

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

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program, Consider
Program Refinements, and Establish
Forward Resource Adequacy Procurement
Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE
PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-
2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING
THE RESOURCE ADEQUACY PROGRAM**

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June 11, 2020

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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”) hereby submits these comments on the *Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program* (“PD”), issued on May 22, 2020 by Administrative Law Judge (“ALJ”) Debbie Chiv.

I. INTRODUCTION.

CESA commends the work the Commission and the parties of this proceeding have done to revise and improve the Resource Adequacy (“RA”) Program. Since its establishment in 2004, the RA Program has served as the main framework to guarantee the reliability of the electrical grid in California. Since then, the state’s grid as well as its environmental and climate goals have been substantially transformed. In light of the evolution towards a zero-carbon grid, CESA is certain that the regulatory reforms needed to achieve our decarbonization goals can be accomplished with broad stakeholder participation and clear guidance from the Commission. Unfortunately, CESA believes that some of the changes proposed within this PD do not provide the required guidance.

CESA is particularly concerned with the Commission’s determinations around demand response (“DR”) resources and the modification made to the Maximum Cumulative Capacity (“MCC”) buckets. In this PD, the Commission has failed to recognize the fundamental role use- and energy-limited resources will play in the state’s future and has not crafted innovative solutions

to encourage their procurement and use to meet the state’s environmental goals. Instead, the PD has some proposals that could significantly limit their widespread development. Moreover, the PD is presently lacking in key implementation details for certain proposed revisions.

Despite these concerns, CESA is also supportive of some of the modifications adopted in the PD. In particular, CESA is appreciative and supportive of the Commission’s determination to adopt the counting methodology developed by Southern California Edison Company (“SCE”) for in-front-of-the-meter (“IFOM”) hybrid and co-located resources limited by tax incentives to charging from its associated variable resource. CESA believes this is an important first step supporting a majority of near-term hybrid and co-located projects that should be followed up with the development of more specific counting conventions for other use cases and specific operational arrangements. CESA is also supportive of the Commission’s proposal to establish a Working Group (“WG”) to revise and address key concerns regarding the Local Capacity Requirements (“LCR”) study performed by the California Independent System Operator (“CAISO”). Finally, CESA appreciates the Commission’s work in streamlining the calculation of the Effective Flexible Capacity (“EFC”) of storage resources.

Thus, CESA is encouraged and supportive of some aspects of the PD, but we offer several recommendations and areas of comment to support the refinement or clarification on the positive elements of the PD while requesting that the Commission reconsider other more problematic elements of the PD. Our comments can be summarized as follows:

1. Different hybrid and co-located use-cases and configurations should be examined in Track 3 of this proceeding to develop a comprehensive capacity counting framework.
2. Consistent with the original vision of SCE, project-specific energy profiles should be used in implementing the hybrid and co-located capacity counting methodology
3. A Working Group should be established in Track 3 to provide focus on the barriers and solutions related to RA valuation of behind-the-meter (“BTM”) energy storage and hybrid resources.
4. The testing regime should remove reference to type of load-serving entity (“LSE”) in making the qualifying capacity (“QC”) determination and instead set the level of testing requirements based on performance.
5. Greater clarity on load impact protocols (“LIPs”) without historical performance is needed in the near term while the use of performance-based and measured approaches should be revisited in the near future.

6. The maximum cumulative capacity (“MCC”) buckets proposal should be deferred until Track 3, but if adopted, it should be revised to remove consecutive hour requirements and clarify the categorization of various storage types.
7. The Local RA Working Group should support decarbonization pathways and strive to evaluate charging or energy limitations in a granular fashion to avoid capping preferred resource procurement.
8. The Commission should adopt the modifications proposed to the calculation of the effective flexible capacity of energy storage resources.

