PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6218E
As of February 1, 2022

Subject: Joint Submittal: Evaluation Criteria for the Partnership Pilot and the Standard the Standard-Offer-Contract Pilot of San Diego Gas & Electric Company, Pacific Gas & Electric Company and Southern California Edison

Division Assigned: Energy

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STATE OF CALIFORNIA **GAVIN NEWSOM,** *Governor*

PUBLIC UTILITIES COMMISSION
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From: Energy Division PAL Coordinator

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June 3, 2021

ADVICE LETTER 3780-E
San Diego Gas & Electric Company (U 902-E)

ADVICE LETTER 6218-E
Pacific Gas & Electric Company (U 39-E)

ADVICE LETTER 4514-E
Southern California Edison Company (U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: JOINT SUBMITTAL – EVALUATION CRITERIA FOR THE PARTNERSHIP PILOT AND THE STANDARD-OFFER-CONTRACT PILOT OF SAN DIEGO GAS & ELECTRIC COMPANY, PACIFIC GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA EDISON COMPANY PURSUANT TO DECISION 21-02-006

PURPOSE

San Diego Gas & Electric Company (SDG&E), Pacific Gas & Electric Company (PG&E) and Southern California Edison Company (SCE) (collectively the joint Investor Owned Utilities ("joint IOUs")) hereby submit this joint advice letter to the California Public Utilities Commission (Commission) seeking approval of the joint IOUs' evaluation criteria for the Partnership Pilot and the Standard-Offer-Contract pilot. Pursuant to Ordering Paragraph (OP) 5 of Decision (D.) 21-02-006, the Commission's Energy Division held a workshop on May 4, 2021 to discuss party proposals for evaluation criteria for the Partnership Pilot and Standard Officer Contract (SOC) Pilot. Pursuant to Ordering Paragraph (OP) 6 of Decision (D.) 21-02-006, the joint IOUs have considered the input provided by parties at the May 4, 2021 workshop, and have also considered the parties' opening and reply comments concerning potential evaluation criteria. The joint IOUs hereby request Commission approval of the following proposal, which has been updated to reflect parties' input, including a description of the modifications that the joint IOUs have made to their initial evaluation criteria proposal.

BACKGROUND

On February 12, 2021, the Commission issued D.21-02-006 (Decision) adopting pilots to test two frameworks for procuring distributed energy resources that avoid or defer utility capital investments; 1) the Partnership Pilot, a five-year Behind-The-Meter (BTM) Distributed Energy Resources (DER) distribution deferral tariff pilot whereby an aggregator enrolls DER customers to meet a grid need, and 2) the Standard Offer Contract (SOC) Pilot, a three-year In-Front-Of-the-Meter (IFOM) pilot for procuring DERs to defer distribution investments, with a contract based on the current Technology Neutral Pro Forma (TNPF) contract.

The two pilots will be used to determine whether these alternate sourcing mechanisms are able to address existing challenges in the Distribution Investment Deferral Framework (DIDF). The existing DIDF employs a Request For Offer (RFO) solicitation process under which Distributed Energy Resource (DER) providers bid for projects to avoid or defer utility distribution investments.

On April 9, 2021, the Joint IOUs, Public Advocates Office (Cal Advocates), and Clean Coalition filed comments proposing evaluation criteria for the two IDER pilots. On April 16, 2021 those same three parties filed reply comments. Subsequently, on May 4, 2021, Energy Division hosted a workshop to discuss party proposals regarding evaluation criteria. During the workshop, parties discussed areas of alignment and misalignment regarding their proposals, while trying to reach consensus where possible. Modifications were made to the joint IOUs' proposal considering party proposals and discussion at the workshop. As outlined below, the IOUs clarify where feedback was incorporated into the updated joint IOU proposal. The joint IOUs also discuss additional feedback that was materially discussed at the workshop and considered but ultimately not incorporated into the final joint IOU proposal. Topics that did not result in material stakeholder discussion at the workshop are understood to be consensus items.

In the following section, the Joint IOUs present their final proposal for evaluation criteria. This proposal is based on the original Joint IOU proposal and considers other party proposals as well as feedback received at the workshop.

DISCUSSION

I. FINAL JOINT IOU PROPOSAL FOR PARTNERSHIP PILOT AND SOC PILOT EVALUATION CRITERIA

The overarching process and framework through which the Partnership Pilot and SOC Pilot will be evaluated is referred to herein as Evaluation Criteria. The primary objectives the Evaluation Criteria will analyze and answer are: (1) whether the pilots resulted in procuring DERs cost-effectively, (2) whether the DERs deferred the distribution investment by meeting the grid need, and (3) whether service was reliably maintained with the DER solution implemented.

