



June 12, 2019

CPUC Energy Division Tariff Unit
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Re: Response of the California Energy Storage Alliance to Advice Letter No. 4002-E of Southern California Edison Company: Submission of Energy Storage Contracts for Review and Approval, Pursuant to Commission Resolution E-4937 and Senate Bill 801

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”)¹ hereby submits this response to the above-referenced advice letter, *Submission of Energy Storage Contracts for Review and Approval, Pursuant to Commission Resolution E-4937 and Senate Bill 801* (“Advice Letter”), submitted by Southern California Edison Company (“SCE”) on May 23, 2019.

¹ 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, Aggreko, Alligant Scientific, LLC, AltaGas Services, Amber Kinetics, Ameresco, American Honda Motor Company, Inc., Avangrid Renewables, Axiom Exergy, Better Energies, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Clean Energy Associates, ConEd Battery Development, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, EDF Renewable Energy, eMotorWerks, Inc., Enel X North America, Energport, Energy Vault, Engie Storage, E.ON Climate & Renewables North America, esVolta, Fluence, Form Energy, General Electric Company, Greensmith Energy, Gridwiz Inc., Hecate Grid LLC, Highview Power, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Lendlease Energy Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Energy Solutions, LS Power Development, LLC, Magnum CAES, Malta Inc, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., Nuvve, Pattern Energy, Pintail Power, Plus Power, Primus Power, PolyJoule, Qidnet Energy, Range Energy Storage Systems, Recurrent Energy, RES Americas, SNC-Lavalin, Soltage, Southwest Generation, Stem, STOREME, Inc., Sunrun, Swell Energy, Tenaska, Inc., Tesla, True North Venture Partners, Viridity Energy, VRB Energy, WattTime, and Wellhead Electric. 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. BACKGROUND & INTRODUCTION.

Senate Bill (“SB”) 801 directed SCE to pursue a competitive solicitation for a minimum of 20 MW of cost-effective energy storage solutions to help address the Los Angeles Basin’s electrical system operational limitations resulting from reduced gas deliverability from the Aliso Canyon natural gas storage facility. Resolution E-4937 was subsequently issued that permitted SCE to target the seven substations it identifies in Advice Letter 3785-E as locations that would yield simultaneous benefits to electric reliability as well as reducing natural gas demand. In addition, Resolution E-4937 clarified that any resulting energy storage procurement should count toward residual energy storage procurement targets pursuant to Assembly Bill (“AB”) 2514 and Decision (“D.”) 13-10-040.²

Following these directives and guidance, SCE launched its Aliso Canyon Energy Storage (“ACES”) 2 Request for Offers (“RFO”) and subsequently submitted an Advice Letter on May 23, 2019 seeking approval for six energy storage contracts pursuant to Resolution E-4937 and SB 801, amounting to 95 MW. SCE discussed how energy storage systems sited in the Santa Barbara/Goleta area will address multiple needs, including alleviating natural gas shortages resulting from limitations on the Aliso Canyon natural gas storage facility, meeting local capacity requirement (“LCR”) needs in the Moorpark sub-area, and providing limited and incremental support for grid resiliency needs during an extended outage of the two Goleta-Santa Clara 230-kV lines.

After reviewing SCE’s Advice Letter, CESA generally supports the approval of the contracts submitted for approval and offers the following comments:

- The contracts submitted in Advice Letter No. 4002-E comply with the requirements set forth in Resolution E-4937.
- The contracts support compliance with SCE’s energy storage procurement targets pursuant to AB 2514 and D.13-10-040.
- The contracts are appropriately submitted for approval via the Advice Letter process.

II. DISCUSSION.

A. The contracts submitted in Advice Letter No. 4002-E comply with the requirements set forth in Resolution E-4937

Based on the information presented in SCE’s Advice Letter, CESA recommends that the Commission approve the six energy storage contracts submitted for approval. Since the six energy storage projects are located at or downstream of the Santa Clara 220/66 kV substation and Goleta 220/66 kV substation, the contracts are compliant with Resolution E-4937 in targeting locations that provide the greatest benefit to the system by addressing the Moorpark sub-area

² Resolution E-4937: Authorizing Southern California Edison’s plan to conduct a solicitation for energy storage to comply with SB 801 (Stern) issued on August 10, 2018, Findings 4 and 7. <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M221/K689/221689899.PDF>

LCR need while simultaneously reducing demand on the gas system.³ CESA recognizes that one energy storage contract was submitted in an Application related to SCE's 2018 Moorpark LCR RFO that, in combination with the six energy storage contracts submitted in this Advice Letter, meet the overall Moorpark sub-area LCR need as part of a portfolio-based procurement approach. Across the two solicitations, SCE reasonably addressed operational risks by selecting the scenario of energy storage resources that create some level of average hourly margin⁴ and addressed deployment and forecasts risks with the AltaGas project being potentially "expandable" by 20 MW. By locating these projects at the Goleta substations, CESA understands that these projects will also provide some resiliency support as well.

Taken together, CESA believes that these contracts provide significant ratepayer value by delivering multiple benefits from the same energy storage resources, including obviating the need to procure new gas capacity, allowing the retirement of once-through-cooling ("OTC") facilities by 2021, providing some resiliency support in contingency scenarios, and reducing gas demand on Aliso Canyon. These projects thus support the state's environmental goals in a cost-effective manner.

