

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

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Not Consolidated)
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Not Consolidated)
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 18-07-003 (Not Consolidated)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE PROPOSED DECISION MODIFYING THE RENEWABLE MARKET
ADJUSTING TARIFF PROGRAM AND DIRECTING IMPLEMENTATION**

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December 6, 2021

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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 *Proposed Decision Modifying the Renewable Market Adjusting Tariff Program and Directing Implementation* (“PD”), issued by Administrative Law Judge (“ALJ”) Manisha Lakhanpal and ALJ Carolyn Sisto on November 10, 2021.

I. INTRODUCTION.

CESA reiterates our appreciation of the Commission resolving many long overdue modifications to the Renewable Market Adjusting Tariff (“ReMAT”), particularly those allowing ReMAT-eligible generating facilities to incorporate energy storage and qualify for the Product Type in accordance with the expected delivery profile. However, in their opening comments, the investor-owned utilities (“IOUs”) raised a number of purported concerns regarding the complexities of the PD’s modifications to ReMAT to incorporate energy storage and thus proposed a number of modifications that would, in CESA’s view, be unnecessarily prescriptive and restrictive. As a result, in response, CESA offers reply comments on the following:

- The Commission should allow either hybrid and co-located storage to participate in ReMAT and not prescribe market model.
- The IOUs can monitor and enforce expected delivery profiles to minimize complexity and avoid significant delays.
- The Commission should not adopt the utilities' proposal for unreasonably long delays and instead maintain the order directing advice letters within 30 days.

II. THE COMMISSION SHOULD ALLOW EITHER HYBRID AND CO-LOCATED STORAGE TO PARTICIPATE IN REMAT AND NOT PRESCRIBE MARKET MODEL.

In contrast to CESA's recommendations to modify the PD's findings, conclusions, and orders to reference both hybrid and co-located storage resources as eligible, Southern California Edison Company ("SCE") and Pacific Gas and Electric Company ("PG&E") recommended that the PD be modified to only permit hybrid storage participation in ReMAT and exclude co-located storage resources since the latter can charge from the grid from a metering perspective.¹ However, CESA believes that these claims are made in error and should therefore be rejected by the Commission. First, the Commission has already recognized no differences in hybrid and co-located resources in adopting a qualifying capacity ("QC") value for these resources, explaining that they are capable of identical physical characteristics and charging restrictions.² Notably, the Commission made this determination and adopted equivalent QC values based on a reasonable assumption that both hybrid and co-located resources intend to access the Federal Investment Tax Credit ("ITC") and are reasonably assumed to charge entirely from the renewable generator, further explaining that it would defer on QC values for "ITC Limited" (75-99% onsite charging) and "Non-ITC Limited" scenarios.³ Had the Commission been uncertain of the ability of co-located storage resources to ensure onsite charging only, it is reasonable to conclude that the Commission would not have adopted this "additive" QC valuation methodology equivalently for both hybrid and co-located resources. In this regard, exclusion of co-located storage from ReMAT eligibility would be inconsistent with the Commission's previous determinations in the Resource Adequacy ("RA") proceeding. The record in Rulemaking ("R.") 18-07-003 is also developed in

¹ PG&E and SCE comments at 7-8.

² D.20-06-031 at 29.

³ *Ibid* at 30.

this regard, with CESA and other parties similarly explaining that no differences are needed regarding the eligibility of hybrid and co-located storage resources.

Second, the Commission should not overreach and prescribe the California Independent System Operator (“CAISO”) market model to be used to participate in ReMAT. Even as co-located storage resources have the storage component with its own individual resource ID and thus can be separately dispatched, they can still ensure that its operations and dispatch will not allow for any grid charging to not only maximize ITC incentives but also to ensure ReMAT eligibility. Through market bidding, for example, the storage component of co-located resources can make it unavailable to charge from the grid. While the hybrid market model can more easily demonstrate ITC compliance and ensure no grid charging to comply with ReMAT eligibility, the IOUs’ contention that co-located resources from a “metering perspective,” by default, charge from the grid is false. Furthermore, the CAISO will open a new Hybrid Evolution Initiative in early 2023 to consider new market model enhancements and functionality that will leverage operational experience and data – the appropriate venue to address any purported concerns.⁴

III. THE UTILITIES CAN MONITOR AND ENFORCE EXPECTED DELIVERY PROFILES TO MINIMIZE COMPLEXITY AND AVOID SIGNIFICANT DELAYS.

