

**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)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON  
THE PHASE 2 PROPOSED DECISION DIRECTING PACIFIC GAS AND ELECTRIC  
COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND SAN DIEGO GAS  
& ELECTRIC COMPANY TO TAKE ACTIONS TO PREPARE FOR POTENTIAL  
EXTREME WEATHER IN THE SUMMERS OF 2022 AND 2023**

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November 16, 2021

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EXTREME WEATHER IN THE SUMMERS OF 2022 AND 2023**

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 *Phase 2 Proposed Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023* (“PD”), issued by Administrative Law Judge (“ALJ”) Sarah R. Thomas on October 29, 2021.

**I. INTRODUCTION.**

Given the many elements, proposals, and considerations in this PD, we summarize our key positions and recommendations as expressed in our opening comments and as echoed or raised by other parties:<sup>1</sup>

- CESA supports the PD’s clarification that non-deliverable energy storage resources are eligible for emergency Summer 2022/2023 procurement, with concerns<sup>2</sup> about ability to provide reliability benefits at peak or net peak addressed and affirmatively demonstrated in advice letter filings.

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<sup>1</sup> In these reply comments, we specifically respond to the following parties: American Clean Power California (“ACP-CA”), Advanced Energy Economy (“AEE”), Broad Reach Power (“BRP”), California Community Choice Association (“CalCCA”), California Energy and Demand Management Council (“Council”), California Solar and Storage Association (“CALSSA”), Middle River Power (“MRP”), Pacific Gas and Electric Company (“PG&E”), Public Advocates Office (“Cal Advocates”), San Diego Gas and Electric Company (“SDG&E”), Solar Energy Industries Association and Large-Scale Solar Association (“SEIA/LSA”), Southern California Edison Company (“SCE”), Sunrun, and Tesla.

<sup>2</sup> See, e.g., MRP comments at 7.

- CESA supports the adoption of a higher \$2/kWh Emergency Load Reduction Program (“ELRP”) payment and minimum dispatch requirements, but we agree that this is not a substitute for advancing and adopting capacity counting methodologies in R.21-10-002.<sup>3</sup>
- CESA suggests specific procurement targets and flexibility in contracting terms (e.g., long-term, custom contracts) for third-party demand response (“DR”), with others recommending similar clarifications around payment to be subject to bilateral negotiations instead.<sup>4</sup>
- CESA supports greater allowances for dual participation of ELRP customers on Critical Peak Pricing (“CPP”) and dynamic rates to maximize participation and given the methods to account for incremental load reduction (“ILR”) and exports.<sup>5</sup>
- CESA reiterates support for the adoption of the Electric Vehicle (“EV”) / Vehicle-Grid Integration (“VGI”) Aggregation Pilot, including elements related to sub-metering, minimum dispatch hours, and flexibility on interconnection.
- Rather than closing this proceeding, the Commission should consider opening a Phase 3 to consider strategies to expedite interconnection and upgrades,<sup>6</sup> including behind-the-meter (“BTM”) strategies such as provisional energy storage exports and expanded Rule 21 notification-only processes.<sup>7</sup>

While CESA did not address certain elements of the PD in our opening comments, we respond to several key points voiced by other parties, which we similarly echoed in our testimonies and briefs earlier in this proceeding:

- CESA agrees that minimum participation thresholds for A.4 customers should be lowered from 500 kW to 100 kW to incent maximum customer participation.<sup>8</sup>
- CESA agrees that clarification and consistency on dispatch triggers is needed,<sup>9</sup> such as upfront threshold California Independent System Operator (“CAISO”) prices and/or activating response upon issuance of CAISO Flex Alert at minimum.

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<sup>3</sup> See, e.g., SEIA/LSA comments at 5-6, CALSSA comments at 4-5, and Sunrun comments at 3.

<sup>4</sup> Council comments at 7.

<sup>5</sup> See, e.g., CALSSA comments at 9-10 and SCE comments at 4.

<sup>6</sup> See, e.g., SEIA/LSA comments at 7, BRP comments at 4, and ACP-CA comments at 3-4.

<sup>7</sup> See CESA Opening Testimony at 39-48 and Opening Brief at 14-15.

<sup>8</sup> See CESA Reply Testimony at 19-20. See also AEE comments at 6 and CALSSA comments at 9.

<sup>9</sup> See CESA Opening Testimony at 59-62. See also CALSSA comments at 7 and Council comments at 5.

- CESA agrees that the PD should approve continued/extended funding for existing investor-owned utility (“IOU”) virtual power plant (“VPP”) pilots, which will advance this proceeding’s goals and serve as a helpful supplement to the ELRP.<sup>10</sup>

In these reply comments, we particularly elaborate on the following key points in the subsequent sections below, which warrant more detailed responses.

## **II. GUARDRAILS AND CONSISTENCY ARE NEEDED ON UTILITY-OWNED STORAGE PROJECTS TO AVOID BIAS AND BAD PRECEDENT AND PROVIDE OPPORTUNITIES TO SOLICIT ADDITIONAL INFORMATION.**

CESA shares many of the concerns and recommendations regarding the need to avoid poor precedents and establish sufficient guardrails for utility-owned storage (“UOS”) projects to ensure the following: unbiased and competitive solicitations/negotiations, cost competitiveness of contracts, and reasonable assurances of the ability of non-deliverable resources to meet peak and net peak reliability needs.<sup>11</sup> We reiterate our opposition to allow UOS projects to be approved and operate as a distribution asset to address a supply-side capacity need for all the reasons expressed in our opening comments. At minimum, this pathway should be disallowed for Summer 2023 procurement since there is relatively more lead time for CAISO-interconnected resources to come online by Summer 2023 and because the Commission is proposing to allow non-deliverable Energy Only (“EO”) or Partial Capacity Deliverability Status (“PCDS”) energy storage resources.

