following for societal components. It's a base social cost of carbon and a high social cost of carbon, a 3 % discount rate, but also will also support.

306 "Steve Campbell" (3041247232)

01:39:16.341 --> 01:39:46.531

where it's a lower discount rate, base value of methane leakage and a statewide air quality adder. So in terms of portfolio planning, you can think of it as equities just now beginning to be implemented. The CPUC oversees many good to great equity related programs, equity resiliency budget, equitable building decarb, but these programs are not strategically focused on reducing local pollution from thermal power plants. The cost test decision is a hugely positive step.

307 "Steve Campbell" (3041247232)

01:39:46.531 --> 01:40:06.531

Seeing information is always better than not. That said, Vote Solar recommends continued societal cost as calibration because statewide averages mask local pollution related health issues and skew local reliability issues. Next slide please. So in quotes, each ACC update guides.

308 "Steve Campbell" (3041247232)

01:40:06.531 --> 01:40:29.841

But we agree with that, but we would say the current measurement of that investment is not correct. If all the following is true, then the ACC is under-accounting, undercounting the benefit score of DERs. The ACC does not currently include distribution level local resiliency in the value stack. The ACC does not include avoided local health impacts in the value stack.

309 "Steve Campbell" (3041247232)

01:40:29.841 --> 01:40:49.841

There is NO distinct compensation value for avoided land use tension, which costs time, money, and political capital. The time value of DER deployment is not captured. Ability to more quickly close near term capacity shortfalls versus costly emergency utility procurement, and then the opportunity cost of waiting in multi-year transmission interconnection queues

310 "Steve Campbell" (3041247232)

01:40:49.841 --> 01:41:10.951

is not valued. At the same time, CAISO transmission planning focuses solely on modeling system level reliability, doesn't take into consideration customer level metrics. Most of the reliability issues are often due to distribution system constraints. We'll get into an example later, which usually cannot be solved with transmission investments

311 "Steve Campbell" (3041247232)

01:41:10.951 --> 01:41:30.951

And behind the meter and in front of meter distribution based DERs can cost effectively increase reliability by avoiding new distribution capacity. All this together means that the benefit score of DERs is too low because not all DER benefits are counted and not all avoided transmission and distribution costs are captured in cost benefit analysis.

312 "Steve Campbell" (3041247232)

01:41:30.951 --> 01:41:53.221

So what do we do about all this? Let's keep, we'll keep it simple with two guiding principles. Next slide please Alex. 1st one is transparency. Can you give that a couple more clicks? I think things happen. Thank you. Glad to see most parties or all parties want transparency. We do as well.

313 "Steve Campbell" (3041247232)

01:41:53.221 --> 01:42:13.221

We just want it based on seeing information. So, the 2026 ACC shall use all cost tests in the standard practice manual. Standard practice manual I believe was 19 late 1980s maybe? Nineties, but the one I can find online was published in 2001.

314 "Steve Campbell" (3041247232)

01:42:13.221 --> 01:42:33.951

And it said the tests in this manual are not intended to be used individually or in isolation. The result of the test that measure efficiencies such as the TRC or the societal cost test and the PAC must be compared to each other but also the RIM test. One more click Alex. That was 20, that was 2001 and 2022.

315 "Steve Campbell" (3041247232)

01:42:33.951 --> 01:42:59.421

When the parties requested to use the societal cost test in the NEM look back study, the response was it was not approved. Next slide please. And so consistency would be the 2nd guiding principles. The 2026 ACC shall ensure the total benefits of DER’s are included to ensure a consistent resource evaluation framework.

316 "Steve Campbell" (3041247232)

01:42:59.421 --> 01:43:31.821

1st evaluation framework. This is from the lookback report as well. You see the PCT TRC RIM and PA test, but we have never seen a societal cost test in the values alongside these tests. Next slide please. Okay, almost done, then it's lunch. So this is from the 2022 societal cost test impact evaluation report conducted by energy division. Very great, very complicated report I've read multiple times, still understand only half of it.

317 "Steve Campbell" (3041247232)

01:43:31.821 --> 01:43:58.221

I do understand this part. So if you look at the downward sloping green line, that's the societal cost test core scenario. And then if you look at that dotted line, that's the high societal cost test with a high social cost of carbon. This is something that I'm shocked hasn't had more attention. I'm glad to be able to present about it today.

318 "Steve Campbell" (3041247232)

01:43:58.221 --> 01:44:19.011

As it says in the text below, while the social cost test with high social cost of carbon increases costs by about 1 billion a year in 2030, which is equivalent to a half cent per kilowatt hour increase in average range. This scenario effectively accelerates...

319 "Steve Campbell" (3041247232)

01:44:19.011 --> 01:44:38.281

...The state's mid century GHG reduction target to 2030. Unless I'm missing something, I really look forward to somebody correcting me if I’m wrong, but that is the deal of a century. To increase rates by a half cent per kilowatt hour to bring forward all of that captured carbon.

320 "Steve Campbell" (3041247232)

01:44:38.281 --> 01:44:53.341

So, that's a lot of pollution that we do not need to pollute for 15 years. And my understanding is it'll cost average rates a half cent.

321 "Steve Campbell" (3041247232)

01:44:53.341 --> 01:45:13.341

Next slide please. Quick case study here, looking at the distribution system capacity constraints and my last slide in a second will be a recommendation based on this one. But this is from the grid resource integration portal, the grid portal, I believe. This is a fantastic map...

322 "Steve Campbell" (3041247232)

01:45:13.341 --> 01:45:42.921

...The utilities are producing. This is PG&E and needs territory using ICA maps and other data to look at distribution system infrastructure. Unfortunately I think this is just kind of random, obviously there's a ton of circuits, but this map is either incorrect because it says the facility rating is 15.84 mW, and then the peak load today is 22 mW and then the 2028 peak load is 31 mW, so it's showing up 200 % capacity overload.

323 "Steve Campbell" (3041247232)

01:45:42.921 --> 01:46:09.171

So it's either incorrect or it's most likely incorrect. But I guess the point is, there's a lot PG&E identified in the 553 grid needs assessments in their 2023 grid needs assessment, and their 2024 grid needs assessment PG&E identified 867 grid needs with a majority.

324 "Steve Campbell" (3041247232)

01:46:09.171 --> 01:46:33.781

40 of them in the central Valley. Of those 867 grade needs in the central Valley, 241 of them are distribution capacity upgrade needs. Next step, next slide please. Okay, so what to do? How is it relevant is Dan's usual question to this proceeding.

325 "Steve Campbell" (3041247232)

01:46:33.781 --> 01:46:51.031

So I think we can localize health benefits in the avoided costs framework right now we're using the standard, the statewide averages. We can localize resiliency benefit based on customer level metrics. This is essentially just saying that customer average index duration, index.

326 "Steve Campbell" (3041247232)

01:46:51.031 --> 01:47:11.031

Interrupt duration is a better metric to look at than system level. We could include a built environment kicker or a constrained circuit kicker in the ACC. We have to get compensation and markets moving toward freeing up capacity on the distribution system rather than relying on the utilities to upgrade these systems.

327 "Steve Campbell" (3041247232)

01:47:11.031 --> 01:47:32.181

Things without much public stakeholder review. Although there has been good work done with getting the just the distribution upgrade project report developed and shown but it's going to take more than just information, we are going to need compensation. We should update the risk...

328 "Steve Campbell" (3041247232)

01:47:32.181 --> 01:47:57.967

...Analysis for transmission and distribution systems in/near cities or wooey areas (wildland Urban Institute). Solar believes that PSPS events are likely to increase in the future. And then we could also place the societal cost test as a co equal cost test. Right now it's information only, it's not necessarily used for decision making, whereas I think it would be very important to use in decision making.

329 "SF - Courtyard Conference Room" (3848205824)

01:47:57.967 --> 01:48:14.491

That's it for me, thank you all. Alright, thank you Steve. And with that we'll move on to the Q and A for the presentations in block two. Folks can raise their hand, put questions in the queue.

330 "SF - Courtyard Conference Room" (3848205824)

01:48:14.491 --> 01:48:31.201

But we're going to start with a couple of questions in the room.

331 "SF - Courtyard Conference Room" (3848205824)

01:48:31.201 --> 01:48:51.201

This is a question for Steve. So you talked about including a lot of benefits that are not currently in rates, you know, and potentially putting them in rates such as, you know, societal greenhouse gases, health benefits and things like that. Those can be important goals, but that would fund them through electric rates. And right now like even with the fixed rate....

332 "SF - Courtyard Conference Room" (3848205824)

01:48:51.201 --> 01:49:11.841

...We'll only have three tiers, right? We'll have, you know, CARE, FERA and then everyone else. But we have income taxes and I think there are like nine marginal rates for income taxes based on people's income. It seems like if you want to, would you agree that...

333 "SF - Courtyard Conference Room" (3848205824)

01:49:11.841 --> 01:49:21.227

like we should do those broader societal goals based on a more progressive, form of collecting money rather than electric rates.

334 "Steve Campbell" (3041247232)

01:49:21.227 --> 01:49:49.561

Yeah, good question, thank you. So I think certain rates should be in utility rates and others could be in a more progressive system such as tax although I think the fear is that's a little bit less trustworthy. I will say the graph that I showed from the societal cost test impact report, and this is where I'd really would like feedback myself because it feels shocking.

335 "Steve Campbell" (3041247232)

01:49:49.561 --> 01:50:09.561

But it's societal high social cost of carbon, if that is embedded in rates, it raises it half cent per KWH, yet it brings forward the 2045 goal to 2030 saving a massive amount of carbon emissions, and am I the only one who doesn't think our carbon drawdown is going well?

336 "Steve Campbell" (3041247232)

01:50:09.561 --> 01:50:25.651

I actually tend to think it's going poorly. And so for a half cent, if we could bring for save 15 years, that's well worth that cost, in my opinion. Also a lower discount rate, if that was I guess embedded in rates.

337 "Steve Campbell" (3041247232)

01:50:25.651 --> 01:50:42.708

That also probably makes sense as well for intergenerational equity. So there's certainly different things that we can look at moving to the tax base, but just per the c the CPUC data, both solar strongly supports.

338 "SF - Courtyard Conference Room" (3848205824)

01:50:42.708 --> 01:51:01.501

Adding the high social cost of carbon.

So Steve, this is Dan Buch and I'm struggling a little bit here because I understand the choice of those scenarios as a set of like, we don't know exactly what the social cost of carbon is. So those scenarios represent...

339 "SF - Courtyard Conference Room" (3848205824)

01:51:01.501 --> 01:51:21.501

...different estimates and you're presenting this as if they are a choice that we make between those different scenarios like cost estimates, that's not actually a choice that we make. So we don't face a, a half cent trade off, we can't buy down from 2045 to 2030 by increasing that value a half cent...