There are two distinct components to the Evaluation Criteria: 1) Success Criteria and 2) Performance Measures. Success Criteria will determine whether or not the pilots are a success, should be modified, or should be off-ramped. Together, these criteria provide a comprehensive analysis of the pilots and determine its success in terms of meeting pilot objectives and achieving results. Performance Measures include qualitative and quantitative measurements of different aspects or factors within the pilot and will be evaluated to determine which, if any, elements of the pilots should be modified to improve the efficacy of the pilots.

The Evaluation Criteria will be implemented in two steps, directly tied to the Success Criteria and Performance Measures. First, the Performance Measures will be tracked during each pilot cycle and assessed after the cycle is complete, and its output will be recommendations for Pilot Improvements before the start of the next pilot cycle. The second step will occur after two SOC Pilot cycles and two Partnership Pilot cycles just prior to the mid-project review, with an assessment of the Success Criteria to determine whether further improvements should be made to the pilots or a recommendation to Off-ramp the pilots early is appropriate.

Lastly, the Evaluation Criteria is broken up into two distinct phases that follow the pilot processes themselves: Phase 1 - Procurement and Phase 2 - Performance and Reliability. During each of these phases, both steps above are conducted and recommendations are provided, as outlined further below.

a. **Phased Approach**

As mentioned, the Evaluation Criteria assessment will be divided into two distinct phases based on the sequential process of the pilots: Phase 1 - Procurement and Phase 2 - Performance and Reliability. As such, data and the resulting analyses will be available at different times within the pilots and should thus be reported on separately. Both phases are critical to determining pilot improvements and ultimately measuring the success or failure of the pilots, including whether cost-effective procurement that meets the grid need was achieved and whether the grid was reliably maintained.

The first phase, "Procurement", would occur as soon as the first round of procurement has closed either by reaching the 90% procurement margin, i.e., when the contracts have executed or the IOU has terminated procurement and begun deployment of the contingency solution for each project. This phase would measure whether sufficient DERs were efficiently and effectively procured to meet the need.

The second phase, "Performance and Reliability", would occur after contract execution to ensure the aggregators dispatch the DER to meet the grid needs and ensure system reliability. It would measure whether the DER performed according to its contractual obligations and whether the grid was reliably maintained without service interruption due to the DERs. To address Public Advocates Office's and other parties' request for flexibility with regards to performance and off-ramping due to performance, it is noted that for any given project being assessed in Phase 2, the third-party aggregators will have ample time and opportunity to prepare, test and re-test (if they fail) prior to the start of the events/calls to dispatch to meet the need as there is likely to be several months to a year or more between contract execution and the need materializing.

As an example to illustrate the phased approach of the proposed Evaluation Criteria for the Partnership Pilot, the subscription period for a project may launch in January 2022 and remain open either until the 90% procurement trigger is reached or the contingency date is reached. In this example, June 2023 is the contingency date at which time the utility must initiate deployment of the traditional distribution investment, assuming a need date beginning June 2024. When contracts are executed with a sufficient number of DERs to meet the grid need (any time between January 2022 and June 2023) or the contingency date (June 2023) is reached, whichever occurs first, the Phase 1 assessment would begin. In this example, assuming enough DERs were procured to meet the first grid need period of Summer 2024, the Phase 2 assessment would begin at the conclusion of the performance cycle during which the IOUs may dispatch the DERs per their contract requirements (i.e. end of Summer 2024 season). Each phase completed before the mid-project review will entail tracking and conclude with an analysis of the Performance Measures to recommend improvements.

During the workshop, multiple parties supported use of an Independent Evaluator (IE) to review data and provide recommendations related to the Evaluation Criteria. The IOUs support the use of an IE and have incorporated a proposal to contract with an IE according to the process outlined here. After each cycle of Procurement and Performance is complete, the IOUs will share any available data with the IE.

No later than 120 days after each phase, the IOUs will submit a report to the Energy Division, an Independent Evaluator (IE), and the Integrated Distributed Energy Resources (IDER) service list providing data, analysis, and recommendations regarding each element of the Evaluation Criteria. Depending on the confidentiality of the data, there may need to be public and non-public versions of the report. During the workshop, multiple parties supported use of an IE to review and provide recommendations related to Evaluation Criteria. The IOUs support the use of an IE and have incorporated a proposal to contract with an IE according to the process outlined here. The IE will submit their own report, providing their own analysis and recommendations based on the data and the IOU's reports provided by the IOUs within 30 days of the IOUs submitting their report. The IOU and IE reports shall be considered during the DIDF annual reform process, during which the pilots are evaluated, and potential improvements in Year 1 and 2 and off-ramps in Year 3 are considered.[1] The analysis and reporting will occur after every pilot phase throughout the pilot's term. Both the IOUs and the IE would submit two annual reports during each pilot cycle—one for each phase.

b. Success Criteria

The Success Criteria assessment includes an analysis of three elements: 1) Procurement Results (Phase 1 only); 2) DER/Aggregator Performance (Phase 2 only); and 3) Local Distribution Reliability (Phase 2 only). Procurement Results assesses if sufficient DERs were procured to meet the grid need. DER/Aggregator Performance assesses whether the DER performed to meet the grid need and according to its contractual obligations. Local Distribution Reliability assesses 1) situations where procurement results are met, but operationally the full need of the deferral was not met, and 2) operational considerations whereby the distribution system is made less reliable in its normal configuration, as well as in abnormal configurations during planned and unplanned outages and equipment clearances.

