May 17, 2021

CPUC Energy Division Tariff Unit
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Re: Response of the California Energy Storage Alliance to Advice Letter 6174-E of Pacific Gas and Electric Company and Advice Letter 4482-E of Southern California Edison Company

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance ("CESA") hereby submits this response to the above-referenced Advice Letter 6174-E of Pacific Gas and Electric Company, *Request for Prescribed Accommodation and Allowed Deferrals associated with the Emergency Load Reduction Pilot* ("PG&E Advice Letter"), and Advice Letter 4482-E of Southern California Edison Company ("SCE"), *Southern California Edison Company's Emergency Load Reduction Program (ELRP) Pilot to Defer the Effective Date of ELRP Eligibility for Sub-Groups A.3 and A.4, to Defer the Counting of Exported Energy in Incremental Load Reduction, and to Defer the Exclusion of Grid Outages From an ELRP Baseline, pursuant to Decision 21-03-056* ("SCE Advice Letter"), submitted on April 26 and 29, 2021, respectively.

I. INTRODUCTION & BACKGROUND.

In the Emergency Reliability proceeding (R.20-11-003), the Commission issued Decision ("D.") 21-03-056 that adopted the Emergency Load Reduction Program ("ELRP") as a five-year pilot to provide energy-only, pay-for-performance payments across a range of eligible customer classes. Among other things, the Commission established Sub-Group A.3 for Rule 21 exporting distributed energy resources ("DERs") and Sub-Group A.4 for virtual power plants ("VPPs") to be eligible in the ELRP. In the Attached Guidance to D.21-03-056, the Commission provided the investor-owned utilities ("IOUs") with an option to defer the effective date of the ELRP eligibility for these sub-group participants.

Pursuant to D.21-03-056 and as allowed in the decision, PG&E and SCE submitted advice letters that exercised this option and requested deferral on the implementation of an export counting methodology in the ELRP and thus deferring the eligibility of Sub-Group A.3 and A.4 customers. Specifically, PG&E pointed to the possibility of an earlier than May 1, 2022 rollout,[1] whereas SCE

[1] PG&E Advice Letter at 2.

cited the challenge of "starting from scratch" and the lack of information into community choice aggregator ("CCA") programs and raised questions regarding Net Energy Metering ("NEM") customer eligibility and potential double compensation.[2]

In reviewing the Advice Letter, while not objecting to the decision to defer Sub-Groups A.3 and A.4 eligibility due to the need for additional time to develop an export counting methodology, CESA encourages the IOUs to develop these methodologies and billing/IT systems much earlier than May 1, 2022. PG&E and SCE are not required to do so according to the decision, but as the Commission explained, time is of the essence to not only support Summer 2021 reliability but also Summer 2022 needs as well.[3] Delay of implementation and effective date to May 1, 2022 would provide little lead time for resources to enroll in the ELRP and be ready to support Summer 2022 reliability, especially if DERs need to secure an export permit to be able to deliver if needed. Exporting DERs and VPPs can provide reliable energy by leveraging existing stranded export capacity if an export counting methodology is in place and sufficient time is allowed.

II. <u>DISCUSSION</u>.

In this response, CESA explains our basis for pushing for earlier implementation and effective date of Sub-Group A.3 and A.4 customers' eligibility in the ELRP.

First, delay of implementation and effective date to May 1, 2022 would provide little lead time for resources to enroll in the ELRP and be ready to support Summer 2022 reliability, especially if DERs need to secure an export permit to be able to deliver if needed. Exporting DERs and VPPs can provide reliable energy by leveraging existing stranded export capacity if an export counting methodology is in place and sufficient time is allowed. CESA appreciates PG&E's expressed willingness to work to get such a methodology in place before the May 1, 2022 effective date but could not determine whether it could really do so at this time. To this end, CESA requests that the Commission direct the IOUs to work closely with industry and other interested stakeholders to work through the issues and have implementation ideally by January 2022. Not only will this additional time account for the interconnection modification process and the enrollment timeline needed for DERs, but it will also provide the lead time necessary for the IOUs to make changes to business requirements, agreements, and billing systems, among other things, to accommodate A.3 and A.4 customer eligibility.

Second, implementation should not be delayed for irrelevant concerns expressed by SCE around double compensation for NEM systems regarding A.4 customer eligibility. D.21-03-056 already provides sufficient guidance on how the incremental load reduction ("ILR") and thus the compensation should be based on accounting for incremental exported energy against the aggregator-selected and Commission-approved baselines.[4] So long as the exports delivered during ELRP events are not captured in the baseline during non-event days, such exported energy should

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[2] SCE Advice Letter at 3-4.
[3] D.21-03-056 at Finding of Fact ("FOF") 6.
[4] D.21-03-056 Attached Guidance at 11.

be counted in the ILR, thereby being deemed fully incremental and fully compensated at the ELRP compensation rate. Whether these exports are from NEM systems or not is irrelevant. As such, SCE's basis for additional time "to clarify (and intends to seek guidance from the Commission) as to whether or not existing NEM customers should be eligible and if so, whether the applicable ELRP rate should be discounted by the NEM rate to avoid double-payment"[5] should be afforded no weight.

III. CONCLUSION.

CESA appreciates the opportunity to submit this response to PG&E's and SCE's Advice Letter and looks forward to collaborating with the Commission and stakeholders in this proceeding. CESA understands the need for delay to develop the export counting methodology and to develop the tools and systems to support their measurement, billing, and settlement, but implementation should be expedited to January 2022 and irrelevant factors for delay should not be accommodated.

Respectfully submitted,

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[5] SCE Advice Letter at 4.