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STATE OF CALIFORNIA
STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF:

**DISTRIBUTED ENERGY RESOURCES
IN CALIFORNIA'S ENERGY FUTURE**

DOCKET No: 22-OII-01

**ORDER INSTITUTING
INFORMATIONAL PROCEEDING**

I. INTRODUCTION

Distributed energy resources (DER), defined by California law¹ as distribution-connected renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response, are a strategic priority in achieving California's energy and climate goals. California has embraced the adoption of DER as an important strategy to meet its commitments to increase renewable and zero-carbon resources and support transportation and building electrification.² Building on recommendations from the *2019 Integrated Energy Policy Report (2019 IEPR)*, the *2021 IEPR* recommends the state improve the suite of technology options available to energy users to allow them to better adapt their load to system conditions as flexible power consumers. The *2021 IEPR* also makes recommendations regarding the deployment and grid utilization of clean energy technology innovations that improve grid reliability and resiliency to accelerate California's transition to a zero-carbon electric grid.

In its role in gathering and analyzing critical energy system data to support energy policy development, the California Energy Commission (CEC) is launching this informational proceeding to further explore, collect information, conduct assessments, and support recommendations for the role of DERs in California's energy future. Where appropriate, the CEC will use this informational proceeding as an opportunity to collaborate and coordinate with DER-related research and proceedings of the Public Utilities Commission.

¹ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC§ionNum=769 (defining "distributed resources" for purposes of utility deployment of these devices, technologies, and programs).

² See, for example, California Public Utilities Commission's (CPUC) [DER Action Plan](https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/der-action-plan) work in 2016 and 2021, <https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/der-action-plan>; [SB 100 Joint Agency Report](https://www.energy.ca.gov/sb100) (2021), <https://www.energy.ca.gov/sb100>; CEC's [California Building Decarbonization Assessment](https://www.energy.ca.gov/data-reports/reports/building-decarbonization-assessment) (2021), <https://www.energy.ca.gov/data-reports/reports/building-decarbonization-assessment>; CEC's [Electric Vehicle Charging Infrastructure Assessment](https://www.energy.ca.gov/programs-and-topics/programs/electric-vehicle-charging-infrastructure-assessment-ab-2127) (2020), <https://www.energy.ca.gov/programs-and-topics/programs/electric-vehicle-charging-infrastructure-assessment-ab-2127>; and CEC's [Big Data and Distribution Resource Planning Market Study](https://www.energy.ca.gov/programs-and-topics/programs/electric-vehicle-charging-infrastructure-assessment-ab-2127) (2021), <https://www.energy.ca.gov/programs-and-topics/programs/electric-vehicle-charging-infrastructure-assessment-ab-2127>.

II. AUTHORITY

The CEC is required under Public Resources Code (PRC) Section 25301(a) to “conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices.” These assessments and forecasts are used to develop recommendations for energy policies that conserve state resources, protect the environment, provide reliable energy, enhance the state’s economy, and protect public health and safety. To perform these assessments and forecasts, the CEC may require the submission of demand forecasts, resource plans, market assessments, related outlooks, and individual customer historic billing data, in a format and level of granularity specified by the CEC from electric, transportation technology suppliers, and other market participants. These assessments and forecasts are done in consultation with the appropriate state and federal agencies, including, but not limited to, the Public Utilities Commission, the Public Advocate’s Office of the Public Utilities Commission, the State Air Resources Board, the Electricity Oversight Board, the Independent System Operator, and others.

PRC Section 25302 requires the CEC to adopt an integrated energy policy report (IEPR) that contains an overview of major energy trends and issues facing the state, including, but not limited to, supply, demand, pricing, reliability, efficiency, and impacts on public health and safety, the economy, resources, and the environment. The IEPR presents policy recommendations based on an in-depth and integrated analysis of the most current and pressing energy issues facing the state. These provisions of law give the CEC authority to collect the information necessary to address DER planning issues.

Vice Chair Siva Gunda shall be the Lead Commissioner for this Order Instituting Informational Proceeding (OIIP). PRC Section 25210 authorizes the CEC to hold any hearings, take other actions necessary, and conduct any investigations in any part of the State necessary to carry out its powers and duties, and further affirms that the CEC has the same powers as are conferred upon heads of departments of the State pursuant to Government Code section 11180 et seq. The CEC may exercise or further delegate these authorities pursuant to this OIIP as appropriate to collect the information identified in this Order.

