

**Informal Post-workshop Comments of the Joint CCAs**  
**May 12, 2022**  
**Rulemaking 21-06-017**

The Joint CCAs appreciate the opportunity to provide post-workshop comments following the May 3, 2022 workshop kicking off evaluation of Distribution System Operator (“DSO”) models for California as part of Track 2 of the High DER Future OIR, R.21-06-017. In response to the questions presented in the white paper, Evaluating Alternative Distribution System Operator Models for California (“white paper”), and comments and presentations at the workshop, the Joint CCAs offer the following observations.

**Process:** The Joint CCAs generally support the idea of using Grid Architecture principles to define objectives for the DSO as described in pages 14-17 of the white paper. However, we share concerns raised by stakeholders that the white paper appears to presume objectives for the power system that have not been discussed by parties in the docket.<sup>1</sup> We strongly support revisiting the framework of workshops for the docket to ensure that parties first define the high-level objectives for the power system, then develop the necessary requirements to achieve those objectives, and only once these two steps are complete does discussion of functions required to meet these objectives begin. As part of this process, community stakeholder engagement should be incorporated into these two foundational steps. We support party comments identifying the process utilizing the R.20-08-022 and R.19-09-009 as models for community workshops and presentation of proposals to the Commission on the record.<sup>2</sup> We view these parties as articulating the need to ensure we understand the Problem Domain before we move into the Solution Domain.

**Developing a record:** The Joint CCAs share concerns raised by other parties and workshop participants that the current Gridworks proposal is thin on opportunities for parties to provide formal, on-the-record proposals and analysis as part of development of the record upon which the Commission will base its decision.<sup>3</sup> The current process which consists of workshops without transcripts and an En Banc is simply insufficient to afford parties reasonable opportunities to present their views on the functions and objectives of a DSO, present proposals for a DSO, and comment on other parties’ proposals. Our concern is heightened by the fact that very little time was allotted at the May 3<sup>rd</sup> workshop for parties and other workshop participants to discuss the questions presented in the white paper. While these questions were framed as “for party consideration” it is unclear when parties who considered these questions will be able to provide their views on these questions in a formal manner so that a record can be developed upon which a Commission decision can be based. Unless there is a serious course correction in process to allow development of a record, we fear that this docket will become “an academic/technical exercise no-one buys into.”<sup>4</sup>

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<sup>1</sup> See California Alliance for Community Energy and Wild Tree Foundation Joint Proposal at pgs. 1 and 4. (“Joint Proposal”)

<sup>2</sup> See Joint Proposal at pg. 6.

<sup>3</sup> See Joint Proposal at pg. 6.

<sup>4</sup> See UK Experience of Evaluating DSO Models, Jason Brogden, May 3, 2022, slide 7, Key Takeway #7 (“Invest in stakeholder engagement to make the most of opportunities for everyone or the risk is you are left with an academic/technical exercise no-one buys into.”)

**Words Matter:** As part of this initial conversation on objectives, it is critical that participants in the discussion align on a common set of terms to utilize in the discussion. As noted by the Joint CCAs at the May 3<sup>rd</sup> workshop, we prefer use of the term “distribution market operator” (“DMO”) when discussing the entity that will form and operate a market for services that “ride” on the distribution system and is distinct from the term “distribution system operator” (“DSO”). Such a distinction is important given the fact that entities beyond the investor-owned utilities are already providing market forming services to unlock the value of distributed energy resources for energy consumers in California.

Moreover, certain parties in the docket appear to be taking the view that Public Utilities Code Sec. 399.2 presents a legal barrier to certain DSO models being discussed in the docket. The Joint CCAs disagree with this view generally and believe that a careful distinction between market-forming/value unlocking functions of a DMO and operation/maintenance of the distribution system by a DSO is critical in illuminating roles and responsibilities that are harmonious with current California statutes. Careful use of common terms can also help illuminate what aspects of state law need to change to reach the desired objectives for a DMO and a DSO.

The Joint CCAs also noted at the workshop that we prefer a blended definition of “distributed energy resources” that expands beyond Public Utilities Code Sec. 769(a)<sup>5</sup> as DERs can be both in-front-of-the-meter and behind-the-meter resources. The FERC definition of DERs discussed in the white paper appears to recognize this fact and is more inclusive of the range of DER options available.<sup>6</sup> The Joint CCAs offer these observations to illuminate the fact that having an opportunity to discuss terminology to arrive at common terms and definitions is essential so parties have a common language to speak to each other over the course of Track 2.

**Use of Grid Architecture process:** Grid Architecture processes appear helpful in providing a framework for evaluation of DSO/DMO models because the Grid Architecture process can be used to manage complexity, assist communication among stakeholders, identify barriers that need to be addressed to arrive at desired end-states, and identify gaps in current technological capacities, organization of the energy system/markets, and regulation. In this sense, at the highest level, the four-step logic identified in the white paper<sup>7</sup> appears to be a reasonable framework to guide stakeholders. However, as noted, the process proposed by Gridworks appears to skip over the first two steps of the Grid Architecture framework.

Moreover, other efforts may be necessary to assist stakeholders in coming discussions. For example, production of Industry Structure Model that show the linkages and relationships

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<sup>5</sup> PU Code Sec. 769(a) states: For purposes of this section, “distributed resources” means distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies.

<sup>6</sup> Citing FERC Order 2222, the white paper notes: “Meanwhile the FERC defines DER as “any resource located on the distribution system, any subsystem thereof or behind a customer meter.” Technologies included in FERC’s definition include electric storage resources, intermittent generation, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment.”

<sup>7</sup> See White Paper at pg. 14-15 (“These methods begin with a four-step logic: first, define high-level objectives for the power system; second, determine the necessary requirements to achieve those objectives; third, translate these requirements to functions required to meet the requirements, and; fourth, assign those functions to key players.”)

between key components of the energy system “as built” in California may also be helpful to stakeholders in understanding the complexity of the overall energy system. An Industry Structure Model can illuminate the relationships between the electrical topology of the system, the regulatory structure of the system, the industry structure, technologies and controls, and the relationship between other networks. Understanding these interrelated aspects of the current system can be illuminated by allowing for the relationships to be toggled on and off so that relationships can be seen among the various features of the current system. Having this understanding in a graphical interface can reduce complexity and help illuminate how proposed changes impact the system on different levels.

Having stated our support for using Grid Architecture principles to inform stakeholder discussions, the Joint CCAs are cognizant of the fact that the field is very technical and, therefore, could represent a significant barrier to participation in stakeholder discussions. This fact stands in tension with the clear desire of parties in the docket to have a more inclusive stakeholder process. To ensure that all parties have an opportunity to participate, the Joint CCAs believe the timeframes for Track 2 will need to be extended so that development of each of the four steps of the Grid Architecture process can occur at a pace that allows for workshops to explain how Grid Architecture is used and how it can be implemented as relevant in each stage of the discussion. In this regard, slide 4 of the UK Experience of Evaluating DSO Models is instructive. The UK process appears to have used a five-year process to arrive at a DSO Implementation Plan with one year being spent at the beginning developing a solid foundation of definitions, functions, principles, and facilitation in 2017. While we do not support a five-year timeframe for discussions in this docket, it may be necessary to lengthen the time allotted to Track 2 to allow parties to inform the development of foundational aspects of the coming effort so that there is buy-in on these basic foundations. There is no statutory deadline driving resolution of this discussion to any date so we support taking the time necessary to ensure an informed and robust stakeholder discussion can be undertaken as a core means to ensure “buy-in” by as many participants as possible.

In conclusion, the Joint CCAs appreciate the effort taken by the Commission staff and Gridworks to kick off efforts to develop a recommended DSO model. However, taking a step back to take the time needed to ensure community engagement – particularly during the development of steps 1 and 2 of the Grid Architecture framework – will bear fruit by increasing buy-in among the diverse stakeholders in this discussion. As part of taking the time needed to ensure robust participation, the final process should have clear opportunities for parties to develop comments and proposals that are on the record. Development of the record is essential to allow the Commission to arrive at a decision that is informed by a formal record as required by state law.