**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017 (Filed June 24, 2021)

REPLY COMMENTS OF THE VEHICLE-GRID INTEGRATION COUNCIL ON THE ORDER INSTITUTING RULEMAKING TO MODERNIZE THE ELECTRIC GRID FOR A HIGH DISTRIBUTED ENERGY RESOURCES FUTURE

Edward Burgess
Senior Policy Director

Zach Woogen
Policy Specialist

VEHICLE-GRID INTEGRATION COUNCIL
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811
Email: vgicregulatory@vgicouncil.org

October 7, 2021

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Vehicle-Grid Integration Council ("VGIC") hereby submits these reply comments on the *Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future* ("OIR"), adopted by the Joint Commissioners on June 24, 2021.

I. INTRODUCTION.

VGIC reiterates its support for the issuance of the OIR and appreciates the attention given to grid modernization, distribution resource planning, and the integration of distributed energy resources ("DERs"), including electric vehicles ("EVs"). VGIC commends the Commission for its successes to date in implementing distribution planning and DER integration policies through the Distribution Resources Planning ("DRP") proceeding (Rulemaking ["R."] 14-08-013) and the Integrated Distributed Energy Resources ("IDER") proceeding (R.14-10-003). VGIC also supports the below statement from the OIR:

> "In California, DER growth will continue to increase, especially due to policies and programs driving transportation electrification (TE) and associated DERs (i.e., EVs and EV supply equipment [EVSE])."[1]

VGIC believes it is critically important that utilizing EVs as DERs remains an explicit and central strategy in this proceeding, as EVs represent flexible load and – in Vehicle-to-Grid ("V2G") mode – a capacity resource. VGI should be considered as a cross-cutting strategy in each Track of the proceeding, and VGIC looks forward to collaborating with stakeholders to ensure the full potential of EVs to support customers and the grid is adequately considered and unlocked through effective policies, rules, and procedures. Furthermore, multi-DER co-location sites that include EVs (i.e., EV/EVSE paired with solar, EV/EVSE paired with stationary energy storage, EV/EVSE that is fully or partially supplied by on-site DERs) should also be considered throughout this proceeding, as they can help achieve the states TE and DER goals, and result in ratepayer benefits. VGIC observes a strong potential for technology incentives (e.g., Self-Generation Incentive Program), DER compensation mechanisms, general market conditions, and broader state policy goals to nudge customers toward installing multiple types of DERs at their homes and businesses.

With this in mind, VGIC is concerned that the High DER OIR as written may not sufficiently consider how to build on and carry forward existing TE and VGI policy progress. VGIC offers these reply comments and recommendations related to TE within the preliminary scope and schedule of this proceeding to ensure the progress made in TE and VGI policy forums is integrated into this proceeding. VGIC's comments can be summarized as follows:

- The rulemaking should build on and carry forward policy developments made in the DRIVE OIR pursuant to statutes such as SB 676 and AB 841.

[1] OIR at 8.

- Reforms, enhancements, and future updates to the Distribution Investment Deferral Framework ("DIDF") should consider the latest available findings from the Avoided Cost Calculator ("ACC") or other cost-effectiveness proceeding.

II. THE RULEMAKING SHOULD BUILD ON AND CARRY FORWARD POLICY DEVELOPMENTS MADE IN THE DRIVE OIR PURSUANT TO STATUTES SUCH AS SB 676 AND AB 841.

VGIC is generally supportive of the ambitious nature of this proceeding and believes the three-track approach found in Compromise Schedule A, proposed by staff during the September 22nd scoping workshop, is an appropriate framework for tackling each scoping issue. This schedule will avoid delaying or detracting from opportunities to advance a high-DER future in other proceedings, as significant near-term policy reforms related to integrating DERs, including EVs, would remain a key focus area for the Commission and stakeholders in the appropriate proceedings. However, VGIC notes that for Compromise Schedule A to succeed in achieving the goals set forth in the OIR, it needs to build on and carry forward policy developments made in the DRIVE OIR, as detailed below.

