

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

Order Instituting Rulemaking to
Establish Policies, Processes, and
Rules to Ensure Reliable Electric
Service in California in the Event of an
Extreme Weather Event in 2021.

Rulemaking 20-11-003
(Filed November 19, 2020)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON E-MAIL
RULING SEEKING RESPONSES REGARDING A PROPOSED AMENDED SCOPE
AND SCHEDULE TO ADDRESS RELIABILITY ISSUES IN 2022 AND 2023**

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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 comments on the *E-mail Ruling Seeking Responses Regarding a Proposed Amended Scope and Schedule to Address Reliability Issues in 2022 and 2023* (“Ruling”), issued by Administrative Law Judge (“ALJ”) Brian R. Stevens on August 2, 2021.

I. INTRODUCTION.

In the face of extreme weather events induced by climate change (*e.g.*, drought, heat waves, wildfires), the state has been faced with a perpetual state of resource supply shortfalls that has led to emergency and short-term, rather than forward-looking, resource planning. Until the direction from the Integrated Resource Planning (“IRP”) proceeding has load-serving entities (“LSEs”) procure and deploy record levels of clean energy and energy storage resources, immediate risk mitigation measures are needed to bridge the time between now and then.

To this end, and in response to the Governor’s emergency proclamation, CESA welcomes the ALJ’s Ruling to continue this Emergency Reliability proceeding (R.20-11-003), with a focus on 2022 and 2023 needs. To avoid a situation where regulators and planners are “boxed in” to a narrow set of solutions due to infeasibility, cost, or a combination of the two, the Commission is appropriately setting a focus not only on the immediate upcoming Summer 2022 but also on Summer 2023. At the launch of this proceeding, the Commission focused on the immediate Summer 2021 needs and risks, which left few options and little time to pursue solutions that

support near-term reliability while advancing the state’s long-term decarbonization goals. Later, the proceeding expanded the focus to Summer 2022 needs and risks, which afforded more time but still limited the field of options given the timeline for new resource development or deployment via new or modified programs or solicitations.

In launching this next phase of this proceeding, CESA thus supports the Commission’s focus on both Summer 2022 and 2023 needs and risks, supported by having a final decision on key mitigation measures and solutions by mid-November 2021. This proposed schedule is critical to affording the lead time necessary for implementation and having the adopted measures and solutions take effect. Even then, the Commission should be open to measures and solutions that address Summer 2024 needs and risks, given lead time for new resource development and to ensure a broad array of options while avoiding a perpetual cycle of emergency measures. In Decision (“D.”) 21-06-035 for mid-term reliability,¹ the Commission also acknowledged the significant amount of capacity that will need to come online in 2024, such that expedited deployment measures considered in this next phase of the proceeding could possibly have an important impact on meeting our 2024 procurement needs as well.

In these comments, CESA focuses on providing our perspective on some key preliminary scoping items as outlined in the Ruling, along with some additional areas for consideration.

II. COMMENTS ON THE PROPOSED SCOPE.

Overall, CESA generally supports the proposed scope included in the Ruling, which largely covers many of the same categories as those considered earlier in the proceeding that led to the issuance of D.21-02-028 and D.21-03-056. However, CESA has the following recommendations for the scope and schedule.

A. Commission guidance for party proposals and/or the Staff Proposal should comment on previous party proposals from January 2021.

While supportive of the general timeline included in the Ruling, CESA recommends that the Commission provide explanations, reasons for or against adoption, and potential improvement areas for party proposals previously submitted in testimony in January 2021. With parties

¹ D.21-06-035 at 24.

expending significant resources and time developing those proposals and considering that many parties, including CESA, would likely submit similar or improved versions of previously-submitted proposals in testimony planned for September 2021, CESA believes that an improved stakeholder process and engagement could be achieved through some feedback or discussion on these previous proposals. Other than weighing the merits and adopting versions of the investor-owned utility (“IOU”) demand response (“DR”) proposals in D.21-03-056, the Commission provided little or no discussion on many party proposals, leading many stakeholders to feel disappointed or have a sense of wasted effort.

Rather than re-submitting many of the same proposals from before, Commission guidance for party proposals and/or the Staff Proposal planned for mid-August 2021 should comment on previous party proposals from January 2021. As a result, parties will not only feel more engaged and heard but also can identify areas of improvement or modification to address some of the Commission’s concerns or issues in testimony in September 2021.