II. DIFFERENT HYBRID AND CO-LOCATED USE CASES AND CONFIGURATIONS SHOULD BE EXAMINED IN TRACK 3 OF THIS PROCEEDING TO DEVELOP A COMPREHENSIVE CAPACITY COUNTING FRAMEWORK.

CESA is appreciative of the work the Commission has done to properly assess the capacity contributions of hybrid and co-located resources within the RA framework. With about 23 GW of solar photovoltaic (“PV”) plus storage projects in the CAISO interconnection queue,¹ CESA is convinced that the Commission’s work on this topic will provide greater certainty to developers, load-serving entities (“LSEs”), and regulators alike. In light of the growing and significant role hybrid and co-located resources will play in the coming years for decarbonization and reliability, CESA is supportive of the Commission’s adoption of SCE’s counting methodology for these assets. As it was recognized by the Hybrid Resources Working Group, this methodology received widespread support to substitute the Commission’s conservative “greater-of” approach established in Decision (“D.”) 20-01-004. It is worth noting, however, that this methodology shall not be the counting “end state” for hybrid and co-located resources, as it neither represents all potential use cases and market participation pathways, nor does it allow for the fair valuation of resources that opt to partially claim the Investment Tax Credit (“ITC”) or address post-ITC-period QC values. Furthermore, the methodology does not acknowledge or account for long-duration energy storage

¹ CAISO Resource Interconnection Management System (RIMS) dataset, as of May 22, 2020. Available at <https://rimspub.caiso.com/rims5/logon.do>

resources that may be able to deliver their full capacity over several sequential days without needing to charge from the renewable resource.²

In the PD, the Commission recognizes that the adopted methodology based on SCE's proposal is appropriate to estimate the capacity value of resources that will charge solely from on-site generation as they seek to claim the ITC incentive.³ CESA agrees and notes that it would cover the vast majority of hybrid and co-located resources in the coming years. Nevertheless, as it was noted in the Hybrid Resources Working Group Final Report, SCE's proposal only captures the particularities of the 100% ITC case.⁴ Thus, while it is a reasonable starting point, SCE's methodology does not account for other configurations of hybrid and co-located resources. To remedy this, CESA believes the Commission should first recognize that there are differences between hybrid and co-located resources that use strict optimization or control mechanisms to ensure a specific level of on-site charging and those that do not. Hybrid and co-located resources that seek to maximize revenue would try to optimize RA income and ITC risk jointly, charging from either on-site generation or the grid accordingly. CESA continues to support the use of an additive methodology for these types of resources since it would properly capture the reliability contributions of each component that constitutes the hybrid or co-located resource.⁵

CESA fully supports the Commission's adoption of a set of definitions for hybrid and co-located resources that are similar to those used by CAISO. However, the PD does not recognize the distinctions between hybrid and co-located assets that go beyond the number of resource IDs and how the similarity in economic incentives⁶ only applies to those that commit to a specific charging profile from the paired generator. Market participation dynamics, for example, for non-ITC Limited co-located resources that may be incentivized, but not restricted by the ITC charging requirements will be subject to different sets of must-offer obligations ("MOOs") and their

² It is important for the Commission to acknowledge that SCE's counting methodology is relevant only for four-hour energy storage resources. While this is useful for many of the hybrid resources currently in the CAISO interconnection queue today, it does not provide the foundation to support longer than four-hour storage resources that the Commission's Integrated Resource Planning ("IRP") proceeding has found will be needed in the near future by 2026. We request that the Commission affirm that further work is needed to develop a hybrid counting framework that applies for both short- and long-duration energy storage.

³ PD at 27.

⁴ *Hybrid Resources Working Group Final Report* at 10-11.

⁵ *Hybrid Resources Working Group Final Report* at 15.

