

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

Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of California
Renewable Portfolio Standard Program.

Rulemaking 18-07-003
(Filed January 17, 2017)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
TO THE ORDER INSTITUTING RULEMAKING TO CONTINUE
IMPLEMENTATION AND ADMINISTRATION, AND CONSIDER FURTHER
DEVELOPMENT, OF CALIFORNIA RENEWABLES PORTFOLIO STANDARD
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 to the *Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program* (“OIR”), issued on July 23, 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, VRB 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 supports the opening of this new rulemaking as a successor docket to R.15-02-020 to address ongoing oversight of the Renewable Portfolio Standard (“RPS”) program but also to consider potential improvements and refinements to ensure that RPS procurement aligns with the state’s other goals to ensure grid reliability and to reduce greenhouse gas (“GHG”) emissions. Thus, CESA finds that the coordination needed with the Integrated Resource Planning (“IRP”) proceeding (R.16-02-007) to be very important. In general, CESA supports the scope of the OIR, especially around the need to revise and update the least-cost, best-fit (“LCBF”) methodology for evaluating RPS-eligible procurement and to develop a methodology for determining values for effective load carrying capability (“ELCC”).

However, CESA recommends that the Commission explicitly include the consideration of RPS-paired energy storage challenges and barriers and development of solutions on these matters as part of the scope, which fit under the consideration LCBF and ELCC related developments and refinements. In addition, CESA recommends that this successor docket also consider developing a process for re-contracting existing RPS resources to add energy storage.

II. RPS PAIRED ENERGY STORAGE ISSUES REQUIRE RESOLUTION IN THIS SUCCESSOR DOCKET TO SUPPORT EFFICIENT RPS PROCUREMENT AND GRID DECARBONIZATION.

CESA observes that procurement of RPS and energy storage are separate and siloed through different procurement mechanisms. As a result, there may be critical cost savings and grid reliability benefits to the ratepayer that are not realized due to the lack of paired and co-located procurement of RPS-eligible resources and energy storage resources, which may result from the combined asset having increased or firmer capacity, reduced curtailments, and balance of system cost savings from shared infrastructure, among others. A Ruling issued on June 21, 2018 laid out

the issues for the 2018 RPS Procurement Plans and included a list of questions around the barriers and challenges to RPS-paired energy storage resources.² CESA plans to respond to the Ruling by August 17, 2018 but believes that the challenges and issues raised in those opening and reply comments will require a procedural venue to further develop and implement solutions, given that R.15-02-020 is scheduled to close by February 4, 2019. The questions posed in the June 21, 2018 Ruling are important matters that need to be considered in detail and should be added to the list of “Resolving Remaining Issues from R.15-02-020” that are added to the scope for R.18-07-003.

CESA adds that many of the issues raised in comments to the Ruling fit well under the consideration of ELCC and LCBF refinements and changes, as proposed in the OIR. In the consideration of ELCC refinements, CESA recommends that the ELCC methodology be modified to reflect the potential increase in capacity value of the RPS resource when paired with energy storage and to be flexible enough to handle different energy storage configurations and durations. At present, the ELCC methodology does not reflect any capacity value ‘boost’ and views a standalone RPS resource and one paired with energy storage equally in terms of the capacity that it could provide, which is logically untrue. Furthermore, in the consideration of LCBF refinements, CESA recommends that the Commission re-evaluate time-of-delivery (“TOD”) factors to reflect the higher value of peak generation from a capacity and GHG emissions reduction perspective so that it incentivizes RPS resources to pair with energy storage resources. It is unclear how TOD factors are set in the LCBF methodology. CESA refers the Commission to comments it will file on August 17, 2018 in response to the Ruling as a potential starting point for issues and solutions to consider as part of the successor docket.

² *Assigned Commissioner and Assigned Administrative Law Judge’s Ruling Identifying Issues and Schedule of Review for 2018 Renewables Portfolio Standard Procurement Plans*, filed on June 21, 2018, pp. 19-20. <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M216/K732/216732767.PDF>

III. THIS SUCCESSOR DOCKET SHOULD INCLUDE THE RE-CONTRACTING OF EXISTING RPS RESOURCES TO ADD ENERGY STORAGE AS PART OF THE SCOPE.

Relatedly, CESA recommends that the Commission add the development of a process for re-contracting existing RPS resources to add energy storage as part of the scope of this successor docket. To CESA's knowledge, there is currently no process to re-contracting existing assets as RPS procurement is focused on new RPS resources, which represents a potential missed opportunity to re-direct some RPS resources to modify its production profile for potential additional grid benefits. By creating a pathway for re-contracting, such as through storage-only procurement through the RPS program, some RPS resource owners and operators may choose to add energy storage and reap the additional value that could be available through higher peak-related power purchase payments. CESA acknowledges that there are many financial, regulatory, and grid planning implications to opening such a procurement and contracting pathway that would require stakeholder discussion, but re-contracting still presents a major opportunity for significant ratepayer benefit that warrants exploration in this successor docket. In addition, if such processes exist for re-contracting RPS resources, CESA recommends that this docket consider whether and how these existing re-contracting processes can be adapted to apply to adding energy storage to existing RPS resources.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these comments to the OIR and looks forward to working with the Commission and stakeholders in this new proceeding.

Respectfully submitted,



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