

CPUC Public Agenda 3506

Thursday, April 21, 2022, 11:00 a.m.

Commissioners:

Alice Reynolds, President

Clifford Rechtschaffen

Genevieve Shiroma

Darcie L. Houck

John R.D. Reynolds

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California Public
Utilities Commission

CPUC Mission

We Empower California through:

- Assuring utility services are clean and safe.
- Providing for critical services and infrastructure.
- Designing rates that are fair and reasonable.
- Protecting the interests of consumers and ratepayers

CPUC Core Values



Accountability



Excellence



Integrity



**Open
Communication**



Stewardship

Commissioner Code of Conduct

- I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.
- II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.
- III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.
- IV. Commissioners are public officials who should uphold the integrity of their office at all times.

Public Comment

- Per Resolution ALJ-412, **any member of the public** (excluding parties and their representatives) **who wishes to address the CPUC about matters before the Commission** may comment in person at the Commission Meeting or may call in to toll-free number:



1-800-857-1917

Passcode: 9899501

- ***Para escuchar esta reunión en español, por favor llame: (800) 857-1917, código de acceso: 3799627.***
- Once called, each speaker has up to 1 minute at the discretion of the Commission President.
- A bell will ring when time has expired.
- **Written comments on a specific proceeding can be submitted via the CPUC's docket card. Please visit www.cpuc.ca.gov/docket, input the proceeding number, then click on the public comment tab. You can also visit the Public Advisor's Office webpage at www.cpuc.ca.gov/pao for further information.**

Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are:
1, 4, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23 and 24.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **No Item** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **No Item** has been moved to the Regular Agenda.
- **No Item** has been withdrawn.
- The following items have been held to future Commission Meetings:
 - **Held to 5/5/22: 3, 5, 12 and 17.**
 - **Held to 5/19/22: 2.**

Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov
- Late changes to agenda items are available on the Virtual Escutia Table; or in paper format or via QR Code at the Commission Meeting site.

Regular Agenda | Energy Resolutions and Written Reports

Item #25 [20463] – Pacific Gas & Electric Company Request for Approval of Mid-term Reliability Procurement Pursuant to Decisions 21-06-035 and 21-12-015

Res E- 5202, Advice Letter 6477-E filed January 21, 2022 - Related matters

PROPOSED OUTCOME:

- Approves Pacific Gas & Electric Company's nine energy storage contracts and related costs for a total of 1,598.7 megawatts of incremental capacity.

SAFETY CONSIDERATIONS:

- Pacific Gas & Electric Company's contractual terms and conditions require sellers to practice responsible safety management based on 1) standards for Prudent Electrical Practices, 2) all applicable laws and regulations, and 3) requirements of Pacific Gas & Electric Company's Contractor Safety Program.

ESTIMATED COST:

- Contract costs are confidential at this time.

Resolution E-5202: Pacific Gas and Electric Company Midterm Reliability Procurement

Energy Division

April 21, 2022



California Public
Utilities Commission

Background

- In its June 2021 IRP decision addressing mid-term reliability needs, the Commission ordered Load Serving Entities to procure at least 11,500 MW (NQC) of clean energy resources to be brought online from 2023 through 2026.
- In addition, in its December 2021 summer reliability proceeding, the Commission ordered the three investor-owned utilities to procure an additional 2,000 – 3,000 MW of supply- and demand-side resources to ensure that there is adequate electric power in the event of extreme weather conditions during the summers of 2022 and 2023.

4/20/2022

Advice Letter 6477-E

- In this advice letter, PG&E seeks approval of nine contracts which will provide 1,600 MWs of lithium-ion batteries with 4-hour dispatch capability
- The contracts all have 15-year terms and have online dates from August 1, 2023, to June 1, 2024
- All but one of the contracts have an energy settlement provision that incents the counterparty to charge the battery when wholesale prices are low and discharge them when prices are high
- PG&E anticipates using a portion of the batteries with 2023 online dates to meet its 2023 summer reliability target and recover those costs through the Cost Allocation Mechanism (CAM)
- One protest was received (from Cal Advocates)

Resolution E-5202

- Approves all nine contracts
- Disposes of the Cal Advocates protest, finding that:
 - PG&E's selection of the energy storage contracts is appropriate based on its bid evaluation methodology,
 - PG&E conducted a robust, competitive solicitation that adhered to the Commission's established rules for IOU procurement, and
 - The contract prices are reasonable.
- It is appropriate to recover costs through ERRA for PG&E's use of the batteries to meet its midterm reliability obligations, and to recover costs through CAM for any of the resources used to meet its 2023 summer reliability target

