

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

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 18-07-003
(Filed July 12, 2018)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE ASSIGNED COMMISSIONER'S AND ASSIGNED ADMINISTRATIVE LAW
JUDGE'S RULING SEEKING COMMENT ON PROPOSED MODIFICATIONS TO
THE RENEWABLE MARKET ADJUSTING TARIFF PROGRAM**

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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 to the *Assigned Commissioner’s and Assigned Administrative Law Judge’s Ruling Seeking Comments on Proposed Modifications to the Renewable Market Adjusting Tariff Program* (“Ruling”), issued by Assigned Commissioner Clifford Rechtschaffen and Assigned Administrative Law Judge (“ALJ”) Manisha Lakhanpal on June 26, 2020.

I. INTRODUCTION.

CESA appreciates the opportunity to comment on the proposed reforms to the Renewable Market Adjusting Tariff (“ReMAT”) Program and seeks to ensure a successful re-launch of the program. Since the issuance of Commission Decision (D.) 12-05-035 and D.13-05-034, the state of energy storage technologies have changed drastically such that they are widely and commercially available and are often paired with renewable generation facilities, mostly with solar but also increasingly with wind and geothermal. Energy storage paired with qualifying renewable generation facilities will be key in enabling sites to provide firm, predictable, and dispatchable

energy and capacity. Given this, CESA believes that it is important for the next iteration of the ReMAT Program to consider the role of storage in the resulting ReMAT tariff and power purchase agreements (“PPAs”). As such, CESA offers the following comments:

- The role of storage paired with qualified facilities (“QFs”) should be explicitly identified and clarified in the program tariff.
- New application and procurement processes should be established to provide project certainty and viability.

II. THE ROLE OF STORAGE PAIRED WITH QUALIFIED FACILITIES SHOULD BE EXPLICITLY IDENTIFIED AND CLARIFIED IN THE PROGRAM TARIFF.

On May 7, 2020, D.20-05-006 was issued in Rulemaking (“R.”) 18-07-017 that modified the standard-offer contract (“SOC”) to support small renewable facilities, in compliance with Public Utility Regulatory Policies Act (“PURPA”) and in support of the state’s renewable goals. While not explicitly addressed in D.20-05-006, as CESA understands it, storage is eligible for PURPA contracts when paired with a PURPA-eligible QFs. To effectuate this, in their implementing advice letters, all three investor-owned utilities (“IOUs”) added new provisions to the proposed SOCs that storage-paired QFs would be allowed so long as they adhere to the prohibition against charging from the CAISO-controlled grid,¹ and any request to partially charge from the grid would need to be mutually negotiated and be submitted for CPUC approval via a Tier 2 advice letter. Taking this into account and current market conditions where storage can enhance the capacity and deliver dispatchable peaking energy of renewable facilities, the Commission should consider the role of storage in any modifications made to ReMAT.

¹ See, for example, Sections 9.02 and 9.04 of Advice 5853-E of Pacific Gas and Electric Company (“PG&E”), Advice 4229-E of Southern California Edison Company (“SCE”), and Advice 3555-E of San Diego Gas and Electric Company (“SDG&E”) submitted on June 15, 2020 pursuant to D.20-05-006.

Storage systems must have clear economic signals to know when and how to operate to provide the most grid and ratepayer benefits, and project operators must be compensated for providing this value. Therefore, CESA suggests the ReMAT program include the following elements to allow energy storage to participate in the program:

- Product categories should have higher \$/MWh payments for systems paired with storage that will discharge during system peak hours. This could potentially be achieved through the appropriate allocation of updated time-of-delivery (“TOD”) factors to the energy prices for ReMAT PPAs, as proposed by staff.² Considering staff proposes to use historical contract prices representing mostly standalone renewable resources,³ it is imperative that TOD factors are applied to recognize the premium value of energy being delivered during system peak hours.
- Sites that discharge during the Resource Adequacy (“RA”) Availability Assessment Hours (“AAH”) for either System, Local, or Flexible RA should receive a capacity payment in addition to energy payments, pursuant to Commission RA counting rules,⁴ and load-serving entities (“LSEs”) should be able to count this capacity toward their RA requirements.
- If system peak or AAHs change in the future, projects should have the option of being grandfathered into the hours that were in place when the PPA was signed or changing their dispatch to align with new hours.

CESA believes that implementing these rules and establishing clear guidelines on how storage will participate in the program will allow project developers install more renewable-paired energy storage systems.

² Ruling Appendix A at 9.

³ *Ibid* at 4-8.

⁴ See D.20-06-031 at Order 11 for recent Commission decisions establishing a qualifying capacity (“QC”) methodology for hybrid and co-located resources.

III. NEW APPLICATION AND PROCUREMENT PROCESSES SHOULD BE ESTABLISHED UPFRONT TO PROVIDE PROJECT CERTAINTY AND VIABILITY.

CESA supports eliminating the bi-monthly program periods and program period caps.⁵ In eliminating these elements of the program, CESA asks that the new application and procurement processes be established upfront to allow for maximum project certainty and viability. The application and procurement process should allow as much certainty as possible to project developers in regards to securing ReMAT PPA allocations prior to milestones associated with final engineering, procurement, and construction. This should include, but not be limited to, a clear application process and documentation, ability to procure a PPA before constructing and interconnecting the facility, and clear guidelines on when and how prices will change. In general, CESA wishes the application and procurement process will provide transparency and certainty while avoiding opportunities for gaming.

IV. CONCLUSION.

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

Respectfully submitted,



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Date: July 21, 2020

⁵ Ruling Appendix A at 9.