Furthermore, CESA generally agrees with the eligibility of resources procured pursuant to D.21-02-028, D.21-03-056, and this PD to count toward other compliance requirements to avoid significant overprocurement and unnecessary costs,<sup>12</sup> but we disagree that they should be automatically counted toward MTR or other compliance requirements<sup>13</sup> without sufficient review and demonstration of additional information, which is particularly relevant for UOS projects that are subject a full application requirement for MTR procurement. Considering the procurement guidance established in D.19-11-016 and D.19-06-032 for UOS projects and the novel nature of

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<sup>10</sup> Tesla comments at 6 and Sunrun comments at 7.

<sup>11</sup> See, e.g., BRP comments at 5 and CalCCA comments at 7, and Cal Advocates comments at 7-8.

<sup>12</sup> See SCE comments at 14 and SDG&E comments at 1-2. SCE points to D.21-06-035 at 80 that the Commission “will allow LSEs to show procurement that they have conducted to support Commission’s orders or requirements...for emergency reliability purposes,” but the decision maintains the full application requirement (see D.21-06-035 at 86 and OP 13).

<sup>13</sup> See, e.g., MRP comments at 6 that highlight the potential loophole of Central Procurement Entity (“CPE”) procurement of UOS projects via Tier 1 advice letter process (as proposed in PD) instead of Tier 2.

SCE's recent UOS procurement, a full application process would ensure that the Commission and stakeholders have an opportunity to review for compliance, fairness, and competitiveness and determine the appropriate "count" for energy storage resources that are subject to effective load carrying capability ("ELCC") values. To be consistent with the recently-issued Draft Resolution E-5183, the Commission should at least decline to adopt the MTR "counting" issue to the Integrated Resource Planning ("IRP") proceeding since only "deliverable" resource can currently count toward MTR requirements, even if it is clarified that they *may* be eligible. A full application should still be required to demonstrate compliance to the procurement parameters of D.21-06-035.

Finally, CESA appreciates the clarification offered by SEIA/LSA regarding positions expressed in CESA's testimonies and briefs.<sup>14</sup> CESA's comments should not be misconstrued or cited out of context to suggest that we support UOS projects without sufficient checks and demonstration of unbiased and competitive procurement processes. At the time SCE proposed UOS projects in opening testimony, the proposal was very conceptual and abstract in nature, making it impossible for parties like CESA to definitively express clear support due to limited information provided, which was not shared until SCE submitted Advice 4617-E.

### **III. ELRP MINIMUM DISPATCH HOURS SHOULD BE MAINTAINED AND BE MADE CONSISTENT ACROSS CUSTOMER GROUPS.**

CESA observes a wide range of parties that agree that minimum dispatch hours will provide revenue certainty and help attract participants, but due to the risk of confusion and/or the lack of justification to make them different, minimum dispatch hours should be made consistent across customer groups and extended to Group B customers as well.<sup>15</sup> CESA agrees, where minimum dispatch requirements are particularly helpful to incentivize participation from customers with more capital-intensive energy storage technologies, which can inform how to optimally size and operate systems, knowing that exports are eligible for some minimum level of ILR compensation. To this end, Groups A.2-A.5 and B should be aligned with a 30 hour/season minimum dispatch requirement. Contrary to the IOUs' concern that minimum dispatch requirements are inconsistent with the goal of ELRP as supporting emergency resources and

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<sup>14</sup> SEIA/LSA comments at 7-9.

<sup>15</sup> See, e.g., AEE comments at 6, CALSSA comments at 6, SCE comments at 6-7 and PG&E comments at 5, Joint DR Parties comments at 13-14, and Council comments at 3-4.

minimizing ratepayer cost,<sup>16</sup> this element will in fact incentivize greater participation from customers – an explicit goal of Phase 2 – and offers a reasonable risk mitigation strategy and alternative cost-effective options to relying on a near-total supply-side strategy.

**IV. CONSIDERING ELRP IS A PILOT, SUB-METERING PATHWAYS SHOULD BE MAINTAINED IN THE PD FOR APPROVAL.**

The IOUs consistently oppose the use of sub-meters because there are no retail rules and infrastructure in place, or a sub-metering protocol for electric vehicle supply equipment (“EVSE”), and because its use would be inconsistent with ILR measurement at facility meters.<sup>17</sup> CESA disagrees. Sub-metering, or alternative approaches using a battery internal inverter, facilitates the calculation of ILR separate from the facility meter, which enables dual participation by distinguishing facility load versus battery response, as well as the calculation of exports. In addition, the CAISO has already adopted the Meter Generator Output (“MGO”) method, highlighting how these approaches are already available today but not yet adopted by the Commission for “retail” programs. Even assuming *arguendo* the IOUs concerns about insufficient infrastructure to support sub-metering measurement and settlement, CESA reminds the Commission that the ELRP is a pilot and how the IOUs can leverage manual processes if needed to enable this approach.

**V. CONCLUSION.**

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

Respectfully submitted,



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Date: November 16, 2021

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<sup>16</sup> PG&E comments at 5.

<sup>17</sup> See, e.g., PG&E comments at 4 and SDG&E comments at 9.