

**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)

**RESOURCE ADEQUACY TRACK 3 PROPOSALS OF THE CALIFORNIA ENERGY
STORAGE ALLIANCE**

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In accordance to the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “the Commission”), the California Energy Storage Alliance (“CESA”) hereby submits these *Resource Adequacy Track 3 Proposals* pursuant to the *Assigned Commissioner’s Scoping Memo and Ruling* issued on January 22, 2020 and the *Assigned Commissioner’s Amended Track 3.A and 3.B Scoping Memo and Ruling* (“Amended Scoping Memo”), issued on July 7, 2020.

I. INTRODUCTION.

California’s electrical grid is undergoing a historic transformation. The establishment of ambitious environmental goals has stimulated the procurement of variable energy resources (“VERs”) and energy storage resources capable of shifting renewable generation and mitigating the increasing ramping needs of the overall system. Considering the evolving nature of the electrical grid, CESA believes it is fundamental the resource adequacy (“RA”) program is modernized in order to support the State’s decarbonization goals while maintaining the necessary level of reliability. Hence, CESA appreciates the opportunity to collaborate with the Commission and all the parties of Rulemaking (“R.”) 19-11-009 in the revision and restructuring of the RA program.

In these comments, CESA focuses on the issues included within the scope of Track 3.B of the current RA proceeding. More specifically, CESA seeks to provide a proposal to address energy

attributes and hourly capacity requirements within the broader RA capacity structure. To do so, CESA recommends the Commission revise and reframe the Maximum Cumulative Capacity (“MCC”) buckets adopted in D.20-06-031. Hence, in light of the scope of Track 3.B, CESA offers the following comments and proposals:

- **The Commission should reevaluate and restructure the MCC framework:** CESA proposes reframing the MCC paradigm to: (1) flexibly account for RA needs in the State rather than focus on unnecessary requirements for continuous dispatch by modifying the availability assessment hours (“AAHs”) by bucket; and (2) apply the MCC framework for Local RA as well as System RA.
 - **The Commission should consider VERs as RA-reducing assets:** CESA considers the RA program should use the net load duration curve instead of the gross load duration curve. This would entail that solar and wind, regardless of their point of interconnection, will be attributed RA-reducing value as opposed to supply-side RA value.
 - **The Commission should unbundle all RA attributes to allow for efficient procurement and targeted availability:** CESA considers the unbundling of all RA attributes is warranted as it would ease efficient trading, potentially minimize procurement costs, and enable the application of the revised MCC proposal to Local RA.
 - **Issues that require further consideration:** CESA considers elements related to transactability, and unforced capacity (“UCAP”) evaluation require further examination and potential stakeholder engagement.
- **The Commission should also consider other proposals that decouple energy and capacity characteristics into independent transactable products:** CESA considers there is substantial merit in proposals that seek to decouple energy and capacity characteristics

into independent transactable products as they could ease the valuation of different energy- and use-limited resources while maintaining California’s bilateral trading mechanics. Thus, CESA urges the ISO to seriously consider these proposals as they could serve as viable starting points for further development and clarification.

- **The Commission should use Track 3.B to evaluate the capacity counting rules applicable to all potential hybrid resource configurations:** CESA considers different hybrid and co-located use-cases and configurations should be examined in Track 3.B to develop a comprehensive capacity counting framework.

II. THE COMISSION SHOULD REEVALUATE AND RESTRUCTURE THE MCC FRAMEWORK

In Track 2 of the current RA proceeding CESA opposed the implementation of the Energy Division’s proposal to modify the MCC buckets paradigm. CESA commented that any discussion of the MCC structure should be done in light of fundamental reforms to the RA program.¹ Despite the comments made by CESA and other parties, in Decision (“D.”) 20-06-031, the Commission adopted a modified version of the Energy Division’s MCC proposal shared on February 7, 2020. This framework must be revised and leveraged as part of the restructuring of the RA program. CESA considers that, as it currently stands, the MCC bucket framework limits market transformation as it establishes caps on specific technologies and resources.

