

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company Storage
Amendments to the Wholesale Distribution
Access Tariff.

Docket No. ER19-2505-000

**MOTION TO INTERVENE AND COMMENTS OF THE CALIFORNIA ENERGY
STORAGE ALLIANCE**

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August 21, 2019

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Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or Commission”), the California Energy Storage Alliance (“CESA”) respectfully moves to intervene and provide comments to revisions submitted by Southern California Edison Company (“SCE”) to its Wholesale Distribution Access Tariff (“WDAT”), FERC Electric Tariff, Volume No. 5.

I. BACKGROUND.

Founded in 2009, CESA is a non-profit membership-based advocacy group committed to advancing the role of energy storage in the electric power sector through policy, education, outreach, and research. CESA’s mission is to make energy storage a mainstream energy resource which accelerates the adoption of renewable energy and promotes a more affordable, efficient, reliable, safe, and sustainable electric power system. As a technology-neutral group that supports all business models for deployment of energy storage resources, CESA membership includes technology manufacturers, project developers, systems integrators, consulting firms, and other clean-tech industry leaders.

II. COMMUNICATIONS AND CORRESPONDENCE.

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III. MOTION TO INTERVENE IN THIS PROCEEDING.

CESA's current membership consists of 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, Quidnet Energy, PXiSE 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>).

CESA's intervention in this proceeding is in the public interest. CESA's interests will not be adequately reflected by any other party, particularly given CESA's role in representing companies that seek to develop and interconnect energy storage projects to SCE's distribution grid and participate in the California Independent System Operator ("CAISO") market, which are subject to SCE's WDAT. CESA therefore has a substantial interest in the instant proceeding and respectfully requests that this motion to intervene be granted.

IV. COMMENTS.

In response to the August 23, 2018 FERC Order, SCE submitted a revised WDAT amendment proposal that seeks to amend its WDAT for energy storage interconnections by offering Firm Charging Distribution Service and As-Available Charging Distribution Services, establishing study processes that are associated with such services, and establishing monthly demand charges and/or higher-of upgrade costs that storage resources should pay for such services, with monthly demand charges proposed as lower for the As-Available option due to the "limited/inferior nature" of such service.

Even though CESA is supportive of SCE's proactive approach to consider reforms to its WDAT interconnection processes and tariffs to accommodate the growing deployment of energy storage resources in California, CESA views the revised WDAT amendment proposal as unjust and unreasonable due to the false equivalency of storage charging, a.k.a. 'negative generation', to

wholesale load, the potentially discriminatory treatment of energy storage resources to pay twice for upgrades, and the insufficient basis in cost-causation principles for the proposed monthly demand charges. Rather than shoehorning these significant changes to WDAT interconnection processes and cost allocation policies for energy storage resources in an expedited manner over a short period of time, CESA believes it is prudent for FERC build the record and allow for further discovery in assessing SCE's proposed WDAT amendments and determining if modifications or alternative proposals are needed.

CESA believes SCE's WDAT proposal constitutes a rate change, which allows the Commission more flexibility in delaying any implementation or decision. Given the materiality and potentially major implications of the SCE proposal, CESA strongly recommends the Commission delay and defer any implementation of the rate change proposal. This delay is more appropriate given the material implications of SCE's 1096 page transmittal letter and related testimony and filing and SCE's own recognition that its "this filing should be viewed as a first-mover lens".¹ If, as SCE states, "SCE expects ongoing enhancements to the WDAT"², CESA suggests that a more prudent approach would be to start with thoughtful dialogue and industry-wide collaboration and, if so determined, to increment forward through very small and starting-point level directional approaches that are not materially disruptive so that experience is gained as further information is gathered. CESA nevertheless respectfully disagrees that, when layering costs onto facilities, especially with short implementation timeframes as proposed, that the "Commission should not toss away progress in search for perfection".³ Such a dramatic shift must

¹ Southern California Edison Company, Storage Amendments to the Wholesale Distribution Access Tariff, Docket No. 19-2505, July 31, 2019 Transmittal Letter at 3.

