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Docket No 25-IEPR-05 California's Progress Toward the Load Shift Goal Comments

Additional submitted attachment is included below.

July 9, 2025

California Energy Commission
Docket Number 25-IEPR-05
715 P Street
Sacramento, CA 95814

Re: Docket No. 25-IEPR-05: California's Progress Toward the Load-Shift Goal

The Solar Energy Industries Association, the Coalition for Community Solar Access, The Utility Reform Network, Vote Solar, the California Building Industries Association, the Nature Conservancy, San Diego Community Power and Advanced Energy United (collectively the "Joint Commenters") appreciate the opportunity to provide written comments on California's progress towards improving load flexibility resources and the strategies to achieve 7 gigawatt (GW) of load-shift by 2030. The purpose of these comments is to inform the Senate Bill 846 (Dodd, Chapter 239, Statutes of 2022) Load-Shift Goal requirement of the California Energy Commission's ("CEC") 2025 Integrated Energy Policy Report ("2025 IEPR").

I. Introduction

Senate Bill 846 directed the CEC to develop a goal for load shifting to reduce the state's net peak electrical demand.[1] In 2023, having undertaken the necessary analysis, the CEC adopted

[1] The net peak period is defined as the top 100 net system load hours in a year, and correspondingly the net peak demand is defined as the average hourly demand over the net peak period.

a load shift goal of 7,000 MW by 2030. While this goal was seen as "aspirational" it was also seen as "achievable with robust policy support."[2] At the time of adoption, the overall load shift goal was divided into three categories – (1) load modifying, (2) resource planning and procurement and (3) incremental and emergency, with the expectation that "the majority of expected load flexibility growth will come from load-modifying flexibility."[3] Further, at the time of adopting the 7,000 MW goal, it was estimated that that the state had between 3100 and 3600 MW of load shifting capability at the end of 2022.[4] This number was later refined to an estimated 3410 MW as of the end of 2022.[5] Further analysis undertaken as part of this 2025 IEPR cycle finds that the past two years has resulted in a scant increase of load shifting capability in the state, with the current amount estimated to be 3,546 MW.[6] This analysis also shows that operating under "business as usual" conditions will result in California falling 3,000 MW short of its goal, reaching only 4,000 MW of load shifting capability by 2030.[7] Clearly it is time for the CEC, in conjunction with its sister agencies, to make "robust policy" determinations to advance the state's load shifting goal. Indeed, at the June 25, 2025 Workshop on California's Progress Toward the Load-Shift Goal ("June 25 Workshop") the following question was posed as an "emerging policy/ planning question" for further comment:

> "What should be California's strategy for doubling Load Modifying resources over the next 5 years?[8]

The Joint Commenters submit that one strategy for increasing such resources is the treatment of in front of the meter distributed energy resource projects as load modifiers. The efficacy of such treatment for effecting load shifting was discussed at the June 25 Workshop. Specifically, as discussed in more detail below, and as presented by the representative of the

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2 Neumann, Ingrid and Erik Lyon. May 2023. Senate Bill 846 Load-Shift Goal Report. California Energy Commission. Publication Number: CEC-200-2023-008, p. 24 available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=250357&DocumentContentId=85095

3 *Id.,* p. 24.

4 *Id.,* p.25.

5 Docket Number 25-IEPR-05 California's Progress Toward the 7GW Goal June 25, 2025, slide 9 available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=264448&DocumentContentId=101288

6 *Id.*

7 *Id.,* Slide 13.

8 *Id*., Slide 15.

New York State Energy Research and Development Authority ("NYSERDA"), the state of New York has implemented this strategy through its Value of Distributed Energy Resources ("VDER") tariff for most commercial/community-scale resources up to 5MWac.[9] This tariff, as a result of its carefully crafted structure, has resulted in interconnection of a significant amount of distributed solar, solar + storage, and stand-alone storage projects to the grid with the concomitant reduction of peak demand. The VDER tariff provides an example of how sound state public policy can encourage FTM DERs that operate predictably to meet state load shift objectives.[10]

II. Path Toward Doubling Load Modifying Resources

As referenced above, California needs a means to double its load modifying resources in the next five years. The CEC should not solely rely on the types of load modification which are currently recognized in the Staff analysis but also look for other forms. The current suite of load modifiers rely solely on behind the meter of activities.[11] This limitation is in place despite the CEC's acknowledgement that in front of the meter ("FTM") generation and storage can have load modifying impact,[12] i.e., help reduce the net peak. Accordingly, the CEC and other state agencies should work towards establishing "robust policy" to incent these resources. The New York VDER tariff provides one such policy that can be adapted to meet California specific market conditions

As explained at the workshop, the VDER tariff is crafted to provide both temporal and geographic price signals to FTM projects up to 5MW. This has been done through the creation of a value stack that compensates those project qualities. Thus, for example, the VDER provides compensation for project capacity which represents "a project's success in reducing annual

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[9] Docket Number 25-IEPR-05 NY State VDER Tariff- Simplified and Innovative Load Flexibility Implementations June 25, 2025, slide 2, available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=264435&DocumentContentId=101277

[10] TURN supports the use of value stack compensation for FTM DERs in California as part of the implementation of AB 2316 (Ward). TURN takes no position on the reasonableness of the compensation provided to facilities in New York under VDER.

[11] Time of use (TOU) & EV-TOU rate impact, Customer storage (non-event based), IOU Critical Peak Pricing impacts, and CCA customer programs.

