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Docket Number:	22-OII-01
Project Title:	Order Instituting Informational Proceeding on Distributed Energy Resources in California's Energy Future
TN #:	243581
Document Title:	PG&E Comments on Distributed Energy Resources in California's Energy Future
Description:	N/A
Filer:	System
Organization:	PG&E
Submitter Role:	Public
Submission Date:	6/17/2022 1:25:00 PM
Docketed Date:	6/17/2022

*Comment Received From: PG&E
Submitted On: 6/17/2022
Docket Number: 22-OII-01*

PG&E Comments on Distributed Energy Resources in California's Energy Future

Additional submitted attachment is included below.



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June 17, 2022

California Energy Commission
Vice Chair Siva Gunda
Docket Number 22-OII-01
715 P Street
Sacramento, CA 95814

Re: Pacific Gas and Electric Company Comments on the Workshop to launch Distributed Energy Resources in California’s Energy Future Proceeding (Docket Number 22-OII-01)

Dear Vice Chair Gunda,

Pacific Gas and Electric Company (PG&E) welcomes the opportunity to provide feedback on the California Energy Commission’s (CEC) Order Instituting Informational Proceeding (OIIP), and offers the following comments:

1- PG&E supports the CEC’s objectives to improve data sharing and recommends the CEC create a protocol to ensure confidentiality of sensitive data.

PG&E commends the CEC for facilitating cross-agency coordination on transportation electrification, as evidenced by the recent adoption of the Inter-Agency Working Group (IAWG) and the additional transportation electrification scenarios.¹ PG&E supports the continued work of the CEC in facilitating inter-agency collaboration as we work to meet the state’s electrification goals.²

Additionally, PG&E supports increased data sharing between all state agencies (*e.g.*, the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO), the California Air Resources Board (CARB), and the CEC) and the utilities, and supports the CEC’s objectives to centralize distributed energy resources (DERs) and electrification policy research and improve collaboration between the CEC and other agencies.

In light of the increased data sharing between state agencies and the utilities, PG&E recommends the CEC create a consistent confidentiality protocol across all agencies to ensure protection of utility and customer data. This protocol would considerably improve the data sharing process.

¹ California Energy Commission. (May 24, 2022). Resolution No. 22-0524-5, Adoption of Demand Scenarios, 21-IEPR-03.

² *I.e.*, Executive Order N-79-20.

2- PG&E recommends the OIIP scope include both DERs and electrification.

PG&E recommends that the scope of this OIIP be expanded to include electrification (*i.e.*, transportation electrification and building electrification). This would improve alignment with the CPUC's Order Instituting Rulemaking (OIR) to modernize the electric grid for a high distributed energy resources future (also called High DER Future, Rulemaking (R.21-06-017), which is examining the impact of electrification on distribution planning.³

3- PG&E recommends the OIIP focus on pathways to support system planning proceedings at the CPUC and the CAISO.

As noted throughout the workshop by Commissioners and staff, the scope of this OIIP is very broad, and the CEC should avoid duplicating efforts to guarantee stakeholders' engagement.

The CPUC has established venues to develop market rules and policies for DERs, including multiple proceedings focused on system planning, rate setting, tariffs, and incentive levels to appropriately compensate customers who choose to adopt DERs.

PG&E recommends that this OIIP, focus on gaps in research or analysis that need to be addressed in order to further these ongoing efforts. Examples include:

i. CPUC's OIR on High DER Future (R.21-06-017)

As noted above and throughout the workshop, this proceeding is focused on efforts to better integrate DERs into the distribution planning process. The CEC could coordinate with the CPUC, CAISO, and CARB on this effort, in a manner analogous to the recently undertaken joint agency efforts and workshops.⁴

ii. CPUC Integrated Resource Planning (IRP) Proceeding (R.20-05-003)

A fundamental question in determining the appropriate level of funding and incentives for DER programs and technologies is the *optimal* level of DER penetration. This question can be studied as part of the CPUC's IRP proceeding. However, there are gaps in how the IRP process currently addresses this question because the IRP takes the level of DER penetration from the CEC's IEPR forecast, which is based on current policies and incentives, as a given. The CPUC's DER Action Plan 2.0 proposes to address this gap by encouraging the CPUC and CEC to coordinate on DER technology types that should be included as *candidate resources* in the IRP modeling efforts.⁵ This may involve studying different DER costs and production profiles to better integrate them into the CPUC's optimal resource mix for the state.⁶

³ Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future, July 2, 2021, p 10.