² *Ibid*, pg. 2

³ *Ibid*, pg. 2

be fully evaluated and not rushed. CESA does not support rate change proposals being used for dramatic new thinking without a robust consideration.

Below, CESA details our comments.

A. SCE’s proposed amendments are significant and require further discovery and record building, and the Commission should consider a Notice of Inquiry (“NOI”) process while delaying any action on SCE’s rate-change proposal.

SCE’s July 31, 2019 revised WDAT rate change proposal represents a significant change from its March 30, 2018 WDAT amendments proposal, which did *not* propose monthly demand charges for As-Available Charging Distribution Service and did *not* contemplate a Firm Charging Distribution Service proposal until ordered by FERC. In the March 30, 2018 filing, SCE explained that it does not currently have study methodologies, guidelines, or processes to determine whether distribution upgrades are needed to support energy storage charging while adding that it is exploring these ideas internally.⁴ Ultimately, CESA viewed SCE’s March 30, 2018 WDAT amendments proposal as seeking minor modifications and clarifications to differentiate storage charging from wholesale loads and as introducing the concept of storage charging in distribution system planning and interconnection processes.

Yet, despite SCE acknowledging that proposals for Charging Distribution Service are a new frontier and that the proposed WDAT amendments represent an “entirely new study process” and an initial step to further enhancements to interconnect energy storage resources to the distribution grid,⁵ significant changes are being proposed to take effect in the near future that would harm both current and future energy storage project development. SCE has not demonstrated the urgency for having the proposed WDAT amendments approved and with such a near-term

⁴ March 30, 2018 Transmittal Letter at 4.

⁵ Southern California Edison Company, Storage Amendments to the Wholesale Distribution Access Tariff, Docket No. 19-2505, July 31, 2019 Transmittal Letter at 2 and 11.

effective date. No distribution reliability issues have been demonstrated due to the current distribution interconnection processes for energy storage charging. SCE merely cites the fact that it expects significant amounts of energy storage deployment in the near future to meet the state's energy and environmental goals⁶ but does not demonstrate how the current WDAT interconnection process using non-binding hourly studies and charging restrictions cannot accommodate distribution planning issues related to energy storage charging in the interim.

SCE's proposed "initial steps" are substantial and merit further discovery and record building through a deeper rulemaking or investigation to assess whether SCE's proposed amendments are just and reasonable. The Commission should not direct any implementation of the SCE proposed WDAT rates as they will be materially burdensome, likely 'killing' many planned or already underway projects which did not contemplate any dramatic WDAT costs being contemplated, especially after the March 30, 2018 filing. CESA further recommends the Commission consider a Notice of Inquiry ("NOI") or Notice of Proposed Rulemaking ("NOPR") record-building exercise prior to ruling on any rate-change proposal of the nature suggested by SCE. SCE's proposals, for example, involve key policy issues around cost responsibility for distribution system upgrades from energy storage negative generation versus wholesale/retail load. Additionally, whether the proposed monthly demand charge rates adhere to cost-causation principles require further review that cannot be accomplished in SCE's proposed timeline to get FERC approval and to implement the proposed revisions. CESA also believes the treatment considerations for 'negative generation' from FERC Order 841 may also apply to some aspects of distribution cost allocation for WDAT interconnected storage. Finally, the interplay between to the cost-recovery of distribution system costs through retail rates, which are jurisdictionally set at

⁶ Exhibit No. SCE-0001 at 14-17.

the state-level, compared with the distribution costs for theoretical ‘wheeling’ of generation (but most certainly not load) up to the networked (wholesale) transmissions system.

