

June 1, 2021
Edward Randolph, Director
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

RE: Draft Resolution E-5150, 2021 Minor Update to the Avoided Cost Calculator

Dear Mr. Randolph,

Pursuant to Rule 14.6 of the CPUC of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Clean Coalition respectfully submits these reply comments on the proposed updates to the Avoided Cost Calculator (“ACC”).

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”) — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

The focus of party comments on the Draft Resolution is whether the proposed update constitutes a “minor change” and should be adopted, or if it should be considered a “major change”, forcing the Commission to decline to adopt it. The Coalition of California Utility Employees attempts to put the choice in quite plain terms, suggesting, “the Commission has two options — it can use the ACC that Energy Division[s] say is outdated and wrong, or it can use the one that Energy Division says is right.”¹ Yet, the same logic will inevitably be used in 2022 when it comes time to discuss the proposed modifications for the major update to the ACC. Albeit suggested to be “minor” in nature by those parties in favor of the proposed changes, all

¹ Coalition of California Utility Employees Opening Comments at 2

parties acknowledge that approving the resolution will result in significant changes. Therefore, there are three questions that need to be asked:

1. Is there a consensus that the proposed changes can be considered minor?
2. Was the proper procedure to educate parties about the changes carried out?
3. Can the Commission be certain that the inputs are accurate and no unforeseen consequences (from modeling or on other CPUC programs) will arise?

If the answer to any of these questions is no, then the proposed changes should be rejected without prejudice. The Clean Coalition aligns with other parties, including CESA, 350 Bay Area, CALSSA, CCSA, Efficiency + Demand Management Council, Vote Solar & SEIA, and AEE, in arguing that the Commission should reject these changes.

1. Is there a consensus that the proposed changes can be considered minor?

One of the requirements for the approval of minor changes is that the changes included have the consensus of most of the parties providing input. Currently the only parties that support the changes and submit that the changes can be considered minor are NRDC, the California Coalition of Utility Employees, Cal Advocates, TURN, and the utilities. Over half of the other respondents do not concur and request that the Commission should not adopt the proposed revisions since they are not “minor” in nature. This cannot be considered a consensus.

2. Was the proper procedure to educate parties about the changes carried out?

The 2021 update process has been less transparent than is to be expected, leaving parties with little opportunity to provide input before changes were proposed. Efficiency + Demand Management Council explains, “As discussed further below, a workshop was held on December 9, 2020, but the proposed changes to the ACC were never discussed.”² Parties were not fully aware of the changes being made in advance of the workshop or even in the months following it. Moreover, SEIA made it clear that the entire modeling inputs and assumptions were not provided to parties commenting on the draft resolution. The process to update the ACC was created to ensure that party suggestions and edits are considered, rather than a unilateral design by Energy Division staff.

² Efficiency + Demand Management Council Opening Comments at 2

3. Can the Commission be certain that the inputs are accurate and no unforeseen consequences (from modeling or on other CPUC programs) will arise?

Multiple parties, in addition to the Clean Coalition, raise points about why the inputs offered in the 2021 minor updates are detrimental and inaccurate. 350 Bay Area notes the importance of properly accounting for all distribution and transmission costs. Their comments state, “Load modifying resources (including BTM DER) can and do clearly impact secondary capacity costs, both with and without time-differentiation. Elimination of avoided sub4kW capacity costs across IOU distribution systems is a significant modification that should be reviewed.”³ Failing to include sub 4kW capacity costs goes against the decision adopting the major changes to the 2020 ACC, which request that the utilities better work to calculate the costs related to avoided infrastructure, particularly transmission. Similarly, in opening comments, the Clean Coalition noted the outdated climate and temperature data being used for models, particularly for long term modeling. Since the proposed changes will have a detrimental effect on solar resources, making it more cost-effective to use natural gas solution, the modeling should be properly analyzed before it is approved by the Commission. Changing the IRP scenario from 46 MMT to 38 MMT will have a similar effect, requiring less carbon reduction. CESA accurately argues, “modifications to the scenario used to inform this adder are substantial and should only be considered in the context of major changes and with a vetting process along with interested parties.”⁴

For these reasons, the Clean Coalition respectfully submits these reply comments on the draft resolution and urges the Commission to reject the proposed changes.

/s/ BEN SCHWARTZ

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³ 350 Bay Area Opening Comments at 4

⁴ CESA Opening Comments at 3

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Service List, R.14-10-003