340 "SF - Courtyard Conference Room" (3848205824)

01:51:21.501 --> 01:51:52.248

but if that value were in fact accurate, then it would be much less expensive. Yes, if the social cost of carbon is very high, then the avoided damages from our actions and the ability to bring down, down our carbon total is more on the table. So I think you may have, I guess I'm just sort of questioning, I think we should talk about this later or we should, you should put in comments and we can examine it, but I'm concerned that you're conflating an empirical question that's really, that's uncertain with a policy choice that I don't think we actually face.

341 "Steve Campbell" (3041247232)

01:51:52.248 --> 01:52:20.745

Yeah, thanks Dan. I'll welcome a follow up call and I’ll put it in comments, but just for clarification, and I don't know if it's currently accurate, but the highest social cost of carbon, isn't it a hundred and 20, a hundred and $92 million metric tons or something per carbon. So is that the cost that you analyze there that would differ from this test base in core.

342 "SF - Courtyard Conference Room" (3848205824)

01:52:20.745 --> 01:52:25.711

Yeah, it's something around 50 versus...

343 "SF - Courtyard Conference Room" (3848205824)

01:52:25.711 --> 01:52:45.711

...a 100 and 50, but the graph that the graph that's on, if you could go back a few slides, is referring to a hypothetical supply side integration of a shadow GHG...

344 "SF - Courtyard Conference Room" (3848205824)

01:52:45.711 --> 01:53:00.736

...the Price which would really, I'm not sure if this is outside of scope, would be more appropriate for a different proceeding. I'm not sure if we can actually really talk about this in this workshop.

345 "Steve Campbell" (3041247232)

01:53:00.736 --> 01:53:05.916

Since it’s the supply side.

346 "SF - Courtyard Conference Room" (3848205824)

01:53:05.916 --> 01:53:25.671

Okay, I'd like to follow up if possible. Thank you. We can talk about this, but I mean if raising the issue in the context of the avoided cost calculator, I don't see why we can't talk about it here. Chris is being cautious. We’re always cautious about concerns, but I, I agree with the commissioner.

347 "SF - Courtyard Conference Room" (3848205824)

01:53:25.671 --> 01:53:33.970

But I think we've finished on that so maybe more questions in the room around. I think.

348 "Esfahani, Asal" (3497028096)

01:53:33.970 --> 01:53:36.537

So, Asal, we don't have any online, do we?

349 "SF - Courtyard Conference Room" (3848205824)

01:53:36.537 --> 01:54:00.301

There's none. And then Asal’s looking out for hands that are up. Any other questions around from SCE?

I'll follow up. So I kind of think about the social cost of carbon is like the predictive value of avoiding, you know, carbon on a societal basis, and then...

350 "SF - Courtyard Conference Room" (3848205824)

01:54:00.301 --> 01:54:19.201

...With the, what's in the current ACC is our cost of abatement, right? So there's the value versus the actual cost. And so as utilities we work on a cost of service basis. We don't sell our power.

351 "SF - Courtyard Conference Room" (3848205824)

01:54:19.201 --> 01:54:49.180

Get the value of the power because that would eat up all the consumer surplus, right? And so, don't you think we are providing more surplus to customers by putting in the ACC the actual cost to abate carbon rather than putting the entire value which eats up all that surplus, or customers like why do we need to put in that extra cost or for the value of the abatement if we just need the cost of the abatement?

352 "Steve Campbell" (3041247232)

01:54:49.180 --> 01:55:10.771

Is that to me? Yes, sorry. So I am not positive I follow the question. I think broadly speaking, myself personally, and I think about solar...

353 "Steve Campbell" (3041247232)

01:55:10.771 --> 01:55:36.857

...Would have preferred the societal cost tests information to be released in 2001, and that would change the portfolio in the societal benefit and value from beginning then. So we're just trying to see information. I'm not sure I follow your, the logic on, customer capacity.

354 "SF - Courtyard Conference Room" (3848205824)

01:55:36.857 --> 01:55:41.592

Your capacity or what or you said like tolerance or?

355 "Steve Campbell" (3041247232)

01:55:41.592 --> 01:55:43.729

Consumer surplus, right? Consumer surplus.

356 "SF - Courtyard Conference Room" (3848205824)

01:55:43.729 --> 01:55:50.296

Say it again? Why change the value of carbon abatement.

357 "Steve Campbell" (3041247232)

01:55:50.296 --> 01:56:19.141

We can just charge the actual cost of it. Yeah, maybe I should have studied economics better. I think, you know, the ACC, we say undervalues the benefit side of distributed energy resources and inflates the importance or I'd say the state places of an over reliance on supply side procurement.

358 "Steve Campbell" (3041247232)

01:56:19.141 --> 01:56:26.034

And there's a lot of wasted rate payer investment with NO cross sector optimization, I still just haven't seen it.

359 "SF - Courtyard Conference Room" (3848205824)

01:56:26.034 --> 01:56:53.701

I guess DER framing. One question? Yeah, but not related. That's ok. I have a question for SoCalGas about working in the SD 1440 requirements into the gas greenhouse gas adder, and I guess I would like a little more clarity on that because it's not clear to me that's really a cost that might be allocated across all four customers because when you're looking at like.

360 "SF - Courtyard Conference Room" (3848205824)

01:56:53.701 --> 01:57:13.701

Like the supply, obviously the supply of renewable gas without methane is fairly limited and it's still an open question as to how much supply is available. And in that sense it's clear to me that if you look at like some of the CEC studies, for example, that you really do want industrial customers to be the ones that were.

361 "SF - Courtyard Conference Room" (3848205824)

01:57:13.701 --> 01:57:27.575

Taking in that gas and actually using it to decarbonize their operations. So in my mind, that's not really a cost that's allocated amongst all the customers that the ACC might apply to. So I'm like wanting a little more clarity on what like that would actually mean from SoCalGas’s perspective.

362 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:57:27.575 --> 01:57:57.181

Hi, yeah, thank you thank you for that question about SB 1440. Yeah, you know, you, you raise a good point, you know, we, SoCal Gas has not started making progress on this target, but it is a target and we intend to make it. So it and it will be a target that.

363 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:57:57.181 --> 01:58:14.464

Is for residential and small business, customers, so it will make it into rates. And because of that it absolutely, you know, should be incorporated in the avoided cost calculator. I'm not sure if that answers your question.

364 "SF - Courtyard Conference Room" (3848205824)

01:58:14.464 --> 01:58:51.445

I think it does. I guess a follow up on that is that at this point that's true, but I I'm just thinking like we're thinking farther in the future. It's not like there's, it's a very real possibility that in order to actually reach some of our carbon neutrality goals, that gas cannot be used in residential and small business. That needs to go to like industrial customers that are, that have NO other option, whereas residential very clearly currently has like electrification possibilities much more than say some of the industrial customers in the state.

365 "Ana Garza-Beutz - SoCalGas" (1450864896)

01:58:51.445 --> 01:59:19.921

So I'm like trying to square the circle there, I guess. That makes sense. Yeah, ok. I guess I didn't understand your question. Yeah, I mean that's that's you know that's a debate, you know, where, where, where should the renewable natural gas go? I mean, currently this is, this is what the CPUC, you know, has, has put out there. The target is for, for residential and small business. But you know your point is outside of the scope.

366 "SF - Courtyard Conference Room" (3848205824)

01:59:19.921 --> 01:59:29.021

Of this, but I think it's an interesting question. I know we're at at time. Mark, I think you've got your hand up. Are you able to unmute...

367 "Marc Costa" (627376896)

01:59:29.021 --> 01:59:44.431

...yourself were having technical challenges in the room unmuting. Yes yes, I'm able to unmute, can you hear me? Yes. Yeah, well appreciate it, and if we have time for this question, it's for Steven. Yeah, I appreciate the.

368 "Marc Costa" (627376896)

01:59:44.431 --> 02:00:02.551

Overview of the complex process of the handoffs from the scoping memo to the IPER to the IRP, where we have, so I'm curious if, if you can point out where we may have observed inconsistency in those, in that data or the load forecasts across those processes...

369 "Marc Costa" (627376896)

02:00:02.551 --> 02:00:34.779

...And then what can be said about, I think we mentioned the granularity of the analysis, can potentially uncover cost savings. So in in that context I'm thinking about if you have any insight to how this affects the selection of the candidate resources or benefits as Stephen had mentioned in terms of DERs not carrying that 20% reserved margin. And then overall these questions and take it how you will is in the context of trying to identify where can we find cost savings and how do we get utility cost savings to...

370 "Steven Moss" (1272748800)

02:00:34.779 --> 02:00:57.411

...Translate into customer cost savings. Quite a big question at the end of the session Mark, and I appreciate your floating it. I, I don't know that we have time to completely answer it. But I would say a couple observations as I mentioned, I mean costs happen at a localized level, right? And if we un if we unpeel which we do in the...

371 "Steven Moss" (1272748800)

02:00:57.411 --> 02:01:19.521

...The distribution planning process and reveal and everybody's talking about transparency, the differing costs associated with serving different geographies as well as the differences in reliability and resiliency, and if we make that kind of more largely part of our planning process, I think we can address issues a little bit more transparently. Cleanly.

372 "Steven Moss" (1272748800)

02:01:19.521 --> 02:01:43.101

And including paying attention to equity issues. I'll just say one more thing about the large topic you brought up. I mean, there's a disconnect and we're seeing it a chatter about it amongst colleagues and such between the, the utility sales forecasts and the investment that then follows those sales forecasts in general rate cases and in the I curve.

373 "Steven Moss" (1272748800)

02:01:43.101 --> 02:02:14.248

And we need to have a a better, we need to pay better attention to localizing those sales and demands forecasts, making an equilibrium between the two and understanding the role that DER’s can play in modifying those things and also playing a risk reduction role. There are a portfolio of smaller resources is a classic way of addressing over investment and managing risks. And I'll just stop there because it's a big topic, but thank you for the question.

374 "SF - Courtyard Conference Room" (3848205824)

02:02:14.248 --> 02:02:18.601

Good.

375 "SF - Courtyard Conference Room" (3848205824)

02:02:18.601 --> 02:02:35.761

Thank you. So we are at time. If you're online, you can continue to put questions in the chat and we will note the in the the follow up meeting notes. Right now we're going into a lunch break. We will resume at 01:00 PM.

376 "SF - Courtyard Conference Room" (3848205824)

02:02:35.761 --> 02:02:55.761

Folks are, welcome to come back here in the room, and we thank you for your participation on this 1st half of the day. Thank you.

377 "SF - Courtyard Conference Room" (3848205824)

02:56:35.761 --> 02:56:52.442

Hello everyone. Hope you all had a nice lunch.