CESA urges the Commission to address the substantive matters listed in the SCE filing in a more comprehensive manner either through its own initiation of an investigation under Section 206 of the Federal Power Act, or other means available to the Commission. Items under consideration should include:

- Whether a wholesale charging service in general is just and reasonable
- Whether there should be non-zero rates for as-available charging service
- Whether firm charging service should have lower priorities than other forms of load service
- Whether the “higher of” rule should be applied to charging service upgrades
- Whether the present value of 10 years of expected costs is the appropriate alternative to the “higher of” calculation
- Whether “contract demand” or actual power demand is the right billing determinant;
- Whether projects already in operation or the interconnection queue should be “grandfathered” and not assessed charging service rates
- Whether explicit retail revenue crediting mechanisms should be established when a new FERC-jurisdictional charging service collects the costs of service otherwise reflected in retail rates
- Whether there should be pro-forma contracts, processes and procedures for obtaining charging service rather than one-off creation by individual entities
- Whether it is discriminatory to impose a Charging Service on select interconnection voltages under WDAT but not under the CAISO tariff, as CESA understands it

B. While storage charging and end-use load are comparable to some degree, their ‘load characteristics’ and FERC’s recognition of storage charging for later resale as ‘negative generation’ warrants key differences in load-side study and in cost responsibility for distribution upgrades.

SCE asserts that its revised policy is driven by FERC’s August 23, 2018 Order requiring that all wholesale loads be treated more consistently. As a result, SCE reassessed its policy for not allocating costs to energy storage resources taking As-Available Charging Distribution Service

and developed a new Firm Charging Distribution Service where distribution upgrades for firm service can be paid for similar to wholesale loads.⁷

However, SCE inappropriately equates energy storage charging to load, even as FERC has already determined that storage charging is part of a wholesale transaction when storage is being charged for later discharge and resale in interstate commerce, *a.k.a.* as “negative generation”.⁸ While storage has load functions when charging and can drive the need for upgrades when charging at any time at contract capacity, energy storage is distinct from end-use load for its dispatchability, controllability, and responsiveness to market conditions for resources participating in wholesale transactions, which SCE also recognizes.⁹ More globally, energy storage is not an end in itself – the point of in front of the retail meter energy storage is to store energy produced at a certain time and redispatch it to a later time (to support downstream end-use consumption). This role is especially obvious for systems operating with WDATs that effectively act as wholesale generation resources seeking to wheel generation to the networked wholesale transmission system. This orientation to serve the grid efficiently through wheeling is important to recognize since end-use loads are generally predictable in aggregate and perhaps less flexible and are thus responsible for distribution system upgrade costs based on their maximum non-coincident expected firm load service requirements and without consideration of how their load service can be shaped and delivered across time. Energy storage, meanwhile, would be more fairly assessed for their distribution system impacts and cost responsibilities based on their intended use. Furthermore, SCE also provides an additional reason for why storage charging should be treated differently from

⁷ July 31, 2019 Transmittal Letter at 11 and Exhibit No. SCE-0001 at 5.

⁸ *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶61,127 at 294 (2018) (“Order No. 841”).

⁹ July 31, 2019 Transmittal Letter at 8-10 and 48 and Exhibit No. SCE-0001 at 13-16.

end-use load, making clear that storage resources taking As-Available Charging Distribution Service and Firm Charging Distribution Service will be curtailed prior to end-use loads.¹⁰ CESA does not dispute the rationale for placing a curtailment priority on storage charging, but FERC should account for this additional difference between storage charging and end-use load in determining the appropriate studies, Charging Distribution Service options, cost responsibilities, and cost recovery mechanisms (*e.g.*, ‘higher-of’ payments, demand charge rates). CESA will discuss in the subsequent section why the proposed rates and cost recovery mechanisms for the two proposed Charging Distribution Services are not just and reasonable in light of this distinction.

Additionally, FERC determined that storage charging energy should be modeled as “negative generation” when participating in wholesale transactions in lieu of conducting traditional firm load studies,¹¹ making it distinct from end-use load. FERC has also recognized that energy storage charging in response to wholesale market conditions may convey benefits, though stopping short of making a conclusive determination.¹² As discussed in the subsequent section, this important distinction makes SCE’s proposals unjust, unreasonable, and in need of further discussion and modification.

