

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Develop an Electricity Integrated
Resource Planning Framework and to
Coordinate and Refine Long-Term
Procurement Planning Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION PETITION FOR
MODIFICATION OF DECISION 19-11-016**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits this response to the *California Community Choice Association Petition for Modification of Decision 19-11-016* (“Petition”), filed by California Community Choice Association (“CalCCA”) on May 14, 2020.

I. INTRODUCTION.

In Decision (“D.”) 19-11-016, the Commission ordered the procurement of 3,300 MW of incremental System Resource Adequacy (“RA”) capacity to address shortfalls occurring in the 2021-2023 period, adding that load-serving entities (“LSEs”) should “strongly consider” hybrid resources.¹ In order to meet this directive, LSEs have launched procurement and many are beginning to contract for preferred resources, with many consisting of hybrid renewable generation and storage resources. In this context, CESA agrees with CalCCA’s timely request regarding qualifying capacity (“QC”) values for hybrid and co-located resources that will provide greater

¹ D.19-11-016 at 44.

procurement and contracting certainty, more fairly value the capacity contributions of hybrid and co-located resources, and support the Commission’s decarbonization goals and near-term reliability needs. CESA has no position on CalCCA’s request to modify the cost recovery mechanism approved in D.19-11-016.

II. THE QUALIFYING CAPACITY METHODOLOGY FOR HYBRID AND CO-LOCATED RESOURCES AS ADOPTED IN TRACK 2 OF R.19-11-009 SHOULD BE ADOPTED FOR RESOURCES PROCURED PURSUANT TO DECISION 19-11-016.

In D.19-11-016, the Commission specified that the fulfillment of the 3,300 MW procurement directive shall be determined by the September net qualifying capacity (“NQC”) value of each of the resources procured by a given LSE.² Furthermore, the Commission acknowledged that hybrid resources, that is, resources comprised of a generating asset paired with an energy storage asset, had not a clearly defined counting convention and thus the methodology applicable to them “should continue to be addressed in R.17-09-020.”³ Given that hybrid resources made up a significant portion of the California Independent System Operator (“CAISO”) interconnection queue, regulatory certainty regarding the counting conventions for hybrid resources was and is imperative.⁴

However, with the Commission’s issuance of D.20-01-004 in R.17-09-020, the Commission opted to adopt an interim “conservative approach” to define the QC of hybrid resources,⁵ and deferred the consideration of permanent approach to R.19-11-009.⁶ Following a

² *Ibid* at 61.

³ *Ibid* at 72.

⁴ CAISO, *Hybrid Resources Second Revised Straw Proposal*, at 3.

⁵ D.20-01-004, *Decision Granting Motion Regarding Qualifying Capacity Value of Hybrid Resources With Modifications*, D.20-01-004, issued on January 17, 2020 in R.17-09-020 at 8 and 14.

⁶ *Ibid*, at 10.

collaborative working group effort, resulting in a report in Track 2 in R.19-11-009, the Commission issued a Proposed Decision (“PD”) on June 15, 2020 in Track 2 of R.19-11-009 that proposed to adopt SCE’s additive approach to replace the interim methodology set forth in D.20-01-004. With a more appropriate QC methodology in place that better reflects renewable energy availability and other potential project-specific factors, the Commission should utilize the new “more permanent” methodology for procurements made pursuant to D.19-11-016 for all resources required for 2021 RA compliance.

CESA shares CalCCA’s concerns related to the adverse effects related to a potential use of D.20-01-004’s “greater of” methodology for D.19-11-016 compliance. As highlighted in the Petition, CESA believes that such determination would substantially reduce the accuracy of QC counting for these valuable resources.⁷ Furthermore, relying on the “greater of” methodology would result in unnecessary over-procurement and higher ratepayer costs due to the additional procurement needed to offset the under-counting of hybrid and co-located resources. Finally, there is sufficient record and consensus to support the proposed hybrid and co-located resource QC methodologies to be used for the purposes of D.19-11-016 compliance. While some implementation details need to be fully worked out, such resolution will likely be achieved within the R.19-11-009 proceeding.

For all of the above reasons, CESA recommends that the Commission grant CalCCA’s relief requested regarding the application of the more permanent QC methodology for hybrid and co-located resources, as adopted in Track 2 of R.19-11-009.

⁷ PFM, at 4.

III. CONCLUSION.

CESA appreciates the opportunity to submit these comments to the Petition and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Alex J. Morris".

Alex J. Morris
Executive Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: June 15, 2020