PG&E and SCE requested that the Commission require the advice letter filing to reflect storage provisions to address a number of terms and conditions, including enforceability of expected delivery profile, metering requirements, scheduling and operations, station use, and grid charging restrictions, among others.⁵ In support of these many specific areas of modifications, the IOUs argue that incorporating storage in ReMAT-eligible generating facilities is a complicating factor due to the dispatchability of storage.⁶ However, CESA has major concerns that the IOUs’ request will only serve to complicate tariff and power purchase agreement (“PPA”) provisions that are unnecessary and create unique terms and conditions that narrowly apply to ReMAT-specific hybrid and co-located projects unlike all other similarly-situated non-ReMAT projects. Much of

⁴ See CAISO’s *Revised 2022 Policy Initiatives Catalog* published on November 11, 2021 at 20. <http://www.aiso.com/InitiativeDocuments/2022RevisedDraftPolicyInitiativesCatalog.pdf> See also CAISO’s Draft Policy Initiatives Roadmap 2022-2024 presentation on November 16, 2021 at 19. <http://www.aiso.com/InitiativeDocuments/2022DraftPolicyInitiative%20Roadmap.pdf>

⁵ PG&E and SCE comments at 13-15.

⁶ *Ibid* at 11-12.

the “non-exhaustive list of modifications” can be readily addressed by way of simple reference to, for example, relevant CAISO tariff sections on metering, telemetry, dispatch, and scheduling requirements, California Energy Commission (“CEC”) Renewables Portfolio Standard (“RPS”) Eligibility Guidebook to ensure grid-charging restrictions, and IOU-specific tariffs governing station use. Nothing new is needed or should be created.

Similarly, with the Product Type definitions already governing that the generation profile must have expected output in specific time periods, very minor (if at all any) tariff and PPA modifications can be made to reflect eligibility based on expected deliveries, which can be enforced through a monitor-and-verify approach of metered data. If actual deliveries deviate from expected and contracted deliveries, then the IOUs can deem projects ineligible and leverage its default provisions in the PPAs. Such an approach would simplify administrative complexity, thus still achieving the Commission’s intended outcome and avoiding the prospect of unnecessary and long delays in implementation.

Finally, CESA disagrees with the need to update the Baseload Product Type price for avoided costs based on a single landfill gas project, which the IOUs contend do not accurately reflect avoided costs for renewables plus storage projects.⁷ If hybrid or co-located storage projects can deliver the same expected delivery profile as a landfill gas project, then the existing ReMAT price should apply. If there are no other counterfactuals to base avoided cost pricing, it is also unclear how or what the IOUs would propose.

IV. THE COMMISSION SHOULD NOT ADOPT THE UTILITIES’ PROPOSAL FOR UNREASONABLY LONG DELAYS AND INSTEAD MAINTAIN THE ORDER DIRECTING ADVICE LETTERS WITHIN 30 DAYS.

Given the list of considerations for tariff and PPA modifications, PG&E and SCE recommended that the PD be modified to direct implementation advice letters be filed within 180 days, not 30 days.⁸ Meanwhile, San Diego Gas and Electric Company (“SDG&E”) argued that it sees no need to reopen its ReMAT to meet statutory or policy goals since it is exceeding its renewables requirements,⁹ but if reopened, SDG&E requested an even longer timeline to allow it to file its ReMAT advice letter by October 31, 2022 on the grounds that ReMAT modification and

⁷ *Ibid* at 15.

⁸ *Ibid* at 12.

⁹ SDG&E comments at 4.

implementation efforts would divert staff from more important near-term emergency reliability procurement and mid-term Integrated Resource Planning (“IRP”) procurement.¹⁰

CESA urges the Commission to reject these unreasonably long timelines for implementation and instead maintain the PD’s current order to have advice letters submitted within 30 days of the issuance of the decision. As explained in our opening and reply comments and as echoed by many parties, CESA does not see any need for tariff or PPA changes related to grid charging restrictions, nor do we see the need for complex requirements to be put into place to enforce specific dispatch profiles for ReMAT-eligible generation and storage resources qualifying for specific product categories. Any changes may be very minor (at most) to add some tariff and contract language to stipulate the monitoring and enforcement of the changes made in this PD, and should not prescribe specific requirements (*e.g.*, hardware and software controls). Accounting for the potential timeline to dispose of Tier 2 advice letters (*e.g.*, 30-90 days),¹¹ the IOUs’ proposed timeline would delay the implementation of changes made effective in this PD until Q3 2022 – an unnecessary delay for what should be relatively straightforward changes and would create barriers for ReMAT projects incorporating energy storage to be positioned to support near- and mid-term reliability objectives.¹² Contrary to SDG&E’s assertions, ReMAT projects incorporating energy storage can support Summer 2022/2023 emergency reliability needs, such that the same urgency and efforts made to near-term emergency reliability procurement should be applied to implementation of changes to ReMAT pursuant to the PD.

V. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the PD and looks forward to working with the Commission and stakeholders in the RPS proceeding.

Respectfully submitted,



¹⁰ *Ibid* at 6.

¹¹ This is based on CESA’s experience with staff disposition of other Tier 2 advice letters.

¹² PD at Finding of Fact (“FOF”) 22.

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Date: December 6, 2021