Finally, CESA disagrees with SCE’s interpretation of the FERC Order that denied the energy storage proposals of SCE’s March 30, 2018 filing. The Order merely required energy storage interconnection customers to be given an opportunity “to have the same curtailment priority as other wholesale loads,” such as through a Firm Charging Distribution Service, but it did

¹⁰ WDAT Section 12.7 and Exhibit No. SCE-0001 at 18-19.

¹¹ *Reform of Generator Interconnection Procedures and Agreements*, 163 FERC ¶61,043, Paragraph 541 at 329 (2018) (“Order No. 845”).

¹² Order No. 841, Paragraph 120 at 90.

not equate wholesale load to storage charging.¹³ In CESA's view, the FERC Order did not direct SCE to come back with proposals to ensure all customers of the distribution system, even those who seek As-Available Charging Distribution Service, to contribute to the costs of the distribution system equivalent to that of end-use loads, as SCE asserts.¹⁴

For all the reasons above, CESA believes that further discussion and record building is needed to determine the appropriate study processes, Charging Distribution Service options, and cost recovery mechanisms, among other issues. Through this process, WDAT revisions to address energy storage charging should be distinguished from the characteristics and treatment of end-use loads. Alternatively, the Commission could reject SCE's WDAT rate change proposals associated with negative generation.

C. The proposed cost recovery mechanisms have not been sufficiently demonstrated to be just and reasonable.

CESA recognizes that energy storage charging can impose costs on the distribution system and that distribution utilities are permitted to assess wholesale distribution charges to a market-participating energy storage resources on a case-by-case basis, as FERC has affirmed.¹⁵ However, SCE's proposals are deficient in that they: (1) do not clearly articulate how storage charging-related upgrades can be determined to be incremental to generation-related upgrades; (2) assess demand charges for As-Available Charging Distribution Service for using available capacity that has already been paid for; and (3) do not sufficiently justify 'higher-of' charges for Firm Charging Distribution Service as being just, reasonable, and aligned with cost causation.

¹³ *Order on Tariff Revisions*, Paragraph 39, Docket Nos. ER18-1248-000 and ER18-1248-001. 164 FERC ¶ 61,130 (August 23, 2018).

¹⁴ July 31, 2019 Transmittal Letter at 12.

¹⁵ Order No. 841-A, Paragraph 109 at 83.

First, energy storage resources, regardless of their preference and choice for Charging Distribution Service, often already pay for upgrades to achieve full deliverability for their energy storage discharge. SCE mentions how over-recovery will be avoided¹⁶ but has not sufficiently demonstrated how SCE will assess whether generation-related upgrades can accommodate the requested Charging Distribution Service and only recover the *incremental* charging-related distribution upgrade costs (*i.e.*, on a ‘net-costs’ basis). Otherwise, SCE’s proposals are potentially discriminatory to energy storage resources that may be subject to paying twice for the same upgrade, simply because energy storage resources are unique in having load and generation characteristics. While generation-related upgrades may not necessarily support Firm Charging Distribution Service at all times, SCE fails to address how the generation function of energy storage under As-Available Charging Distribution Service can reduce costs when it is generating by reducing power flows and/or can complement the amount and timing of end-use loads on the grid to avoid the need for incremental upgrades. Consider a storage device that pays materially to upgrade distribution systems to interconnect for full deliverability of its *generation* output. Surely, such upgrades could fully offset or dramatically reduce any upgrade costs associated with serving the negative generation of the storage.

Second, CESA believes that SCE inappropriately calculates and assesses monthly demand charges on the proposed As-Available Charging Distribution Service when storage resources are charging from the distribution grid when there is available capacity that has already been paid for by end-use customers. Given the firm service requirements of end-use customers, the non-coincident distribution capacity of the grid is already paid for by these end-use customers through

¹⁶ July 31, 2019 Transmittal Letter at 32 and 37.

upgrades and/or wholesale and retail rates. By contrast, assessing monthly demand charges on storage on a non-coincident basis,¹⁷ including for maintenance, could easily or, in fact, indisputably lead to over-recovery of distribution costs. California's state-jurisdictional general rate case processes, regulated by the California Public Utilities Commission ("CPUC") routinely include a retail rate design process that structures rates across multiple customer classes to recover costs for distribution system service, including O&M and capital deployments.