Moreover, as CESA noted in Track 2, the current MCC bucket structure places unduly restrictive definitions for availability that do not align with CAISO market participation or the actual timing of resource needs across the State. Currently, the MCC bucket framework places a heavy emphasis on ensuring continuous operation of all RA resources, as well as physical

¹ See CESA, *Resource Adequacy Track 2 Proposals of the California Energy Storage Alliance*, February 2020, p. 11-13.

availability requirements for all RA-providing resources in the 4 to 9 PM period.² Data analyses carried out by the California Independent System Operator (CAISO) have shown these requirements are not representative of the actual timing of grid stress. As part of the RA Enhancements initiative, CAISO staff identified the top two deciles of hours with the tightest supply cushion.^{3 4} In the Fifth Revised Straw proposal of the RA Enhancements initiative, CAISO noted that only 65% of the hours included in that top 20% fell within the AAHs.⁵ This finding shows that, due to the dynamic nature of the electric sector, the current focus on the AAHs is misplaced.

Due to its mischaracterization of grid needs, CESA considers that the current MCC framework oversimplifies reliability contributions by defining them in terms of continuous, consecutive operation. This focus, CESA has noted, may tie California to a future that is largely dependent on fossil-fueled capacity, an outcome that would run afoul to the state's energy and environmental goals set forth in Senate Bill ("SB") 100, as well as other legislative acts.

While the emphasis on continuous dispatch is both unduly restrictive and unable to account for the actual ramping and capacity needs of California's electric system, CESA considers that the MCC structure itself can serve as a vehicle towards a more sophisticated portfolio-based RA program. The current MCC buckets, adopted within Track 2 of this proceeding, were restructured to incorporate 2016-2018 load duration curves, require that use-limited resources ("ULRs") be available at least 40 hours in each summer month, and spread availability for resources in

² CPUC, *Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, D. 20-06-031, issued June 30, 2020, p. 58.

³ See CAISO, *Resource Adequacy Enhancements Fifth Revised Straw Proposal*, July 2020, available at <http://www.caiso.com/InitiativeDocuments/FifthRevisedStrawProposal-ResourceAdequacyEnhancements.pdf>.

⁴ According to CAISO, "[s]upply cushion is a measure of real-time system resource adequacy risk. A large supply cushion indicates less real-time system resource adequacy risk because more energy remains available to respond to unplanned events. A low supply cushion indicates the system has fewer assets available to react to unexpected outages or load increases, indicating a high real-time system resource adequacy risk." See CAISO, *Resource Adequacy Enhancements Fifth Revised Straw Proposal*, July 2020, p. 19.

⁵ *Ibid*, p. 21.

Categories 2 through 4 across an entire month.⁶ CESA considers these modifications have served to update the framework and simplifying the requirements for ULRs. Given this potential, CESA proposes reframing the MCC paradigm to: (1) flexibly account for RA needs in the State rather than focus on unnecessary requirements for continuous dispatch by modifying the availability assessment hours by bucket; and (2) apply the MCC framework for Local RA as well as System RA.

In order to leverage the existing MCC bucket structure, CESA proposes reforming it to have categories 1-3 include stepped availability assessment hours (“AAHs”) that would include the 4-9 pm period, as well as the morning ramp, a period of increasing grid stress.⁷ Rather than focusing on the continuous operation of resources, the revised MCC bucket paradigm would allow resources with incremental cycling capabilities and long discharge durations to be included in the buckets corresponding to the desired operation duration as they would be able to cover both morning and evening ramps. Below, CESA presents an example of how the modified MCC structure could be implemented for System RA.

