

October 10, 2018

Energy Division
California Public Utilities Commission
505 Van Ness Avenue
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**Re: Comments of the California Energy Storage Alliance to Draft Resolution E-4949:
Pacific Gas and Electric request approval of four energy storage facilities
with the following counterparties: mNOC, Dynegy, Hummingbird Energy
Storage, LLC, and Tesla.**

Dear Mr. Petlin and Ms. McMahon:

The California Energy Storage Alliance (“CESA”)¹ submits these comments to Draft Resolution E-4949, issued on September 20, 2018, approving cost recovery for three power purchase agreements (“PPAs”) and one engineering, procurement and construction (“EPC”) agreement for a total of four energy storage facilities with mNOC, Dynegy, Hummingbird Energy Storage, LLC, and Tesla, and finding that the Moss Landing Energy Storage project does not require a CPCN or permit to be issued from the Commission.

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, Enerport, 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.

I. INTRODUCTION.

CESA supports the determination in Draft Resolution E-4949 to approve the four energy storage contracts submitted for approval by Pacific Gas and Electric Company (“PG&E”) in Advice Letter 5322-E. We commend the Commission and PG&E for acting swiftly on this matter and for taking into consideration the likelihood of future capacity retirements in the sub-area. As the Draft Resolution correctly points out, the four energy storage contracts benefit ratepayers by enabling PG&E to avoid executing and/or extending above-market Reliability Must-Run (“RMR”) agreements in 2019 or otherwise facing a situation where merchant generators in the sub-area are able to exercise market power. The energy storage contracts also count towards already established energy storage procurement goals, thus satisfying two procurements with this one single procurement effort.

II. DISCUSSION.

CESA agrees with the key findings and orders of Draft Resolution E-4949.

The Draft Resolution prudently determined that the transmission solutions approved in the 2017-2018 Transmission Plan only address the immediate, near-term local capacity need to obviate the Metcalf RMR agreement. Absent new dispatchable capacity, those transmission solutions leave little margin in a capacity-constrained area over the next few years, while the longer-term outlook of the sub-area has uncertainties with generation contracts set to expire.² The energy storage contracts in Advice Letter 5322-E represent a reasonable cost-effective planning solution as well as a hedge against likely future uncertainties and scenarios. Further, the contracts also reduce local environmental impacts.

The Draft Resolution concludes that the four contracts present significant economic value and should be approved. By viewing and comparing the four contracts within context (*i.e.*, more expedited project deployment timelines), the contracts are reasonable and comparable to past solicitations (*i.e.*, 2016 Energy Storage RFO).³ Similarly, when accounting for the full range of benefits that can be provided by energy storage resources capable of multiple applications and services, the Draft Resolution estimates significant savings to ratepayers (*i.e.*, \$233 million overall benefit over 10 years) relative to the RMR agreements.⁴ These findings not only make the four contracts compliant with Resolution E-4909 but also provide ratepayers with significant economic savings and greater certainty of maintaining reliability.

Finally, CESA supports the Commission’s intent to develop streamlined guidance and processes for siting and permitting utility-owned energy storage projects, using the Moss Landing Energy Storage Project as an experience-building effort for these siting and permitting matters. Given the need to deploy these projects on an expedited timeline, CESA agrees with the Draft

² Draft Resolution E-4949, p. 26.

³ *Ibid*, p. 30.

⁴ *Ibid*, p. 31.

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Resolution that it is reasonable to waive the Certificate of Public Convenience and Necessity (“CPCN”) or Permit to Construct (“PTC”). Looking ahead, CESA anticipates that this work will, in parallel with the ongoing execution of Assembly Bill (“AB”) 546, which focuses on customer sited storage, support efforts to identify and implement best practices for in-front-of-the-meter and or utility-owned energy storage projects, especially as energy storage as transmission and distribution assets mature and grow as a use case.

III. CONCLUSION.

CESA appreciates the opportunity to submit these comments to Resolution E-4949 and seeks to find ways to collaborate with the Commission, PG&E, and other stakeholders to carefully and reliably manage the electric grid for the benefit of ratepayers.

Respectfully submitted,



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Service lists R.15-03-011 and R.17-09-020