Additionally, SCE has also been exploring and actively contracting for energy storage to mitigate distribution needs through the Integrated Distributed Energy Resources Proceeding (IDER) and related solicitations.¹⁸ Such outcomes, in which storage successfully offsets distribution needs, highlights how storage can be operated in line with distribution system needs to not only avoid any upgrades for storage charging but also to avoid distribution system upgrades overall, or may even warrant a netting out of costs versus applicable distribution system benefits for the affected grid area.

A discount factor was calculated based on the percentage of total distribution expenditures that was maintenance-related,¹⁹ but it is unclear if As-Available Charging Distribution Service customers should be assessed these calculated costs based on non-coincident distribution capacity needs. By taking advantage of the times when there is available capacity, energy storage resources interconnected under the WDAT can charge to later provide grid services and increase the utilization of these distribution investments. As a curtailable load, energy storage charging can avoid causing distribution reliability issues as well if end-use load deviates from forecasts.

¹⁷ July 31, 2019 Transmittal Letter at 42 and 44 and Exhibit No. SCE-0002 at 21.

¹⁸ See CPUC Decision D.18-02-004, and "SCE's 2019 Distributed Investment Deferral Framework Request for Offers ("2019 DIDF RFO") Bidders Conference" March 7, 2019, which explicitly authorizes storage for distribution deferral applications through utility solicitations.

¹⁹ Exhibit No. SCE-0002 at 24-25 and Exhibit No. SCE-0003 at 18.

Third, CESA is not convinced that ‘higher-of’ charges for Firm Charging Distribution Service is just, reasonable, and aligned with cost causation; rather, customer-specific studies and upgrades are best aligned with cost-causation principles and encourage more efficient use of the distribution systems. SCE argues that demand charges are administratively simple and calculated based on average cost causation for different levels of interconnection location while the use of the higher-of structure protects against cost-shifting by storage customers.²⁰ In examples discussed in attached testimony, CESA is concerned that SCE’s approach may unintentionally ‘seek to have it both ways’ by, on the one hand, finding cost-shifting concerns for storage resources that are incentivized to site projects at locations with excess or available capacity if only charged for actual upgrades but, on the other hand, finding issue with storage resources for not strategically interconnecting projects based on potential upgrade costs if only charged average embedded costs. CESA understands that SCE is seeking to balance cost-shifting concerns with administrative simplicity, but the proposed higher-of structure has the potential to excessively charge storage projects that strategically interconnect at locations where there is available capacity that has already been paid for by end-use customers based on their non-coincident peak demands. If the incremental upgrade costs to accommodate Firm Charging Distribution Service are lower than the equivalent average embedded costs, this storage resource should not have to pay more for capacity that was purposefully built for end-use load. CESA disagrees with the characterization that such storage projects as receiving “free” Firm Charging Distribution Service since such storage projects would merely be increasing the utilization of purposefully-built infrastructure and, in many ways, improving the cost-effectiveness of this distribution investments while at the same time paying for the incremental upgrade costs that they would directly cause by their firm charging at all times.

²⁰ July 31, 2019 Transmittal Letter at 41 and Exhibit No. SCE-0001 at 22 and 25-28.

The ability for storage customers to receive Firm Charging Distribution Service at lower-than-average upgrade costs may instead point to distribution investments that have low ‘capacity factors’ and underutilized distribution capacity. Energy storage projects should not be deterred from pursuing useful opportunities.