⁶ PD at 26.

operation will be optimized differently by the CAISO. CESA considers the Commission should evaluate these differences in a more thorough revision of configurations and use-cases within Track 3 of this proceeding, which is suggested in the PD by determining that “more discussion is needed” before addressing these other scenarios.⁷

III. CONSISTENT WITH THE ORIGINAL VISION OF SCE, PROJECT-SPECIFIC ENERGY PROFILES SHOULD BE USED IN IMPLEMENTING THE HYBRID AND CO-LOCATED CAPACITY COUNTING METHODOLOGY.

CESA agrees with the PD that the use of the exceedance methodology should be revisited to a later time given the further discussions needed and the substantial amount of data required. Similarly, CESA agrees with the PD’s discussion that one of the appeals of the exceedance methodology is that it can recognize the individual project’s characteristics and operational profile (*e.g.*, charging and dispatch behavior).⁸ Given the wide variation of configurations (*e.g.*, AC vs. DC coupling), storage-to-generation sizing ratios, renewable generation profiles (*e.g.*, AC to DC ratios), and paired storage duration, project-specific QC calculations are preferable to incentivize the most effective resource types and to fairly compensate the asset’s reliability contributions. However, in adopting SCE’s methodology and setting a process to determine the amount of charging energy available for the calculation of derates of the renewable or storage component if applicable, the PD authorized the Energy Division to “create an energy profile to determine the average number of hours available to charge the storage device from two hours after net load peak until two hours before net load peak.”⁹

CESA finds issue with this aspect of the proposal because the vague and ambiguous language used potentially, and improperly, allows application of generic and average solar generation profiles that fail to account for the specific project configuration of the renewable resource, such as the specific location, topography, orientation (*e.g.*, south- versus west-facing solar), design (*e.g.*, AC vs. DC design), energy storage duration beyond four hours,¹⁰ or technology

⁷ *Ibid* at 27.

⁸ *Ibid* at 27.

⁹ *Ibid* at 28.

¹⁰ While supporting near-term hybrid and co-located resources, this methodology leverages the four-hour rule for storage as a base for setting and possibly derating the effective QC of storage, thereby overlooking the additional load shift value provided by longer-duration storage, which would be rated down to the equivalent four-hour continuous discharge.

of the paired solar and wind resource. Other assumptions around soiling and maintenance have the potential to impact the generation output, which feed into the QC calculation of both the solar, wind, and/or storage resource. Without a recognition of project-specific characteristics, CESA is concerned that the proper incentives to size, design/configure, and operate the paired storage resource will be lacking. For example, with a standard generation profile that would underestimate the solar irradiance and thus the solar generation profile in a specific location, developers may be incentivized to under-size the paired storage resource given the lower estimates of renewable energy available to charge the storage resource, even though storage could be sized at a higher nameplate capacity rating to support greater load-shifting capability. Unlike standalone solar and wind that is subject to effective load carrying capability (“ELCC”) calculation methods and have capacity counts averaged for a number of reasons, solar- and wind-plus-storage projects are likely dispatchable and thus should not be subject to nor are required to use similar averaging methods in order to fairly value the reliability contribution of hybrid and co-located resources and provide the proper development signals.

Due to the lack of generation data prior to operation, CESA recommends that Energy Division work with developers and other stakeholders to develop a common set of model inputs, assumptions, and outputs from a widely-used standard model, such as PVSyst for solar or potentially existing Energy Division software platforms, to support the establishment of the initial QC value of new hybrid or co-located resource, using the SCE QC methodology for the 100% ITC-Limited use case.¹¹ With standardized inputs and assumptions, Energy Division can then validate the proposed QC of the resource as reflected using the standard calculator yet reflecting the project-specific characteristics of the resource. With the initial QC in place and with actual production data being provided once in operation, this QC value can be adjusted over a three-year rolling average using historical project output data. Given that this counting method may apply for the initial five years of the facility’s operation, it should be as accurate as possible from the outset. Any uncertainty or deviations from estimated versus actual QC can be managed contractually between the developer and load-serving entity. In doing so, developers will be incentivized to develop optimal projects as well as be incentivized to ensure the O&M of the resource.