III. NATURE AND PURPOSE OF THIS PROCEEDING

A. Scope of this proceeding

The CEC recognizes DER as a diverse category of devices and technologies that interface with the electricity system at the distribution level, either directly connected to a distribution utility’s wires or on an end-use customer’s premises, behind the utility meter. For purposes of this OIIP, the CEC includes in the DER umbrella distributed generation and storage, electric vehicles and charging stations, grid-interactive buildings and microgrids, as well as more traditional demand response resources and energy efficiency strategies. Thus, for purposes of this OIIP, the CEC defines DER more broadly than the statutory definition to allow this effort to consider new technologies that interface with the electricity system at the distribution level and that

can help the state achieve its clean energy goals. This OII launches a proceeding to continue the exploration of DER topics and implement the *2021 IEPR* recommendations. It is intended to foster interagency collaboration with the California Public Utilities Commission, the California Air Resources Board, the California Independent System Operator, and other state agencies, as well as the various stakeholders with an interest in DER.

This proceeding will cover the following areas:

- Investigate and document trends in DER technology, functional capability, deployment, cost, and customer value and adoption.
- Describe and assess the benefits DER can provide to customers, communities, the electricity system, the environment, and society at large both quantitatively and qualitatively.
- Investigate co-optimization of utility-scale resources and DER by documenting energy and non-energy benefits of utility-scale and distributed technologies and resulting impacts to transmission and distribution infrastructure.
- Evaluate policies and regulations to optimize DER benefits and value in support of advancing state goals for decarbonization, resilience, affordability, and environmental justice and equity.
- Evaluate incentive structures needed for both deployment and optimal operation of DER, including up-front rebates, tax breaks, and electric retail rate design.
- Assess architectural and functional models for a high-DER future electricity system in California.
- Identify technology gaps and needs for research and development.
- Assess data needs and collect data necessary to support analyses under this OIIP.

For each area of focus, the CEC will develop policy proposals and recommendations as appropriate.

This proceeding will include extensive stakeholder engagement, including workshops, working groups, and outreach to communities and community-based organizations who cannot easily participate in regulatory proceedings. It is estimated to extend through the end of 2023, and the CEC may report interim findings and recommendations in the 2022 and 2023 IEPR proceedings and substantive findings and recommendations in the 2024 IEPR. The CEC may also launch phases within the OIIP to further focus the proceeding's scope and to address new or emerging issues.

Other agencies in the state have ongoing activities and proceedings related to DER. The CEC intends to conduct this proceeding in coordination with these other agencies to complement rather than overlap or duplicate their activities. The CEC's mandate in California energy policy requires a future-oriented, system perspective. To that end, this proceeding will explore issues related to the operation and performance of a mature high-DER electricity system in California, as well as near-term issues that must be addressed along the path to the future system.

The CEC also must take a whole-state perspective, so this proceeding will consider DER-related issues in both investor-owned utility and publicly owned utility service areas, and both within and outside of the California Independent System Operator system.

These specific topics may be added to or refined at the direction of the Lead Commissioner within the general scope of DER planning.

IV. HEARINGS AND WORKSHOPS

The Lead Commissioner will issue notices at least fourteen (14) days before the first hearing and ten (10) days in advance of any subsequent hearings and workshops and will identify at that time when written comments and/or testimony will be due, as well as the manner of the filing. Public comment will be allowed at all workshops and hearings.

V. PUBLIC PARTICIPATION

The CEC encourages public participation in this proceeding. Any person participating in a hearing or workshop shall be afforded reasonable opportunity to make comments. Petitions to intervene are not necessary.

To foster public participation in this proceeding, the Executive Director, in conjunction with the Public Advisor, shall ensure that information regarding this order and notices of hearings and workshops are distributed to all interested persons via the list serve and posted on the CEC website. To stay informed about this proceeding and receive documents and notices of upcoming workshops and hearings as they are filed, interested persons may subscribe to the proceeding list serve, which can be accessed here: <https://ww2.energy.ca.gov/listservers/index cms.html>. The list serve sends out email notifications and direct links when documents and notices are filed in the proceeding docket.

For additional information about how to participate in this proceeding, please contact the CEC's Office of the Public Advisor, Energy Equity, and Tribal Affairs at (916) 957-7910, or via email at publicadvisor@energy.ca.gov.

Media questions should be directed to the CEC's Media Office by email at mediaoffice@energy.ca.gov.

The CEC therefore institutes an informational proceeding to explore the role of distributed energy resources in California's energy future and directs the Executive Director and staff to collect and evaluate the information needed to address the scope of the proceeding under guidance of the Lead Commissioner.

IT IS SO ORDERED.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of an Order duly and regularly adopted at a meeting of the California Energy Commission held on March 9, 2022.

AYE: Hochschild, Gunda, McAllister, Monahan, Vaccaro

NAY: NONE

ABSENT: NONE

ABSTAIN: NONE



Liza Lopez
Secretariat