

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company Storage  
Amendments to the Wholesale Distribution  
Access Tariff.

Docket No. ER19-2505-000

**ANSWER OF THE CALIFORNIA ENERGY STORAGE ALLIANCE**

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December 16, 2019

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Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or Commission”), the California Energy Storage Alliance (“CESA”) respectfully submits this Answer to the response of Southern California Edison Company (“SCE”) submitted on November 25, 2019 to the Commission’s deficiency letter in Docket No. ER19-2505 regarding SCE’s proposed amendments to the Wholesale Distribution Access Tariff (“WDAT”). Upon review of SCE’s response, CESA continues to recommend that the Commission reject SCE’s WDAT proposal. SCE’s response does not provide sufficient basis for approval and instead raises many concerns and questions. However, if the Commission does not reject SCE’s WDAT proposal, CESA recommends that the Commission initiate a technical conference to discuss and address important threshold issues around the appropriateness of assessing embedded charges for wholesale distribution service, and if so, what the appropriate methodology should be.

**I. ANSWER.**

SCE’s response to the Commission’s deficiency letter did not present compelling justification for deviating from the Commission’s precedent regarding the cost allocation for wholesale service, regardless of whether the negative generation is delivered over the transmission

or the distribution system. In the Commission’s Order issued on November 21, 2019 that accepts the Order No. 841 compliance filing of the California Independent System Operator (“CAISO”), the Commission determined that the CAISO’s existing rate structure to account for non-generator resource (“NGR”) charging as negative generation and to not assess transmission access charges to NGR charging to be consistent with Order No. 841, noting that CAISO’s tariff applies such charges to only load.<sup>1</sup> In accepting the CAISO’s compliance filing regarding the matter of energy storage charging, the Commission has affirmed that the treatment of transmission-related cost allocation rates should *not* apply to the negative generation function of energy storage resources participating in wholesale markets. By subjecting distribution-connected energy storage resources participating in the wholesale market to different treatment regarding its negative generation function, SCE’s WDAT proposal would be discriminating their access to wholesale market participation.

Instead, to be consistent with cost causation principles, CESA continues to advocate for SCE to use a facility-specific approach for both As-Available and Firm Charging Distribution Service whereby storage resources interconnecting to its distribution system and seeking to participate in the CAISO market should pay for incremental and facility-specific upgrades as identified and needed, thus encouraging storage interconnection applicants to target underused portions of the distribution system, which is planned to serve retail load. While average embedded rates could be considered as an additional option, the facility-specific approach is consistent with the Commission’s precedent and best aligns with cost causation principles.

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<sup>1</sup> Order on Compliance Filing, 169 FERC ¶ 61,126 at 47-48.

Below, CESA provides our responses to SCE's response to the Commission's deficiency letter, which we find to be insufficient to justify the Commission's approval of SCE's WDAT proposal.

**1. The claim that storage interconnections where there is available loading would prevent additional retail loads to be added is inconsistent with the purpose of the As-Available and Firm Charging Distribution Service.**

SCE raises concern that energy storage resources interconnecting where there is available loading may prevent additional retail loads to be added,<sup>2</sup> thus suggesting that storage charging load would be “free riders” of a distribution system paid for by retail customers. CESA finds such claims to be incorrect and inconsistent with the very purpose and structure of SCE's proposed As-Available and Firm Charging Distribution Service. Fundamentally, As-Available Charging Distribution Service would only be able to charge when there is available loading from the existing distribution system. In considering storage interconnection locations, applicants would be bearing some risk in opting for As-Available Charging Distribution Service if projected available loading becomes less available if more retail customers are added to at or near that location. This does not prevent additional retail customers to be added, as such storage projects would be faced with increased risk of curtailment for its charging load. Additionally, for Firm Charging Distribution Service, applicants would be paying for their incremental upgrades to accommodate their firm charging needs (beyond retail customer needs) such that it, too, does not prevent additional retail customers to be added. Considering this, CESA finds SCE's argument here flawed.

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<sup>2</sup> *Southern California Edison Company, Docket No. ER19-2505 Response to Deficiency Letter* at 8.

