

July 11, 2016

### **CSFWG Sub-Team 3A – “Role of Loading Order”**

**Sub-Team 3A was tasked with determining whether a consensus exist related to whether the Loading Order should apply to competitive solicitations for distributed resources deriving from the Distributed Resource Plans (DRPs).**

**Consensus:** With regards to the competitive solicitation framework and the procurement of distributed resources under the DRP, Sub-team 3A reached a consensus that the existing state Loading Order did not seem applicable (at least at this time). Rather, the team consensus was that the appropriate model would be to use PUC Code Section 766 as the guide for the competitive solicitation, unencumbered by the Loading Order, coupled with a “net benefits test” to determine which bids should be selected in the competitive DER solicitations. In the future, for example when distributed resources are competitively procured in the context of all-source IRP/LTPP solicitations or when DER resources are evaluated against non-distributed resources, then the role of the Loading Order should be addressed.

**Background:** The observation was made by many members of the team that the Loading Order did not appear to be applicable in the context of the DER/DRP at this time. The state’s most recent Energy Action Plan (2008) stated that the existing Loading Order “established that the state, in meeting its energy needs, would invest first in energy efficiency and demand-side resources, followed by renewable resources, and only then in clean conventional electricity supply.” Thus, the perception is that the Loading Order was viewed as addressing generation resources, and many resources competing in the context of the DRP and distribution-deferral (e.g. wires deferral) may not be defined as generation resources or fit the Loading Order per se.

Examples of resources not matching the loading order but expected to be considered as providing distribution products/services and or distribution deferral value including storage, Electric Vehicles, etc.

The issue was raised whether the competitive procurements for distributed resources would be conducted separately from other resource procurements or, alternatively, at some point in time would distributed resources be procured in a competitive “all source” solicitation in which non-distributed resources also compete. This might be driven by Integrated Resource Planning (IRPs) and/or the IRP/LTPP context. The team determined that this issue, while potentially real, was premature at this point in time. The consensus was that, if and when distributed resources are competing against other non-distributed resources in a procurement context, then the question as to whether the state’s adopted Loading Order applies needs to be addressed.