Regular Agenda | Energy Resolutions and Written Reports

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Item #26 [20527] –

Distributed Energy Resources Action Plan Aligning Vision and Action

The Distributed Energy Resources Action Plan 2.0 is a strategic roadmap for the CPUC to ensure that DER policy implementation in support of Senate Bill 100 and California's energy and climate goals is coordinated across proceedings related to grid planning, affordability, load flexibility, market integration, and customer programs. This DER Action Plan 2.0 seeks to align the CPUC's vision and actions to maximize ratepayer and societal value of an anticipated high-DER future.

Briefing on the Distributed Energy Resources (DER) Action Plan 2.0

Presented April 21, 2022

DER Action Plan 2.0 Steering Committee: Simon Baker, Gabe Petlin, Paul Phillips, and Joy Morgenstern



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Agenda

- Background and Purpose of Draft DER Action Plan 2.0
- Overview of Action Plan Vision by Track
- Implementation and Reporting 2022 - 2026



DER ACTION PLAN 2.0- BACKGROUND

Distributed Energy Resources are electric distribution-connected energy resources

- ❖ Energy efficiency
- ❖ Demand response
- ❖ Dynamic and time-variant rates
(e.g., Time of Use, Critical Peak Pricing, and Real-Time)
- ❖ Customer generation (e.g., solar photovoltaic (PV) systems)
- ❖ Energy storage
- ❖ Electric vehicles (EV)

DER are accessible to customers through

- ❖ Direct incentive programs
- ❖ Tariffs
- ❖ Procurement processes managed by the electric IOUs
- ❖ Third-party implementers
- ❖ Community choice aggregators (CCAs).

Market & Policy Drivers for a High DER Future

- Rapid technological advancements
- Declining prices
- Consumer preferences
- New and emerging energy providers
- Potential to help achieve state policy goals
 - Improve electric service reliability, resiliency and environmental performance
 - Mitigate the increasing rate of electric service costs



DER ACTION PLAN 2.0- GOALS & PURPOSE

What is the DER Action Plan?

- A roadmap for CPUC decision-makers, staff, and stakeholders to facilitate forward-thinking DER policy.

What does the DER Action Plan do?

- Aligns the CPUC's vision with possible CPUC, utility and stakeholder actions to ensure coordinated policy implementation related to grid planning, affordability, load flexibility, market integration, and customer programs.
- Coordinate with Environmental & Social Justice Action Plan

What is the goal of the DER Action Plan?

- Maximize the value of DERs on the electric IOUs systems to support affordable and equitable rates but does **NOT** determine outcomes of individual proceedings.



STAKEHOLDER ENGAGEMENT

Collaboration

- Subject matter experts (SMEs)
- DER Action Plan 2.0 Committee
 - Representatives of Commissioner Houck's Office
 - ALJ Division Management
 - Energy Division Management, and
 - Energy Division subject matter experts

– a one year + process.

Vetting

A draft plan was presented in August 2021 to a stakeholder workshop with 200+ in attendance.

- Tribal Consultation- September
- 35 written comments
- CEC and CAISO briefings

Adoption

April 21 – Commission meeting

DER ACTION PLAN DRAFT 2.0 VISION ELEMENTS & ACTIONS

DER Action Plan 2.0 – 4 TRACKS

TRACK ONE

Load Flexibility & Rates

Purpose: Improve demand-side resource management through more effective, integrated demand response (DR) and retail rate structures.

How: Promote widespread, scalable, and flexible load strategies enabled by electrification and DER deployment.

- Real-time & dynamic pricing
- Load management technologies
- Universal access pricing platform
- Customized rate marketing and education of all customer segments

TRACK TWO

Grid Infrastructure

Purpose: Guide utility infrastructure planning and operations to maximize the value to ratepayers of DERs interconnected to the electric grid.

How: Modernize the grid and improve distribution planning

- Explore DSO models
- Planning responsive to community and tribal needs
- Improve interconnection performance
- Data communications for grid operator visibility
- Anticipate impact of electrification on grid infrastructure

TRACK THREE

Market Integration

Purpose: Support renewable integration, GHG reduction, and grid reliability through efficient integration of DERs into wholesale markets.

How: Enable market integrated DERs to produce multiple benefits.