Table 1. Example of the Potential Modifications to the Current MCC Framework

Category	Status Quo Availability	CESA’s Proposed Availability
DR	Varies by contract or tariff provisions, but must be available Monday – Friday, 4 consecutive hours between 4 PM and 9 PM, and at least 24 hours per month from May – September.	Varies by contract or tariff provisions, but must be available Monday – Friday, <u>2 consecutive hours via test or dispatch between 4 PM and 9 PM from May – September.</u>
1	Monday – Friday, 4 consecutive hours between 4 PM and 9 PM, and at least 40 hours per month from May – September.	Monday – Friday, 4 consecutive hours between 4 PM and 9 PM, and at least 40 hours per month from May – September.

⁶ Energy Division, *Proposals for Proceeding R.19-11-009: Revising Maximum Cumulative Capacity Buckets*, filed February 7, 2020, p. 9.

⁷ When analyzing the hours that fall within the 20th percentile of tightest supply cushion, the CAISO has noted a substantial clustering during the morning ramp period (hours ending 6 to 9 am. See *ibid*, p. 21.

2	Every Monday – Friday, 8 consecutive hours that include 4 PM – 9 PM.	Every Monday – Friday, 8 consecutive hours that include 4 PM – 9 PM or Every Monday – Friday, 8 non-consecutive hours that include 5 AM – 9 PM and 4 PM – 9 PM
3	Every Monday – Friday, 16 consecutive hours that include 4 PM – 9 PM.	Every Monday – Friday, 16 consecutive hours that include 4 PM – 9 PM or Every Monday- Friday, 16 non-consecutive hours that include 5 AM – 9 PM and 4 PM – 9 PM
4	Every day of the month. Dispatchable resources must be available 24 hours.	Every day of the month.

As it can be seen in Table 1, CESA’s proposal does not revise the definition of availability included in D.20-06-031; instead, it only, (1) modifies the availability requirements for demand response (“DR”) resources; (2) extends the potential for resources to be counted as category 2 or 3 assets based on non-consecutive availability that matches the State’s actual capacity needs; and, (3) eliminates the clarification within category 4 that states that dispatchable resources must be available 24 hours. This proposal would enable resources to be procured to work in a “block stacking” fashion based on the timing of different system capacity needs. CESA considers that this approach would provide a viable pathway to revamp the RA program with current grid needs in mind, thus preserving reliability while leveraging the growing array of preferred resources, such as energy storage, seeking interconnection.

Currently the MCC bucket framework is solely applicable to System RA. As mentioned previously, CESA considers the updates adopted to establish category percentages and simplify URL requirements were mostly beneficial and conducive for a broader incorporation of energy requirements. Thus, CESA considers the modifications regarding availability could be seamlessly applied for System RA. While the reformed MCC structure can be more readily applied to System

RA requirements, CESA considers it should also be adapted to the Local RA market. Applying the revised MCC framework for Local RA would enable the investor-owned utilities (“IOUs”) serving as central procurement entities (“CPEs”) to use the energy requirements observed in the Local Capacity Requirements Technical (“LCRT”) study performed by the California Independent System Operator CAISO and translate them into availability “time-blocks”. This would ease compliance of both capacity and energy requirements. Informed by the CAISO’s annual LCRT studies, area- or sub-area-specific MCC category percentages could be developed in turn to reflect local constraints and load duration curves. The development of these percentages would merit a workshop, or another stakeholder process lead jointly by the Commission, CAISO, and the IOUs acting as CPEs. We recommend developing a standard methodology for developing the Local RA MCC framework to promote consistency and transparency into the process.

In order to create these MCC structures per area/sub-area, it is necessary to consider the interactions between resources, all load-serving entities (“LSEs”), and the CPEs. In D.20-06-002 the Commission adopted the central procurement of multi-year local RA to begin for the 2023 compliance year in the Pacific Gas and Electric Company (“PG&E”) and SCE distribution service areas. Moreover, this decision identified PG&E and SCE as the CPEs for their respective distribution service areas while adopting a hybrid central procurement framework.