**2. The infeasibility of a facility-specific approach for storage charging-related upgrades is inconsistent with how such facility-specific studies are already being conducted storage’s generation-related upgrades.**

SCE makes the case for an average embedded cost approach because a facility-specific approach is infeasible given the size and frequent switching of SCE’s distribution system.<sup>3</sup> However, SCE already conducts such facility-specific studies for generation-related upgrades, so CESA does not see how conducting similar facility-specific studies for charging-related upgrades to create such significant incremental work, especially when SCE clarified in its response that it will incorporate generation-related upgrades in considering whether additional facilities are needed for charging-related upgrades.<sup>4</sup> CESA is appreciative of the clarification that storage interconnection applicants will not be charged twice for upgrades that can address both generation- and charging-related upgrades, but this clarification also highlights how SCE will already be conducting such facility-specific studies to make the determination on incremental upgrade needs, even as significant storage interconnections are anticipated in the near future. Unless SCE clarifies otherwise, CESA does not find the infeasibility argument to be compelling and the Commission should reject this argument for approving SCE’s WDAT proposal.

**3. SCE’s characterization of energy storage resources as having “unknown longevity” is unclear and does not appear to have relevance to the appropriate cost responsibility of upgrades for storage charging loads.**

SCE attempts to make a distinction between wholesale distribution load customers and storage charging loads by highlighting how the former represents durable and long-

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<sup>3</sup> *Ibid* at 3.

<sup>4</sup> *Ibid* at 9.

term users of the grid whereas the latter have unknown longevity.<sup>5</sup> As CESA understands it, in an effort to make the case for why storage resources should be assessed rates similar to wholesale distribution loads, SCE appears to be suggesting that distribution-connected storage resources participating in the wholesale market are mobile and/or are likely to disconnect and leave the grid, leaving stranded distribution costs for which storage resources have not paid for. CESA is unclear on SCE's understanding or characterization of storage resources as mobile or temporary, considering these resources are typically stationary, contracted on a long-term basis, and often augmented or repowered to deliver services over a long period of time. Mobile storage resources do not represent the vast majority of energy storage resources connecting to the grid today or in the near future in California or elsewhere, so justification for SCE's sweeping WDAT proposal based on this premise is flawed.

**4. SCE's WDAT proposal raises key policy questions that should be considered by the Commission through a technical conference.**

SCE commented that Order No. 841-A does not mandate an incremental cost approach and that average embedded costs have been used for cost allocation for retail customers, regardless of the distribution system's configuration.<sup>6</sup> While agreeing that Order No. 841-A merely determined that proposals to establish a rate for providing wholesale distribution service for energy storage charging would be considered on a case-by-case basis,<sup>7</sup> CESA does not believe that SCE has not presented a compelling case to deviate from Commission precedent. Given that SCE's proposal raises a number of policy

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<sup>5</sup> *Ibid* at 8.

<sup>6</sup> *Ibid* at 2, 4.

<sup>7</sup> Order No. 841-A, 167 FERC ¶ 61,154 at 123.

questions that were not sufficiently addressed in Order No. 841 and Order No. 841-A, CESA recommends that the Commission initiate a technical conference instead of assessing such proposals on a case-by-case basis. The issues and questions raised in SCE's proposal touches upon the Commission's determinations around whether and how infrastructure-related charges should be assessed for the negative generation function of energy storage resources. While determinations were made on transmission access charges, similar policy discussions should be held via a technical conference on distribution-connected storage resources. Despite SCE's position that a decision on its filing should not be delayed via a technical conference because other distribution owners do not anticipate storage interconnections until 2022 or beyond, CESA believes that SCE's proposal raises important policy questions that should be evaluated in a broader policy forum instead of in a one-off filing.

## **II. CONCLUSION**

CESA appreciates the opportunity to submit this Answer and recommends that the Commission reject SCE's instant filing and initiate a technical conference to address these issues with deeper record building.

Respectfully submitted,



Alex J. Morris  
Vice President, Policy & Operations  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

December 16, 2019

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of *Answer of the California Energy Storage Alliance* on the official service list in the proceeding ER19-2505-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Executed on December 16, 2019 at Berkeley, California



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