The goal of the Success Criteria assessment is to determine whether the pilots were successful in meeting the stated objectives, as illustrated in in Figure 1.

Figure 1

Success Criteria	Standard Offer Contract Pilot	Partnership Pilot
Phase 1:		
Procurement Results	✓	✓
Phase 2:		
DER/Aggregator Performance	✓	✓
Local Distribution Reliability	✓	✓

1 Decision 21-02-006, p. 80.

Specific questions that the Success Criteria will analyze are listed in Figure 2.

***Figure 2*[2]**

Success Criteria	Questions to Analyze
Procurement Results	• Were sufficient DERs procured to meet the grid need? If not, why? • Were DERs cost-effective compared to the planned investment? • Of the projects selected for piloting, how many were successfully procured for? What is the percentage?
DER/Aggregator Performance	• Did the DER perform to meet the full grid need? If not, what percent of grid need was met? Why did the DER not perform? • Did the DER perform according to its contractual obligations? How long did it take the DER to respond? • How did the DER perform when called upon day-ahead and day-of? How many dispatch calls were requested and how frequently were they met? • Did technology or DER type affect performance? • Were any projects originally approved to participate ultimately deemed non-incremental? Provide additional detail.
Local Distribution Reliability	• Did the DERs defer the wires investment? Was a contingency plan implemented? • Were other measures taken to mitigate a violation (e.g., switching, temporary generation, etc.)? • Did a violation (e.g., overload, overvoltage, undervoltage, etc.) occur? If so, why? • Were there any service interruptions or was system reliability impacted? • Did the DER impact operational flexibility? If so, how? • Did the DER project impact asset health? If so, how?

c. <u>Performance Measures</u>

The Performance Measures are metrics that take a deeper dive into assessing elements of the pilots that can be used to inform potential improvements. These Performance Measures are broken down by pilot and phase as provided in Figure 3. The goal of this assessment is to identify areas where modifications may improve the efficacy of these pilots. Note, the SOC Pilot Performance Measures assesses only two elements while the Partnership Pilot assesses a total of nine, as defined in Figure 3.

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2 Operational Flexibility: When additional capacity is installed on the distribution system, it often increases the operational flexibility of the distribution system. For example, when a second bank is installed at a substation that previously only had one bank, it may become easier than before to clear the original bank for maintenance. DER projects may impact positively or negatively the operational flexibility of the distribution system and such a determination would be circumstantial. In some cases, the DER may limit operational flexibility when the DER cannot be switched to a different circuit. This would prevent segments of the distribution system from being switched abnormally. Alternatively, the DER may reduce downstream load and potentially enable switching that could not otherwise occur. This would increase operational flexibility if the DER can be switched to the different circuit.

Figure 3

Performance Measures	Standard Offer Contract Pilot	Partnership Pilot
Phase 1:		
Acceptance Trigger	✓	✓
Procurement Margin		✓
Subscription Period		✓
Tariff Budget		✓
Prescreening		✓
Marketing Partnership		✓
SOC Price Sheet	✓	
Phase 2:		
Customer Attrition and Experience		✓
Ratable Procurement		✓
Tiered Payment Structure		✓

Specific questions the Performance Measures assessment will analyze are listed in Figure 4.