378 "SF - Courtyard Conference Room" (3848205824)

02:56:52.442 --> 02:57:12.442

We're going to, we're going to get started very soon, so please wait just a moment.

379 "SF - Courtyard Conference Room" (3848205824)

02:59:12.442 --> 02:59:32.442

Let’s get started.

380 "SF - Courtyard Conference Room" (3848205824)

02:59:32.442 --> 02:59:44.408

Alright, everyone, thank you for waiting and with that we're going to start stakeholder presentation block number three. Our 1st group will be the public advocates office.

381 "Ahlstedt, James (Public Advocates Office)" (3186239232)

02:59:44.375 --> 02:59:46.301

So I believe.

382 "SF - Courtyard Conference Room" (3848205824)

02:59:46.301 --> 02:59:48.442

James, you'll be presenting this one?

383 "Ahlstedt, James (Public Advocates Office)" (3186239232)

02:59:48.442 --> 03:00:04.375

Yes, hello. Can you all hear me? Yes, I can. Awesome. Well, thank you all for allowing the public Advocates office to present today. I'm James Alson. I'm one of the senior analysts at the public advocates office working on.

384 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:00:04.375 --> 03:00:23.585

The Proceeding and the avoided cost calculator. And today I'll be going over, a quick refresher I guess from our testimony and briefing earlier in this proceeding on the subject of guiding principles and equity considerations. Next slide please.

385 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:00:23.585 --> 03:00:41.075

So as you can see here, I got a jam packed agenda I'll try and all into the 10 min timeline, so without delay, I'll first be going over a quick overview of kind of what our view of the avoided cost calculator is. Next slide, please.

386 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:00:41.075 --> 03:01:02.695

Yeah, I think it's important to reiterate this although I I will state that quite quite a few of the previous presentations today have gone over kind of what the avoided cost calculator is, where it fits into the commission's evaluations of DERs, but I think it's important for our office to express.

387 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:01:02.695 --> 03:01:21.125

how we view the avoided cost calculator, and that is that the ACC is a technical calculator. It's in the name. It's a tool by which the commission takes various inputs mainly from supply side, utility resources and outputs some monetary value.

388 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:01:21.125 --> 03:01:36.545

Which it attributes to, you know, avoided utility costs from distributed energy resources. So it is a tool. I'll say it again. It's a tool. Tools can be used for a lot of things, but I think we need to treat it.

389 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:01:36.545 --> 03:01:54.575

As a tool and make sure it is, you know, appreciated as such. And, the reason for that is because it's really critical in evaluating supply and demand side resources as, as many of the presentations today have stated.

390 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:01:54.575 --> 03:02:14.575

As such, you know, the way the way the tool actually does that is through these standardized ACC based cost effectiveness tests that help to value DER programs that the commission offers. And, I will state pretty clearly something that I'm kind of shocked that I haven't heard about more.

391 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:02:14.575 --> 03:02:34.575

Today is that cost effectiveness evaluations are not the only tool at the commissioner's disposal for evaluating DER programs. You know, they can be used in conjunction with other things like equity considerations, to make some kind of final determination about a DER program. And, and I will remind you all of that again.

392 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:02:34.575 --> 03:02:45.365

The avoided cost calculator is a tool for cost effectiveness, it's one part of a larger system. Next slide, please.

393 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:02:45.365 --> 03:03:05.365

So, this may seem like a bit of a tangent, but I think it's worthwhile bringing up. Electric rates are rising to really unaffordable and unsustainable levels for all Californians, right? It's surpassing inflation. None of this should be surprising to you all and I think that the commission is very well aware of this. But if you're interested in hearing more about this.

394 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:03:05.365 --> 03:03:25.365

The public advocates office actually publishes a report on electricity rates quarterly. This figure here is from our Q3 2024 report, but before I get in trouble for going off topic, I think it's important to understand kind of why I'm bringing up this, this electricity rate crisis.

395 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:03:25.365 --> 03:03:29.135

Next slide, please.

396 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:03:29.135 --> 03:03:49.135

And that's because of this order, in large part, the executive order from the governor back in October of 2024 really identified electricity rate affordability as a critical issue for the state. Very important obviously for our office as well.

397 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:03:49.135 --> 03:04:09.135

Regardless of the governor's executive order, but interestingly, that order instructed the CPUC to examine the benefits and the costs to rate payers of all programs, including DER programs and the bells should be ringing for you there. Benefits and costs.

398 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:04:09.135 --> 03:04:30.004

The ACC is a critical tool for benefit cost analysis and as such in actually implementing the governor's executive order and addressing the rate affordability price crisis. So bringing it all back, rate affordability and the ACC are very much linked.

399 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:04:30.004 --> 03:04:49.384

And for that reason, I think we can head on to our guiding principles. Thank you. So, these principles aren't new. These are all from our testimony and briefing in this proceeding. And we still stand by them even in light of this renewed focus on the rate affordability crisis.

400 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:04:49.384 --> 03:05:09.384

Because really the goal of these principles was to memorialize the existing best practices that the commission and I mean the ACC proceedings previously have already really stuck to. It's just about putting them on paper and on that note, we...

401 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:05:09.384 --> 03:05:35.614

...Actually quite like the avoided cost calculator. I think it it tries to do a very difficult thing on evaluating the avoided value of the DERs and it's constantly being improved upon. And we appreciate that. I just want to make that clear. It's a very difficult task and we think that these guiding principles can only help with achieving that goal of really trying to balance...

402 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:05:35.614 --> 03:05:54.994

...Supply and demand side resources and conducting that analysis. So I'm not going to go through all these. You can read them or read our testimony on these, but to highlight a couple that I really think are important, it's that the avoided cost calculator should really only include, you know, costs categories that utilities actually avoid.

403 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:05:54.994 --> 03:06:14.994

Because again, these are all utility costs that eventually go into rates, so we really shouldn't be including things within the avoided costs calculator as again, it is a technical tool that don't go into utility rates. Ultimately when we are trying to address the affordability crisis, we need to be...

404 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:06:14.994 --> 03:06:33.874

...Be very concerned about the things we put into rates and whether or not they have an associated cost for utilities. And then we also think that, you know, to, to reiterate pretty much what everyone has said today that.

405 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:06:33.874 --> 03:06:53.584

The avoided cost calculator should be transparent with its inputs, its methodologies, its assumptions, and the ways we go about modifying the avoided cost calculator I think that's an important goal and one that I'm happy to see we have consensus on. Next slide, please.

406 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:06:53.584 --> 03:07:14.874

And then to address the equity side of the equation, it's obviously a huge, an important issue for the public advocates office and I think for the commission. And our goals here with these principles again which are in our testimony and in our briefs, was to really foster.

407 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:07:14.874 --> 03:07:39.094

Equal access and to identify barriers adoption for DER programs across different customer segments. That said though, like I was saying earlier in this presentation, you know, there's a difference between the avoided cost calculator, which is a tool. It takes in numbers from the utility side and spits them out on the other side.

408 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:07:39.094 --> 03:07:59.094

And, you know, co locating those, you know, mathematical processes with an evaluation of equity. You can take the outputs of the avoided cost calculator and use them in some form of an equity analysis, but really the two should not be combined unnecessarily from our perspective.

409 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:07:59.094 --> 03:08:19.094

And again, you know, I'm not going to go over these principles, but really, these principles that I think the commission could adopt here are focused on analyzing issues and identifying barriers that can be addressed, you know, either in individual proceedings or,

410 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:08:19.094 --> 03:08:42.834

Being kind of one one approach for all DERs. Next slide please. And this is another issue that goes towards, I think a lot of what was discussed earlier in the proceeding but also some of which in in presentations today on the issue of non energy benefits within the ACC, and that for those.

411 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:08:42.834 --> 03:09:00.904

Who don't know what a non energy benefit is, include things like health benefits, let's say I think is a good example for participating customers or customers that have a DER. Surely there is some health value associated with.

412 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:09:00.904 --> 03:09:20.904

Pretty much anything, positive or negative, but is that health value in the actual utility costs? No typically it does not. The, the ACC actually already includes some form of non-energy benefits.

413 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:09:20.904 --> 03:09:40.904

And so far as they relate to the utilities costs of achieving greenhouse gas emissions targets. So we're not saying that there's NO room for including these things within the ACC, but the critical thing here is.

414 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:09:40.904 --> 03:10:01.704

That they need to be associated with actual utility costs. Going back to this, this issue of rate affordability crisis and where the ACC actually fits in, it is a technical calculator. If the costs are not associated with the actual utility service, they shouldn't be in the ACC. They could be evaluated elsewhere such as.

415 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:10:01.704 --> 03:10:21.704

As in the recent commission decision to include NEVs within the societal cost tests. But really when you include things that are not utility costs within the ACC, it makes the ACC a less valuable tool for comparison between supply and demand side resources and between different.

416 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:10:21.704 --> 03:10:43.944

DERs, and that is really taken away the ultimate purpose of the ACC. So, the cautionary tale, I think for inclusion of these non-utility costs within the ACC. Next slide please. And last thing today, just a update on the impact.

417 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:10:43.944 --> 03:11:03.944

The ACC on net billing tariff and rooftop solar adoption. So there was a lot of concern that moving to the ACC-based compensation would discourage rooftop solar adoption and recent data really has shown that that hasn't been the case and that there's been a growth trajectory under ACC or under.

418 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:11:03.944 --> 03:11:20.706

Net buildings tariff with ACC-based compensation. So just again stating that, you know, an accurate and unbiased ACC is really crucial to balancing, you know, ratepayer value on one hand with sustained growth and roof top solar on the other. And with.

419 "SF - Courtyard Conference Room" (3848205824)

03:11:20.706 --> 03:11:30.106

That I think I am done. Thank you and please let us know if you have any questions. All right, thank you James. And with that we’ll move to I-REN.

420 "Margaret Marchant on behalf of I-REN" (1200036864)

03:11:30.106 --> 03:11:45.774

Thank you. Good afternoon, everyone. My name is Margaret Marshawn. I'm a program manager with Frontier Energy and I am presenting today on.

421 "Margaret Marchant on behalf of I-REN" (1200036864)

03:11:45.774 --> 03:12:06.994

Behalf of the Inland Regional Energy Network or I-REN. Next slide. I-REN is a collaboration of local governments in Riverside and San Bernadino counties, who were authorized by the commission as an energy efficiency portfolio administrator in late 2021.

422 "Margaret Marchant on behalf of I-REN" (1200036864)

03:12:06.994 --> 03:12:26.994

I-REN is dedicated to increasing energy equity for its historically underserved communities. And for this brief presentation today, we don't intend to take a deep dive into the mathematics behind the ACC or the CET framework.