- Resource Adequacy
- Reliability
- Efficient wholesale market grid services

TRACK FOUR

DER Customer Programs

Purpose: Improve coordination, planning and developing consistent metrics across DER customer programs to maximize their contributions to GHG reductions and other state energy goals.

How: enable all customers to effectively manage energy usage

- equitable participation and distribution of benefits
- alignment with evolving rate design and load flexibility
- alignment with distribution planning & IRP objectives

DER ACTION PLAN 2.0

Proceeding and Initiatives List

TRACK ONE

Load Flexibility & Rates

- Net Energy Metering
- PG&E Day Ahead Hourly Real Time Pricing (DAHRTP) Rate and Pilot Application to Evaluate Customer Understanding and Supporting Technology
- SDG&E, PG&E and SCE GRC Phase 2
- Rate Design Applications for evaluating and implementing default residential TOU rate designs.
- SDG&E Application for Approval of Electric Vehicle High Power (EV-HP) Charging Rate Application
- Load Flexibility Management OIR, recommended by CPUC staff.
- CEC's Load Management Standard

TRACK TWO

Grid Infrastructure

- High DER Future OIR
- Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21
- Microgrids OIR
- PG&E, SCE and SDG&E General Rate Case Phase 1

TRACK THREE

Market Integration

- Resource Adequacy
- Successor Storage and/or Demand Response OIR(s), as recommended by CPUC staff
- Rule 21
- FERC Order 2222 and Other FERC Proceedings
- Potential CAISO Initiatives:
 - Energy Storage and Distributed Energy Resources,
 - Energy Storage Enhancements,
 - Hybrid Resources,
 - Transmission Planning Process,
 - Storage as a Transmission Asset,
 - Dispatch Enhancements (decremental market power and bid floor).

TRACK FOUR

DER Customer Programs

- Self-Generation Incentive Program
- Energy Efficiency
- Building Decarbonization
- Integrated Distributed Energy Resources
- Transportation Electrification
- Demand Response
- Net Energy Metering
- Energy Savings Assistance Program

DER ACTION PLAN 2.0

Scope and Structure

TRACK ONE

Load Flexibility & Rates

8 Vision Elements

14 Action Elements



TRACK TWO

Grid Infrastructure

5 Vision Elements

21 Action Elements



TRACK THREE

Market Integration

4 Vision Elements

8 Action Elements



TRACK FOUR

DER Customer Programs

6 Vision Elements

17 Action Elements



DER ACTION PLAN IMPLEMENTATION AND REPORTING 2022 – 2026

Implementation & Reporting

2022

- Implementation of DER Action Plan 2.0 begins
- Action Items have a 5-year time horizon
- Steering Committee and staff track progress

2023-
2025

- Potential Mid-Point Status Report update of all Action Items
- Potential public presentation to Commissioners

2025-
2026

- Anticipate DER Action Plan 3.0 update

Q&A/Discussion



THANK YOU!

Gabriel Petlin

Energy Division, Grid Planning, Energy Storage and
Non-Wires Alternatives Section

Gabriel.Petlin@cpuc.ca.gov



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Regular Agenda | Communication Orders

Item #27 [20416] – Federal Funding Account Rules

R.20-09-001

Order Instituting Rulemaking Regarding Broadband Infrastructure Deployment and to Support Service Providers in the State of California.

Quasi-Legislative

Comr. Alice Reynolds - Judge Glegola

PROPOSED OUTCOME:

- Adopts rules for new broadband Federal Funding Account grant program created by Senate Bill 156 and funded through the federal American Rescue Plan Act of 2021, and the rules issued by the U.S. Treasury Department.
- The Federal Funding Account is a new two-billion-dollar grant program focused on building broadband Internet infrastructure to communities without access to Internet service at sufficient and reliable speeds.
- The rules adopted in this decision include, among other items: project eligibility, application objections, allocating funds between rural and urban counties, and a ministerial review process whereby Communications Division Staff may approve certain applications.
- This proceeding remains open.

SAFETY CONSIDERATIONS:

- Improves safety through more communities and individuals with access to advanced communications.

ESTIMATED COST:

- The program will use already authorized federal funds.

Management Reports



Commissioners' Reports



Commissioner
Genevieve Shiroma



President
Alice Reynolds



Commissioner
Clifford Rechtschaffen



Commissioner
John R. D. Reynolds



Commissioner
Darcie L. Houck

The CPUC thanks you for participating in today's meeting

The next Public Meeting will be:

May 5, 2022
11:00 a.m.
Sacramento
In Person





California Public Utilities Commission

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