Figure 4

Performance Measures	Qualitative Analysis	Quantitative Analysis
Acceptance Trigger	• Is 90% the appropriate trigger level? • How many projects met 90% of the need? 100%? 120%? • How did the type of project (size, location, etc.) affect each procurement milestone of pilot differently?	• Cycle time from launch to 90% (acceptance trigger, 100% (full need) and 120% (procurement margin) • Cycle time between each above milestone • # of Deferrals that hit 90%, 100% and 120%
Procurement Margin	• Was the 120% margin achieved? • Is 20% the appropriate reserve margin?	• Same as above
Customer Attrition and Experience	• Was there customer attrition? • At what stage did attrition occur? Did attrition occur because the subscription period was open too long? Did originally interested customers drop out before contracts were executed? • What were the specific reasons for attrition? Break down into categories if possible. • How was the customer experience? Were expectations cleared communicated? How can it be improved?	• Customer attrition rate during each phase of pilot • Customer satisfaction metrics
Subscription Period	• Should a minimum or maximum timeframe be placed on the subscription period/tranche? • Is the contingency date the appropriate end point for the subscription period? Were there additional steps needed because of the pilots? • Did customer enrollment happen gradually? Front loaded or at the tail end?	• Same as Acceptance Trigger metrics • Distribution of customer enrollment during subscription period • # and amount of Deployment payments
Ratable Procurement	• Did the grid need change? If so, did ratable procurement allow for an incremental procurement in line with the grid need changing? Or were DERs no longer required? • Did aggregators feel restricted by procuring DERs for one procurement tranche as opposed to procuring for the whole grid need? • Would non-ratable procurement (procurement of DERs to meet entire deferral need) have been more effective?	• Changes in forecast (MWs) over pilot lifecycle • Aggregator survey
Tiered Payment Structure	• At what point did aggregators receive the Capacity Reservation tier payment? Why? • Was there any difference in DER performance based on whether the customer received a deployment incentive? • Is the 20/30/50 breakdown of the incentive structure appropriate?	• Percentage new vs. existing DER customers • Percentage of enrolled customers that received 1) enrollment payment, 2) reservation payment and 3) performance payment
Tariff Budget	• Was the full 85% tariff budget paid? If not, why was it less than 85%? Or did it exceed 85%, and why? • Is 85% the appropriate tariff budget to account for procurement risk? • Did the deferral value change after IOUs could not update cost caps, and how did that impact cost-effectiveness? • Would administrative and other unexpected costs make the pilots non-cost effective? • How did the savings compare to savings for DER projects procured through an RFO?	• If contracts executed but 100% procurement was not reached, amount spent on deployment payments on top of contingency costs • Other costs associated with either pilot structure that would not have been incurred with other procurement mechanisms
Marketing Partnership	• How was the aggregator experience? How can it be improved? • How much traffic was there on the website and how did users move through the steps to receive marketing materials from vendors? • Should marketing costs be paid for by aggregators?	• Aggregator survey • IOU website tracking (# of clicks, navigation, etc.) • IOU website satisfaction survey • Costs associated with development of website and tracking
Prescreening	• Should prescreening costs be paid for by aggregators? • Did the prescreening process meet the intention to ascertain the experience, financial strength, and dispatch ability of DER providers? • If aggregators failed, why? What can be done to improve pass rate? • Are there any aspects of the prescreening process that can further streamline the contracting process? • Are there changes, additional criteria, or increased vetting of applications that should be included in prescreening?	• Prescreening costs • Number and percentage of pass/fail • Number of applicants during each prescreening period • Cycle time for processing prescreening applications
SOC Price Sheet	• Did bidders tend to bid at the same price? If not, what was the standard deviation?	• Prices points and deferral value, number of bidders at each

d. Data Collection

There were several questions at the workshop regarding who would be collecting what data for the purposes of Evaluation Criteria and reporting. The majority of the data will be collected by the Utilities, however, the DER aggregators will need to collect data regarding the following areas for the Partnership Pilot, and provide it to the Utilities as it becomes available or at the request of the Utilities for purposes of completing the Evaluation Criteria analysis and reporting:

- Customer Attrition and Experience
  - Total number of customers enrolled for each project, including date of enrollment
  - Number and percentage of customers that have unenrolled, including date and reason broken into categories, if possible
- Ratable Procurement
  - Aggregator survey conducted by the Utilities or a third party to determine the aggregators' preference for ratable procurement versus procuring for the entire need at once
- Tiered Payment Structure
  - Breakdown of the number and percentage of customers enrolled for each project that are new versus existing DER customers
  - Number and percentage of enrolled customers that received 1) enrollment payment, 2) reservation payment, and 3) performance payment
- Marketing Partnership
  - Aggregator survey conducted by the Utilities or a third party

While the aforementioned data will be the responsibility of aggregators to provide, utilities would provide the remainder of the data, including, but not limited to:

- Phase 1 – Procurement, data to collect includes:
  - Quantity of aggregators, customer affidavits
  - Changes in the forecast distribution need (date and quantity)
  - Incremental Costs
  - Customer experience survey conducted by IOUs or a neutral third-party
- For Phase 2 - Performance, data to collect includes:
  - Dispatch testing results
  - Tranche dispatch performance results (i.e., was dispatch met, quantity of required dispatches, and percentage met)
  - Operational related metrics

e. Off-ramp Criteria

Off-Ramp Consideration

The Decision provides an off-ramp mechanism that permits consideration of terminating the Partnership Pilot and/or the SOC pilot early if either are determined to be unsuccessful, independently for each IOU. As the Success Criteria is created to evaluate pilot success, off-ramp criteria is established to allow for termination if the pilots are determined unsuccessful upon evaluation of the Success Criteria. The SOC pilot calls for consideration of an off-ramp in Year 3 after two pilot cycles in which improvements would have been implemented, which is in 2023. The Partnership Pilot also calls for consideration of an off-ramp in Year 3, which is in 2024.