423 "Margaret Marchant on behalf of I-REN" (1200036864)

03:12:26.994 --> 03:12:49.324

There were plenty of highly skilled experts doing all that great work. Instead, we'd like to humanize the equity concerns facing I-REN communities and continue this conversation about exploring ways that the ACC might more fully recognize the value of addressing those needs.

424 "Margaret Marchant on behalf of I-REN" (1200036864)

03:12:49.324 --> 03:13:06.034

Next slide, please. Okay, this slide gives a snapshot of the I-REN service area in Southern California. It's a large portion of the state's land area with rapidly growing urban and suburban areas as well as.

425 "Margaret Marchant on behalf of I-REN" (1200036864)

03:13:06.034 --> 03:13:23.644

A really vast and remote rural part of the territory. There are diverse microclimates in this region due to its topography, including, you know, arid desert conditions, more temperate urban basins, as well as Alpine environments.

426 "Margaret Marchant on behalf of I-REN" (1200036864)

03:13:23.644 --> 03:13:43.644

Next slide. Here are a few of the themes that we'll cover today as we share perspectives from the I-REN region. Next slide. So extreme weather,

427 "Margaret Marchant on behalf of I-REN" (1200036864)

03:13:43.644 --> 03:14:10.284

The inland empire, or IE, experiences a variety of extreme weather from record breaking snowfall that strands people in their homes to deadly extreme heat. In fact, the hottest temperatures in the state. As housing has become more unaffordable in coastal and more tempered areas, the inland region has grown significantly in recent years.

428 "Margaret Marchant on behalf of I-REN" (1200036864)

03:14:10.284 --> 03:14:29.554

There was a Cal Matters analysis from September of last year that identified eleven growing cities in California that are experiencing this high population growth and are most endangered by rising extreme heat from climate change. And five...

429 "Margaret Marchant on behalf of I-REN" (1200036864)

03:14:29.554 --> 03:14:45.334

...Of those cities, those eleven cities are in I-REN territory. You know, the people living in these communities are already overburdened by socio-economic factors, and they have to face this deadly extreme heat.

430 "Margaret Marchant on behalf of I-REN" (1200036864)

03:14:45.334 --> 03:15:05.334

In order to be able to afford housing. Ideally, the ACC would be inclusive enough to consider the unique challenges that customers in the IE and similar areas have to adapt their energy needs. You know, the ACC and CET framework do consider climate zones.

431 "Margaret Marchant on behalf of I-REN" (1200036864)

03:15:05.334 --> 03:15:21.844

But a more granular focus on microclimates and urban heat islands within climate sounds may offer a clear picture of avoided costs and benefits.

432 "Margaret Marchant on behalf of I-REN" (1200036864)

03:15:21.844 --> 03:15:40.564

And, and take into account the community's risk exposure, which was something LGSEC mentioned earlier that that resonated with, with me. Next slide. So there are 17 native American tribes that reside within the IE.

433 "Margaret Marchant on behalf of I-REN" (1200036864)

03:15:40.564 --> 03:15:58.504

Many of these communities have to contend with aging infrastructure, under investment, geographic isolation, all of which hinders energy efficiency and resiliency projects and contributes to higher energy burdens.

434 "Margaret Marchant on behalf of I-REN" (1200036864)

03:15:58.504 --> 03:16:17.434

These disparities then impact economic development and public health and deepen the existing injustices felt by these tribal communities. So I-REN would urge that the ACC and broadly the CET framework in general should account for.

435 "Margaret Marchant on behalf of I-REN" (1200036864)

03:16:17.434 --> 03:16:32.464

The distinct economic challenges and energy needs of tribes as a very important equity consideration. Next slide please. Okay, air quality. So.

436 "Margaret Marchant on behalf of I-REN" (1200036864)

03:16:32.464 --> 03:16:48.754

The Inland Empire consistently ranks as among the most polluted areas of the United States for ozone and particle pollution. In 2023, the region only had.

437 "Margaret Marchant on behalf of I-REN" (1200036864)

03:16:48.754 --> 03:17:08.754

54 good air days out of the entire year. This is due to the wind patterns, the mountains surrounding the region, as well as increasingly heavy vehicle traffic as the region grows in population and industry. Commute times in the IE are higher.

438 "Margaret Marchant on behalf of I-REN" (1200036864)

03:17:08.754 --> 03:17:35.514

than average due to the housing affordability concerns and the growth in in the region that I mentioned earlier. In addition to that, the IE has also emerged as a major nexus for the goods movement sector that manages the flow of products from manufacturers to consumers, think like warehouses and transportation due to the rise of e-commerce.

439 "Margaret Marchant on behalf of I-REN" (1200036864)

03:17:35.514 --> 03:17:57.744

During the COVID-19 pandemic, this region has seen exponential growth of this industry bringing increased trucking activity and associated tail pipe emissions. Experts increasingly link poor air quality and worse health outcomes such as elevated risks of cardiovascular morbidity.

440 "Margaret Marchant on behalf of I-REN" (1200036864)

03:17:57.744 --> 03:18:17.104

And mortality. And we would like to suggest that the ACC could be made more accurate by overlaying some of these dimensions and considering those societal impacts caused by these factors. Another example would be, you know.

441 "Margaret Marchant on behalf of I-REN" (1200036864)

03:18:17.104 --> 03:18:34.024

Baseline pollution levels in this area, they might justify a greater weighting of GHG reductions in these impacted communities. Next slide please. Okay, outages and reliability.

442 "Margaret Marchant on behalf of I-REN" (1200036864)

03:18:34.024 --> 03:18:51.694

So communities in the Inland Empire experience proportionately more power shutoffs than in adjacent counties. These events are frequent and they can be lengthy. In January of this year tens of thousands of customers in the IE were without power.

443 "Margaret Marchant on behalf of I-REN" (1200036864)

03:18:51.694 --> 03:19:11.694

Some for nearly two weeks, due to public safety power shot off PSPS events related to the wildfires in LA county. That's just a recent example. These events are not infrequent in this region. These events lead to families losing hundreds of dollars worth of perishable food. They impair business.

444 "Margaret Marchant on behalf of I-REN" (1200036864)

03:19:11.694 --> 03:19:35.704

Operations, especially for small businesses, and they create health and safety risks especially in times of extreme heat like this this region sees. There are costs associated with each of these impacts and benefits to avoiding them. And so, you know, reliability concerns like those faced by these IE communities.

445 "Margaret Marchant on behalf of I-REN" (1200036864)

03:19:35.704 --> 03:19:55.704

Should be given consideration in the design of the ACC. In our opinion, it's worth exploring whether the ACC could be more precise in accounting for localized resiliency needs such as the needs that I-REN is hoping to be able to address in the future through.

446 "Margaret Marchant on behalf of I-REN" (1200036864)

03:19:55.704 --> 03:20:26.034

Integrated demand side management, which relates back to multiple presenters comments this morning about kind of breaking down those silos between distributed energy resources which includes energy efficiency as well as the other DERs. Next slide please. So in summary, an overarching guiding principle we'd like to highlight is that the ACC process...

447 "Margaret Marchant on behalf of I-REN" (1200036864)

03:20:26.034 --> 03:20:48.774

...Should recognize that avoided costs are not experienced equally and value should be place based and people centered. We'd like to see the ACC incorporate climate responsive valuations, locational and environmental justice considerations, as well as health and resilience.

448 "Margaret Marchant on behalf of I-REN" (1200036864)

03:20:48.774 --> 03:21:05.772

Co-benefits. And in closing, we just like to thank energy division for giving I-REN and the other RENs a seat at the table for this conversation because energy equity is so central to our mission, so we really appreciate.

449 "SF - Courtyard Conference Room" (3848205824)

03:21:05.772 --> 03:21:11.893

The opportunity to share our perspectives here today. Thank you.

450 "Emily Carter, NREN Frontier Energy" (3710625536)

03:21:11.893 --> 03:21:14.290

All right. Thank you, Margaret. We’ll now move on to N-REN.

451 "Emily Carter, NREN Frontier Energy" (3710625536)

03:21:15.854 --> 03:21:44.764

Hello, can you hear me? Yes, we can hear you. Great. Thanks for having me today. My name's Emily Carter and I'm a program consultant with Frontier energy. Today I'll be speaking on behalf of Northern California Rural Energy Network, also known as N-REN. Next slide please. So because N-REN is pretty new, I'll start with some background information about who we are and who we serve.

452 "Emily Carter, NREN Frontier Energy" (3710625536)

03:21:44.764 --> 03:22:02.914

N-REN was approved in September of 2024 and serves the north coast Sierra regions of California. N-REN region is heavily populated by underserved and hard to reach rural repairs and because of this, we focus on equity because historically.

453 "Emily Carter, NREN Frontier Energy" (3710625536)

03:22:02.914 --> 03:22:22.914

The residential sector and rural hard to reach areas has been underserved by energy efficiency programs. So to address these challenges, N-REN allocates 51 % of its budget to the equity segment reflecting the high percentage of underserved, hard to reach, and disadvantaged customers in the region.

454 "Emily Carter, NREN Frontier Energy" (3710625536)

03:22:22.914 --> 03:22:43.524

And by prioritizing equity N-REN is ensuring that its rural customers benefit from energy efficiency programs. Next slide please. So the first factor that we'd like to talk about today for the ACC is a more refined geographic consideration.

455 "Emily Carter, NREN Frontier Energy" (3710625536)

03:22:43.524 --> 03:22:59.944

This table here demonstrates just how vast N-REN's territory is, and while the population is only 4 % of California's total population, N-REN's territory covers 18% of the state's land area, which is pretty big.

456 "Emily Carter, NREN Frontier Energy" (3710625536)

03:22:59.944 --> 03:23:18.154

So we see a lot of diversity in the climates of these counties. In the Sierra region, we have cold and snowy winters, but also warm and dry summers. In some counties there are valleys that have hot and dry summers, and then we also have coastal counties that are mild and wet.

457 "Emily Carter, NREN Frontier Energy" (3710625536)

03:23:18.154 --> 03:23:34.144

So because of this large territory diverse geographic and climate conditions should be considered in the ACC and programs serving geographically diverse equity customers may not fully recognize the benefits of local avoided costs.

458 "Emily Carter, NREN Frontier Energy" (3710625536)

03:23:34.144 --> 03:23:49.174

Unless those differences are accounted for. Local conditions could be captured with sub-regional adjustments that reflect the unique energy needs and challenges on different areas. Next slide please.

459 "Emily Carter, NREN Frontier Energy" (3710625536)

03:23:49.174 --> 03:24:08.374

So just diving deeper into the importance of more refined geographic considerations, here's a map of N-REN's territories. N-REN, along with many other PAs, operates across multiple climate zones, each with distinct energy needs and challenges.