¹¹ By contrast, for existing solar and wind resources that already have a history of production data, this data could be used to support the calculation of the effective storage and renewable QC value, per SCE’s method.

Finally, the Commission should clarify the applicability of the adopted SCE methodology for the 2021 RA compliance year, where the PD merely states that the methodology is adopted and does not indicate when the methodology would be adopted. While implementation details need to be worked out, CESA recommends that the Commission leverage the SCE methodology as soon as possible over the interim methodology. To facilitate timely applicability, storage retrofits of existing renewable generation assets can leverage historical production data, whereas new hybrid or co-located resources could use an average profile generated by the Energy Division until a standardized process and model is developed to apply project-specific generation profiles, at which point the project-specific renewable energy availability should be applied to calculate the QC.

IV. A WORKING GROUP SHOULD BE ESTABLISHED IN TRACK 3 TO PROVIDE FOCUS ON THE BARRIERS AND SOLUTIONS RELATED TO RA VALUATION OF BEHIND-THE-METER ENERGY STORAGE AND HYBRID RESOURCES.

In the PD, the Commission determined that the consideration of BTM resources for RA is premature and it shall be addressed once broader barriers have been examined and settled.¹² CESA believes this decision is flawed as it neither provides certainty to developers and advocacy groups nor does it advance the conversation on the treatment of BTM assets. Already, discussion of this issue has been deferred in previous decisions because it would “force a restructuring of the RA program,”¹³ but at some point, focused discussion is needed to enable fuller participation of BTM storage and hybrid resources in the RA Program, beyond the existing DR pathways.

The PD cites eight issues that need resolution before the Commission sees it fit to address the treatment of BTM resources within the RA framework.¹⁴ CESA agrees that all of these issues require a thorough and cohesive inspection in order to establish a feasible framework for BTM resources within the RA Program. However, the tackling of these issues must begin somewhere. In our view, the starting point is this proceeding since a determination of the capacity value of BTM storage and hybrid resources with exporting capability is one of the threshold issues that set forth whether the other issues can be addressed. As Sunrun and CESA argued in the working group report, a preliminary determination on capacity value of BTM hybrid resources will support

¹² PD at 30.

¹³ See D.19-06-026 at 46-47.

¹⁴ PD, at 29-30.

follow-up discussions on incrementality, market participation issues, interconnection, and forecasting issues.

To help matters, CESA is seeing incremental progress in other proceedings, such as R.14-08-013, where a Ruling was recently issued that adopted new incrementality language that would be used in distribution deferral solicitations – *i.e.*, “as long as the project commits to meet the dispatch requirements described in the protocol and pursuant to the TNPf...SGIP projects that provide an incremental service will be considered fully incremental.”¹⁵ As such, CESA is seeing at least one “domino” falling incrementally to address the aforementioned issues, but the Commission should not wait for all other issues to be addressed before addressing the RA-relevant matters. Instead, this issue should be taken up in the applicable Commission proceedings and CAISO initiatives. Thus, CESA proposes the Commission establish a Working Group in Track 3 to examine the RA-related issues and topics for BTM resources.

V. THE TESTING REGIME SHOULD REMOVE REFERENCE TO TYPE OF LSE IN MAKING THE QUALIFYING CAPACITY DETERMINATION AND INSTEAD SET THE LEVEL OF TESTING REQUIREMENTS BASED ON PERFORMANCE.

CESA is supportive of the Commission’s determination to avoid setting minimum dispatch requirements for DR resources at this time, considering that the evaluation of energy requirements has been scoped as an issue within Track 3 of the present proceeding. Nevertheless, CESA is concerned with the Commission’s proposals for DR assets, noting that these are at times contrary to the nature of third-party DR, and, in general, unclear or unwarranted.

