

October 1, 2018

Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

**Re: Response of the California Energy Storage Alliance to Draft Resolution E-4956  
Approving, with Modifications Pacific Gas and Electric Company (PG&E)  
Distributed Energy Resource (DER) Procurement for the IDER Utility  
Regulatory Incentive Mechanism Pilot (Incentive Pilot) Pursuant to  
Resolution E-4889 and D.16-12-036**

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Dear Mr. Petlin and Ms. Worster:

The California Energy Storage Alliance (“CESA”)<sup>1</sup> submits these comments to Draft Resolution E-4956, issued on September 7, 2018, approving, with modifications, the Request for Offers (“RFO”) solicitation to be conducted by Pacific Gas and Electric Company (“PG&E”) as part of its Integrated Distributed Energy Resource (“IDER”) Utility Regulatory Incentive Mechanism Pilot (“Incentive Pilot”) pursuant to Resolution E-4889 and Decision (“D.”) 16-12-036.

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<sup>1</sup> 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 this Response are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies.

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## **I. INTRODUCTION.**

CESA supports the approval of PG&E’s IDER RFO at the Gonzales Substation with the modifications and clarifications provided in Draft Resolution E-4949. CESA believes that PG&E has structured the bid increments and product terms (*e.g.*, in terms of delivery hours and limits) to increase the viability of distributed energy resource (“DER”) alternatives to address the identified distribution capacity need at the Gonzales Substation. With the directives to include planning assumptions and customer information in RFO materials, provide explanations for any project development security, not categorically exclude or prohibit exporting behind-the-meter DERs, and allowing for alternative metering and verification methodologies to be used in lieu of revenue-grade quality metering,<sup>2</sup> CESA supports the Commission approving the IDER RFO and allowing PG&E to soon begin the launch of the solicitation.

In these comments, CESA only offers limited comments on the need for PG&E to demonstrate compliance with the Multiple-Use Applications (“MUA”) decision, D.18-01-003, in the Energy Storage Rulemaking (R.15-03-011) as well as to provide transparency to the degree possible to support incrementality assessments for DER bids. For energy storage resources and possibly other DERs that are capable of providing multiple services, CESA encourages PG&E to consider how to ‘stack’ value from new and existing DERs, which may lead to more cost-effective outcomes for ratepayers, and recommends that the Commission direct the Independent Evaluator (“IE”) to include an assessment on how PG&E evaluated bids in accordance with D.18-01-003 when reporting to the Procurement Review Group and the Commission. Furthermore, to support value stacking of DERs, key clarifications and transparency is needed into how incrementality will be assessed in PG&E’s IDER RFO, as the ‘tranche approach’ is helpful but may be insufficient in providing sufficient guidance for DER providers.

## **II. DISCUSSION.**

On January 17, 2018, D.18-01-003 was issued that adopted eleven rules to govern evaluation of MUAs of energy storage along with definitions of service domains, reliability services, and non-reliability services.<sup>3</sup> With the adoption of this new MUA Framework, the Commission introduced MUA concepts where multiple reliability services could be provided through time differentiation and capacity differentiation (see Rule 7), even as the performance of one reliability service should not be compromised by the performance of other services (see Rule 6). Similar to how PG&E defined the delivery periods and capacity needs during the summer months, PG&E should also allow DER solutions to provide other reliability or non-reliability services outside of the defined time periods for the identified grid need. Additionally, if DER solutions are able to differentiate and allocate a certain amount of capacity to PG&E’s solicited distribution capacity need, such offers

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<sup>2</sup> Draft Resolution E-4956, pp. 16-17.

<sup>3</sup> *Decision on Multiple-Use Application Issues*, D.18-01-003, issued on January 17, 2018.  
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M206/K462/206462341.pdf>

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should also be considered in this RFO and evaluated accordingly. By differentiating time and capacity of DERs in servicing a specific and well-defined distribution capacity need, energy storage and other DERs should be able to more effectively ‘stack’ value and deliver more cost-effective solutions to PG&E and its ratepayers.

By extension, consideration of MUAs may also tie into how PG&E assesses the incrementality of bids. CESA appreciates that the Commission reaffirmed the principles and clarifications provided in D.16-12-036 and Resolution E-4889 to focus on the “services” provided by DERs that may be sourced from other programs or tariffs. To provide DER providers with greater clarity in how to structure bids and to allow for fair assessment on the incrementality of bids, PG&E should provide granular planning assumptions for the forecasted growth of different DER types and the expected load/generation profiles of forecasted DER types. Finally, as part of the IE Report, it may be helpful to consider how bid incrementality was considered, including how they are above and beyond the underlying planning assumptions, which are subject to some uncertainties and inaccuracies.

### **III. CONCLUSION.**

CESA appreciates the opportunity to submit these comments to Resolution E-4956 and supports PG&E’s and the Commission’s efforts to structure the IDER RFO to increase the viability of procuring DER alternatives for the benefit of ratepayers. With a small addition to the scope of the RFO process as discussed in our comments herein, this solicitation will more inclusively consider all the potential DER solutions that could reliably and cost-effectively address the identified distribution capacity need. CESA looks forward to working with PG&E and the Commission to test the viability of DER alternatives to meet a distribution deferral need in this innovative IDER RFO pilot.

Respectfully submitted,



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