Importantly, in addition to creating incentives for strategic interconnection, the use of actual upgrade costs best aligns with cost-causation principles and should be used until the demand charge rates and structure are further assessed through FERC processes and then modified or enhanced. CESA has many concerns with the higher-of mechanism and the proposed demand charges at this time. Considering energy storage resources have the potential to relieve distribution congestion and constraints through their negative generation function, alternative demand charge structures could be considered that are better aligned with cost-causation principles. As an alternative to SCE’s proposal, for example, demand charges could be assessed over certain periods of time based on some level of metered energy storage charging (as opposed to contract demand)²¹ when incremental distribution costs are incurred, especially during periods where end-use load is peaking and approaching the thermal limits of specific distribution system infrastructure. Since energy storage is a controllable resource, time-based rates can allow energy storage resources to take advantage of available capacity without or with smaller incremental charging-related upgrades to avoid instances where end-use load and storage charging occur at the same time.²² SCE also raises the possibility of a “conditionally firm” service for firm charging during a subset of hours, which is another alternative that should be considered.²³

²¹ CESA notes here again how storage charging should be treated differently from wholesale loads in response to SCE’s rationale for using contract demand to calculate demand charges. See Exhibit No. SCE-0001 at 34.

²² Exhibit No. SCE-0001 at 7.

²³ July 31, 2019 Transmittal Letter at p. 49.

Finally, another area of SCE's proposal to evaluate for reasonableness is the proposed assumption for real power losses for WDAT storage customers, where charges will be assessed at 1.12% for storage interconnecting at Service Levels 1 and 2 and 3.73% for storage interconnecting at Service Levels 3 and 4.²⁴ While it makes sense that real power losses increase the further down the distribution system that energy storage resources are interconnected, FERC should also assess to what degree these loss factors are already embedded in the wholesale locational marginal price and unreasonably double charging storage resources for these losses. The generation output of WDAT connected storage resources, likewise, may not actually travel up to the wholesale grid but may serve nearby loads on the distribution system, thereby reducing the losses that would otherwise occur in running electricity from the wholesale grid down to the end load. Such benefits do not appear to be reflected in the generation output, even though expected losses are reflected. CESA believes that there may be minimal or no additional losses for interconnections at the higher sub-transmission levels.

D. A reasonable grandfathering policy would be set much further in advance to provide market certainty and, at the very least, not retroactively and unduly impact customers that have submitted WDAT interconnection requests.

SCE requests that FERC approve its proposed WDAT amendments and to allow these changes to take effect by September 30, 2019, just 60 days after the filing date. SCE further offers a grandfathering policy to apply to only resources with executed Generator Interconnection Agreements ("GIA") and Wholesale Distribution Service ("WDS") agreements under the current as-available charging service. SCE justified this grandfathering policy because "these resources engaged in financial planning as to their economic feasibility based on the presumption that under

²⁴ Exhibit No. SCE-0002 at 18.

As-Available service they would not pay for Charging Distribution Service for their Charging Capacity.”²⁵

CESA objects to the proposed effective date and grandfathering policy for being unreasonable, especially as SCE has not sufficiently justified or demonstrated why the proposed changes must take effect on such short notice. Further, SCE’s past March 30, 2018 filing on WDATs gave no indication such a radical shift might be sought with rapid implementation, and many energy storage projects in the WDAT interconnection queue, including several with executed off-taker contracts, will face significant and unexpected costs and thus financial harm due to the fast implementation and narrow grandfathering approach. While SCE has not demonstrated why the proposed changes must take into effect in the very near term, the potential attrition of energy storage projects that are currently in the WDAT interconnection queue and have already-executed off-taker contracts to provide local capacity services could even create reliability risks.²⁶ Furthermore, storage customers who entered the WDAT interconnection queue have similarly “engaged in financial planning” under the presumption that no charges would be assessed for their as-available charging service. Even prior to executing an interconnection agreement (“IA”), the WDAT interconnection process is often a two-year-long process that involves significant investment, such as the costs related to site control and study deposits, which involve \$50,000 to \$250,000 in upfront capital from storage customers. Meanwhile, other storage customers in the WDAT interconnection queue with executed off-taker contracts have priced their services without accounting for the monthly demand charges, considering there was no advanced

²⁵ July 31, 2019 Transmittal Letter at 46.