In the PD, the Commission argues in favor of testing third-party DR resources in order to assess their impact during the RA program’s availability assessment hours (“AAHs”). CESA supports the use of efficient and reasonable testing requirements since it supports reliability and identifies the resources that are best suited to participate in the RA program. Hence, CESA was supportive of the use of “tiered” testing and dispatch requirements – a framework that would differentiate between resources based on their performance tracks and assign them different testing and dispatch requirements. CESA believes this approach strikes a reasonable balance between a detailed evaluation of performance and avoiding the need for unnecessary tests if already

¹⁵ *Administrative Law Judge’s Ruling Modifying the Distribution Investment Deferral Framework Filing and Process Requirements* issued in R.14-08-013 on May 11, 2020 at 76-77.

demonstrated to be reliable. While CESA is appreciative of the Commission’s resolution that a tiered methodology is reasonable, CESA is concerned by the implementation details proposed by the Commission within the PD.

CESA considers the Commission’s determination to differentiate testing based on the characteristics of the resource’s buyer unjustified. In the PD, the Commission asserts that, while a tiered method is reasonable, it is not possible to apply it based on performance due to the lack of record development on the appropriate criteria.¹⁶ Thus, the Commission concludes it is instead appropriate to apply a tiered structure based on the type of buyer procuring the DR resource, such that any third-party DR resources procured by a non-investor-owned utility (“IOU”) shall be subject to the stricter testing regime. CESA believes this conclusion is unwarranted as it is not related to performance risks in any manner. CESA believes that performance risks cannot be extrapolated from the identity or perceived experience of a buyer. The application of this decision would result in an unduly discriminatory treatment of DR resources based solely on their prospective buyers. Hence, CESA urges the Commission to eliminate this distinction and instead focus on clarifying the language in the PD to ensure the reasonable implementation of a tiered testing mechanism.

Specifically, rather than establishing different testing regimes for DR resources procured by IOUs versus those procured by non-IOUs, the two-tiered system, originally proposed by Pacific Gas and Electric Company (“PG&E”) should be adopted with modifications in line with the Joint DR Parties’ revised proposal, which bases the application of stricter or reduced testing requirements based on performance relative to the DR resource’s QC value. Such a proposal would thus appropriately attribute capacity value based on performance.

VI. GREATER CLARITY ON LOAD IMPACT PROTOCOLS FOR RESOURCES WITHOUT HISTORICAL PERFORMANCE IS NEEDED IN THE NEAR TERM WHILE THE USE OF PERFORMANCE-BASED AND MEASURED APPROACHES SHOULD BE REVISITED IN THE NEAR FUTURE.

CESA recommends that the Commission move toward more rigorous testing and penalties instead of LIPs since the former offers administrative simplicity and flexibility and the latter presents a number of implementation challenges. LIPs are overly burdensome and unnecessary when measured and performance-based approaches are available today, such as those used in the

¹⁶ PD at 36.

Demand Response Auction Mechanism (“DRAM”). Adopted in D.19-06-026, LIPs are still new to third-party DR providers, unlike utility program administrators who are familiar with it since 2008. The adopting decision (D.19-06-026) provided little direction about implementation differences for third-party- versus IOU-managed DR portfolios, as well as by BTM technology and resource types (*e.g.*, non-exporting storage). In addition, LIPs are costly to implement (*e.g.*, few implementers), backward looking (*e.g.*, not reflective of year-to-year variable loads, no data for new resources), and inflexible (*e.g.*, once a year determination that does not allow new resource development). Finally, no other market uses LIPs to set QC. For all these reasons, CESA urges the Commission to revisit the use of LIPs in the future, leveraging pilot evaluation data coming from the DRAM as they become available.

