

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

Application of Pacific Gas and Electric
Company to Revise its Electric Marginal
Costs, Revenue Allocation and Rate
Design. (U39M)

Application 16-06-013
(Filed June 30, 2016)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE PROPOSED DECISION ON PACIFIC GAS AND ELECTRIC COMPANY'S
PROPOSED RATE DESIGNS AND RELATED ISSUES**

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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 on Pacific Gas and Electric Company’s Proposed Rate Designs and Related Issues* (“Proposed Decision”), issued by Administrative Law Judge (“ALJ”) Patrick Doherty on July 5, 2018.

¹ 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Axiom Exergy, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Centrica Business Solutions, Consolidated Edison Development, Inc., Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, ElectrIQ Power, eMotorWerks, Inc., Enel, Energport, ENGIE, E.ON Climate & Renewables North America, esVolta, Fluence Energy, GAF, General Electric Company, Greensmith Energy, 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, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NRG Energy, Inc., Parker Hannifin Corporation, Pintail Power, Primus Power, Range Energy Storage Systems, Recurrent Energy, Renewable Energy Systems (RES), Sempra Renewables, Sharp Electronics Corporation, SNC Lavalin, Southwest Generation, Sovereign Energy, Stem, 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 generally supports the Proposed Decision, with its focus on advancing California’s broader energy policy goals and complying with the Commission’s previous decisions to encourage customer behavior or technology adoption that is beneficial to the grid, such as by shifting consumption away from peak periods and toward the hours of renewable over-generation.² Furthermore, CESA supports the adoption of several energy storage rates as part of a menu of different TOU rate options to incentivize beneficial load consumption, even as there is a desire from the Commission to broaden the menu of options to all non-residential time-of-use (“TOU”) customers in the next General Rate Case (“GRC”) Phase 2 proceeding, not just to energy storage customers.³ CESA understands that GRC proceedings must follow ratemaking principles and guidance, but we find that the adopted A-1 STORE, EV-A, and Option S rates increase the range of rate options that provide more effective signals to customers to adopt energy storage technologies and simultaneously support the state’s other key policy objectives to reduce greenhouse gas (“GHG”) emissions and encourage optimal usage of renewable energy resources. Thus, in these comments, CESA offers its support for the Proposed Decision and a couple modest changes to support these important policy objectives.

II. THE OPTION S RATES SHOULD BE APPROVED TO PROVIDE OPTIONS FOR CUSTOMERS TO ACHIEVE THE STATE’S KEY POLICY OBJECTIVES.

CESA supports the flexibility being provided by the Proposed Decision’s adoption of Option S rates, as they align with the incentives for energy storage customers to reduce demand during peak hours on a daily basis, which also may align with periods of high marginal GHG

² Proposed Decision, pp. 47-50.

³ *Ibid*, pp. 51-52.

emissions.⁴ Another benefit of the Option S rates is that they dramatically decrease the investment risk of energy storage by reducing financial risks associated with using energy storage to mitigate demand-related charges. With participation in Option S capped, CESA believes the Commission is taking a prudent approach to contain some of the uncertainty around cost shift concerns and determining whether this new experimental rate incentivizes the desired energy storage operations and achieves the state's important policy objectives. CESA thus supports the Proposed Decision's adoption of Option S.

III. ELIGIBILITY FOR ENERGY STORAGE RATES SHOULD NOT BE LINKED TO THE SELF-GENERATION INCENTIVE PROGRAM.

CESA agrees with the Proposed Decision in determining that eligibility for the A-1 STORE rate and Option S rates should not be linked to SGIP's eligibility criteria for several reasons.⁵ First, as the Proposed Decision observes, the program set to retire in 2020. Second, any direct linkages between an incentive program and rate eligibility may lead to unintended consequences where program changes to achieve some other program-specific objective (*e.g.*, market transformation) may then inappropriately affect rate schedule eligibility. Further, there are certain 'best practices' established in SGIP that could be drawn upon in designing A-1 STORE and Option S rate eligibility. CESA agrees that these rates should not be directly linked or directly referencing SGIP, even as there are obvious synergies in these rates supporting the achievement of the program's goals for SGIP-funded projects.

⁴ *Ibid*, pp. 114-115.

⁵ *Ibid*, p. 60.

IV. ELIGIBILITY FOR EXISTING CUSTOMERS WITH ENERGY STORAGE TO TAKE SERVICE ON EV-A RATE SHOULD BE CLARIFIED AND ALLOWED.

CESA supports the Commission's decision to allow residential customers who install energy storage to take service on the EV-A rate, subject to minimum sizing requirements or whether residential customers have less than 12 months of consumption history.⁶ However, CESA seeks clarification on whether existing energy storage customers will also be allowed to take service under the EV-A rate, which is unclear from the Proposed Decision. CESA does not find any reason for excluding existing energy storage customers from taking service under the EV-A rate as long as the other eligibility criteria are met, and for limiting this rate to new energy storage customers.

V. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the Proposed Decision.

Respectfully submitted,



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⁶ *Ibid*, p. 60.