460 "Emily Carter, NREN Frontier Energy" (3710625536)

03:24:08.374 --> 03:24:28.374

And while the ACC does distinguish between broad climate zones and IOU territories, there's still a need to capture the finer geographic needs within regions. For instance, PG&E's territory is vast and diverse, and larger cities will have very different energy profiles compared to.

461 "Emily Carter, NREN Frontier Energy" (3710625536)

03:24:28.374 --> 03:24:53.184

The rural hard to reach communities within N-REN's service area. These rural areas face unique challenges that cannot be adequately addressed by a one size fits all approach. A particular challenge that most of N-REN counties face is that they actually don't have access to natural gas service and instead rely heavily on propane as well as wood and fuel oil.

462 "Emily Carter, NREN Frontier Energy" (3710625536)

03:24:53.184 --> 03:25:25.974

As we know wood stoves heavily contribute to fine particular matter pollution in the wintertime, which poses serious health risks for these residents due to poor air quality. And propane and fuel oil for space and water heating are both expensive and carbon intensive. So because of this, non-energy benefits should be considered and included. The ACC should incorporate more granular adjustments that reflect local fuel availability.

463 "Emily Carter, NREN Frontier Energy" (3710625536)

03:25:25.974 --> 03:25:49.084

Health and air quality benefits and region-specific costs and barriers for electrification or energy efficiency upgrades. And refining geographic considerations would ensure that the specific needs of all regions and sub-regions, particularly those for underserved and disadvantaged communities, are accurately reflected and addressed. Next slide.

464 "Emily Carter, NREN Frontier Energy" (3710625536)

03:25:49.084 --> 03:26:11.034

So, reliability and resiliency are other significant concerns for N-RENs's rural territories. In N-REN's rural areas, grid instability is more prevalent due to adverse weather conditions and challenging terrain, and these counties are at risk of high-power outages due to remote grid access.

465 "Emily Carter, NREN Frontier Energy" (3710625536)

03:26:11.034 --> 03:26:33.894

A lot of the counties are located in high fire threat districts where the public safety power shutoffs that Margaret was talking about. Those have become more routine and N-REN's territory as well. And another speaker had mentioned earlier that these PSPS events are actually expected to increase in the upcoming years.

466 "Emily Carter, NREN Frontier Energy" (3710625536)

03:26:33.894 --> 03:26:49.624

In the mountainous regions, we also see a lot of power shut offs due to storms. And whether they're planned or unplanned PSPS events, they disproportionately impact rural and hard to reach communities.

467 "Emily Carter, NREN Frontier Energy" (3710625536)

03:26:49.624 --> 03:27:09.624

So, to address these challenges, the ACC should assign higher avoided costs to the DERs and areas with lower grid reliability. And this adjustment would ensure that communities experiencing frequent power outages and grid instability receive adequate support for their backup power solutions and value should be added to resiliency.

468 "Emily Carter, NREN Frontier Energy" (3710625536)

03:27:09.624 --> 03:27:25.310

By enhancing the ACC to reflect resiliency benefits in these underserved areas, we not only improve energy security especially during emergencies, but we're also ensuring that vulnerable populations are not left out and that and that they see more benefits.

469 "SF - Courtyard Conference Room" (3848205824)

03:27:25.310 --> 03:27:31.153

Next slide.

470 "Emily Carter, NREN Frontier Energy" (3710625536)

03:27:31.153 --> 03:27:44.653

That's last slide I have from N-REN. Okay. That's fine. Yeah, we just strongly recommend enhancing the ACC to include equity factors such as refined geographic and resiliency considerations.

471 "SF - Courtyard Conference Room" (3848205824)

03:27:44.653 --> 03:27:51.272

And thank you.

472 "Erica Helson, 3C-REN" (892845824)

03:27:51.272 --> 03:27:57.385

Thank you, Emily. With that, I’ll pass it over to Try County Regional Energy Network.

473 "SF - Courtyard Conference Room" (3848205824)

03:27:57.385 --> 03:28:02.787

Hi, good afternoon. This is Erica Helson with the Tri County Regional Energy Network. Just confirming you can hear me, ok?

474 "Erica Helson, 3C-REN" (892845824)

03:28:02.787 --> 03:28:23.064

Yes, we can.

Okay, great. Alright, next slide. So, our presentation is going to be quick to echo, I think what Margaret with what IREN said. I think there's a lot of technical experts that work on the avoided cost calculator.

475 "Erica Helson, 3C-REN" (892845824)

03:28:23.064 --> 03:28:43.064

I am NO expert in that personally, but we do want to share some of the equity considerations that we think are relevant from a regional energy network perspective. So, I'll share my perspective from the county of Ventura, which is where I'm located within the Tri County region, but I do think that a lot of the considerations that I'll mention here today are relevant to a lot of California. So, I'll share just a little bit about 3C-REN, some of the unique attributes of our community. We'll talk a little bit about housing stock considerations and then public health and non energy benefits. Alright, next slide.

477 "Erica Helson, 3C-REN" (892845824)

03:29:00.934 --> 03:29:22.134

So, a little bit about 3C-REN, AKA, the Tri County Regional Energy Network, we're collaboration between the counties of San Louis Visbo, Santa Barbara, and Ventura. So, as I mentioned, I work for the county of Ventura. We're on the California central coast, and we represent a diverse service area that's geographically I.

478 "Erica Helson, 3C-REN" (892845824)

03:29:22.134 --> 03:29:47.614

Isolated from utility hubs and has pockets of rural and disadvantaged communities as well as large underserved Spanish speaking populations. Next slide. A little bit more about the Tri County region. So, agriculture is a large industry within our region. We have major agricultural hubs in all three counties in the Ventura County area.

479 "Erica Helson, 3C-REN" (892845824)

03:29:47.614 --> 03:30:07.614

The Strawberries are a little bit of what we're known for, but then up in Santa Barbara in San Louis Obispo, it's wine country, but there's a lot of agriculture all throughout and what that means is that these are labor centers for farm workers, so there's often a lot of larger low income populations many undocumented and facing.

480 "Erica Helson, 3C-REN" (892845824)

03:30:07.614 --> 03:30:35.184

Various challenges that all kind of interplay with affordability and obviously relevant to energy costs. There are also wealth disparities, so stark economic and geographic design divides that isolate are more agricultural and lower income communities. So, in our region, we don't have really major cities. Our largest city Oxnard is under nine

Hundred thousand, I'm sorry under 200,000 people. So, we don't have any large cities that are supplying a lot of affordable housing, but we're in a coastal area, so there is a lot of high-cost housing. So, we have these industries that rely on low wage workers with a lot of high-income housing, and we have...

482 "Erica Helson, 3C-REN" (892845824)

03:30:55.184 --> 03:31:17.574

Really stark, income disparity. So, in Santa Barbara County, there was a recent report from the public policy Institute that found that in Santa Barbara County, they have the 2nd highest poverty rate out of all 58 counties in the entire state. And then this obviously is very related to housing affordability, so we have housing costs that exacerbate displacement and affordability for lower income residents and especially for renters. I mentioned we don't have, you know, any large cities in the central coast region, but our larger cities, so that would be like Oxnard, Ventura, Santa Barbara and San Luis Obispo in both Santa Barbara and San Luis Obispo.

484 "Erica Helson, 3C-REN" (892845824)

03:31:37.574 --> 03:31:57.574

Those are both big college towns, so that adds added pressure to housing costs, and then in Ventura recently the National Association of Realtors scored Ventura as the least affordable metro region within the country, so again, take Metro region with a grain of salt because we...

485 "Erica Helson, 3C-REN" (892845824)

03:31:57.574 --> 03:32:16.294

are a more rural suburban area. Alright, next slide. So, housing stock considerations, and this is where these factors will become more relevant to the ACC. We know that lower than households.

486 "Erica Helson, 3C-REN" (892845824)

03:32:16.294 --> 03:32:31.744

In our area, they're often in older homes or they're renters. And in this older housing stock, they tend to have less efficient appliances, NO or poor insulation and outdated electrical systems. And then we know that renters...

487 "Erica Helson, 3C-REN" (892845824)

03:32:31.744 --> 03:32:51.744

They have limited control over energy efficiency upgrades and those choices. And then participation in demand response programs often require smart thermostats Wi-Fi enabled appliances, and home automation systems that maybe out of reach to low-income communities. So, all this is to say that households with high energy burdens...

488 "Erica Helson, 3C-REN" (892845824)

03:32:51.744 --> 03:33:19.584

may prioritize bill stability over potential savings from a dynamic time of use pricing. Next slide. A public health and non energy benefits consideration. So, within our Ormond Beach generating station. So, they've face higher...

489 "Erica Helson, 3C-REN" (892845824)

03:33:19.584 --> 03:33:37.984

air pollution, and there's also a Port of Hueneme it's an active port. So, there's a lot of air quality issues in that community. So, they're experiencing the health impacts that are associated with that proximity to these industrial zones and power plants.

490 "Erica Helson, 3C-REN" (892845824)

03:33:37.984 --> 03:33:57.984

Pollution like energy is not evenly distributed, so the public health burden of fossil fuel generation, it's not evenly distributed in our community and this is of course true across many communities, across the state. And if avoided health costs are not differentiated by location, it is not capturing all...

491 "Erica Helson, 3C-REN" (892845824)

03:33:57.984 --> 03:34:13.954

aspects of the benefits of energy efficiency and clean energy programs in these higher risk areas. We're excited about the non energy benefits study that's expected or that was expected to begin in March. And so, we think that that could be sort of...

492 "Erica Helson, 3C-REN" (892845824)

03:34:13.954 --> 03:34:37.806

a foundation for integrating these considerations into the avoided cost calculator. All right, next slide. So, Alejandro's contact information is here. She's the director of the Tri County Regional Energy Network. But I think we'd just like to echo the comments made by the other regional energy networks that we think....

493 "SF - Courtyard Conference Room" (3848205824)

03:34:37.806 --> 03:35:06.534

like equity considerations can play a role here. Thank you.

Alright, thank you Erica. And with that, we'll go to the Q and A from presentations from block three in the chat.

494 "Torok, Christina" (4240650496)

03:35:06.534 --> 03:35:22.914

Christy, do you see the questions in the chat? Yes, I do. I see one from Tom Beach for Cal PA.

495 " Tom Beach" (4240650496)

03:35:22.914 --> 03:35:42.269

You suggested that the cost of meeting the state's GHG reduction goals is a non energy benefit, but don't the IOUs incur real costs to procure clean energy to meet the state's greenhouse gas goals? Aren't those costs procuring clean energy real utility costs that show up in rates?

496 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:35:42.269 --> 03:36:12.204

And then there's one other one from Steve Moss, which I'll read after this.