Moreover, if the Commission opts to apply LIPs to all DR resources, it is currently unclear how these will be implemented for resources with deficient historical performance data. In the PD, the Commission states that resources without historical performance data must refer to either: (a) historical performance for similar resources operated by them in the past; or (b) publicly available data that best represents the anticipated performance of such resources consistent with the LIPs for *ex ante* estimation.¹⁷ CESA notes that the Commission does not offer an exhaustive list of factors that would qualify a resource to demonstrate “similar characteristics”, only citing some elements such as the “customer class, nature of the load, dispatch method, total load, expected percentage load drop, etc.”¹⁸ CESA urges the Commission to more specifically define this term as it would provide clarity to operators and buyers alike.

VII. THE MAXIMUM CUMULATIVE CAPACITY BUCKETS PROPOSAL SHOULD BE DEFERRED UNTIL TRACK 3, BUT IF ADOPTED, IT SHOULD BE REVISED TO REMOVE CONSECUTIVE HOUR REQUIREMENTS AND CLARIFY THE CATEGORIZATION OF VARIOUS STORAGE TYPES.

As stated in previous comments and reply comments, CESA believes that any discussion of the Energy Division’s MCC bucket proposal is not appropriate at this time and must be deferred to Track 3 of this proceeding. CESA, among other parties, has indicated that the evaluation of this proposal must be seen as contingent to broader RA reform and should therefore be deferred until Track 3 of the current proceeding has concluded. Additionally, it is worth noting that the

¹⁷ PD, at 42.

¹⁸ *Ibid.*

Commission's focus on availability as dispatchability within this proposal fails to recognize that dispatch is not solely related to physical resource characteristics, but to market dynamics and energy prices. In California, capacity resources are subject to AAHs but are fundamentally responsive to energy prices in the CAISO market to determine when it is economic for them to deliver their capacity in the form of energy dispatch. Thus, equating physical availability to dispatch ignores the fact that actual availability is often times longer than dispatchability and may not happen consecutively as adopted in the PD. In addition, it is unclear how "physical availability" will be assessed for resources that may be partially charged to full nameplate capacity. CESA thus urges the Commission to defer the MCC proposal at this time since Track 3 will commence in the next month and may involve proposals that no longer require MCC approaches, and because this new definition creates some areas of ambiguity.

That being said, if the Commission moves forward with this aspect of the PD, CESA requests the Commission clarify components of the MCC proposal as defined in the PD. First, CESA opposes the Commission's decision to put a strict cap on the procurement of DR assets for RA without considering the significant differences between "traditional" DR and storage-backed DR. In the PD, the Commission notes that its proposed 8.3 percent cap on DR resources is consistent with the RA program's goal to ensure reliability, reflects the 24-hour-per-month minimum availability requirement for DR assets, and provides for 100 percent growth of DR over current levels.¹⁹ The PD also notes, nonetheless, that this cap will apply to all DR resources, including BTM DR energy storage resources.²⁰ CESA considers this resolution to be contrary to the purported goal of MCC bucket revisions: the proper portrayal of the operational characteristics of all technologies contained in each of the buckets. Mixing "traditional" DR and storage-backed DR in the same category ignores the fact that the storage component relaxes the need to constrain the number of calls within a month. CESA considers, furthermore, that this cap is contrary to the Commission's responsibility to foster the development of preferred resources, especially those that are among the first in the loading order. Hence, CESA urges the Commission to revise the DR category of the proposed MCC buckets and apply it solely to "traditional" DR assets. Such a revision would enable greater "traditional" DR development and it would justly value the technical properties of storage-backed DR.

¹⁹ PD, at 50-51,

²⁰ PD, at 51.

Second, CESA requests the Commission to clarify the treatment of standalone storage assets within the proposed MCC buckets revision. The PD states that market participants should categorize any individual dispatchable resource according to how its limitations affect its ability to meet the minimum requirements of each MCC bucket, specifically mentioning this should apply to dispatchable storage resources.²¹ In our interpretation, energy storage resources would be categorized by their duration, with 4-hour assets being in Category 1, 8-hour assets in Category 2, and so on. Nevertheless, later in the PD, the Commission states that, because wind and solar resources are in Category 4, hybrid and co-located resources that are comprised of wind, solar, and/or *storage* resources should also be in Category 4. CESA believes that this would create a substantial and unwarranted difference between the valuation of standalone and hybridized/co-located energy storage, and requests clarification from the Commission on this issue.

