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

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local and Flexible Procurement Obligations
for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020
(Filed September 28, 2017)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS
FOR 2019 AND REFINING THE RESOURCE ADEQUACY PROGRAM**

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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”)¹ hereby submits these comments on the *Proposed Decision Adopting Local Capacity Obligations for 2019 and Refining the Resource Adequacy Program* (“Proposed Decision”), issued by Administrative Law Judges Peter Allen and Debbie Chiv on May 22, 2018.

¹ 8minutenergy Renewables, Able Grid Energy Solutions, Adara Power, Advanced Microgrid Solutions, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Brenmiller Energy, Bright Energy Storage Technologies, BrightSource Energy, Brookfield Renewables, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, ElectrIQ Power, eMotorWerks, Inc., Energport, Energy Storage Systems Inc., Engie, Fluence Energy, GAF, Geli, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., IE Softworks, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Iteros, Johnson Controls, Lendlease Energy Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NICE America Research, NRG Energy, Inc., Ormat Technologies, Parker Hannifin Corporation, Pintail Power, Qnovio, Range Energy Storage Systems, Recurrent Energy, Renewable Energy Systems (RES), Sempra Renewables, Sharp Electronics Corporation, SNC Lavalin, Southwest Generation, Sovereign Energy, STOREME, Inc., Sunrun, Swell Energy, True North Venture Partners, Viridity Energy, Wellhead Electric, and Younicos. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

I. INTRODUCTION.

CESA applauds the Commission's work to further and evolve the Resource Adequacy ("RA") program. CESA strongly supports the Proposed Decision's logic to evolve beyond the findings of Decision ("D.") 14-06-050 wherein combined energy storage and demand response ("DR") resources were not authorized for RA.² The record indicates no opposition to this logical change, and no reason for restricting otherwise viable resources exists in the record. Beyond the energy storage and DR authorization, CESA is supportive of the Proposed Decision, including the authorization of RA eligibility for combined energy storage and DR resources. CESA still sees significant work ahead and looks forward to working with the Commission to ensure the RA program yields a fleet that ensures reliability in the applicable period. As such, fast ramping capabilities, the ability to integrate renewables reliably, and the benefits of hybrid and stand-alone energy storage resources need to be fairly valued in the RA proceeding.

CESA thanks Commission staff for working with stakeholders on these complex yet important matters and offers comments in support of continued work needed in this proceeding.

II. THE RESOURCE ADEQUACY PROCEEDING SHOULD CONTINUE TO WORK ON VALUING THE CAPACITY AND FLEXIBILITY BENEFITS OF HYBRID STORAGE CONFIGURATION.

Currently, RA and related statutes neither explicitly nor sufficiently authorize the benefits of RA resources that include energy storage. For instance, CESA understands that solar-thermal resources may be subject to an annual Effective Load Carrying Capability ("ELCC") count based on statistical modeling, even though the actual performance of the resource likely warrants a much higher RA value due to the value of the storage in supporting generation even during cloudy periods or after the sun has set. This is clearly unreasonable, if CESA understands it correctly. As

² Proposed Decision, p. 38.

such, CESA believes a new formal RA-specific definition for ‘hybrid resources’ should be explored so that statutory requirements (*e.g.*, to use an annually determined ELCC based on weather and load data rather than on a resource's performance or storage additions) do not inadvertently undervalue resources that include storage. RA counts are material matters for both financial reasons and reliability, and thus, should be accurate. Hybrid configurations can include not only solar but also wind, fossil or DR resources with storage, all of which can better support a reliable grid and deliver added flexibility or other benefits. These resources need a clear RA path forward, however, to support their development.

It is worth noting that these resources are being developed today.³ Many modern solicitations indicate a need or preference for storage-backed renewables. Details regarding how the energy storage improves the RA count and where and how coupling on the DC-side of the inverter affect RA values are all needed to support the appropriate value of these resources.

Overall, CESA's main priorities for the RA proceeding continue to be: (1) improving how Flexible RA is counted; (2) ensuring the RA fleet meets flexibility needs through in-market operations through a ‘Flex Down’ product; (3) unbundling System from Flexible RA attributes so that single RA services can be provided; (4) authorizing RA counting for solar-plus-storage and other ‘plus storage’ or ‘hybrid’ resources; and (5) delaying any considerations of restrictions on use-limited resources until further data on any operational needs underlying this idea is evaluated. CESA seeks progress on these fronts throughout this proceeding. RA is not just about stability for existing resources – it also signals to new resources what attributes are valued and needed, informing the fleet for the next decade and beyond.

³ CESA members indicate that some Community Choice Aggregator (“CCA”) solicitations indicate hybrid configurations are eligible.

III. CONCLUSION

CESA appreciates the opportunity to submit comments on the RA Track 1 Proposed Decision. This proceeding remains essential for shaping the fleet to meet reliability objectives. CESA greatly looks forward to working with the Commission and parties on the further development of a durable and robust RA program.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alex J. Morris'.

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