

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

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program, Consider
Program Refinements, and Establish
Forward Resource Adequacy Procurement
Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE RESOURCE ADEQUACY TRACK 3.A PROPOSALS PURSUANT TO THE
ASSIGNED COMMISSIONER'S AMENDED TRACK 3.A AND TRACK 3.B SCOPING
MEMO AND RULING**

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September 18, 2020

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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 these reply comments on the Track 3A Proposals pursuant to the *Assigned Commissioner’s Amended Track 3.A and Track 3.B Scoping Memo* (“Scoping Memo”), issued on July 7, 2020 by Assigned Commissioner Liane M. Randolph.

I. INTRODUCTION.

CESA is looking forward to further reviewing and refining the various Resource Adequacy (“RA”) Track 3A proposals as well as in participating in the Local Capacity Requirements (“LCR”) Working Group, with a focus on how energy storage limits can be effectively developed and used for both RA and new resource procurement purposes through the Integrated Resource Planning (“IRP”) process. In addition, CESA appreciates the thoughtful proposal developed by the California Community Choice Association (“CalCCA”) and looks forward to further developing the LCR reduction compensation mechanism. As part of this effort, the development of the central procurement entity (“CPE”) solicitation evaluation methodology to encourage preferred resources, energy storage, and hybrid resources is needed to adhere the Public Utilities Code and to advance the state’s decarbonization goals.

In these brief reply comments, CESA urges for the Commission to ensure that any consideration of the LCR reduction mechanism or in the least-cost best-fit methodology of the

CPE must include not only preferred resources and energy storage but also hybrid capacity. Furthermore, CESA agrees with comments from CalCCA and the Alliance for Retail Energy Markets (“AReM”) on rejecting one aspect of the competitive neutrality rules proposed by Southern California Edison Company (“SCE”) to exempt these firewall requirements for new resource procurement.

II. HYBRID CAPACITY MUST BE CONSIDERED IN THE SAME CLASS AS PREFERRED RESOURCES AND ENERGY STORAGE FOR THE PURPOSES OF THE RESOURCE ADEQUACY PROGRAM.

As the Commission develops and implements the CPE details, CESA emphasizes the importance of ensuring that hybrid capacity is treated on the same level as preferred resources and energy storage when it comes to eligibility for the LCR reduction compensation mechanism, preferred criteria regarding the CPE solicitation methodology. Public Utilities Code Section 380 requires the Commission to “facilitate development of new generating, nongenerating, and hybrid capacity” that both ensures reliable electric service while advancing the state’s decarbonization goals to the extent possible. In the LCR Reduction Compensation Working Group Report and in Track 3.A Proposal comments,¹ CalCCA’s financial credit mechanism was proposed as being eligible for preferred and energy storage resources without mention of hybrid capacity. The Commission should not overlook hybrid capacity and their ability to meet the requirements and goals set forth in Public Utilities Code Section 380, not only in the LCR reduction compensation mechanism but in all matters related to the RA Program.

III. ENERGY STORAGE LIMITS STUDY SHOULD ALSO BE PRODUCED FOR PARTIAL REPLACEMENT SCENARIOS.

CESA agrees with the comments of CalCCA and AReM that SCE’s proposed competitive neutrality rules should not apply to CPE staff when working on new resource procurement and solicitations, where CPE staff will have an advantage to bid new resources in the CPE solicitation.² As AReM noted, all bids include market-sensitive data. CESA disagrees with SCE’s justification that this information would not advantage them in their SCE-specific procurement role, as all new

¹ *e.g.*, CalCCA LCR reduction compensation mechanism comments at 3 and 9.

² CalCCA competitive neutrality proposal comments at 3 and AReM comments at 3-4.

resource procurement becomes existing resources that would need to be bid or shown into the CPE solicitation to count for Local RA purposes.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments on the Track 3A proposals 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: September 18, 2020