B. The contracts support compliance with SCE's energy storage procurement targets pursuant to AB 2514 and D.13-10-040

An additional benefit of approving the six energy storage contracts submitted for approval is SCE's fulfillment of its energy storage procurement targets. Up until this Advice Letter, SCE had an overall 2014-2020 residual energy storage procurement target of 190 MW in the transmission domain and approximately 42 MW in the distribution domain, by CESA's count.⁵ Although the 85 MW transferred from over-compliance in the customer domain to the transmission and distribution ("T&D") domains can count toward some of these residual energy storage procurement targets,⁶ but the 81 MW of distribution-connected energy storage projects procured in the 2018 ACES 2 RFO Advice Letter would provide a significant contribution toward the remaining procurement shortfall in the T&D domains.⁷ CESA also notes that SB 801 authorized SCE to procure a minimum of 20 MW of energy storage, effectively serving as a floor to address Aliso Canyon related reliability issues but not limiting how much energy storage that could be procured to meet SCE's residual energy storage procurement targets pursuant to AB 2514 and D.13-10-040, or that could be procured to simultaneously address the Moorpark sub-area LCR need pursuant to Resolution E-4937. Therefore, by approving the six energy storage contracts, SCE would meet its AB 2514 energy storage procurement requirements with energy storage resources that also address an urgent grid reliability need, thereby providing

³ Resolution E-4937 at p. 4.

⁴ *Ibid* Appendix D at pp. 138 and 157.

⁵ Since SCE's 2018 Energy Storage Procurement Plan Application (A.18-03-002) submitted on March 1, 2018, CESA counted the 2018 IDER RFO procurement results for an additional 9.5 MW of distribution-connected energy storage to arrive at its residual procurement target numbers.

⁶ *Decision on Track 1 Issues*, D.16-01-032, issued in R.15-03-011 on January 28, 2016 at pp. 32-33.
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M158/K111/158111344.PDF>

⁷ By counting the 81 MW of distribution-connected energy storage projects procured in this Advice Letter, CESA calculates 66 MW of overall 2014-2020 residual energy storage procurement targets in the T&D domain, which could be met with the 100 MW of distribution-connected energy storage procured in the 2018 Moorpark LCR RFP Results Application (A.19-04-016). Thus, a similar case for approval of A.19-04-016 could be made on the basis of supporting AB 2514 compliance.

simultaneous market transformation and ratepayer value through energy, capacity, reliability, and greenhouse gas (“GHG”) emissions reduction.

C. The contracts are appropriately submitted for approval via the Advice Letter process

Due to the need for projects to achieve commercial operations by March 1, 2021 to address the Moorpark sub-area LCR need,⁸ it is reasonable for SCE to assess and select projects in part based on the need to effectively achieve the online date.⁹ Overall, timely approval of the contracts are needed given the costs involved in expedited interconnection and compressed timeline of the deployment of energy storage projects in addition to the potential risks of needing to extend the OTC facilities if energy storage projects are not approved in a timely manner. Since the contracts comply with the clear requirements and findings of Resolution E-4937, CESA believes it is both appropriate and necessary to approve the contracts through the Advice Letter process.

CESA understands that one energy storage contract was submitted in an Application related to SCE’s 2018 Moorpark LCR RFO, which will be subject to a more extensive stakeholder review process. While addressing the full LCR need is contingent on all seven contracts being approved by the Commission, CESA supports the bifurcated review and approval process of the six energy storage contracts via a Tier 3 Advice Letter as authorized and allowed per Resolution E-4937, which better ensures that a portion of the solution portfolio to address the Moorpark sub-area LCR need is timely approved and deployed. At the same time, though not the subject of this Advice Letter approval process, CESA finds that it will be similarly important to ensure timely approval and deployment of the one energy storage contract submitted in SCE’s 2018 Moorpark LCR RFO given its commercial operation date of December 2020.

Finally, CESA generally observes that the urgency of the Moorpark and Goleta grid need has highlighted the need to develop streamlined regulatory approval processes for energy storage contracts as other urgent and near-term grid needs emerge. In the first Energy Storage proceeding (R.10-12-007), the Commission ruled that energy storage procurements should proceed through a formal application approval process and that it would revisit this determination at a later date once the Commission had more experience with the review of storage procurements.¹⁰ CESA believes that the Commission now has enough experience to utilize a streamlined advice letter process. Several energy storage solicitations have been conducted to date and the investor-owned utilities (“IOUs”) have become familiar with procuring, contracting for, and operating energy storage resources. Furthermore, *pro forma* contracts have not materially changed in recent years, as the IOUs have become familiar with how to contract for energy storage. Thus, it is prudent to promote the use of energy storage to meet near-term, and in some cases urgent, reliability needs with a more streamlined process. To facilitate expedited procurement and enable the storage market to mature, the Commission could create rules and guidelines governing the process so that load-serving entities (“LSEs”) can meet the needs of the changing electric grid quickly. The

⁸ *Ibid* at p. 4 and Appendix D at p. 3.

⁹ *Ibid* at p. 28.

¹⁰ *Decision Approving San Diego Gas and Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company’s Storage Procurement Framework and Program Applications for the 2014 Biennial Procurement Period*, D.14-10-045, issued October 16, 2014 at pp. 103-104.
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M127/K426/127426247.PDF>

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development of such processes likely require discussion in a formal proceeding, which CESA recommends should occur within either the Integrated Resource Planning (“IRP”) proceeding (R.16-02-007) or a successor Energy Storage proceeding.

III. CONCLUSION.

CESA appreciates the opportunity to submit this response to SCE’s Advice Letter and reiterates our recommendation that the Commission approve the six energy storage contracts submitted. CESA looks forward to continuing collaborating with the Commission and SCE.

Respectfully submitted,

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

Alex J. Morris
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Service list A.18-02-016, *et al.*
Service List A.19-04-016