Thanks. James from the public Advocates office. I don't know perhaps I misstated myself, but the avoided cost calculator as it is right now, calculates the value of, GHG reductions or the cost utilities of achieving the states.

497 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:36:12.204 --> 03:36:26.152

GHG reduction goals. So, I'm not sure if that's different than the question you're asking, but its what a cost calculator does that currently because it is a utility cost.

498 "Tom Beach" (528632320)

03:36:26.152 --> 03:36:29.290

Okay.

499 "Torok, Christina" (4240650496)

03:36:29.290 --> 03:36:40.924

Okay, should I read the next question from Steve Moss, also for...

500 "Torok, Christina" (4240650496)

03:36:40.924 --> 03:37:04.634

Cal PA, if energy services can be provided in multiple ways through the grid in front of the meter and behind the meter at the same cost in reliability, but with different non energy benefits, how should his this be considered in the ACC? If not in the ACC, how do we make sure...

501 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:37:04.634 --> 03:37:11.404

that use of that tool doesn't obscure ancillary benefits.

502 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:37:11.404 --> 03:37:30.034

Yeah, it's a good question and I think a good example of the issue we're facing right now kind of largely. So, if you focus on this issue of ancillary services, that is one category of utility costs that are included within the ACC appropriately because.

503 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:37:30.034 --> 03:37:50.034

The utilities, as I'm sure they will tell you, it incure some costs to ensuring grid reliability and other ancillary services. So, if you have a DER that can avoid some of those costs naturally, that should be reflected in the avoided cost calculator because...

504 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:37:50.034 --> 03:38:09.485

again, the avoided costs calculator, what does it do? It calculates the monetary value of avoiding the utility costs on the supply side, right? That is what it does. So, if the question is...

505 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:38:09.485 --> 03:38:26.525

Understanding that ancillary services are already within the ACC and that DER’s may, incur some additional benefits beyond the avoided cost value of...

506 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:38:26.525 --> 03:38:44.825

the ancillary services. My response is that yes, DER is generally, and then specifically when it comes to ancillary services have some different value of benefits than the attributable avoided costs.

507 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:38:44.825 --> 03:39:02.345

Value associated with the avoided cost calculator. And that's by design, the avoided cost calculator is not trying to calculate the full breadth of benefits from any DER, whether it be for ancillary services or for anything.

508 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:39:02.345 --> 03:39:20.045

The avoided cost calculator is in the name. It's calculating the avoided costs, the value of avoided costs from avoided investment into the supply side of resources, right? That's what it's supposed to do. It's a very narrowly focused tool.

509 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:39:20.045 --> 03:39:36.875

Right? What we do with the outputs in terms of the avoided cost values, that's different, right? We can currently we use them in all the standard practice manual prospect from this test as one way to evaluate DER programs and DERs.

510 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:39:36.875 --> 03:39:52.655

But that's only one tool in the commission's toolbox, right? We don't need to include all these other benefits within the avoided cost calculator because that's not what the avoided cost calculator is for.

511 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:39:52.655 --> 03:40:12.655

I think that, at least should, answer the 1st half of your question. I think the 2nd half of your question is, if not within the ACC, where? That's a good question. I, I think individual DER proceedings, that's probably a good place to consider the value of individual...

512 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:40:12.655 --> 03:40:30.394

DERs because obviously that's going to be different depending on what you're looking at. The value of energy efficiency is going to be different than demand response, right? So, including kind of everything within the avoided cost calculator initially doesn't really make that much sense for me. One...

513 "Steven Moss" (347245824)

03:40:30.394 --> 03:40:47.515

for the purpose of the ACC but two, just in terms of being able to calculate the true value of different DERs. Yeah, if I may with a follow up, I mean there are a lot of assertions that were just made about the purpose of the, of the avoided cost calculator, which we could agree or disagree with that...

514 "Steven Moss" (347245824)

03:40:47.515 --> 03:41:07.705

but they it is used to block DER’s whole cloth without ancillary considerations and I don't know about where the ancillary services came from that wasn't part of the question. But yeah, things that are utility costs that are avoided should be included, and as I said in my presentation many of them are not actually currently included and should be.

515 "Steven Moss" (347245824)

03:41:07.705 --> 03:41:28.175

So that's a correction that should be made across the board. Other speakers have also identified many costs that are not currently included in the calculator but be that as it may, the current way that the tool is being used is as an assessment of DER’s on its own. And as the structure of my question indicates...

516 "Steven Moss" (347245824)

03:41:28.175 --> 03:41:52.838

unless there is an explicit consideration of non energy benefits, when everything else looks the same, then we will never capture those non energy benefits. They'll be lost. And to me that seems like a flaw in the use of the tool and there is NO, there is NO present corrective ability to avoid that in the process. It also does not match with what we do in the IPER.

517 "SF - Courtyard Conference Room" (3848205824)

03:41:52.838 --> 03:42:07.038

Separate question. So, thank you, are there any other questions? Tom?

518 "Tom Beach" (528632320)

03:42:07.038 --> 03:42:35.645

Yeah, this is Tom Beach. I just like to continue to follow up with the public advocates. Would you be willing to, so I think that it's pretty clear that you have certain costs that are direct utility costs.

519 "Tom Beach" (528632320)

03:42:35.645 --> 03:42:55.645

And in your position is those are appropriate for inclusion in the avoided cost calculator. And then as far as non energy benefits go, wouldn't it be appropriate just to have a separate section of the avoided cost calculator that is...

520 "Tom Beach" (528632320)

03:42:55.645 --> 03:43:19.175

a section for societal or non energy benefits, couldn't they be clearly delineated so that there would be NO confusion about an analysis that is using, you know, both direct benefits and non energy benefits so long as they're clearly labeled.

521 "Tom Beach" (528632320)

03:43:19.175 --> 03:43:39.175

As such, it seems to me that, especially if we're going to have a societal test as the commission has approved, there needs to be some place in this spreadsheet to include those non energy benefits. And would you agree...

522 "Tom Beach" (528632320)

03:43:39.175 --> 03:43:51.235

...that they can actually be physically present in the spreadsheet if they are clearly segregated and labeled so everybody knows that if your analysis draws from that section...

523 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:43:51.235 --> 03:44:22.085

of the ACC that you're using non energy benefits rather than direct benefits.

Yeah, thanks Tom. I think that's a really interesting idea and something that we've certainly considered is understanding that DERs do have non energy benefits, right? There's NO argument there. They do. It's just evaluating those benefits has been difficult historically. Obviously, we're making a lot of progress there. I know the CEC has a proceeding open to do that.

524 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:44:22.085 --> 03:44:41.225

But, you know, as of right now, it's still a big question as to one, what is the full breadth of those benefits in terms of different categories? And then two, what are the actual values associated with those benefits? But addressing your question more clearly and directly on...

525 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:44:41.225 --> 03:44:56.645

assuming we have all those, right? Do they have a place within the ACC itself? My answer is I think still NO. The avoided cost calculator just by name and I think purpose in our opinion, obviously...

526 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:44:56.645 --> 03:45:16.645

shouldn't include non energy benefits, even if they are, you know, have a clear linkage to the actual DER. This tool, the supported cost calculator is really only looking at utility costs. Now, if we want to build a separate, you know, tool that looks exactly like the ACC and everything, but...

527 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:45:16.645 --> 03:45:37.585

name only and calculates the non energy benefits, I think that's a great idea. I'd fully support that. I would be very much interested in what are the actual non energy benefits associated with these things. Obviously, it would be a difficult task, but if I could explain kind of my reason.

528 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:45:37.585 --> 03:45:54.605

There. Again, is going to the rate affordability crisis, the costs associated with utilities are costs that rate payers have to pay, right? So, when we start to layer on...

529 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:45:54.605 --> 03:46:10.925

additional benefits that are not associated with utility costs, that means that rate payers are paying for these things that the utility is not actually benefiting from, right? It's some societal benefit...

530 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:46:10.925 --> 03:46:30.925

which again isn't to say that those societal benefits don't exist, but it does raise the question of, and I think CUE mentioned this in their presentation, should we be funding these societal benefits through the regressive, rate system within...

531 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:46:30.925 --> 03:47:00.241

California and our office's opinion on that is NO, we should not. We should be funding that through a more progressive means through the general fund, if possible, through tax revenue, income tax revenue. So really at the end of the day, that's kind of our main objection to this is that we can include all these things, but it's really an inappropriate venue to do so given the current...

532 "SF - Courtyard Conference Room" (3848205824)

03:47:00.241 --> 03:47:25.845

structure of how, how this would actually be fun. Actually, I think the video's off. Okay. So anyways, you can hear me. The question for the public advocate's office, we're talking about this a little bit in the morning. Do you feel that that in front of the meter.

533 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:47:25.845 --> 03:47:44.275

Resources are appropriate for the ACC or just behind the media resources.

Yeah, that's a that's a really tricky question. So, I also work on the, the commission's community solar proceeding and I think as probably a lot of you know if you if you were involved in that proceeding...

534 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:47:44.275 --> 03:48:02.825

one of the main proposals put forward was to value community solar resources or in other words in front of the meter resources based on the avoided cost calculator. And I think in in theory there's there is a possibility to do that.

535 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:48:02.825 --> 03:48:22.295

The real issue is, again, with things especially like transmission and distribution avoided costs, you know, are those in front of the meter resources actually avoiding those avoided costs and to what extent? Certainly, or they're avoiding some proportion of those T and D avoided costs.

536 "Ahlstedt, James (Public Advocates Office)" (3186239232)

03:48:22.295 --> 03:48:50.312

But are they avoiding all of it or only half of it or a quarter of it? That's difficult to say and I think it will vary depending on where those in front of the meter resources are cited. So as of right now, NO, I don't think that in front of the meter resources should be valued based on the avoided cost calculator. But that's not to say that that can't change in the future if we are able to overcome some of these hurdles with the valuation of some of these categories of what it costs.

537 "SF - Courtyard Conference Room" (3848205824)

03:48:50.312 --> 03:49:07.530

 We are at time. I I want to make sure we've addressed questions in the chat Christy, if you see any or hands. I'm also trying to see if there's hands and I.

538 "Robert Earle" (504877312)

03:49:07.530 --> 03:49:12.064

Up and I I'm not seeing any. Christine, can you con.

539 "SF - Courtyard Conference Room" (3848205824)

03:49:12.064 --> 03:49:15.051

I'm sorry they.

540 "Robert Earle" (504877312)

03:49:15.051 --> 03:49:36.335

This is Robert earlier. I have my hand up if I could just have yeah go ahead, sorry about that. Thank you. I appreciated the discussion between, Sia and public Advocates office. I think that part of the issue with.

541 "Robert Earle" (504877312)

03:49:36.335 --> 03:49:51.395

Looking at any of these is supply side resources such as utility scale storage, utility scale batteries are not judged with respect to.