²⁶ This possibility is based on the role of storage projects in local capacity areas. CESA is uncertain of the actual reliability shortages that may occur should WDAT storage projects being relied on for local capacity fail to come online due to the material harm of the proposed WDAT changes.

notice of such a new charging-related cost in the March 30, 2018 filing or elsewhere. Had these storage customers known of these charging-related costs, the executed off-taker contracts would have priced their services higher.

CESA thus recommends that FERC reject SCE's filing and require that SCE submit a just and reasonable grandfathering policy that subjects energy storage resources that are in the WDAT interconnection queue by some future effective date to the new studies, upgrade costs, and/or demand charges related to the two proposed Charging Distribution Services. At the very least, if FERC determines that WDAT amendments should be effective over some near-term date in the future, the grandfathering policy should apply to all projects in the interconnection queue prior to the effective date for all of the reasons stated above.

E. The study processes for the new Charging Distribution Services should be streamlined and allow for earlier discovery.

The introduction of a new Charging Distribution Service necessitates WDAT process changes to streamline processes and allow for earlier discovery of potential upgrade and/or charging costs. SCE proposes that studies on Charging Distribution Service take place after or in parallel to the extent possible to studies for outbound generation service.²⁷ As CESA mentioned above, storage resources that already pay for generation-related upgrades may not have any further impact due to charging activities, and so a serial approach might be appropriate. However, separating and sequencing study processes for the generation and charging side of the storage resource creates further uncertainty for storage customers in discovering the development and interconnection costs of their storage projects. For either of the proposed Charging Distribution

²⁷ July 31, 2019 Transmittal Letter at 47 and Exhibit No. SCE-0001 at 12.

Services, storage customers would benefit from a preliminary estimate of available capacity and potential cost of upgrades to support project development and financing. In the future, such consolidated processes may be less needed since hosting capacity maps are being developed in California²⁸, but the accuracy and range of these maps are limited at this time. Additionally, as WDAT interconnection processes and studies evolve and grow for storage resources, CESA also seeks to explore how storage resources could become eligible for WDAT Fast Track processes in the future. SCE did not include such a proposal in their July 31, 2019 filing, but CESA believes it will be an important next step to support energy storage interconnections in the near future once storage charging studies, guidelines, and cost responsibilities are clarified and enhanced. These points again highlight the need for more comprehensive considerations of storage WDAT structures and suggest to CESA that the Commission should delay any definitive action on the SCE rate-change proposal, allowing time for a NOI or NOPR process to inform considerations.

V. CONCLUSION

CESA appreciates the Commission's considerations of these comments and recommends that the Commission not approve SCE's proposed WDAT tariff structure. Further considerations are appropriate, and SCE's rate change proposal is too radical, disruptive, and insufficiently supported as just and reasonable at this time. CESA looks forward to supporting any Commission considerations on this matter and hopes to work collaboratively with SCE to develop approaches with input from industry. CESA believes workshops or an NOI approach is likely best, while avoiding rushed and potentially harmful actions. Such collaboration and information gathering

²⁸ July 31, 2019 Transmittal Letter at 50. See also Distributed Resources Plan ("DRP") proceeding (R.14-08-013, *et al.*) at the California Public Utilities Commission ("CPUC").

efforts should inform any binding WDAT tariff, and CESA suggests the preliminary concepts be further vetted before being implemented as disruptive rate structures.

Respectfully submitted,



Alex J. Morris
Vice President, Policy & Operations
CALIFORNIA ENERGY STORAGE ALLIANCE

August 21, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Motion to Intervene and Comments of the California Energy Storage Alliance* on the official service list in the proceeding ER19-2505-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Executed on August 21, 2019 at Berkeley, California

SERVICE LIST ER19-2505-000

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