

**Integrated Distributed Energy Resources Proceeding (R. 14-10-003)  
Competitive Solicitation Framework Working Group (CSFWG)**

Subgroup 4a. Timeline, 4b. Spectrum of Oversight and 4c. Roles of Distributed Resources Planning (DRP) Proceeding, the Distribution Planning Process (DPP) and Linkages

**Summary of Subgroup Consensus and Future Discussion Items**

July 11, 2016

**1. Distribution Planning Advisory Group (DPAG): (Some Consensus)**

The subgroup recommends creating a distribution planning advisory group (DPAG), which reviews the following:

- (1) *Proposed distribution deferral projects*, including review of integration capacity analysis (ICA) and locational net benefits analysis (LNBA) with respect to how they inform the investor-owned utilities' (IOUs) distribution deferral project choice.
- (2) *Routine distribution planning activities* such as:
  - a. Circuit Reliability- Distributed Energy Resources (DER) Deferral Project Review
  - b. Operations and Maintenance Activities – DER Deferral Project Review
  - c. Circuit Reliability – DER Deferral Project Review

Additionally, Vote Solar suggested additional DPAG activities in comments. These ideas are not yet vetted by the subgroup but are offered here for further consideration.

- (1) Use DPAG to evaluate current and projected DER performance capabilities, costs and innovative DER portfolios and solutions.
- (2) Review potential additional grid services for prospective DER solutions.

The subgroup failed to reach consensus on a schedule for the timing (as-needed, monthly, quarterly, semiannually, annual) and mode (in-person or teleconference) of DPAG meetings, but it is likely that further discussions will bring this matter to a sensible resolution.

The subgroup failed to reach consensus on the ability of market participants (MP) to participate in some way within the DPAG. IOUs raise confidentiality concerns related to MP participation. Other parties expressed interest in MP participation in the DPAG related to some or all of the DPAG activities discussed above. This appears to be a divisive issue ripe for party comment on the working group report and resolution through Commission decision.

**2. Expanded PRG activities to incorporate DER deferral projects: (Divided)**

Some subgroup members recommend that bid review for compliance with technical specifications for grid deferral projects rest solely with the existing PRG group, which should employ an Independent Professional Engineer (IPE) (discussed in detail below) to give PRG members sufficient confidence to determine a bid's technical capability to meet a distribution grid deferral project's needs. Other subgroup members recommend reviewing bids in the DPAG group where non-IOU parties are more likely to send representatives with sufficient technical expertise to evaluate the bid's ability to meet distribution deferral project technical requirements.

### **3. Professional Independent Engineer (IPE): (Mostly Consensus)**

The subgroup recommends adoption of an IPE to independently evaluate distribution planning activities and all distribution deferral projects, providing input to the DPAG and the PRG.

An IPE would generally be required to possess the following credentials: (1) Degree in engineering and specializing in Power, (2) California Licensed Professional Engineer (PE), (3) familiarity with the distribution grid, (4) familiarity with technical specifications of various types of DER.

An IPE pool consisting of at least two IPEs per IOU would be chosen by a competitive process. IPEs would not overlap within IOU IPE pools. The IPE can be a consultant or employed solely for this purpose.

Subgroup members agree that IPEs must be free from conflicts of interest. To avoid a conflict of interest, or the appearance of a conflict of interest, some parties also recommend the Commission Energy Division (ED) contract the IPE directly or that ED manage the contract directly as a reimbursable contract authorized by Commission Order in the IDER, where cost recovery occurs through the Energy Resources Recovery Account (ERRA). Other parties recommend IOUs manage the IPE contract with costs reimbursed through ERRA, as is currently the process for Independent Evaluators (IEs) in the procurement process.

Subgroup members support the following work product for IPEs:

#### (1) Reports of DER Deferral

##### Example IPE Report Template

1. Describe in detail the role of the IPE throughout the need determination and subsequent solicitation.
2. Is the IOU's methodology for the DER deferral project evaluation and selection designed fairly?
3. Were the contracts selected likely to defer the wires-only distribution planning need? (This should include a thorough analysis of the solicitation results.)
4. Describe the DER deferral and state the wires solution deferred with particularity. The IPE report should indicate, to the extent applicable, how and where the DER deferral relates to expenditures previously authorized in the IOU general rate case (GRC) for accounting purposes.

(2) Presentation to DPAG on specific distribution deferral need authorization.

(3) Presentation to PRG on bid contract's ability to meet distribution deferral.

Some parties recommend the IPE help track distribution infrastructure deferred through DER in a report submitted contiguously with the IOU's GRC. Other parties do not support IPE preparation of this GRC-related report.

Also, some parties recommend creating a standard pro-forma contract and a standard conflict of interest form for IPEs. Other parties suggest this is unnecessary.

### **4. Distribution deferral project need authorization and bid approval process: (Additional Work Recommended)**

The Commission authorization and approval process elicited a robust discussion from select stakeholders but input through worksheets was limited to one party, SCE. This suggests that further development of informational material and time for party consideration are warranted for this important topic.

During the subgroup discussion, several parties expressed a desire to expedite distribution deferral project review. Some participating subgroup members discussed a preference for categorizing distribution deferral projects as either near-term or long-term, depending on the DER deferral project's required operational date. One party expressed concern with multiple procurement mechanisms potentially disadvantaging certain DER types or portfolios.

*Deferral projects with long-term planning horizons:* Participating subgroup members suggested agreement for approval of long-term deferral project need authorization using a Tier 3 advice letter submitted as identified through the annual distribution planning process. An application or advice letter could serve as a vehicle for contract authorization. The subgroup reached no consensus on the mechanism for bid approval subsequent to solicitation. The Office of Ratepayer Advocates' (ORA's) roadmap materials in the June 15, 2016 roadmap documents presentation, slide 5, suggest that multiple approval mechanisms may be available depending on the length of contract and the value of DER to the distribution deferral process versus other value DER can provide to the grid.

*Deferral projects with near-term planning horizons:* Participating subgroup members generally supported the concept of a DER deferral procurement plan for projects with a near-term project horizon, though there is no agreement on the frequency for filing this plan. Similar in concept to Bundled Procurement Plans currently used, the DER deferral procurement plan would discuss DER deferral more generally and create upfront standards for DER procurement for distribution deferral. IOUs would submit the DER deferral procurement plan as an application, or submitted in an on-going proceeding, for Commission review. Subsequent need authorization and contract bid approval would proceed under low Commission scrutiny such as through Tier 1 advice letters.

Parties expressed concerns regarding the ability of the current working group to implement a DER deferral procurement at this time, as the plan depends on the creation of up-front standards which are not yet developed or vetted. Additionally, parties expressed concern that the current scope of the working group may limit development of the DER procurement plan as it precludes discussion of the relative merits of using Tier 1 advice letters through upfront-standards or through tariffs. Additionally, the relative merit of contracting through solicitations versus bilateral contracting is out of scope for this working group. Further development of the DER procurement plan for projects with near-term planning horizons may benefit from further discussion in subsequent forums with a wider scope.