The implementation of this proposal is further affected by D.20-06-002, which established that a competitive, all-source, transparent solicitation process should be used by the CPE for local RA procurement. It is worth noting that D.20-06-002 notes that the CPEs shall include “dispatch rights, or *other means that stipulate how local resources bid into the energy markets*, in its solicitation as an optional term that bidders are encouraged to include.”⁸ With an MCC-like structure in place for Local RA, the CPEs could then include stipulations distinct from the traditional AAHs based on the needs of particular local areas and sub-areas, thus effectively creating the aforementioned “time-blocks” that account for the particular needs of each area/sub-

⁸ CPUC, *Decision on Central Procurement of the Resource Adequacy Program*, D. 20-06-002, issued June 17, 2020, p. 49. Emphasis added.

area. As such, CESA considers that by applying an MCC scheme for Local RA, CPEs would be able to select assets that, in conjunction, fulfill the MCC requirements in a least-cost best-fit manner.

In this alternative, storage assets need not be categorized immediately according to their ‘nameplate’ duration, since they can be modeled as fulfilling different needs given the available categories. For example, currently, the RA program assumes that most storage assets can only cycle once per day. This would immediately lead to most storage assets to be placed in Category 1, a classification that may not be appropriate for future or current storage resources that are capable of two cycles per day. To resolve this, CESA considers resources could include a cycling parameter in their bids to the CPE, essentially signaling the capability of their assets. Assets need not submit a point estimate of cycling and the cost associated with it, instead, assets could enter a cycling-cost curve in their bids to the CPE, which would then be tasked to identify a least-cost best-fit portfolio for each area and sub-area. Thus, and since buckets would be related to energy requirements by duration, a 4-hour 100 MW resource for example could be included in Category 1 or in Category 2 if the resource clearly states within its bid that it is able to cycle more than once per day.

Hence, as long as a storage resource meets the requirements of any given MCC bucket category, they should be counted at the full continuous discharge capability. For example, a 100-MW storage resource with the capability to discharge at full capacity for 8 consecutive hours should be rated at 100 MW of qualifying capacity and counted toward MCC Category 2 limits. If this resource could additionally cycle twice per day, it could be counted to fulfill Category 3 needs as long as its availability coincides with the one described in Table 1 for System RA, or the one specified for the applicable area/sub-area for Local RA. Alternatively, if an LSE seeks to meet capacity needs with a portfolio of four-hour storage resources using up their Category 1 and 2 portfolio limits, they could do so and have the two “coupled” four-hour storage resources counting toward the Category 2 limits be attributed full nameplate value without implying a derating of its energy properties (*i.e.* the ‘size of the tank’).

CESA considers that the use of specific hours that must be included within the availability definition of each of these categories is warranted as it enables the identification and fulfillment of energy needs across the grid. To do so, CESA recommends that the Commission and the ISO collaborate closely in order to identify non-consecutive 8- and 16-hour energy needs based on system-wide grid stress. The study performed by the CAISO for the purposes of incorporating forced outage data into the RA program presents a promising starting point, as it could additionally ease the integration of unforced capacity (“UCAP”) into the RA program. Establishing clear periods for RA availability is fundamental to leverage preferred energy- and use-limited resources as it provides a reasonable framework for multi-use applications (“MUAs”). By defining clear periods when use- and energy-limited resources are completely needed for capacity these assets could be potentially freed to provide other grid services during the rest of the day.