With the unanimous approval of Decision ("D.") 20-12-029 on December 17, 2020, VGIC commended the Commission for implementing VGI strategies pursuant to SB 676 and other VGI strategies deemed necessary by the Commission. D.20-12-029 also strove to implement some of the primary recommendations and outcomes of the lengthy and resource-intensive VGI Working Group process, which produced *Final Report of the California Joint Agencies VGI Working Group*[2], as well as subsequent formal party comments on VGI issues filed in R. 18-12-006 ("DRIVE OIR"). D.20-12-029 directed investor-owned utilities (IOUs) to propose up to $35

[2] *Final Report of the California Joint Agencies Vehicle Grid Integration (VGI) Working Group* (September 11, 2020) https://gridworks.org/wp-content/uploads/2020/09/GW_VehicleGrid-Integration-Working-Group.pdf

million in VGI Pilots, implement Automated Load Management ("ALM") strategies into all future TE programs, rules, and tariffs, report semi-annually on VGI strategies, customer engagement, and other VGI data, integrate bidirectional use cases across TE activities, and implement a number of other VGI strategies. VGIC was generally pleased to see party recommendations referenced and adopted in D.20-12-029. VGIC thus believed a strong foundation for pursuing VGI strategies had been laid, and that subsequent actions taken in response to the Ordering Paragraphs ("OP") of that Decision would follow suit and fulfill the vision of SB 676. VGIC was encouraged by several of the OPs in the Decision including OP 5, which states:

> "Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company shall, each, in all of its future applications for transportation electrification (TE) programs, or rule or tariff to support TE infrastructure installation:
>
>> identify how it will deploy customer-side Automated Load Management (ALM) at host sites through such programs, rule, and/or tariff where appropriate because this technology will support TE installation at equal or lesser costs than hardware-based electrical capacity while meeting TE charging needs; and
>>
>> describe its standard evaluation criteria to determine host sites where ALM would benefit ratepayers by reducing costs while meeting host site needs for electric vehicle charging." [3]

Despite this directive, the IOUs' EV Infrastructure Rules submitted for approval on February 26, 2021, did not include either (a) an identification of how they will deploy customer-side ALM where appropriate or (b) a description of a standard evaluation criteria to determine host sites where ALM would be beneficial.[4] VGIC was also encouraged by OP 7, which required SCE to

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[3] D.20-12-029 OP 5.

[4] *See* Advice Letter 6102-E of Pacific Gas and Electric Company requesting approval of Electric Rule 29, Advice Letter 4429-E of Southern California Edison requesting approval of Electric Rule 29, and Advice Letter 3705-E of San Diego Gas & Electric Company requesting approval of Electric Rule 45.

file a Tier 2 Advice Letter ("AL") within 90 days describing the potential for deployment of Automated Load Management technology and recommendations regarding deployment of ALM in Charge Ready 2 program.[5] However, VGIC believes the resulting Tier 2 AL – similar to the IOUs' EV Infrastructure Rules – omitted a detailed assessment of ALM potential and did not align with the intent of D.20-12-029 and SB 676.[6]

VGIC finds it particularly concerning that OPs from D.20-12-029 directing IOUs to leverage EVs as DERs to use infrastructure more efficiently are not being taken as seriously as the should be. As IOUs continue to plan and deploy TE infrastructure, we believe that VGI should not be considered at some later date, but should be integrated as a core tool to achieve and accelerate TE goals and a high-DER future while also managing infrastructure costs. As stated in opening comments of Synergistic Solutions, "VGI must be placed front and center as the linchpin between grid resource adequacy and transportation electrification, including the provision or bidirectional energy flows…"[7] As it relates to infrastructure, VGI strategies such as "Type 2 ALM"[8] are in fact critical to the efficient use of existing distribution system infrastructure, construction of new distribution system infrastructure where necessary, and integration of DERs.

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[5] D.20-12-029 OP 7.

[6] *See* Advice Letter 4439-E of Southern California Edison containing recommendations regarding deployment of ALM in the Charge Ready 2 Program.

[7] Opening Comments of Synergistic Solutions at 10.