⁴ CEC IEPR Demand Scenario April 7 Workshop, <https://efiling.energy.ca.gov/GetDocument.aspx?tn=242552>.

⁵ DER Action Plan 2.0, Track 4: DER Customer Programs, Vision Elements 4A/4B. Available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M467/K470/467470758.PDF>.

⁶ The CPUC previously studied Energy Efficiency measure bundles in IRP modeling, and currently includes some distributed PV and storage technologies, though these measurements could be refined based on CEC analysis of

iii. CPUC Resource Adequacy Proceeding (R.21-10-002)

DER parties and other stakeholders have been working to identify solutions to increase participation of DER resources in resource adequacy. The CEC could potentially further the record in this proceeding by investigating the incrementality of DER capacity in the CEC load forecast as it relates to different DER capacity models.

While this is not an exhaustive list of potential areas for collaboration, PG&E suggests the CEC review the scope of the CPUC's DER Action Plan and related proceedings in Appendix A of the Plan for additional opportunities.⁷

4- As DER adoption and electrification continues to increase, coordination across agencies will be critical for policy, planning and implementation purposes.

PG&E is confident that the State is successfully enabling DER and electric vehicle (EV) adoptions, with this adoption continuing to accelerate. To give an example, in PG&E's service territory, as of the most recent monthly data, there were over 10,000 new photo-voltaic (PV) interconnections (almost 640,000 cumulative), over 2,000 new behind-the-meter (BTM) storage customers (over 40,000 cumulative), and approximately 9,000 new electric vehicle (EV) registrations.

PG&E recommends that this OIIP further align with the High DER Future OIR at the CPUC. Similarly, this OIIP should not seek to set policy on the overall number of DERs nor seek to increase or decrease the desired level of DER.⁸ Instead, PG&E recommends that this OIIP focus on ensuring the grid operations and planning integrate high amounts of DERs and electrification in a manner that will provide value to all customers, as well as the grid.

5- The scenario work in this proceeding that may impact downstream planning processes should examine equity and affordability implications.

In its closing presentation, the CEC staff indicated the potential exploration of alternative DER future scenarios not already included in state policy in this proceeding.⁹ PG&E supports further research of policy scenarios in the CEC load forecasts that inform statewide planning exercises; however, the CEC's work in this area should not be focused on developing new policies aimed at driving greater adoption of DERs. It is critical that any analysis of new DER policies identify who would benefit from these policies, and at what cost, to ensure both equity amongst customer groups, and affordability for all. The CPUC and other state agencies are best positioned to complete this work.

current costs and system sizes. See, *e.g.* Staff Proposal for Integrating Energy Efficiency into the SB 350 Integrated Resource Planning Process, available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2021-potential-goals-study/ee-irp_white_paper.pdf?sc_lang=en&hash=344C6B89D771B3A99B062B4110A1CDDDB.

⁷ [Distributed Energy Resource \(DER\) Action Plan \(ca.gov\)](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2021-potential-goals-study/ee-irp_white_paper.pdf?sc_lang=en&hash=344C6B89D771B3A99B062B4110A1CDDDB).

⁸ Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future, July 2, 2021, p 10.

⁹ CEC Staff workshop presentation on the proposed structure of proceeding: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=243410&DocumentContentId=77212>.

The CPUC has an established cost-effectiveness framework for assessing benefits and costs of DERs.¹⁰ Fundamental to this framework is analysis of participant, non-participant, and system-wide benefits to demand-side programs. PG&E recommends that the CEC coordinate with the CPUC to integrate this framework into its scenario planning.

Further, PG&E recommends that this proceeding examine how to promote equity via planning processes that increase access to DERs and electrification, as well as in the allocation of the costs and benefits.

PG&E appreciates the opportunity to provide its perspective on this proceeding. Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/
Licha Lopez

¹⁰ See IDSM cost-effectiveness work and Standard Practice Manual