This proposal represents a substantial overhaul of the RA structure, addressing energy requirements by leveraging a wider range of resource types and capabilities. Nevertheless, CESA understands the implementation of this approach would require further significant reform to the RA program. In the following subsections, CESA elaborates on two modifications required to apply this proposal.

a. THE COMMISSION SHOULD CONSIDER VARIABLE ENERGY RESOURCES AS RA-REDUCING ASSETS

As it can be seen in Table 1, CESA’s revised MCC proposal eliminates the Category 4 requirement that establishes dispatchable resources must be available 24 hours. This constraint was incorporated to ensure RA requirements are not met solely by intermittent resources such as solar photovoltaic (“PV”) or wind generation.² Thus, currently, VERs count in Category 4 but with limits. In order to implement the revised MCC structure proposed by CESA, solar and wind, regardless of their point of interconnection, should be attributed RA-reducing value as opposed to supply-side RA value. This means that VERs would be accounted by subtracting their contributions

² This would not apply to dispatchable resources that are paired with a VER, such as hybrid resources.

to the overall RA requirements. In order to perform this reduction of RA requirements, CESA recommends the Commission utilize the forecasted generation of solar PV and wind resources by LSE in alignment with the Integrated Resource Planning (“IRP”) proceeding. CESA notes the use of the IRP generation forecasts is warranted and viable as it provides a means to account for intra-day variability and other uncertainty. In order to avoid overestimating the contributions of VERs, which could result in the establishment of underestimated capacity requirements, CESA recommends using conservative generation profiles (*i.e.* one-in-five- or one-in-ten-years profiles).

CESA considers this approach is reasonable due to the declining capacity contributions of VERs, and the focus on “time-blocks” of physical availability that are baked into the MCC framework. By classifying VERs as RA-reducing resources, the MCC buckets would serve as the basis for LSEs to procure portfolios composed of a variety of dispatchable resources that work jointly to cover the “time-blocks” identified as integral to reliability. Thus, defining VERs in this fashion would ease the implementation of this alternative in both the System and Local context. By taking into account the availability of renewable electricity, as well as its generation profile, LSEs, the CPUC, CAISO, and the CPEs would be better equipped to determine the suite of resources needed to fulfill capacity and energy requirements.

CESA considers the RA program is equipped to make such a change. First, it is worth noting that some VERs are already incorporated into the RA program in this fashion. Such is the case of behind-the-meter solar PV assets, whose generation is considered a load modifier for RA purposes. Moreover, D.20-06-002 established that cost allocation mechanism (CAM) resources and IOU local DR resources should reduce the local RA amount that the CPE must procure. This, in turn, establishes precedent for certain resources to become RA-reducing, a possibility that should be adopted by the Commission with regards to VERs.

CESA acknowledges this proposal represents a substantial modification of the role VERs have so far played within the RA program. In order to mitigate the potential uncertainty this proposal could create; its implementation should be accompanied with strong grandfathering mechanisms and a new framework to compensate the reliability benefits associated with VER

generation. Hence, CESA recommends the establishment of a working group to determine a transition strategy for VERs within the RA proceeding.

b. THE COMMISSION SHOULD UNBUNDLE ALL RA ATTRIBUTES TO ALLOW FOR EFFICIENT PROCUREMENT AND TARGETED AVAILABILITY

D.20-06-002 established that a competitive, all-source, transparent solicitation process should be used by the CPE for Local RA procurement, and that RA attributes should remain bundled throughout the solicitation process. Furthermore, it established that LSEs should receive credits for System or Flexible RA procured during the Local RA or backstop processes. CESA considers that the bundling of RA attributes is counterproductive, inefficient, and results in unduly high costs and potential overprocurement of RA resources. As previously expressed by CESA, the bundling of RA products has the potential to increase contracting costs as it makes it impossible for LSEs to procure solely the attribute in which it is deficient (*e.g.* Local RA). Moreover, the bundling of RA attributes limits the adoption of technologies with clear competitive advantages when providing a particular type of RA or, in the context of this proposal, fulfilling a specific RA need.

CESA considers the bundling of RA attributes is a barrier to the adoption of the revised MCC proposal as it would make it potentially impossible for a resource to have different availability requirements for System and Local needs. Under CESA's proposal, a particular area may have a capacity need of 8 non-consecutive hours from 5-9 AM and 7-11 PM, for example. In this case, a 4-hour energy storage asset with the ability to cycle twice per day would be able to meet this need; nevertheless, if RA attributes are bundled, this asset would also have a System RA availability requirement from 4-9 PM. Since Local RA is generally better compensated than System RA, this resource might be better off providing this service; nevertheless, the bundling of RA attributes limits its potential and effectively forces all resources, regardless of applicable area/sub-area needs, to behave in line with the perceived System needs.