To determine if the pilots should be terminated per the timeline above, the off-ramp criteria listed below will be assessed. Both the IOUs and IE will make recommendations regarding off-ramping, based on the criteria. As discussed in the Decision, Energy Division, in consultation with the Distribution Planning Advisory Group (DPAG) is authorized to perform a mid-project evaluation at the beginning of Year 3 and the determination of whether to off-ramp the pilots will be discussed by parties during the annual pre-DPAG or DPAG meetings to determine whether to continue with procurement in the remaining pilot years.[3] These determinations should occur in 2023 for the SOC Pilot and 2024 for the Partnership Pilot, as required by the Decision.

In response to a question at the workshop about off-ramping too soon due to performance, it is noted that the utilities' contracts allow for different levels of performance before contract default occurs. This includes an initial performance test to demonstrate the Aggregator can perform under the contract, and minimum annual performance requirements over the term according to each utility's contract. SCE's and PG&E's contracts provide that performance for the entire cycle or season (not any one event within that cycle/season) will determine whether there is contract default. SDG&E's contract indicates that performance necessary to avoid contract default is tied to the specific distribution need which is being mitigated.

There was also a question posed at the workshop regarding whether it would be appropriate to determine now that an off-ramp for the SOC Pilot should not even be considered. The joint IOUs believe that it would be contrary to the clear intent of the Decision to pre-determine that an off-ramp for the SOC Pilot should not even be considered. Consistent with the Decision, a decision to off-ramp the SOC Pilot should be considered in 2023 and a decision to off-ramp the Partnership Pilot should be considered in 2024, with a decision made based on assessment of the off-ramp criteria discussed herein.

To clarify, off-ramping either of the two pilots would be separate decisions: one pilot could be terminated after two years if it is deemed unsuccessful, while the other pilot completes the pilot period. Further, consideration of off-ramping each utility's pilots should be evaluated independently of one another such that, for example, the SOC pilot could be terminated if determined unsuccessful in one utility's territory after two pilot years but maintained for another utility if determined successful for them. Each utility has a unique distribution system and unique customer base, and one pilot type may be better suited for one utility than another.

<u>Off-Ramp Criteria</u>

As mentioned above, for each utility, if one of the following criteria occurs for more than 50% of the projects in either pilot after the first two pilot years, an off-ramp can be recommended by the utilities:

- Phase 1: Procurement Results
    - Procurement was not reached for at least 100% of the need.
- Phase 2: DER and Aggregator Performance
    - DERs did not reach commercial operation in time to meet the grid need
    - DERs did not operate pursuant to the contract, resulting in termination of the contract.
- Phase 2: Local Distribution Reliability
    - DERs did not defer the traditional wires solution and a contingency plan was implemented.
    - As a result of DER performance, an operational issue or violation (e.g., overload, overvoltage, undervoltage, etc.) occurred and/or measures were taken to mitigate a

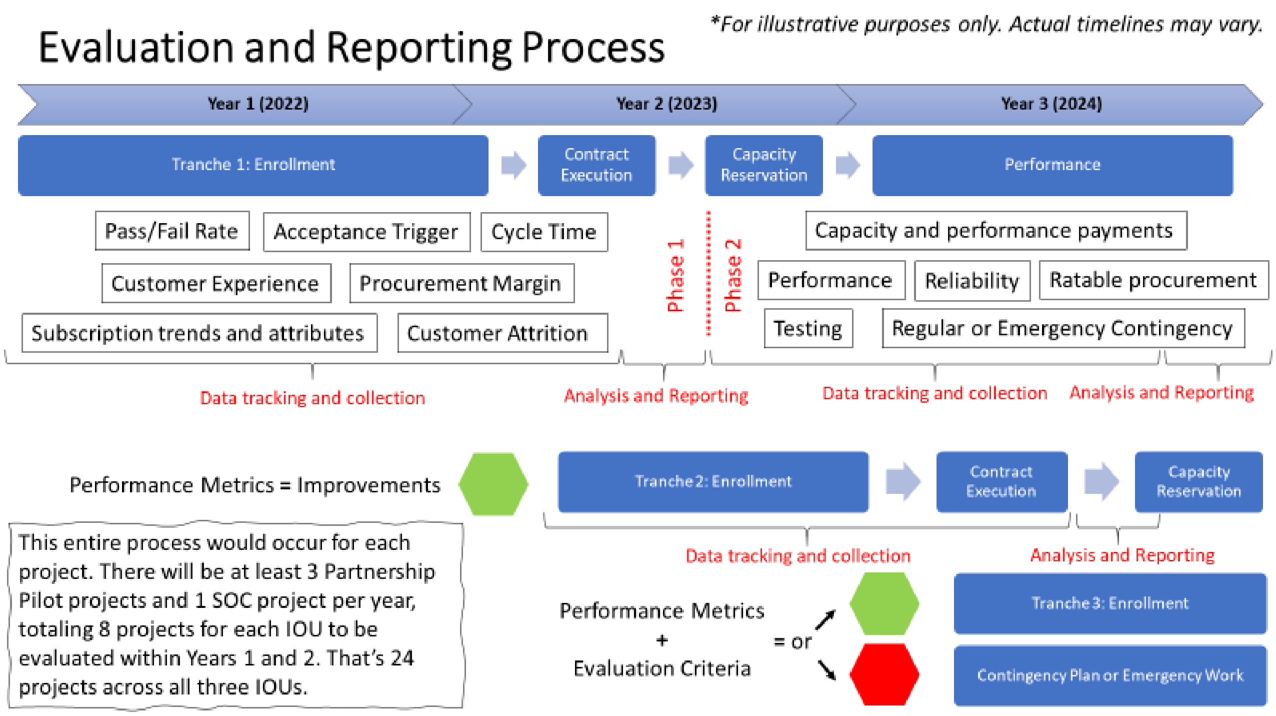
3 Decision 21-02-006, p. 40 and 61 .