B. Fast-track or streamlined interconnection strategies should be pursued for all types of energy storage resources.

Similar to Order 14 that requested that the California Independent System Operator (“CAISO”) take all actions available, including waivers to its existing tariff processes, to expedite the interconnection process for transmission-connected resources, the Commission should explore all such actions for in-front-of-the-meter (“IFOM”) and behind-the-meter (“BTM”) energy storage as part of this proceeding. Such solutions would likely fall under the proposed scope in the Ruling and would need to be within the Commission’s authority. To this end, the Commission should consider various fast-track or streamlined interconnections strategies in this proceeding, including provisional export permits for non-exporting energy storage or vehicle-to-x (“V2X”) resources in the ELRP, increased staffing to support interconnection studies, potential strategies to overcome delayed utility construction of upgrades, and expansion of the Rule 21 notification-only pilot for small non-exporting storage systems, as adopted in D.21-06-002.

C. Competitive solicitations and contract approval should be accelerated.

In line with Order 2 of the Emergency Proclamation, CESA recommends that the Commission consider strategies to expedite resource solicitations, timelines, and approvals. Immediate solicitation launches will play a critical role to delivering new resources like energy

storage on time, contracting can be expedited through the development of standard-offer contracts or clearer and upfront procurement parameters, and shorter timeframes where IOUs must make decisions on bids and offers can play some role in addressing the goal of accelerating new resource deployment. In different ways, these strategies can reduce negotiation times, train financiers to insure projects more quickly, and make it easier for Commission to approve these projects while maintaining a reasonable level of due process.

D. Both expansions/modifications to existing programs and new programs should be considered in this proceeding.

BTM energy storage can play a significant role in addressing emergency reliability as a flexible, frequently dispatchable resource. Outside of the Self-Generation Incentive Program (“SGIP”) and virtual power plant (“VPP”) bilateral contracting with load-serving entities (“LSEs”), BTM energy storage resources, including permanent load shifting (“PLS”) and thermal energy storage resources (“TES”), do not fit neatly within many of the existing DR programs, which limit event hours, number of calls, etc. As a result, CESA recommended that the Commission establish a new grid-services program catered to BTM energy storage resources in our testimony in January 2021. While Order 13 of the Emergency Proclamation focused on expanding or expediting approval of existing DR programs, the Commission should be open to receiving and considering new program proposals as well as part of the scope of this proceeding.

E. Electric vehicle (“EV”) load management potential and opportunities should be pursued for both one-way charging and bi-directional capabilities.

CESA appreciates the Commission’s previous and current consideration of EV participation in DR and load management programs and reiterates our support here in the preliminary proposed scope to again consider these issues. In particular, CESA was pleased to see vehicle-to-x (“V2X”) resources be explicitly included as eligible in the ELRP under Sub-Group A.3 for Rule 21 exporting distributed energy resources (“DERs”). However, in addition to seeking additional opportunities to leverage V2X resources in DER programs beyond ELRP, the Commission should also consider various solutions to address barriers for EV participation in DR and load management programs. Commonly referred to as V1G, managed and dispatchable one-way EV charging, the Commission should deeply consider party proposals to address some of the barriers identified in the IOUs’ Vehicle-Grid Integration (“VGI”) DR Workshop Report, submitted

on May 10, 2021.² Such solutions would fit well within the Commission’s considerations of changes or expansions to existing DR programs.

F. The eligibility of microgrids as emergency reliability resources should be deeply explored and pursued.

CESA agrees with the Ruling’s inclusion of microgrids as a potential solution for emergency reliability. Although R.19-09-009 is actively exploring policies, tariffs, and solutions to enable microgrids for distribution resiliency, this proceeding should consider potential policies or exemptions to certain regulations to allow third-party multi-parcel microgrids to island not only in Public Safety Power Shutoff (“PSPS”) outage events but also for system-wide emergency reliability. Currently, certain exemptions are made for adjacent parcels in very limited circumstances and do not apply to “blue-sky” operations, but this proceeding could explore and determine whether a supply-side emergency or shortfall constitutes blue-sky events and/or extend these exemption policies to microgrids that can provide incremental capacity via islanding.