[12] Docket Number 25-IEPR-05 California's Progress Toward the 7GW Goal June 25, 2025, slide 8 available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=264448&DocumentContentId=101288, slide

statewide peak energy demand" as well as Location-Specific Relief Value which provides an adder for projects interconnected to distribution lines with utility-selected congested substations.[13] This kind of construct has worked, with developers designing to the tariff and therefore locating projects in congested areas, which are designed to maximize late day production and associated ratepayer benefits.[14] Moreover, the VDER has been hugely successful in attracting projects with ~3.4 GWdc of distributed solar operational under the tariff and another ~3 GW more at mature stage of development. In addition, several GW of distributed energy storage are under development.[15] The result of all this is that FTM distributed resources are having a meaningful impact on peak demand in New York state. Specifically, the New York State Independent System Operator has published some analysis showing the impact of distributed solar in peak shaving in various days of the year, and different parts of the State.[16] And by aligning project compensation with peak grid demand hours, the program provides policymakers with a flexible tool to guide project dispatch as grid needs evolve over time.

Moreover, New York is far from the only state using FTM meter distributed energy resources to shift load and reduce grid costs. Many states have already established mechanisms to value and compensate the load-shifting potential of FTM DERs.[17]

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[13] Docket Number 25-IEPR-05 NY State VDER Tariff- Simplified and Innovative Load Flexibility Implementations June 25, 2025, slide 3 available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=264435&DocumentContentId=101277

[14] *Id,* Slide 4.

[15] *Id.*

[16] https://energy.zoom.us/rec/share/Td2GKH8NkmZi94pTIgsyZ97GEpn6zcMVFJU_5QVtCXY5Yf4087_KoXdkr3Urufbg.SRnebY3OGGwYawFQ at 2:08:08

[17] For example, both ISO-NE and PJM incorporate the net load impact of FTM DERs into the load forecasts that get used for long-range planning activities such as transmission planning and resource adequacy. *See ISO New England, Distributed Generation Forecast Working Group*: https://www.iso-ne.com/system-planning/system-forecasting/distributed-generation-forecast and *PJM 2025 Long-Term Load Forecast Report*: https://www.pjm.com/-/media/DotCom/library/reports-notices/load-forecast/2025-load-report.pdf, In addition several municipal utilities in New England are using distributed FTM stand-alone storage as "load reducer" assets to lower their peak demand and associated transmission and capacity costs for their customers. *See, e.g.* West Boylston Municipal Light Plant: https://pv-magazine-usa.com/2025/05/05/construction-begins-on-9-mwh-battery-energy-storage-system-for-massachusetts-municipal-utility/; Wellesley Municipal Light Department: https://commonwealthbeacon.org/energy/wellesley-battery-expected-to-save-town-residents-8m-a-year/;

As was emphasized at the June 25 workshop, reaching the 7,000 MW load shifting goal will take a multiagency approach. Thus, a strategy to double the amount of load modifying resources in the next five years will necessitate that the CEC, California Public Utilities commission ("CPUC") and the California Independent System Operator ("CAISO") work cohesively and expeditiously to put a strategy in place. The Joint Commenters submit that the first step in such a strategy must be taken by the CEC. The CEC is the agency best positioned to analyze the load-related impact of FTM DERs and establish methodologies and protocols for incorporating these resources into the state's load forecast as load modifiers. There is no operational reason that distribution level FTM resources should not be counted as such.

Indeed, as the CEC is no doubt aware, the CAISO has already weighed in on the issue of whether distributed solar + storage assets can be load modifiers. Specifically, in a proceeding before the CPUC addressing distributed solar + storage resources, the CAISO stated that such resources could be considered load modifiers if they "consistently, coincidently, and systematically contribute towards meeting or reducing LSEs' shares of coincident demand."[18] These criteria are readily met by projects that include storage. The production profiles of storage-enabled distributed energy resources are predictable and will be coincident with peak demand given the appropriate price signals and regulatory guidance. The charging and dispatching operations of these facilities will consistently follow the guidelines of a governing program rules, unconstrained by the particulars of any on-site load. Thus, the load modifying attributes of the resource are assured with a program that encourages well-defined dispatch (by way of financial incentives), and the associated net load reductions on the distribution system, during the hours and times that set peak demand. This has been demonstrated in New York where the correct market signals can spur project development to a degree which will serve to shave peak demand and help the state reach its load flexibility goals.

In short, at the June 25 workshop, when summing up the necessary attributes of load flexibility, CEC staff asserted that:

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[18] *Comments of the California Independent System Operator Corporation,* A. 22-05-022 (November 27, 2023), p. 2 available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M521/K262/521262325.PDF.

> It needs to be reliable [sic]. It needs to be predictable. We need to be able to count on it that it's going to perform as promised, and we need to work it into the core of our energy planning and operations at both levels.[19]

FTM distributed energy resources operating under appropriate program rules will dispatch generation in a manner which is predictable, reliable, and with telemetry requirements to ensure that project operations are visible to CAISO to help manage operational and forecasting issues, can be worked into energy planning and operations. It has all the necessary attributes of load flexibility.

III. Conclusion

California cannot afford to carry on business as usual. To do so would result in the state missing its load flexibility goals. In fact, it will mean that in an eight year period of time (2022 - 2030), California will only have achieved 600 MW of additional load flexibility. The time for robust policy decisions is now. Such decisions must include the treatment FTM distributed energy resource projects as load modifiers. By doing such the development of such projects will be incented and the peak shaving attributes of such projects realized.

Respectfully,

/s/ Stephanie Doyle

California Director
Solar Energy Industries Association

/s/ Derek Chernow

Western Regional Director

[19] https://energy.zoom.us/rec/share/Td2GKH8NkmZi94pTIgsyZ97GEpn6zcMVFJU_5QVtCXY5Yf4087_KoXdkr3Urufbg.SRnebY3OGGwYawFQ at 1:18:29; *see also* Docket Number 25-IEPR-05, California Demand Flexibility Summit and Stakeholder Outreach Results, slide 10, available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=264443&DocumentContentId=101286

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