



# ORA Straw Proposal for Distribution Deferral Framework

**Presented By: Tim Drew  
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On peak 288 kW x \$4.33000 x 23,751 d...  
Mid peak 2.52 kW x \$0.81000 x 22,751 d...  
Energy - Summer  
On peak 9,075 kWh x \$0.05292  
Mid peak 11,910 kWh x \$0.01...  
Off peak 12,338 kWh x \$0.0...  
Energy - Winter  
Mid peak 5,624 kWh x \$...  
Off peak 3,634 kWh x ...  
Customer charge

Power factor adjustment  
DWR bond charge 42...  
(continued on next page)

Your Delivery charge  
• \$272.05 transmi...  
• \$2,588.51 distri...  
• \$22.99 nuclear...  
• \$240.17 public...  
Franchise fees repr...  
Your Generation ch...  
Transition Charge

Baseline O...  
131-200% of Baseline...  
201-300% of Baseline...  
Over 300% of Baseline...  
Net Charges \$351

DWR  
Energy - Summer  
On peak 1,993 kWh x \$0.07981  
Mid peak 2,616 kWh x \$0.07981  
Off peak 2,710 kWh x \$0.07981 \$21...  
Energy - Winter  
Mid peak 1,235 kWh x \$0.07981 \$98.57  
Off peak 798 kWh x \$0.07981 \$63.69  
Facilities related demand 360 kW x \$1,86000 \$669,600

# Agenda

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- 1. Proposed Deferral Framework Steps**
- 2. Comparison of the Distribution Planning Advisory Group and Procurement Review Group**
- 3. Comparison of Independent Professional Engineers and Independent Evaluators**



# Deferral Framework Steps

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- 1. Deferral project identification**
- 2. Commission need authorization**
3. Solicitation
4. Commission approval
5. Cost Recovery



# Deferral Framework Purpose

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- **Identify opportunities where future distribution system upgrades can be deferred or avoided through DER deployment**
- **Identify DER projects that are likely to be viable and cost-effective**
- **Regulatory approval process helps to ensure that the deferral projects are successfully implemented**



# Step 1. Deferral Project Identification (1)

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- **Distribution Planning Advisory Group (DPAG)** - Identifies distribution projects that can be deferred or avoided by distributed energy resource (DER) procurement through a Commission approved procurement mechanism.
- **DPAG Non-Market Participant Subgroup** – Reviews deferred distribution project cost estimates.
  - Parties without a financial interest in distribution system upgrade projects and DER deployment
  - Sign non-disclosure agreement
- **Independent Professional Engineer (IPE)** – Engineer evaluates whether distribution grid deferral project cost estimates as reasonable. Verifies and approves of the DER attributes the IOU proposes will defer the project as reasonable.
  - PE License and Electrical desired but not required



# Step 1. Deferral Project Identification (2)

## Deferral Criteria

- *Relative level of estimated net benefits;*
  - Locational Net Benefits Analysis
    - Potential for low cost + high value DER
    - Potential for deferring high cost upgrade
    - Tariff or incentive program linked to locational value
  - Cost of the deferred project relative to the estimated cost of DER deferral
  - Duration of deferral
    - Shorter vs. longer duration
- *Certainty of achieving net benefits;*
  - Technical feasibility of deferral
  - Project viability (general experience with technology, proven deferral, established interconnection process)
- *Certainty that forecasted capacity need will materialize.*
- Distribution upgrade planned but not built
  - Project is known and fits into deferral timeframe



## Step 2. Commission Authorization for Near Term Deferrals

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- **Tier 3 Advice Letter (AL) for Competitive Solicitations**
  - A confidential attachment to the AL stating the DER deferral value of the “wires solution.”
  - Reference the applicable funding in the IOU’s General Rate Case (GRC) filing, if available.
  - IPE certification that DER attributes and deferral value are reasonable.





# Step 2. Commission Authorization for Long Term Deferrals

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- **DER Procurement Plan**
  - Developed in future phases of Integrated Distributed Energy Resource (IDER) and incorporated in the DRP.
  - Identify locations (Circuits, DPAs) with high value deferral opportunities via LNBA.
  - Develop/refine deferral criteria over time after gaining experience through initial DER deferral procurement cycles.
  - Details procurement mechanisms, either existing authorized procurement, bilateral contracts, deferral-specific solicitation, tariffs, or programs.





