OPPOSITION TO PROPOSED DISTRIBUTION GRID AMENDMENT TO SB 100

We, a coalition of clean energy businesses and environmental organizations, strongly oppose the proposed amendment to SB 100 (de León) that would eliminate competitive local clean energy and create arbitrary roadblocks to grid modernization, reliability and safety. The proposed amendment would prohibit the CPUC from authorizing the procurement of distributed energy resources (DERs) – including solar, storage, demand response and energy efficiency – unless strict, prohibitive conditions are met. The amendments could effectively block customers from installing solar, battery storage, and demand response technologies, possibly even in their own home.

These proposed amendments would stifle innovation and advancement of clean energy technologies, prevent the growth of a broad green-collared workforce, and dampen investment in clean tech businesses in California. These proposed amendments should be rejected for the following reasons:

- **DERs improve safety and reliability** – increasingly important with a more volatile climate.
- **Overly broad** – the proposed amendments would erect significant roadblocks for rooftop solar, battery storage, smart EV charging, smart appliances and possibly even a smart thermostat like a Nest, to provide grid services.
- **DERs save ratepayers money** – DERs can offset the need for expensive utility infrastructure.
- **Customer Empowerment** – everyday Californians should experience and participate in the state's path to 100% clean energy.
- **In search of a problem** – the proposed amendments wrongly imply that private companies are trying to take over the utility role in managing the grid, when in reality DERs rely on a well-functioning utility grid and a well-orchestrated partnership with the utility.

In sum, the proposed amendments are unrelated to the intent of SB 100, undermine the path to 100% clean energy, and are antithetical to the goals of reducing ratepayer costs and letting Californians participate in our clean energy future. Expanding on the points above, these proposed amendments should be rejected for the following reasons:

DERs IMPROVE SAFETY AND RELIABILITY: Local clean energy investments already include strict safety and grid stability requirements per code and interconnection rules. To suggest that DERs inherently destabilize the grid and create safety problems is false. In fact, DERs help make the grid more stable by reducing congestion, directing resources where needed, and creating flexibility, among other values. This is why the CPUC has identified DERs as a key component of improving California's electric grid to make it more resilient and cost-effective.

DERs SAVE RATEPAYERS MONEY: Local resources delay or entirely avoid expensive grid upgrades, saving ratepayer money and enabling higher levels of clean energy. Today, utilities can solicit projects that meet certain needs (reducing demand on a circuit through solar and storage), target energy efficiency incentives in certain areas of the grid, or create rates and tariffs to meet local distribution needs. According to a recent CPUC report, utility spending on distribution grid upgrades has doubled in the past decade, placing upward pressure on rates. Electricity rates have risen at more than double the rate of inflation since 2012. As California races to decarbonize, the need to find more cost-effective alternatives to integrating large amounts of renewable energy will be critical to saving ratepayers money.

CUSTOMER EMPOWERMENT: The proposed amendment would undercut individual home owners and businesses from investing their own money in local clean energy resources. We want customers engaged in our clean energy future. It will take everything to get to 100% clean energy and we want to leverage private investment in DERs, as opposed to ratepayers paying 100% for utility investments.

A BIG ENOUGH MARKET FOR EVERYONE: Distributed energy makes up 6-8% of California's electrical generation, with 7 GW installed statewide. This means over 90% of California's electricity is coming from power plants built or procured by utilities. SB 100 increases the renewable mandate to 60%, giving utility procured generation a guaranteed majority hold on the future. Even as distributed energy grows (CEC estimates 16 GW by 2030), it will remain a smaller percentage of the generation mix compared to utility resources. As California electrifies transportation, demand for clean electricity will increase. There is more than enough work to go around and utility-procured resources will remain a significant part of California's energy future. There is no need to place unprecedented restrictions on distributed energy resources and there is every reason to support innovation, modernization, and resources that save ratepayer dollar

REVERSING DIRECTION: 15 years ago, the CPUC ordered utilities to find alternatives to distribution grid upgrades. AB 327 (Perea, 2013) reaffirmed this, calling for the creation of "tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives" (PUC § 769). The proposed amendments would not only contradict legislative direction, it would undermine current efforts underway at the CPUC to modernize California's electric grid.