542 "Robert Earle" (504877312)

03:49:51.395 --> 03:50:08.675

There are NEBs and the avoided cost calculator is really all about saying well ok if we build these DERs, what's the value to the system?

543 "Robert Earle" (504877312)

03:50:08.675 --> 03:50:23.915

And utility scale storage and utility scale batteries also provide NEBs. You know, if you, if, if you can replace a.

544 "Robert Earle" (504877312)

03:50:23.915 --> 03:50:43.915

Gas fire power plant with utility scale storage and utility scale batteries, that provides health benefits for the people who live around the gas fire power plant. So, I think that that really what CUE wants to suggest is if you're going to have NEBs.

545 "Robert Earle" (504877312)

03:50:43.915 --> 03:51:00.116

And we don't think they're appropriate, but if you're going to have them, then you have to do them both on the supply side and the DER side. You can't, otherwise you just completely distort your evaluation of where the value.

546 "SF - Courtyard Conference Room" (3848205824)

03:51:00.116 --> 03:51:25.355

Is coming from. I'm done. Thank you. Thank you. If I'm not seeing any other hands up or questions in the chat. All right. So yes, we can go on to the next section. Alright, so for our final section today, ED staff is going to present.

547 "SF - Courtyard Conference Room" (3848205824)

03:51:25.355 --> 03:51:41.675

Changes to the biennial update process for the avoided cost calculator. I'm going to hand the mic over to my team member Chris Westling. Hey everybody, thanks for hanging in there for a longer workshop.

548 "SF - Courtyard Conference Room" (3848205824)

03:51:41.675 --> 03:51:57.155

So I'm going to go through a, a proposal from energy division staff on some ideas to streamline and revise the timeline, procedural timeline.

549 "SF - Courtyard Conference Room" (3848205824)

03:51:57.155 --> 03:52:12.575

There's going to be a ruling that's coming out soon, so parties will have an opportunity to comment on this on the record. So fear not, you will you'll have the opportunity. But feel free to ask clarifying questions.

550 "SF - Courtyard Conference Room" (3848205824)

03:52:12.575 --> 03:52:28.745

This is the current timeline. It's pulled from the OIR and the scoping memo and then pulled forward to the 2026 cycle. So under this, the staff proposal will be published in July of 2025.

551 "SF - Courtyard Conference Room" (3848205824)

03:52:28.745 --> 03:52:45.395

Workshop the next month, opening testimony and rebuttals in November evidentiary hearings in January. Then the PSP is, the I'm sorry, the IRP’s preferred system plan is finalized, opening briefs, reply briefs, and a PD published in June.

552 "SF - Courtyard Conference Room" (3848205824)

03:52:45.395 --> 03:53:01.355

Then it gets voted out, and then the draft calculator gets published, and then six weeks after the draft calculator is published, the draft resolution's published, the workshop on the draft calculator, and then the resolution's voted on.

553 "SF - Courtyard Conference Room" (3848205824)

03:53:01.355 --> 03:53:21.355

Next slide. So here's the proposed timeline. Wait until the preferred system plan is finalized and then the staff proposal gets published. There'd be a workshop on the staff proposal.

554 "SF - Courtyard Conference Room" (3848205824)

03:53:21.355 --> 03:53:40.295

Opening and reply comments, opening and reply briefs submitted in in May, a PD in June, July there'd be a vote on the PD in August the resolution would be published with the draft calculator included as appendix.

555 "SF - Courtyard Conference Room" (3848205824)

03:53:40.295 --> 03:53:58.475

Workshop on the draft calculator, and then the resolution would be voted on by the commission. So there's three main changes. One, obviously the staff proposal will be published later after the the PSP is finalized and everyone knows exactly what it is.

556 "SF - Courtyard Conference Room" (3848205824)

03:53:58.475 --> 03:54:18.475

Second, the testimony evidentiary hearings and briefs would be replaced by comments and briefs. And then third, the six-week delay between the publication of the draft calculator and the publication of the draft resolution.

557 "SF - Courtyard Conference Room" (3848205824)

03:54:18.475 --> 03:54:37.115

That would be eliminated and be they would be published at the same time. Obviously as a resolution, parties should have the opportunity to comment as with all resolutions. So there it is. That's the proposal. Questions?

558 "SF - Courtyard Conference Room" (3848205824)

03:54:37.115 --> 03:54:58.985

Yeah. We know that you saw this information quickly and so we'll give folks a second. So maybe go back to the Yeah, thank you. Two, two questions. What it looks like, can folks here?

559 "SF - Courtyard Conference Room" (3848205824)

03:54:58.985 --> 03:55:18.935

It looks like in April we're starting off with comments and not testimony. Are we taking testimony out and it's just comments? Correct. And then the T&D avoided cost study, is that going to be coming out around the same time or is that going to be.

560 "SF - Courtyard Conference Room" (3848205824)

03:55:18.935 --> 03:55:37.175

Like, I know that that's going to be probably brought into the staff proposal as it can be vetted before or along with the staff proposal. I don't, I don't have the timeline on that. Let me say I, I think I give a little bit there which is I don't think we have the timeline but.

561 "SF - Courtyard Conference Room" (3848205824)

03:55:37.175 --> 03:55:57.175

Were we to want to include it in the staff proposal, we would want to vet it with stakeholders prior. So, you know, looking at this timeline, that would mean, you know, several probably a couple months prior to April when we would publish a staff proposal is when we would want to have a study finalized and reviewed with stakeholders so we would get comments.

562 "SF - Courtyard Conference Room" (3848205824)

03:55:57.175 --> 03:56:13.925

So that we can appropriately incorporate that. I'm not sure we'll be able to meet that mark, but I, you know, that's how I think how it would go and if we didn't meet that mark, we would probably, we would not include the T&D into the 2026 staff proposal because we wouldn't want to put something in that wasn't fully vetted.

563 "SF - Courtyard Conference Room" (3848205824)

03:56:13.925 --> 03:56:32.255

Okay, questions in the chat? Do you want to unmute yourself?

564 "SF - Courtyard Conference Room" (3848205824)

03:56:32.255 --> 03:57:00.265

It looked like Ben Schwartz had your hand up. Oh, he's not able to unmute himself. Put in the chat if you think your question is, sometimes I know questions are challenging to type up. If you can put your questions in the in the chat, we'll make sure we read it out.

565 "SF - Courtyard Conference Room" (3848205824)

03:57:00.265 --> 03:57:02.282

Out loud.

566 "Tom Beach" (528632320)

03:57:02.282 --> 03:57:19.655

In the meantime, will we try to get Ben on, Tom? You can unmute yourself? Yeah, I Chris, I had a question about the proposed timeline. So, the April 2026 staff proposal, I assume that would include.

567 "Tom Beach" (528632320)

03:57:19.655 --> 03:57:39.160

You know, the necessary SERVM modeling and all that kind of stuff that goes into the ACC so that we would, we would have more time to look at that rather than having that be six weeks before a draft resolution.

568 "SF - Courtyard Conference Room" (3848205824)

03:57:39.160 --> 03:57:47.064

Is that correct?

569 "Tom Beach" (528632320)

03:57:47.064 --> 03:57:51.001

Um.

570 "SF - Courtyard Conference Room" (3848205824)

03:57:51.001 --> 03:57:58.903

I need to get back to you on that one. I'm sorry, what did you say? I couldn't hear you? Need to get back to you on that one.

571 "Tom Beach" (528632320)

03:57:58.903 --> 03:58:00.622

Good question.

572 "Torok, Christina" (4240650496)

03:58:00.622 --> 03:58:11.186

Tom, I think we need to clarify exactly what we would make available. I appreciate the question. Alright, thank you. I was able to unmute Ben Schwartz I believe.

573 "Ben Schwartz" (3386360576)

03:58:11.186 --> 03:58:13.722

Going to try speaking.

574 "SF - Courtyard Conference Room" (3848205824)

03:58:13.722 --> 03:58:29.138

Okay, can you speak up a little bit then? We can't hear you very well. Only slightly.

575 "Ben Schwartz" (3386360576)

03:58:29.138 --> 03:58:47.995

Projects then, big voice. Okay. Ben Schwartz with the Clean Coalition here. Just wanting to follow up on kind of the proposed timeline and how that relates to the avoided T&D study. Obviously, you know, it seems like the details are still a little bit unclear.

576 "Ben Schwartz" (3386360576)

03:58:47.995 --> 03:59:12.265

On what that's going to look like and where in the process that is. But I just want to make sure that in the event that the results of that avoided T&D study are not included in the staff proposal that that you know it would be included in the final proposed decision that the commission is likely to vote on. And and the reason I bring that up is just because this.

577 "Ben Schwartz" (3386360576)

03:59:12.265 --> 03:59:39.582

Was initially, you know, something that came from the 2022 avoided cost calculator, and so it's already been one cycle and I think it would be, perhaps frustrating if, if it were, you know, kind of pushed off for another three years. So, I'm just hoping that, you know, I can potentially get some clarification or if not, you know, thinking about how that is going to work.

578 "SF - Courtyard Conference Room" (3848205824)

03:59:39.582 --> 03:59:46.625

With the, the proposed schedule. Thank you.

579 "SF - Courtyard Conference Room" (3848205824)

03:59:46.625 --> 04:00:06.625

You know, I'll take this. So, Ben I appreciate your comment, certainly understand the some of the frustration that you're expressing. You know, we just have to follow the process here. So, I'm not going to sit here and tell you that if we don't make it into the staff proposal that we're somehow going to rush it in in the middle of the process and then jam it into the final decision.

580 "SF - Courtyard Conference Room" (3848205824)

04:00:06.625 --> 04:00:30.355

I am not going to guarantee that. We're going to put it out when it's ready and we'll issue it for comment, we'll accept and we'll take comment from the stakeholders and finalize the study and then we'll incorporate it as soon as we practically can. I don't think it's entirely appropriate to somehow put a hypothetical where we're going to sort of rush it into a final decision without having fully vetted it through the process. I don't.

581 "SF - Courtyard Conference Room" (3848205824)

04:00:30.355 --> 04:00:38.795

Don't think anybody actually wants that. I don't think that's going to have a good outcome.

582 "SF - Courtyard Conference Room" (3848205824)

04:00:38.795 --> 04:00:55.895

There's a question from Andrea White and it is, could we further explain the suggestion to change testimony to comments?

583 "SF - Courtyard Conference Room" (3848205824)

04:00:55.895 --> 04:01:11.555

Okay, so I think what the staff is proposing here is simply, the observation from staff is that the testimony and evidential hearing have not produced a lot.

