

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

Order Instituting Rulemaking to
Oversee the Resource Adequacy
Program, Consider Program Reforms
and Refinements, and Establish
Forward Resource Adequacy
Procurement Obligations.

Rulemaking 21-10-002
(Filed October 7, 2021)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE WORKSHOP REPORT ON FINAL PROPOSALS FROM REFORM TRACK
PHASE 2 WORKSTREAMS 1 – 3 SUBMITTED BY PACIFIC GAS AND ELECTRIC
COMPANY (U 39 E)**

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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 *Workshop Report on Final Proposals from Reform Track Phase 2 Workstreams 1 – 3 Submitted by Pacific Gas and Electric Company (U 39 E)* (“Report”), submitted and filed in Rulemaking (“R.”) 21-10-002 on November 15, 2022.

I. INTRODUCTION.

CESA appreciates the opportunity to provide responses to the opening comments submitted by parties on December 1, 2022. CESA’s review of opening comments reveals that, while very significant progress was made during the Workstream meetings associated with the Report, there are still significant questions and issues where added clarity and development are warranted. As a result, CESA’s comments can be summarized as follows:

- The Commission should confirm that paired (co-located or hybrid) renewable resources paired with a storage resource that has full deliverability status should not be required to have full deliverability status.
- The Commission should seriously consider allowing energy-only (“EO”) variable energy resources (“VERs”) to count towards the charging sufficiency requirement for standalone storage.

- If the Commission is intent on applying an unforced capacity (“UCAP”) methodology to dispatchable resources under the Resource Adequacy (“RA”) program, it should direct further development of this approach as part of a workshop process.

II. THE COMMISSION SHOULD CONFIRM THAT PAIRED (CO-LOCATED OR HYBRID) RENEWABLE RESOURCES PAIRED WITH A STORAGE RESOURCE THAT HAS FULL DELIVERABILITY STATUS SHOULD NOT BE REQUIRED TO HAVE FULL DELIVERABILITY STATUS.

In opening comments, the Public Advocates Office (“Cal Advocates”) argues that the Slice-of-Day (“SOD”) approach should recognize that renewable resources paired with a storage resource that has full deliverability status should not be required to have full capacity deliverability status (“FCDS”).¹ Other parties, such as the California Community Choice Association (“CalCCA”)² and Pacific Gas & Electric Company (“PG&E”)³ made similar arguments in their opening comments.

CESA fully agrees with the perspective shared by Cal Advocates. The requirement for deliverability under these circumstances is an overly burdensome barrier that does not relate to the ability of the variable energy resource (“VER”) component to provide charging energy to the storage asset it is paired with. As a result, CESA urges the Commission clearly state that, under either a co-located or hybrid configuration (as defined by the California Independent System Operator [“CAISO”]), the VER component should not be required to have FCDS if the storage component has FCDS.

III. THE COMMISSION SHOULD SERIOUSLY CONSIDER ALLOWING ENERGY-ONLY VARIABLE ENERGY RESOURCES TO COUNT TOWARDS THE CHARGING SUFFICIENCY REQUIREMENT FOR STANDALONE STORAGE.

In opening comments, CAISO notes that EO resources cannot contribute to any part of the RA framework (even to standalone charging sufficiency requirements, which are unprecedented and not contemplated in the CAISO tariff) since EO resources cannot be shown as RA and thus

¹ CalAdvocates Opening Comments, at 11.

² CalCCA Opening Comments, at 13.

³ PG&E Opening Comments, at 5-6.

would not be subject to CAISO’s RA rules such as must-offer and substitution obligations.⁴ In this context, the CAISO concludes that an EO asset cannot be assumed to make itself available given the lack of the must-offer obligation (“MOO”), and, if unavailable, the asset would not be required to provide substitute capacity for its failure to show up.

As noted in our opening comments and our replies in Section II herein, it is evident that a paired VER without FCDS can contribute to the charging sufficiency its paired storage resource. Regarding the charging sufficiency of standalone assets, the CAISO’s concerns can be mitigated by focusing on allowing EO VERs to contribute to said verification. EO standalone VERs, while not subject to MOO and substitution, have every incentive to try to inject power to broader grid whenever they can, essentially making themselves available in the totality of the hours in which they generate electricity. This effectively reduces the energy cost for storage charging, thus providing significant ratepayer value. Moreover, while EO standalone VERs are not subject to substitution obligations, neither are RA-providing VERs.⁵ In this context, allowing EO standalone VERs to satisfy the charging sufficiency verification for standalone energy storage introduces little risk and recognizes the ratepayer benefits of having an abundant renewable energy portfolio.

IV. IF THE COMMISSION IS INTENT ON APPLYING AN UCAP METHODOLOGY TO DISPATCHABLE RESOURCES UNDER THE RA PROGRAM, IT SHOULD DIRECT FURTHER DEVELOPMENT OF THIS APPROACH AS PART OF A WORKSHOP PROCESS.

In opening comments, several parties encourage the Commission to further develop the UCAP methodology, either in its full form or in some partial or “light” form. CAISO,⁶ Cal Advocates,⁷ CalCCA,⁸ and the Alliance for Retail Energy Markets (“AReM”)⁹ are among the parties that advocated for some form of continued development of this methodology. As CESA stated in opening comments, the Report itself admits that, today, there is not sufficient record on the development of either UCAP or UCAP-light.¹⁰ While CESA recognizes the merits of

⁴ CAISO Opening Comments, at 9.

⁵ See CAISO Tariff Section 40.9.2.

⁶ CAISO Opening Comments, at 9-10.

⁷ Cal Advocates Opening Comments, at 15.

⁸ CalCCA Opening Comments, at 15-16.

⁹ AReM Opening Comments, at 4.

¹⁰ CESA Opening Comments, at 12.

transitioning to a UCAP-based paradigm for dispatchable resources, we are certain that the Commission would be amiss if it directed its adoption based solely on the discussions and proposals shared in the Workstream meetings and contained in the Report. As a result, CESA urges the Commission refrain from adopting UCAP or UCAP-light at this time and, if it is intent on a framework like this to be established, direct further development of this approach as part of a workshop process.

V. CONCLUSION.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jin Noh', written in a cursive style.

Jin Noh
Policy Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: December 12, 2022