violation (e.g., switching, temporary generation, load shedding, emergency construction, etc.).

- Asset health or operational flexibility was negatively impacted by the deferral and a significant local distribution reliability event occurred that would not have occurred with the planned investment.

- Phase 2: Other
    - Administrative costs, unavoidable contingency costs, and other unforeseen costs not included in the deferral value calculation resulted in the deferral being not cost-effective.

Figure 5 – Evaluation Process



f. <u>Additional Discussions at the Workshop Incorporated into the Final Joint IOU Proposal</u>

i. Cost-effectiveness

As the Joint IOUs have reiterated throughout the record on DER tariffs, it is critical that the total cost of the Partnership Pilot and the Standard Offer Contract Pilot be captured and considered to ensure cost-effectiveness and minimize impact to affordability for both participating and non-participating customers. This is especially important with these pilots as there may be higher and/or unanticipated costs related to implementation and emergency planning in the event of non-performance. Consistent with the cost recovery for the DIDF and other procurement done in the IDER and DRP proceedings, the Joint IOUs will track costs by major work categories that are determined to be incremental to costs the utility would have incurred absent the pilots—Administrative, Emergency Contingency and Contracts:

1. Administrative Costs
    a. System and/or website updates, IT costs
    b. Labor for prescreening, application processing, implementation, etc.
    c. Ongoing dispatch and management of DERs and contract
    d. Independent Evaluator (IE)

   e. Evaluation costs—surveys, data collection and analysis
2. Emergency Contingency Costs
   a. Emergency contingency-related costs due to non-performance such as equipment failure or inability to dispatch
3. Contract Costs
   a. Payments to DER providers, developers and/or aggregators

ii. Independent Evaluator

During the workshop, Public Advocates suggested that it could be helpful to hire an independent contractor to review the pilot evaluation process. Public Advocates asked parties to opine on this suggestion. The utilities agree with Public Advocates that Independent Evaluators would be helpful in confirming that (i) each utility's pilot evaluation report incorporates the information required by the joint IOUs' approved evaluation criteria, (ii) any proposed modification by a utility of its pilots are supported by the information in the utility's annual report and other publicly available information, and (iii) any recommendation by a utility to terminate one or both of its pilots is consistent with the off-ramp process set forth in this advice letter, as approved by the Commission.

The Joint IOUs propose that each IOU hire its own Independent Evaluator and recover the associated costs through their respective distribution deferral memorandum accounts. The Joint IOUs believe that these Independent Evaluators will enhance Commission and stakeholder confidence in the utilities' implementation of the pilot evaluation criteria and, if needed, pilot off-ramping.

II. ADDITIONAL CONSIDERATIONS DISCUSSED AT THE WORKSHOP BUT NOT INCORPORATED DIRECTLY INTO THE JOINT IOU PROPOSAL

This section discusses additional considerations that involved material discussion among stakeholders at the workshop, but were not ultimately adopted into the Joint IOUs' final proposal as part of the Evaluation Criteria. The joint IOUs discussed the feedback received and the rationale as to why the joint IOUs opted to exclude the feedback from this final proposal.

a. Distributed Energy Resources Management Systems (DERMS)

Clean Coalition's reply comments ask that the consequence of not implementing DERMS be evaluated.[4] The Commission already determined that DERMS is not a requirement for the pilots and the IOUs do not anticipate the pilots being limited, even if a full DERMS is not available at the time of dispatch.[5] Therefore, including Clean Coalition's suggested analysis would overly complicate the evaluation process and provide limited value.