584 "SF - Courtyard Conference Room" (3848205824)

04:01:11.555 --> 04:01:26.945

In the last several cycles, in terms of substantial factual disputes that need to be resolved through hearing. And so, if we don't have substantial factual disputes, but instead mostly have policy disputes.

585 "SF - Courtyard Conference Room" (3848205824)

04:01:26.945 --> 04:01:46.945

And then the more efficient format is to use, is to use the comment ruling and comment format rather than testimony and evidentiary hearing. Now if parties feel like that's not an accurate summary and there have been substantial material factual disputes that have been resolved in hearing.

586 "SF - Courtyard Conference Room" (3848205824)

04:01:46.945 --> 04:02:02.975

That that's something to comment on in terms of this proposal but the staff's impression has been that we have not had a lot of substantial or significant material factual disputes and therefore the testimony and evidentiary hearing format has been wasteful of time and resources.

587 "SF - Courtyard Conference Room" (3848205824)

04:02:02.975 --> 04:02:22.975

Again, we want to preserve the substantial rights of the parties. If you feel like there are real substantial factual disputes that need to be resolved, that it is always the party's right to to request evidentiary hearing and the commission will provide. We're simply saying that at this stage, given the last several cycles, we're not seeing that that is efficient or.

588 "SF - Courtyard Conference Room" (3848205824)

04:02:22.975 --> 04:02:47.945

Effective use of stakeholder commission resources and so proposing to move to a more of a policy kind of a format where we do comments on rulings and then can move more expeditiously. Gives us more time to to meet our marks and get the ACC out on time at every cycle. Another question in the chat Jen's Strack from SDG&E and I believe that.

589 "SF - Courtyard Conference Room" (3848205824)

04:02:47.945 --> 04:03:12.024

Dan has already answered your question, which is, has the scope of work been released for comment for the avoided T&D study and that is not at this time. I think they mean a research plan. No.

590 "Ahlstedt, James (Public Advocates Office)" (3186239232)

04:03:12.024 --> 04:03:45.365

Yeah, James, we can see your hand up and then I'll get to the other questions in the chat. Thanks. I think I think Dan answered my question, but I I guess just stating it again, I don't think we're so much concerned with the conversion from testimony to comments, but given last cycles evidentiary hearings, which to be clear, our office did not felt, did not feel were necessary going into that proceeding. And yeah, I I think most of the.

591 "Ahlstedt, James (Public Advocates Office)" (3186239232)

04:03:45.365 --> 04:04:00.997

Issues discussed therein were policy and not factual, so I don't think there's a need for evidentiary hearings in this next proceeding, but to foreclose the opportunity.

592 "SF - Courtyard Conference Room" (3848205824)

04:04:00.997 --> 04:04:21.305

Based on the prior cycle I think is an issue. So let me let me respond James because I think we want to make clear that that we never foreclose the opportunity for evidentiary hearing at this commission. If a party sees it like can make motion and the commission will always.

593 "SF - Courtyard Conference Room" (3848205824)

04:04:21.305 --> 04:04:41.305

Grant evidentiary hearing when we have us a material factual dispute before us. So I want to be clear that like this is sort of a default. This is what we're going to do, you know, in the same way that we issue a scoping memo that has the process that we're going to use. This is sort of because we've set this process for a biannual cycle and decision, we're revisiting it here for the same.

594 "SF - Courtyard Conference Room" (3848205824)

04:04:41.305 --> 04:05:00.095

Idea applies that this is the sort of standard process that we're going to propose at the front and that but if parties have material factual disputes that need to be resolved through hearing, they should bring them before the commission and this commission, I mean, some of you know I used to be a judge. We grant hearing period when there are material factual disputes. We don't like.

595 "SF - Courtyard Conference Room" (3848205824)

04:05:00.095 --> 04:05:15.695

Aggregate the substantial rights of parties and we never will. So that's a reassurance I can give you that's based essentially in statute and long-standing practice. If folks really have, you know, I think what we're more asking here is, do you all agree?

596 "SF - Courtyard Conference Room" (3848205824)

04:05:15.695 --> 04:05:33.640

That generally we haven't seen a lot of material factual disputes in this space over the last couple cycles, so maybe we should start from a more efficient process and then have people raise the hand and say, No, NO, actually you need, we need to submit written testimony in hearing because we have factual disputes. I think that's where we're sort of saying is can we start from the.

597 "Ahlstedt, James (Public Advocates Office)" (3186239232)

04:05:33.640 --> 04:05:54.685

Place where generally we're assuming that this is likely to be more policy issues and we'll use a more efficient format. Yeah just responding, agreed, perhaps I should not use the word forclose since I know it's not your intention to actually take away the rights of interested parties and having hearings.

598 "Ahlstedt, James (Public Advocates Office)" (3186239232)

04:05:54.685 --> 04:06:11.040

But I, I guess my only concern is that it's not in baked into the timeline and that weren't the case that hearings were necessary in the proposed timeline, things would need to get shifted around and that could add months to, to the timeline which.

599 "SF - Courtyard Conference Room" (3848205824)

04:06:11.040 --> 04:06:33.035

Is kind of concerning that would delay the award cost calculator. So thank you. I appreciate the clarification though. Thank you, and I'll just say that that would be something that would be useful to put in into into comments if that is a substantial concern to the public advocates office. If you, if you're if you foresee the likelihood that we may need hearing and that that would somehow blow up a timeline and make it potentially.

600 "SF - Courtyard Conference Room" (3848205824)

04:06:33.035 --> 04:06:50.645

Please put that into comments, that'd be helpful. I’ll stop talking. Alright, I'm not seeing any. One in the room. Oh yes sorry one hand in the room. SCE. Yeah, so, I think the joint utilities in our last, in our.

601 "SF - Courtyard Conference Room" (3848205824)

04:06:50.645 --> 04:07:10.055

The last round we supported that idea of going to comments instead of testimony because we felt a lot of these things were policy related. I I'm wondering though how comments and briefs go together because not being a lawyer, but the way I understand it is with.

602 "SF - Courtyard Conference Room" (3848205824)

04:07:10.055 --> 04:07:30.055

Your testimony, you live facts with briefs, you argue about the facts and you argue about the law, right? So if they're both kind of rounds of comments in a way, like you you've got the initial reply, then you've got a like rebuttal and all.

603 "SF - Courtyard Conference Room" (3848205824)

04:07:30.055 --> 04:07:49.235

You know, that's an interesting point. We had some internal discussion about this if Edison thinks that we don't need the briefing and that we could just build the record with rulings and comments, it would be helpful to put that into into your comments. There was some discussion internally and and I would say we.

604 "SF - Courtyard Conference Room" (3848205824)

04:07:49.235 --> 04:08:09.235

We're open to, to more, you know, to parties giving us some stakeholders giving us their opinion or their, their advice or their read. I think there was some sense that maybe there was a need for that sort of rebuttal kind of after comments, but if you think that we don't need that, we can be more efficient, please.

605 "SF - Courtyard Conference Room" (3848205824)

04:08:09.235 --> 04:08:15.275

Let us know.

606 "SF - Courtyard Conference Room" (3848205824)

04:08:15.275 --> 04:08:43.353

For every party, not just for Edison. We appreciate if you all think that we could be more efficient than what we've outlined here, please let us know if you think that we're missing something that we need, please let us know. Andrea, I see your hand is up. Are you able to unmute yourself? Or Christy, have you figured out? I'm still not able to unmute from here.

607 "Torok, Christina" (4240650496)

04:08:43.353 --> 04:08:46.385

Are you able to or Asal so Andrea can speak.

609 "Andrea White, PCF" (2394708992)

04:08:47.069 --> 04:09:06.125

I think I did. Yeah, we can hear you. Okay, great. Thank you. So I just want to comment I think testimony is really important just because it's an opportunity for.

610 "Andrea White, PCF" (2394708992)

04:09:06.125 --> 04:09:24.185

Diverse parties to provide technical expertise that they might not otherwise be able to provide in comments. And I think it's also the issue of having testimony is separate from.

611 "Andrea White, PCF" (2394708992)

04:09:24.185 --> 04:09:40.505

The issue of having evidentiary hearings. So I think that's important to consider. And then, also I did have a question. So I was wondering if there's any update on.

612 "Andrea White, PCF" (2394708992)

04:09:40.505 --> 04:09:58.172

How the avoided transmission and distribution study is going, because it sounds like it's a bit up in the air right now. So I was wondering if there's any clarification on, how that process has been going.

613 "SF - Courtyard Conference Room" (3848205824)

04:09:58.172 --> 04:10:16.345

And any other updates? So thank you. Yeah I'll take this sorry Chris. I think that the just brief answers, I appreciate your comment if if you have, if you could put that more fully into comments.

614 "SF - Courtyard Conference Room" (3848205824)

04:10:16.345 --> 04:10:45.205

If you wish to about the benefits of testimony, whether, whether we need to schedule evidentiary hearings etc. I think that'd be, that'd be helpful. And then on avoided cost studies for our transmission and distribution, we're not providing any updates today.

615 "SF - Courtyard Conference Room" (3848205824)

04:10:45.205 --> 04:10:52.025

Any other questions in the chat, raised hands?

616 "SF - Courtyard Conference Room" (3848205824)

04:10:52.025 --> 04:11:07.475

About the comments that you've referenced today on on this process from this? Yeah, are we able to We were planning to talk about this now? Yeah yeah, a ruling will be issued.

617 "SF - Courtyard Conference Room" (3848205824)

04:11:07.475 --> 04:11:29.155

Within the next few weeks. Okay. We have a few questions. We've already drafted. We were waiting to see what had came out today that draft some more questions, but the plan is to issue you all a ruling within the next few weeks asking you for your feedback including what I've been sort of hinting here.

618 "SF - Courtyard Conference Room" (3848205824)

04:11:29.155 --> 04:11:45.395

We'll have some questions specifically about timeline and process. All right? Yeah, let's go to the next. All right, slides ahead. Yep.

619 "SF - Courtyard Conference Room" (3848205824)

04:11:45.395 --> 04:12:05.395

There you go. Ok, so there'll be a link to the recording of this the slides and transcript that will go out to the service list and it'll be posted to cpuc.ca.gov/DR cost effectiveness, ruling will go out soon like we just talked about.

620 "SF - Courtyard Conference Room" (3848205824)

04:12:05.395 --> 04:12:25.008

About the, the, the proposed updates to the timeline and thank you for your participation. I think that's about it. Thank you. Anything else? I believe that's about it.

621 "Torok, Christina" (4240650496)

04:12:25.008 --> 04:12:30.605

Yeah. Thank you everyone for coming. It's nice to see all of you remotely and a few of you in the room.

622 "Torok, Christina" (4240650496)

04:12:30.605 --> 04:12:50.605

All right, bye everyone. Thank you, thank you. Bye.