DOCKETED	
Docket Number:	22-OII-01
Project Title:	Order Instituting Informational Proceeding on Distributed Energy Resources in California's Energy Future
TN #:	271705
Document Title:	WestLight Energy Comments - WestLight Comments on OIIP on Distributed Energy Resources in California's Energy Future
Description:	N/A
Filer:	System
Organization:	WestLight Energy
Submitter Role:	Public
Submission Date:	7/29/2026 1:13:34 PM
Docketed Date:	7/29/2026

Comment Received From: WestLight Energy
Submitted On: 7/29/2026
Docket Number: 22-OII-01

WestLight Comments on OIIP on Distributed Energy Resources in Californiaâ€™s Energy Future

Additional submitted attachment is included below.

July 29, 2026

California Energy Commission

Re: Docket No. 22-OII-01
715 P Street
Sacramento, CA 95814
docket@energy.ca.gov

RE: Comments on Order Instituting Informational Proceeding on Distributed Energy Resources in California's Energy Future Workshop

Dear Commissioners and CEC Staff,

WestLight Energy (WestLight), formerly Peninsula Clean Energy, appreciates the opportunity to comment on the recent workshop addressing the California Energy Commission's (CEC) Order Instituting Informational Proceeding (OIIP) on Distributed Energy Resources in California's Energy Future. WestLight thanks staff for organizing an informative workshop and letting WestLight elaborate further on the opportunities ahead.

California can, and should, expand the role of distribution-connected front-of-the-meter (FTM) distributed energy resources (DERs)[1] ("Distribution Resources") as part of the state's clean energy transition. From WestLight Energy's perspective as a Load Serving Entity (LSE), these resources represent an important opportunity to improve system reliability, accelerate deployment of local clean energy, and deliver better outcomes for ratepayers when supported by the appropriate planning and regulatory framework.

As the state's primary policy and planning agency, the CEC is well-suited to analyze the value created through the integration of FTM DERs into the Integrated Energy Policy Report (IEPR) process. As noted by staff in the workshop, there is a multi-gigawatt deployment gap between behind-the-meter (BTM) solar and storage systems compared to solar and storage Distribution Resources.[2] This is an addressable gap that is critical to close while maintaining the integrity of the current CEC and California Public Utilities Commission (CPUC) planning processes.

[1] Generally considered as resources between 1MW – 20MW that are connected to the distribution grid, not the transmission grid.
[2] An Overview of Front-of-the-Meter DER in California, Slide 12

WestLight's Distribution Resource Portfolio

WestLight's Distribution Resource portfolio consists of one operational 3 MW solar facility and one 3 MW / 12 MWh solar-plus-storage facility scheduled for commercial operation in the fourth quarter of 2028. These two resources are part of the CPUC Disadvantaged Communities Green Tariff (DAC-GT) program, and the policy recommendations below are based on learnings WestLight has gained by implementing DAC-GT.

WestLight's Distribution Resource portfolio remains limited as resource costs are misaligned with resource benefits and value. On resource costs, WestLight acknowledges that Distribution Resources typically have higher development cost because smaller (1MW – 20MW) systems do not benefit from economies of scale like 200MW – 1GW+ utility-scale procurement does. This is particularly relevant when it comes to interconnection fees, and costs associated with achieving Full Capacity Deliverability Status (FCDS). On the benefit and value side, however, Distribution Resources are compensated based on wholesale market prices following the same rules and compensation mechanisms as utility-scale resources even though these projects often have additional benefits that are not valued under the traditional least-cost best-fit procurement methodology. To increase the deployment of Distribution Resources in California, new value streams must be opened for those types of resources as further described below.

WestLight's Current Evaluation Framework

As an LSE, WestLight evaluates every procurement opportunity by balancing affordability, reliability, regulatory compliance, and execution risk. Through competitive solicitations, WestLight assesses offer price, expected energy value, Renewable Energy Credit (REC) value, RA contribution, interconnection risk, development schedule, and overall portfolio fit. The two most important criteria WestLight considers when reviewing competitive offers is the Price and the RA deliverability status.

Under the current RA market and regulatory construct, only projects that can obtain FCDS provide RA value. However, obtaining FCDS is challenging for Distribution Resources because the resources enter the same costly and complex interconnection studies as transmission-based resources, **even if the exports from Distribution Resources never impact the transmission system.**

This effectively blocks Distribution Resources from qualifying for RA and forces LSEs to rely on transmission-connected resources to meet strict reliability determinations. However, it is still the case that Distribution Resources can be sited to never impact the transmission system while offsetting nearby load. As such, WestLight recommends these resources be considered as load modifiers to more accurately represent their system impact.

Recognizing Distribution Resources as Load Modifiers

WestLight supports the following specific policy recommendations to appropriately value Distribution Resources:

- ***Count Distributed Resources as Load Modifiers in the IEPR and Year-Ahead RA Forecast***

  Each year, CPUC-jurisdictional LSEs are required to submit year-ahead load forecasting data to the CEC and CPUC. The Year-Ahead load forecast form requires LSEs to forecast retail sales of electricity and peak demand for the upcoming calendar year. The form also asks LSEs to document forecasted capacity values of each type of load modifier (e.g. BTM PV, Battery Storage, Energy Efficiency, Light-Duty and Medium-Duty EV, etc.) which the CEC and CPUC account for when setting the LSE's year ahead RA obligation. In other words, load modifier values can reduce the capacity an LSE needs to procure from the bulk transmission system. As such, the load modification process is an alternative pathway for LSEs to gain RA value for resources outside of the traditional FCDS pathway.

Distribution Resources Can More Effectively Impact Supply Side Planning

WestLight agrees with Commissioner McAllister that Distribution Resources are a promising resource class.[3] However, LSEs will only develop more Distribution Resources if the misalignment between costs and benefits is addressed through regulatory changes. It is clear to WestLight that CEC and CPUC Commissioners are supportive of creative solutions to bring more demand-side resources online quickly. California does not need to choose between utility-scale resources, Distribution Resources, or BTM DERs. The state will require both demand- and supply-side solutions to achieve its clean energy objectives. By aligning planning, interconnection, and procurement policies with the operating characteristics of smaller Distribution Resources, California can better meet a speed to power mandate, strengthen local reliability, apply downward pressures on customer costs, and unlock an important new source of flexible capacity. WestLight is excited to continue partnering with the CEC, CPUC, and CAISO to help realize this opportunity.

Sincerely,

/s/ Steve Campbell

Steve Campbell
Senior Analyst, Innovation Strategy
WestLight Energy

July 29, 2026

[3] Workshop on DERs in California's Energy Future, Comments from CEC Commissioner McAllister at 3:29:30