Furthermore, CESA notes that, if the Commission's intention is indeed to differentiate in this manner standalone from hybridized/co-located energy storage assets, the MCC bucket structure is not equipped to properly capture the operational risks faced by the state's grid today. Namely, the Commission's focus on continuous dispatch fails to capture the reality of grid operations and does not value the fact that storage resources can ease them during both off- and on-peak periods. In conjunction to this revision, CESA urges the Commission to recognize the operational flexibility energy storage provides by incorporating cycling behavior within MCC categorization. A four-hour resource that is able to cycle more than once, for example, could easily participate as a Category 2 resource mitigating both the morning and evening ramps, the periods of major grid stress. These, however, is not valued since the Commission is committed to a structure that oversimplifies reliability contributions by defining them in terms of continuous and consecutive operation.

Noting the above, CESA recommends that the Commission to clarify that standalone energy storage, due to its flexible capabilities, known need for future operations, position as a dispatchable resource, and added charging flexibility relative to hybridized/co-located energy storage, can be counted as a Category 4 resource. Failure to do so would likely tie the LSE's portfolios to be heavily dominated by conventional thermal assets, in contradiction to the Commission's responsibility to ensure the accomplishment of the energy and environmental goals

²¹ PD at 49-50.

Californians have passed through their representatives. Furthermore, the concerns surrounding MCC are likely to be short term in nature, as the Commission and stakeholders strive to address energy and hourly capacity needs in Track 3.

VIII. THE LOCAL RESOURCE ADEQUACY WORKING GROUP SHOULD SUPPORT DECARBONIZATION PATHWAYS AND STRIVE TO EVALUATE CHARGING OR ENERGY LIMITATIONS IN A GRANULAR FASHION TO AVOID CAPPING PREFERRED RESOURCE PROCUREMENT.

CESA appreciates the CAISO’s evaluation of the energy storage characteristics needed to replace conventional thermal assets in each area and sub-area analyzed in the LCR Report and supports the Commission’s proposal to establish a Working Group focused on the issues related to the LCR Study performed by the CAISO and its application in the RA program. In particular, CESA is supportive of the Commission’s decision to include the topic of energy storage limits in the LCR report and its implications on future resource procurement.²² Such working group efforts will support the evaluation of the information and coordination needed to create a decarbonization pathway for local areas and potentially further align the Integrated Resource Planning (“IRP”) and Transmission Planning Process (“TPP”) with the RA Program.

In this working group, the CAISO and stakeholders should consider how any charging or energy limitations can be developed in a granular fashion (*e.g.*, by hour) to support innovative uses of energy-limited resources such as storage and DR. In doing so, overly restrictive and/or broadly applied limits on the procurement of such preferred resources can be avoided in these local areas while incorporating certain physical constraints or risk factors in resource procurement. Furthermore, depending on Track 3 proposals considering energy or hourly capacity requirements, such granularity would support alignment with future RA Program refinements and reforms.

IX. THE MODIFICATIONS TO THE CALCULATION OF THE EFFECTIVE FLEXIBLE CAPACITY OF ENERGY STORAGE RESOURCES IS REASONABLE AND SHOULD BE ADOPTED.

CESA is supportive of the Commission’s adoption of a more streamlined methodology to calculate the EFC of energy storage assets. CESA believes that the proposed methodology is superior to the overly burdensome method previously used and supports it for its intuitiveness and

²² PD at 14.

ease. CESA commends the Commission for being open to stakeholder feedback and implementing this modification.

X. CONCLUSION.

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

Respectfully submitted,



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Date: June 11, 2020