# PRG / DPAG Activity Comparison (1)

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## Distribution Planning Advisory Group

- Emphasizes Engineering expertise rather than procurement expertise
  - e.g., IOU distribution planners
- Identifies and evaluates projects for distribution grid deferral through DER
- Advises ongoing evaluations of DER performance, as needed
- May include market participants or entities with a financial interest in the outcome of DER procurement
- Meets quarterly in person, monthly by web conference, and as needed



# PRG / DPAG Activity Comparison (2)

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## Procurement Review Group (*existing*)

- Reviews and assesses details of the IOUs overall procurement strategy
  - Evaluates bid process
  - Evaluates procurement contracts
- PRG recommendations are advisory and nonbinding, and no participants in the PRG process give up any rights associated with future litigation of issues addressed in PRGs
- Cannot include market participants or entities with a financial interest in the outcome of any particular solicitation
- Meets quarterly in person, monthly by web conference, and as needed
- Meeting schedule and agenda posted publicly. No meeting slides posted publicly



# IE / IPE Activity Comparison

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## Role of the IE on the PRG

- Provides oversight and confirms Least-Cost Best-Fit evaluation results

## Role of the IPE on the PRG

- Provides oversight and confirms DER portfolio attributes' collective ability to meet distribution deferral need and sufficiency of physical assurance

## Role of the IPE on the DPAG

- Evaluates distribution grid projects identified for deferral
- Confirms whether the DER attributes the IOU proposes will defer the project





# Contact

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# Appendix

General Order 96B, section 5.0 (Use of Advice Letters)



*The Voice of Consumers, Making a Difference!*



# Procurement Authorizations

## General Order 96B, section 5.0 (Use of Advice Letters)

- Tier 1 Advice Letter
  - Effective immediately
  - Suitable for ministerial decisions
- Tier 2 Advice Letter
  - 30 day suspension, allows for protest
  - Suitable for ministerial decisions
- Tier 3 Advice Letter
  - Effective after Commission approval
  - Suitable for cost recovery
- Application
  - Effective upon CPUC Commission Decision approval
  - Triggers a rate-setting proceeding
  - In Long-term Procurement Planning Process (LTPP), required for all contracts over five years in length.
  - Commission has 18 months to approve applications, but process can be extended for various reasons.



# General Order (GO) 96-B Section 5. Use of Advice Letters

## 5.1 Matters Appropriate to Advice Letters

The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions. The advice letter process does not provide for an evidentiary hearing; a matter that requires an evidentiary hearing may be considered only in a formal proceeding.

The primary use of the advice letter process is to review a utility's request to change its tariffs in a manner previously authorized by statute or Commission order, to conform the tariffs to the requirements of a statute or Commission order, or to get Commission authorization to deviate from its tariffs.

A utility may also request relief by means of an advice letter where the utility:

- (1) has been authorized or required, by statute, by this General Order, or by other Commission order, to seek the requested relief by means of an advice letter; or
- (2) requests modification of a Commission resolution addressing a prior advice letter of the utility. See General Rule 7.2. To request an extension of time to comply with such resolution, see General Rule 7.8.

A utility may seek a rate increase by means of an advice letter only if use of an advice letter for this purpose is authorized by statute or Commission order.

## 5.2 Matters Appropriate to Formal Proceedings

A utility must file an application, application for rehearing, or petition for modification, as appropriate, in the following circumstances:

- (1) The utility requests modification of a decision issued in a formal proceeding or otherwise seeks relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding;
- (2) The utility seeks Commission approval of a proposed action that the utility has not been authorized, by statute, by this General Order, or by other Commission order, to seek by advice letter; or
- (3) The utility seeks to challenge a Commission resolution addressing an advice letter submitted by the utility.

Except as provided in General Rule 5.1, a utility must file an application to seek approval of a rate increase; a request to its tariffs; or an alteration of any classification, contract, practice, or rule as to result in a new rate.