III. ADDITIONAL COMMENTS ON THE IMPORTANCE OF CALIFORNIA’S POLICY INFRASTRUCTURE.

Certainty, consistency, and/or resolution in California’s “policy infrastructure” can play a significant role in supporting timely procurement, contracting, and deployment of incremental storage capacity. Many of these issues may likely be addressed outside of this proceeding, but CESA urges the Commission to take some of the following pending or outstanding actions in other proceedings to support the intent and purpose of this proceeding.

A. Certainty and reasonable transitions around Resource Adequacy (“RA”) capacity value is needed to support energy storage contracting.

With RA rules and requirements changes as adopted in D.21-06-029 and D.21-07-014 in R.19-11-009, the RA Program has undergone some near-term changes but also faces some long-term restructuring reforms. This uncertainty on RA value for energy storage, like other resource types, present barriers to energy storage valuation, contracting, and procurement. To the greatest degree possible, recognizing the significant procurement directed in R.20-05-003, the Commission

² See <https://static1.squarespace.com/static/5dcde7af8ed96b403d8aeb70/t/60a452d8c996a914d3c60f1d/1621381853358/VGI+DR+Workshop+Report.pdf>

should strive to reduce the regulatory risk to buyers and sellers and create a consistent and durable regulatory environment. Looming RA rule changes create risks to contracting, which can lead to higher contract costs as well. Granted, changes are necessary as grid conditions evolve or new information is identified and assessed, but all RA reform discussions should consider reasonable transitions and strive for reforms that are durable and not constantly changing.

B. The Commission should issue a Proposed Decision as soon as possible on CESA’s Petition for Modification regarding station power treatment for hybrid and co-located resources.

CESA submitted a Petition for Modification (“Petition”) of D.17-04-039 in R.15-03-011 requesting that the Commission issue a Proposed Decision as soon as possible to modify D.17-04-039 and D.18-01-003 as follows:³

- Affirm that the rules for standalone IFOM energy storage, including the permitted netting rules, apply equally to hybrid and co-located resources.
- Affirm that hybrid and co-located resources have the right to self-supply their internal power needs, including station service, and avoid retail energy charges, as is the case with any conventional generator.
- Affirm that a single ‘high-side’ meter is sufficient for the purposes of delineating between wholesale and retail electricity draws.

As explained in detail in the PFM, clarifications on station power rules are urgently needed given the significant volume of hybrid and co-located projects currently being contracted and constructed. Until station power rules are clarified in accordance with the requests in CESA’s Petition, hybrid and co-located projects are subject to case-by-case treatment on how existing rules for standalone generation and standalone storage projects are applied. The current case-by-case determinations are not scalable or efficient, creating disputes and uncertainty around the appropriate station power treatment that delay projects when timely commercial operation of these projects is tantamount to near- and mid-term reliability. CESA urges the Commission to act on this Petition as soon as possible.

³ See <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M372/K332/372332171.PDF>

C. Establishing a capacity value for BTM energy storage, inclusive of exports, should be prioritized in the RA proceeding.

In D.21-06-029 in R.19-11-009, the Commission deferred on establishing a capacity value for exports from BTM energy storage resources and instead created an opening for parties to undertake a working group to address the issues enumerated in D.20-06-031 and D.15-11-042.⁴ With the ability of BTM storage resources to be developed and deployed rapidly, the Commission should prioritize the development and adoption of such proposals submitted by parties in R.19-11-009 in order to support Summer 2023 needs. In the absence of Commission-directed orders or actions, interested parties intend to develop proposals in response to D.21-06-029, but it is imperative for the Commission to prioritize its further development and adoption once introduced. Without resolution on the capacity value for BTM storage exports, the Commission would be underutilizing the capability of these assets either in load-limited DR programs or in voluntary energy-related pay-for-performance programs, like the ELRP, falling short of utilizing BTM storage exports on a more frequent basis and from a forward capacity planning perspective. For too long, the issue of BTM storage export capacity value has been deferred, protracted, or ignored in R.19-11-009 and in other Commission proceedings.

IV. CONCLUSION.

CESA appreciates the opportunity to these comments on the Ruling and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,



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⁴ D.21-06-029 at 55.