Additionally, performing an analysis to determine the consequence of not implementing DERMS would itself require the implementation of some type of optimization algorithm to replicate dispatch scenarios with and without DERMS. Developing such an algorithm solely for evaluation purposes may be infeasible and impractical. For these reasons, an evaluation of the consequence of not implementing DERMS should be outside the scope of these pilots.

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[4] Clean Coalition Opening Comments on Evaluation Criteria, pp. 3-4.

[5] Decision 21-02-006, p. 30.

b. Processes to Deal with "Bad Actors"

An additional topic that arose during the workshop included questions around how IOUs would handle situations in which customers had consistently negative experiences dealing with "bad actors", or third parties who participated in the program with malintent. The IOUs will aim to primarily utilize contract terms to deal with such situations, as is normal practice within IOU solicitations, which could include dispute resolution, mediation, arbitration, or termination. The IOUs understand that unanticipated situations may arise, at which time the IOU will determine how best to deal with the "bad actor" if it cannot be done through contract agreements.

c. Integration Capacity Analysis (ICA)

During the workshop, parties advocated that a question regarding ICA be included in the evaluation criteria. Specifically, whether modifications to the utilities' respective ICAs would increase the overall success of the pilots. However, as discussed during the workshop, the Joint Utilities oppose including any questions regarding ICA as part of the evaluation criteria. Although the ICA is a tool that DER developers can use to assist in determining where to place DERs on the utilities' grid, it is out of scope in regard to these pilots. In other words, even if parties identify modifications to the ICA as part of these pilots, Energy Division and the Joint Utilities will be unable to make said modifications as part of the evaluation criteria. Moreover, any modifications to ICA should be addressed in the appropriate proceeding (DRP and Rule 21). Nevertheless, the Joint Utilities understand the importance of the ICA to stakeholders and note that parties are more than welcome to provide any informal feedback to Energy Division or the joint Utilities regarding any modifications to the ICA identified throughout these pilots.

d. Incrementality

During the workshop, incrementality was discussed as a way to evaluate the pilots. Incrementality is in the decision as a compliance item to ensure that there are no double payments. The joint IOUs agree with Energy Division that incrementality needs to be vetted for all customers subscribing with the third-party aggregators of the Partnership Pilot, however the IOUs may not always have access to the data necessary to verify that subscribed customers are providing incremental capacity as required by the Commission decision. The utilities will report out on incrementality issues where possible to help advise.

There are two categories of programs that should be vetted for incrementality: 1. Utility-Administered (In-Portfolio) programs and 2. Non-Utility-Administered (Out-of-Portfolio) programs. The Out-of-Portfolio programs must be vetted by the third-party aggregators prior to submission of a reservation for any given project to facilitate the reservation and confirmation of meeting the 90% trigger. The Out-of-Portfolio programs will not be identifiable by the Utilities as they will be dealing with the third-party aggregators and not the individual customers. Once the reservation submission has been made, the Utilities would need to validate the customer incrementality with the In-Portfolio programs.

Incrementality is clearly a compliance item that needs to be adhered to by both the utilities and the third-party aggregators. To address Public Advocates Office's concerns regarding tracking incrementality, the IOUs have added one question to the DER/Aggregator Performance section of the Success Criteria assessment to track unexpected outcomes related to incrementality.

e. Testing

During the workshop, the Independent Professional Engineer (IPE) inquired about whether a DER that is contracted and operational but does not perform because the grid need does not arise is still tested to ensure its ability to perform. In response to the IPE's question, the IOUs do indeed plan to conduct tests, regardless of DER performance during the dispatch period, in order to ensure that the DER can be called upon during a dispatch need when that need does arise. Within the IOUs' Pilot contract terms, there will be language that requires DERs to be tested before the eligible dispatch period. This initial test will provide IOUs with reasonable assurance that the DER can perform when called upon for dispatch. Subsequent tests may be conducted as well, according to contract terms.

EFFECTIVE DATE

This submittal is subject to Energy Division disposition and is classified as Tier 1 (effective pending disposition) pursuant to GO 96-B and OP 4 of D.21-02-006. The joint IOUs respectfully request that this submittal become effective on June 3, 2021, which is the date of this submittal.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received by June 23, 2021, which is 20 days from the date filed. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via e-mail to the address shown below on the same date it is mailed or delivered to the Commission.

<u>SDG&E</u>

Attn: Greg Anderson
Regulatory Tariff Manager
E-Mail: GAnderson@sdge.com and SDGETariffs@sdge.com

<u>PG&E</u>

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

SCE
Shinjini C. Menon
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California, 91770
Telephone: (626) 302-2277
Facsimile: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Tara S. Kaushik
Managing Director, Regulatory Relations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list and Service List R.14-10-003, by either providing them a copy electronically.