[8] SCE defines Type 2 ALM as "energy management systems in which the connected load exceeds capacity, and the failure of such ALM would lead to an unsafe condition." SCE notes that "Type 2 ALM could have a potential for significant cost reduction and avoidance of major construction or upgrades by utilizing the existing capacity to the largest extent." *See* SCE*,* Presentation on Transportation Electrification, Charging Infrastructure Programs, Energy Management Systems, presented at EPRI IWC on March 20, 2019.

See also *Enabling ALM Stakeholder Letter to CPUC*, June 16, 2021, https://static1.squarespace.com/static/5dcde7af8ed96b403d8aeb70/t/60d2dbd25b043e4141b16164/1624431572513/Enabling+ALM+-+Stakeholder+Letter+to+CPUC.pdf

As such, VGIC strongly recommends the proposed High DER OIR scope and schedule fully account for these VGI policy developments. If not well-incorporated into each Track of the proceeding, California risks implementing two disparate visions for EVs as DERs and – in turn – TE broadly. VGIC appreciates the CPUC's attention to structural reform throughout the OIR, however, is concerned over the potential to ignore the considerable stakeholder work embodied in the December 2020 VGI decision and the various workshops and comments periods that have followed (i.e., the ALM workshop, EVs in Demand Response workshop, multiple VGI Pilots workshops, and interim studies / emerging tech workshop, etc.). Specifically, VGIC respectfully requests the CPUC more clearly establish how this OIR and broader reform effort will be coordinated with these recent VGI policy efforts.

Furthermore, the passage of AB 841 in October, 2020 led to a substantial shift in the cost treatment for TE infrastructure deployment. The passage of AB 841 came after over six months of party comment on the draft holistic TE Framework ("TEF"), which was first issued by the Commission in February 2020.[9] As such, there are remaining questions about how the TEF and the new treatment of TE infrastructure under AB 841 / EV Infrastructure Rules 29/45 will align moving forward. With this in mind, VGIC requests that the Commission provide clarity on how these two frameworks are intended to align and preferably does so soon, before the initial stages of the High DER OIR kick off. This clarity will critically inform the development of policies, programs, and rules stemming from the High DER OIR.

[9] *Administrative Law Judge's Ruling Adding Staff Proposal for a Draft Transportation Electrification Framework to the Record and Inviting Party Comments* in R.18-12-006 (February 3, 2020).

III. REFORMS, ENHANCEMENTS, AND FUTURE UPDATES TO THE DISTRIBUTION INVESTMENT DEFERRAL FRAMEWORK ("DIDF") SHOULD CONSIDER THE LATEST AVAILABLE FINDINGS FROM THE AVOIDED COST CALCULATOR ("ACC") OR OTHER COST-EFFECTIVENESS PROCEEDING.

As noted during the September 22, 2021 scoping workshop, the DPP/DIDF Track (i.e., Compromise Schedule A Track 1) aims to consider DIDF guidelines, electrification impacts, DRP data portal improvements, DPP improvements broadly, and DIDF evolution. To date, DERs have had limited success within the existing DIDF structure, although the new Partnership Pilot may begin to unlock DERs within the framework. However, VGIC believes that reforms, enhancements, and updates beyond the Partnership Pilot may be needed to adequately leverage DERs for distribution deferral.

Meanwhile, VGIC is aware of the current, active ACC proceeding. As VGIC understands it, staff also indicated during the workshop that a new cost-effectiveness rulemaking will likely be instituted following the completion of the current ACC proceeding. VGIC believes these proceedings can provide valuable input into current or future iterations of the DPP/DIDF frameworks. As such, VGIC recommends that any current or future revisions to the DIDF consider the latest available findings from the ACC or other cost-effectiveness proceeding.

IV. CONCLUSION.

VGIC appreciates the opportunity to submit these reply comments on the OIR. We look forward to further collaboration with the Commission and stakeholders on this initiative.

Respectfully submitted,

/s/ Edward Burgess
Edward Burgess
Senior Policy Director
VEHICLE-GRID INTEGRATION COUNCIL

Date: October 7, 2021