

**California Alliance for Community Energy and Wild Tree Foundation Joint Proposal:  
CPUC Proceeding R.21-06-017 Track 2  
Distribution System Operator Roles and Responsibilities  
Community Stakeholder Engagement Process  
May 2022**

Signatories: The Climate Center, Center for Biological Diversity, Center for Community Action and Environmental Justice, Center for Community Energy, Grid Alternatives, Local Clean Energy Alliance, Reimagine Power, Sierra Club, 350 Bay Area



## I. Response to Gridworks White Paper Proposal

The Track 2 Gridworks proposal, *Evaluating Alternative Distribution System Operator Models for California* (the “white paper”) states, “The paper aims to provide an on-ramp for all participants in the California process, leveling the playing field and engaging parties in a process we intend to be open and creative.” For this process to successfully level the playing field, the participants in this process would have to include many stakeholders who are not formal parties to this proceeding - in particular, the many communities which have been most impacted and will continue to be most impacted by how the distribution system is operated, and which could most benefit from distributed energy resources (DERs).

The white paper is not an on-ramp for participation by such community stakeholders. The paper is difficult even for many who are parties to the proceeding to understand, including those who are knowledgeable about the current barriers faced by our communities to robust DER deployment. To follow the white paper, a reader needs a relatively sophisticated understanding of the transmission and distribution system technology, regulations, and practices.

For example, the paper states, “a Grid Architecture is the application of system architecture, network theory, and control theory to the electric power grid” – this statement assumes that readers are familiar with all of these concepts. The white paper is replete with such commentary, little of which is defined or explained, and all of which is out of reach to community stakeholders. Rather than an “on-ramp” for most community stakeholders, the white represents a substantial obstacle to understanding the issues, let alone “open and creative” participation.

Core to the Commission's goals and commitments under its adopted and recently updated Environmental and Social Justice Action Plan related to this proceeding is the existing presence and future removal of community stakeholder barriers to effectively utilizing the distribution grid. Proposing a stakeholder engagement process that requires substantial technical and procedural sophistication at the outset not an appropriate “kick off” to the Track 2 stakeholder engagement process.

In addition, the Track 2 white paper’s workshop process sidesteps what, according to the paper itself, is the accepted methodology for developing an energy distribution system architecture, which “begins 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.”

Instead, the white paper’s proposed Track 2 process (despite earlier proposals of the Climate Center and UCAN) skips over the first two steps entirely, focusing on functions (“Essential 2030 Operations”) without having established the objectives of a DSO model or the necessary requirements to achieve these objectives. Hence, the process jumps directly into Essential 2030 Operations and leaves out any meaningful community stakeholder participation in anchoring the objectives of the Track 2 initiative.

What has been proposed in the white paper is a consultant engagement process, not a community stakeholder engagement process. The entire white paper process, as proposed, is based upon a set of workshops. There does not appear to be any plan for developing a formal record based upon community stakeholder input or engagement.

Notably, there is no provision even for parties to be able to propose DSO models outside of the workshops. The only plan for on-the-record, party engagement (not including community stakeholders) is at the end of the process in the form of comments on the consultant’s draft *Future Grid Study*. This is not acceptable. CACE and Wild Tree propose that the Track 2 process and commentary be centered around not just workshops, but on-the-record DSO proposals.

We propose the issuing of a new guiding document to replace the white paper—one that is actually an invitation and a practical plan for a broad, diverse set of stakeholders to engage in a process that will encourage meaningful community stakeholder engagement and participation.

## II. California Alliance for Community Energy and Wild Tree Foundation Proposal

1. **Guiding Document:** Issue a *new* guiding document to replace the white paper that provides information that is relevant and accessible to all stakeholders. The content of such a guiding document should include, but is not limited to, sections that accomplish the following:
  - Explain what DERs are and the many potential benefits—economic, environmental, and social justice—they can provide to our communities, including mitigating the impacts of climate-related disruptions, preemptive power shutoffs, and dramatic rate increases, and enhancing energy justice at the community level;
  - Explain that DERs are also crucial to a state electrification program that would not dramatically increase California's energy footprint and the ecosystem destruction that would imply;
  - Explain how the existing regulatory framework for IOU control and operation of the distribution system has been the main barrier to the growth of DERs;
  - Situate this Track 2 as finding an alternative to the distribution utility status quo, one that could address the above issues;
  - Conclude that the state's DSO model constitutes high stakes for our communities and therefore demands their meaningful engagement in the Track 2 process, using the DSO model processes conducted in other regions, as discussed in the current white paper, to show how, despite years of deliberation, those processes did not change the status quo in any meaningful way. The absence of community stakeholder engagement was likely the factor that resulted in what the white paper calls a “Hybrid A” DSO Model—California's *current status quo*.
  
2. **Objectives:** Begin Track 2 with a community stakeholder-focused process to develop objectives that represent community needs, rather than only utility needs. The white paper assumes DSO objectives that have not yet been fully developed or vetted by community stakeholders and therefore lack legitimacy for those stakeholders. Objectives assumed in the white paper do not represent or conform to the CPUC's own Environmental and Social Justice 2.0 goals and objectives. While the scoping memo has provided a starting point for consideration of DSO alternatives to the current status quo, the white paper lacks a process for development of community-focused objectives.

3. **Other States / Countries Processes:** Do not center the Track 2 process around other states' and countries' ineffective attempts to reconfigure their grid operations.
  - The efforts described in the white paper are hardly models to be followed by the CPUC. It apparently took three years for Australia to arrive at where it began, essentially a “Hybrid A” DSO model—the California status quo. The UK likewise seems to have taken five years to approve a DSO model of the same type. New York has apparently accomplished very little since it began working on the DSO issue in 2015. California can and needs to be an innovator in addressing community and public needs, not just rely upon past unsuccessful and inefficient efforts.
  
4. **Track 2 Workshops:** Hold workshops to facilitate the development of community stakeholder DSO proposals.
  - The White paper states that it accepts Workshop Proposal C with adaptations, but it changes that proposal so much that it is unrecognizable. Notably, the first two workshops in Proposal C—which are critical for community engagement—have been eliminated (see Table 1 below, highlighted cells).
  - The white paper workshops proposal also does not follow its own methodology for developing an energy distribution system architecture, which “begin[s] 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” (White Paper at page 14). The proposed workshop flow in the white paper skips steps one and two (see Table 1, highlighted cells).
  - Building upon the Workshop Proposal C and the four-step methodology, CACE and Wild Tree propose the following set of workshops (see column 4 in Table 1). Notable in this proposal is the addition of a precursor workshop focused on producing a community stakeholder engagement plan to be approved and implemented before the following workshop. While this may increase the timeframe of Track 2, it will dramatically improve the result. *Excluding meaningful community engagement to meet arbitrary deadlines is at the heart of institutionalized inequity.*

**Table 1: Workshop Proposals**

(Note: Highlighted cells represent very similar workshop content)

Workshop	Workshops Proposal C	White Paper Proposal	CACE/WTF Workshops Proposal
Stakeholder Engagement			Engage stakeholders and parties in process to produce a Draft Community Stakeholder Engagement Plan, including Guiding Principles and a plan for funding participation by community leaders and CBOs
#1	Define high-level public policy objectives	Identify the Essential Operations of the distribution grid in 2030 (Parties, with Facilitator guidance)	Engage stakeholders and parties in defining societal goals and public policy objectives of High DER Future and in identifying current barriers to achieving these goals and objectives
#2	Identify desired outcomes and system performance characteristics	Provide additional information to inform gaps between current status and the identified 2030 Essential Operations and deduce any gaps (Parties, with facilitator guidance)	Identify performance characteristics and requirements for the distribution system to remove barriers and deliver goals, outcomes, and objectives in #1
#3	Specify operational and functional requirements and interdependencies	Present DSO model proposals and receive feedback (Proposing Parties)	Identify essential operations and functions for meeting the requirements in #2
#4	Determine the organizational structure and roles of market participants, IOUs and other stakeholders within the DSO model	<ol style="list-style-type: none"> <li>1. Identify barriers to various DSO model implementation (Parties, with facilitator guidance)</li> <li>2. Identify actions to overcome various barriers (Parties, with facilitator guidance)</li> <li>3. Identify tradeoffs, pros and cons (Parties, with facilitator guidance)</li> </ol>	Assess alternative ways to specify roles and responsibilities of the grid operator and other parties needed to carry out the essential operations