Address changes should be directed to SDG&E Tariffs by e-mail at SDGETariffs@sdge.com.

/s/ Clay Faber
CLAY FABER
Director – Regulatory Affairs

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: San Diego Gas & Electric Company (U902-E)

Utility type:

☐ ELC ☐ GAS ☐ WATER

☐ PLC ☐ HEAT

Contact Person: Aurora Carrillo
Phone #: (858) 654-1542
E-mail: ACarrillo@sdge.com
E-mail Disposition Notice to: ACarrillo@sdge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 3780-E

Tier Designation: 1

Subject of AL: Joint Submittal: Evaluation Criteria for the Partnership Pilot and the Standard the Standard-Offer-Contract Pilot of San Diego Gas & Electric Company, Pacific Gas & Electric Company and Southern California Edison Company Pursuant to Decision 21-02-006

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date: 6/3/21

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

[1]Discuss in AL if more space is needed.

Clear Form

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Greg Anderson
Title: Regulatory Tariff Manager
Utility Name: San Diego Gas & Electric Company
Address: 8330 Century Park Court; CP 31D 92123
City: San Diego State: California
Telephone (xxx) xxx-xxxx: (858) 654-1717
Facsimile (xxx) xxx-xxxx:
Email: GAnderson@sdge.com

Name: SDG&E Tariff Department
Title:
Utility Name: San Diego Gas & Electric Company
Address: 8330 Century Park Court; CP 31D 92123
City: San Diego State: California
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email: SDGETariffs@sdge.com

Clear Form

General Order No. 96-B
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

Public Utilities Commission
CA. Public Avocates (CalPA)
R. Pocta
F. Oh
Energy Division
M. Ghadessi
M. Salinas
L. Tan
R. Ciupagea
Tariff Unit

CA Energy Commission
B. Penning
B. Helft

Advantage Energy
C. Farrell

Alcantar & Kahl LLP
M. Cade
K. Harteloo

AT&T
Regulatory

Barkovich & Yap, Inc.
B. Barkovich

Biofuels Energy, LLC
K. Frisbie

Braun & Blaising, P.C.
S. Blaising
D. Griffiths

Buchalter
K. Cameron
M. Alcantar

CA Dept. of General Services
H. Nanjo

California Energy Markets
General

California Farm Bureau Federation
K. Mills

California Wind Energy
N. Rader

Cameron-Daniel, P.C.
General

City of Poway
Poway City Hall

City of San Diego
L. Azar
J. Cha
D. Heard
F. Ortlieb
H. Werner
M. Rahman

Clean Energy Renewable Fuels, LLC
P. DeVille

Clean Power Research
T. Schmid
G. Novotny

Commercial Energy
J. Martin
regulatory@commercialenergy.net

Davis Wright Tremaine LLP
J. Pau

Douglass & Liddell
D. Douglass
D. Liddell

Ellison Schneider Harris & Donlan LLP
E. Janssen
C. Kappel

Energy Policy Initiatives Center (USD)
S. Anders

Energy Regulatory Solutions Consultants
L. Medina

Energy Strategies, Inc.
K. Campbell

EQ Research
General

Goodin, MacBride, Squeri, & Day LLP
B. Cragg
J. Squeri

Green Charge
K. Lucas

Hanna and Morton LLP
N. Pedersen

JBS Energy
J. Nahigian

Keyes & Fox, LLP
B. Elder

Manatt, Phelps & Phillips LLP
D. Huard
R. Keen

McKenna, Long & Aldridge LLP
J. Leslie

Morrison & Foerster LLP
P. Hanschen

MRW & Associates LLC
General

NLine Energy
M. Swindle

NRG Energy
D. Fellman

Pacific Gas & Electric Co.
M. Lawson
M. Huffman
Tariff Unit

RTO Advisors
S. Mara

SCD Energy Solutions
P. Muller

SD Community Power
L. Fernandez

Shute, Mihaly & Weinberger LLP
O. Armi

Solar Turbines
C. Frank

SPURR
M. Rochman

Southern California Edison Co.
K. Gansecki

TerraVerde Renewable Partners LLC
F. Lee

TURN
M. Hawiger

UCAN
D. Kelly

US Dept. of the Navy
K. Davoodi

US General Services Administration
D. Bogni

Valley Center Municipal Water Distr
G. Broomell

Western Manufactured Housing
Communities Association
S. Dey

Copies to
AddisScott9@aol.com
ckingaei@yahoo.com
clower@earthlink.net
hpayne3@gmail.com
puainc@yahoo.com

Service List(s)
R.14-10-003

PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison Schneider & Harris LLP Energy Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
ICF
IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy