

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

Order Instituting Rulemaking on the Commission's Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011
(Filed September 22, 2011)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE PROPOSED DECISION MODIFYING RULE 21**

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In accordance with 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 Rule 21* (“PD”), issued by Administrative Law Judge (“ALJ”) Kelly A. Hymes on May 6, 2022.

I. INTRODUCTION.

In Opening Comments, CESA, the California Solar and Storage Association (“CALSSA”), and Green Power Institute (“GPI”) highlighted how solutions to give the California Independent System Operator (“CAISO”) visibility into transmission-connected net energy metering (“NEM”) projects have been proposed in the record and how there should be further discussions surrounding whether telemetry or data sharing requirements could allow for a Rule 21 interconnection pathway for these projects.¹ CESA sees this as a viable solution to address the safety and reliability concerns surrounding these projects but one that may need to be further fleshed out, along with other suggestions that CESA has offered in this proceeding that can address the concerns of CAISO

¹ CESA Opening Comments at 5; CALSSA Opening Comments at 1; GPI Opening Comments at 3-4.

without going as far as wholesale elimination of the Rule 21 section B.1 exemption for transmission-connected NEM projects. We look forward to seeing parties' reply comments on CESA's proposed working group to further discussions.

However, even if the Commission decides to have NEM projects interconnect via the CAISO Open Access Transmission Tariff ("OATT"), additional implementation steps need to be taken. As highlighted by Plug Power, without changes to the NEM tariff removing references to Rule 21 or adding references to the OATT, projects will not be able to interconnect to the transmission system and participate in NEM.² As highlighted by CESA and other parties, this does not seem to be the intention of the Commission but could be a consequence if items are left unaddressed.³ To this end, CESA believes Southern California Edison's ("SCE") proposal to give the utilities 30 days to review tariffs, schedules, and forms to make modifications is appropriate.⁴ Similarly, CAISO may need time to make modifications to their forms and processes as well; a timeline that should be communicated with stakeholders.

In reply comments, CESA agrees with SCE and GPI that no changes should be made for the interconnection processes of projects 1 MW or smaller. In addition, CESA responds to Haddington Ventures comments that projects currently in the Rule 21 queue should be forced to interconnect via the CAISO OATT.⁵ In response, CESA would like to re-iterate that projects currently in the Rule 21 queue should continue to interconnect via Rule 21.

² Plug Power Opening Comments at 4.

³ See CESA Opening Comments at 7-8. See also, CALSSA Opening Comments at 3; Plug Power Opening Comments at 4.

⁴ SCE Opening Comments at 4.

⁵ Haddington Ventures Opening Comments at 3.

II. NO CHANGES SHOULD BE MADE TO THE INTERCONNECTION PROCESS FOR NEM PROJECTS 1 MW OR LESS IN SIZE.

SCE and GPI correctly point out that CAISO’s concerns are associated with large NEM projects,⁶ as CAISO has stated that, “[t]he impact of these issues, correlates with the capacity of the generator” and has recommended that the Commission re-instate the 1 MW capacity cap to prevent reliability concerns.⁷ As such, SCE suggests that the proposed change to Rule 21 that the PD would require should only apply to projects larger than 1 MW.⁸ While CESA does not support the elimination of the Rule 21 section B.1 exemption for any transmission-connected NEM projects, we are aligned with SCE that any changes that are ultimately adopted by the Commission to Rule 21 to address the concerns raised by CAISO should be applied only projects that are larger than 1 MW. To apply any such changes, whether in the form of augmented Rule 21 requirements or by outright elimination of the Rule 21 section B.1 exemption, to projects smaller than 1 MW appears to go beyond the scope of what is needed to address CAISO’s concerns and would be overly broad.

III. NEM PROJECTS CURRENTLY IN THE INTERCONNECTION QUEUE SHOULD CONTINUE TO INTERCONNECT VIA THE EXISTING RULE 21 PROCESS AND THOSE THAT HAVE ACHIEVED COMMERCIAL OPERATION SHOULD NOT BE SUBJECT TO RETROACTIVE CHANGES.

Multiple parties⁹ highlighted the lack of detail on the treatment for “projects in the study queue, in implementation phase and those projects that have achieved commercial operation.”¹⁰ This lack of clarity will likely impede progress for projects that are in the queue.

⁶ SCE Opening Comments at 2; GPI Opening Comments at 4.

⁷ CAISO Comments on ALJ’s Ruling Regarding Workshop Slides and Additional Data at 3.

⁸ SCE Opening Comments at 2-3.

⁹ See CESA Opening Comments at 8. See also, CALSSA Opening Comments at 3; Pacific Gas and Electric (“PG&E”) Opening Comments at 2, Plug Power Opening Comments at 3-4.

¹⁰ PG&E Opening Comments at 2.

CESA believes that customers that have submitted a Rule 21 interconnection application at the time of the release of the PD, May 6, 2022, should be allowed to continue with a Rule 21 interconnection process. As highlighted by CALSSA, “changes to Rule 21 always apply on a going-forward basis and active applications continue to be evaluated under the version of Rule 21 that was in effect at the time of application submittal.”¹¹ This is an appropriate position given that, generally, retroactively applying changes to Rule 21 would make it extremely difficult for customers to trust that they could interconnect via existing rules without having unanticipated changes. Retroactive policy changes break customer and developer trust in Commission policies or programs, hampering the state’s ability to achieve its goals and, especially for behind-the-meter policies and programs, even creating consumer protection violations. In particular, customers with signed Generator Interconnection Agreements (“GIA”) have already gone through all of the needed Rule 21 studies and have gotten a particular project configuration approved. These customers have mature projects that should be allowed to interconnect as planned and studied for. Under no circumstances should the Commission apply changes retroactively to “projects that have achieved commercial operation,” a category contemplated only by PG&E.¹²

However, CESA supports CALSSA’s recommendation to require the utilities to share telemetry data already collected under Rule 21 with CAISO, for projects in the queue, as well as those that are already operational.¹³ This could be discussed during CESA’s recommended stakeholder working group or during the planned workshop to discuss non-exporting systems.

If customers would prefer to withdraw their Rule 21 application and submit a new application to the OATT or use an existing OATT application in place of Rule 21, such as in Plug

¹¹ CALSSA Opening Comments at 4.

¹² PG&E Opening Comments at 2.

¹³ CALSSA Opening Comments at 4.

Power’s case, CESA supports their right to do so. However, changes to the NEM tariff will be needed,¹⁴ as well as changes to CAISO processes.¹⁵ While projects may choose to interconnect via OATT, projects currently in the Rule 21 queue, particularly those with GIAs, should not be forced to move to the OATT, as “it would be inappropriate to apply new rules to mature projects that have proceeded in good faith under the rules that have been in place for years”¹⁶

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments on the PD and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,



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¹⁴ Plug Power Opening Comments at 3.

¹⁵ CESA Opening Comments at 9-10.

¹⁶ CESA Opening Comments at 7.