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Protecting Marin Since 1934

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Re: Reply Comments of Joint CCAs to High DER proceeding before CPUC

Dear Ms. Soldavini:

We would first like to thank you for the very helpful and informative conversation we had with you last week concerning California Public Utilities Commission (CPUC) Proceeding 21-06-017, the High Distributed Energy Resources (High DER) Future proceeding. The purpose of the proceeding is to "...prepare the electric grid for a high number of distributed energy resources...<sup>1</sup>. We understand that MCE Clean Energy, along with four other Community Choice Aggregators (CCAs), has jointly retained counsel and is collaborating on comments and interests in the High DER Future proceeding.

We understand that comments on the scoping of this proceeding are due by October 7, 2021. Marin Conservation League (MCL) would like to offer its perspective on the High DER proceeding and suggest some points which MCE may want to emphasize when it discusses reply comments with counsel and the other CCAs.

**Real time data for CCAs.** We agree with the points made in the Joint CCA's Opening Comments that getting real time program participation, usage and meter data is essential to maximize the speed and benefits of a High DER Future. Securing a commitment from the three major Investor-Owned Utilities (IOUs) and an Order from the CPUC to that effect is a priority, and does not seem dependent upon any other aspect of the proceeding. If the CPUC adopts a schedule with a Near Term Priorities track, such as is included in Compromise Schedule B<sup>2</sup> proposed by CPUC staff, much improved data sharing must be included in that track.

**Early consideration of an IOU compensation model based on specific performance criteria.** MCL believes it is of fundamental importance to the success of the High DER proceeding and California achieving its climate goals that the CPUC examine and reform the current structure and manner in which IOUs are compensated. So long as the IOUs are compensated based primarily on their construction of new grid capital infrastructure that delivers energy over long distances, they will not be incentivized to work toward grid solutions that support DER at scale.

We believe the CPUC must design an IOU compensation model based on specific performance criteria, with the IOUs functioning as Distribution System Operators (DSOs), such that

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<sup>1</sup> Order Instituting Rulemaking, p.3.

<sup>2</sup> 2021-0922 High DER OIR Workshop ED Presentation, pg. 28.

the grid is modernized to support high levels of DER. This change would provide all communities with much higher energy resilience, security, and cost-effectiveness, while enabling CCAs to play a local and strategic role in designing, deploying, and aggregating DER as desired. The Order Instituting Rulemaking references the Hawaii performance-based regulations and the CPUC appears to be considering some change along those lines. MCL believes that examining performance-based compensation **early in this proceeding**, is essential.

**Early evaluation of roles and responsibilities of IOUs and DSOs.** We reviewed the Opening Comments filed by Lorenzo Kristoff on behalf of the Climate Center. Particularly critical is his call for a stakeholder process to evaluate the role and responsibilities of the IOUs as an early and central part of this proceeding.<sup>3</sup> From our reading of the opening comments of PG&E, it appears that they want to either skip any discussion of the role of the Distribution System Operator entirely or shift it to such a late point in the proceeding that it is no longer meaningful. Revised Schedule #2,<sup>4</sup> which proposes completion of the DSO roles and responsibilities analysis Q4 2023 is the only schedule that would complete that analysis before the other grid modernization tracks are complete or nearly complete.

It is MCL's view that revising the IOU roles and responsibilities in a way that moves towards performance-based regulation and compensation under a DSO operating model is the best way to achieve the other goal of the Joint CCA Opening Comments: to reduce upward cost pressure on rates associated with the distribution system.

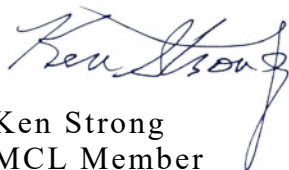
**Involving local governments and other stakeholders in the proceeding.** Finally, another point made by the Climate Center in its comments and by Lorenzo Kristoff in the recent workshop was the importance of involving local governments and other stakeholders in this proceeding, since they are likely to be the main drivers of when and where local DER is installed and connected to the grid. Involving local governments and other stakeholders also would make the move toward a High DER future more equitable. As pointed out by your counsel Joseph Wiedman during the workshop, CCAs are uniquely qualified to provide a connection to local governments through their boards which are made up of local elected officials. Including CCAs as active presenters in the workshop proceedings in both Tracks 1 and 2 would be a great way for CCAs to provide the perspective of local governments.<sup>5</sup>

Thank you for the opportunity to provide these thoughts on this very important proceeding.

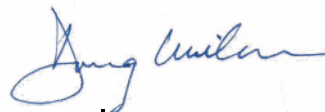
Sincerely,



Robert Miller  
President



Ken Strong  
MCL Member  
Climate Action Working Group



Doug Wilson  
Chair  
Climate Action Working Group

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<sup>3</sup> Climate Center Opening Comments, p. 7-10.

<sup>4</sup> 2021-0922 High DER OIR Workshop ED Presentation, pg. 25.

<sup>5</sup> Climate Center Opening Comments, pg. 18.

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Marin Conservation League was founded in 1934 to preserve, protect and enhance the  
natural assets of Marin County.