5. **Track 2 Proceeding Record:** Center the Track 2 proceeding around on-the-record workshop deliberation of issues and subsequent post-workshop DSO proposals to the Commission for consideration.
- *Develop a record of workshop presentations/discussions:*
    - All workshop presentations must be recorded and transcripts made part of the record;
    - For each workshop, all presentations and discussions should be summarized by the facilitator in a report on that workshop;
    - Parties and stakeholders may review and submit comments on the record regarding the workshop report;
    - Revised workshop report must be responsive to comments and made part of the Track 2 proceeding record.
  - *Develop a record of DSO Proposals:* Following the conclusion of the workshop process, the proceeding will invite formal DSO proposals. An essential component of the community stakeholder engagement process is the opportunity for such stakeholders to provide DSO proposals for consideration by the Commission. The white paper process, which results only in facilitator consultant proposals, is not a stakeholder-driven process, and this is not acceptable. DSO proposals should be handled as follows:
    - They should be part of the formal proceeding record
    - They should not be filtered through a consultant but filed directly with the Commission as part of the record of the proceeding.
    - There should be opportunity for open discussion of all the proposals and parties should be able to file formal comment and reply comments on other proposals.
  - *Use CPUC Processes as Models:* In R.20-08-022 and R.19-09-009, the Commission solicited party proposals. In both proceedings, party proposals were not filtered through any consultant but were directly filed with the CPUC as part of the record of the proceeding.
    - **R.20-08-022:** All parties were invited to directly provide proposals for new methods of clean energy financing. The Commission provided a common template for proposals. After proposal submissions, there will be “community workshops” on the proposals. These “should, at a minimum: 1. Provide summaries of the proposals and discuss any IOU financing programs included in the February 15, 2022 energy

efficiency business plans to the broader public; 2. Be held in a format accessible to all customers that may choose to participate in the proposed program(s); and 3. Seek feedback from entities that are not able to formally contribute to the Rulemaking as a party, including local community based organizations, local governments, and tribal organizations and governments.” (R.20-08-022, Amended Scoping Memo at p. 11.) The energy division will then hold “An additional workshop to develop consistent metrics, reporting requirements, and evaluation strategies for each of the proposed clean energy financing programs.” (*Id.* at p. 12.) Following the workshops, parties will then have an opportunity to provide on-the-record comments and reply comments on all proposals and the Commission will then evaluate the proposals in its decision.

- **R.19-09-009:** The Commission solicited party proposals on use of microgrids to expedite or accelerate clean energy project development as soon as possible for net peak hours. The ALJ provided a series of questions to be answered in each proposal. Parties had the opportunity to provide on-the-record comments and reply comments on the proposals.

### **III. Conclusion**

This proposal provides alternatives to the white paper’s Track 2 workshop process. It proposes ways to meaningfully engage community stakeholders in an open and creative effort to establish a DSO model for California that addresses the urgent energy, resilience and equity needs of our communities, a process that conforms to the CPUC’s Environmental and Social Justice Action Plan.

The proposal calls for a revised white paper to engage community stakeholders, participation of such stakeholders in setting the objectives of a DSO model, recognizing the failure of DSO design efforts in other countries and states, revising the Track 2 workshops to highlight key issues in formulating a DSO model, and creating a formal record of both the workshops and DSO proposals. This Track 2 proceeding has very high stakes for California in shaping a DSO model that meets community needs rather than only those of the incumbent investor-owned utilities.