Thus, in order to implement the revised MCC proposal and unlock the benefits of representing Local RA energy requirements within the RA framework, CESA considers the

unbundling of all RA attributes is warranted. It is necessary to highlight that an unbundling of characteristics would not mean resources could only provide System or Local RA; instead, it merely opens the door for buyers to procure specifically and for sellers to offer their services in the most valued or compatible areas.

c. ISSUES THAT REQUIRE FURTHER CONSIDERATION

i. The Commission should establish a Working Group on the transactability of RA

As noted in the previous sections, CESA's revised MCC proposal would establish the possibility for area/sub-area specific RA requirements and AAHs. Currently, the RA structure is based on the potential for bilateral trading. In order to sustain bilateral trading, the Commission and has focused on the establishment of counting conventions that allow an 'apples-to-apples' comparison of different resources based on the concept of net qualifying capacity ("NQC"). This arrangement has successfully supported and preserved the bilateral capacity marketplace in the State, easing financeability and certainty for buyers and sellers of RA capacity.

While valuable, the focus on transactability also poses limits when integrating more complex, interdependent portfolios which include resources with different physical limitations and benefits. Moreover, this paradigm is unable to capture constraints on the grid, contingency needs, or the broader use of energy-limited resources. Thus, the focus on transactability has limited the RA construct to focus on resource-specific solutions, not allowing LSEs to employ a portfolio approach to fulfill their requirements even if it could prove more cost-effective.

CESA considers that, as currently drafted, the revised MCC proposal can strike a balance between the RA program's focus on transactability and the need to procure cost-effective portfolios that work jointly to fulfill capacity requirements and mitigate energy risks. As this proposal would potentially create very distinctly operating Local and System RA resources, CESA considers the

means to transact RA attributes may need to be revised through a stakeholder process. Thus, CESA urges the Commission to establish a working group in order to attend this issue.

ii. Incorporating the unforced capacity (“UCAP”) framework to the RA program

Currently, as mentioned above, the RA program focuses on comparing the reliability contributions of all assets based on approximating their NQC. Hence, dispatchable resources are evaluated based on their nameplate characteristics, while other assets such as VERs have their NQC approximated by comparing their generating traits to those of a “perfect generator” via an effective load carrying capability (“ELCC”) study. These methodologies do not explicitly account for the forced outage rate of assets; that is, the NQC methodologies do not capture the potential for resources to be on outage when needed. As such, CAISO, within its RA Enhancements initiative, is considering methods to reframe the RA program from an NQC-centric perspective to one that accounts for the effective reliability contribution of resources by penalizing for unforced outages.

CESA considers that any proposal considered by the Commission in Track 3.B must include a clear strategy to transition to a UCAP-based counting system within the RA program. CESA is concerned with the lack of visible alignment between the Commission and CAISO in the application of UCAP methodologies. As several parties are set to propose substantial reforms to the RA program, CESA urges the Commission to establish a joint workshop with CAISO in order to align how any adopted proposal would incorporate UCAP valuation.

III. THE COMMISSION SHOULD ALSO CONSIDER OTHER PROPOSALS THAT DECOUPLE ENERGY AND CAPACITY CHARACTERISTICS INTO INDEPENDENT TRANSACTABLE PRODUCTS

CESA is aware that some proposals to be filed within Track 3.B of this proceeding consider a restructuring of the RA program that would decouple the energy and capacity attributes of certain resources. CESA considers proposals of this nature should be considered by the Commission, as

they offer a viable pathway to modify the RA program in order to properly attribute reliability value to resources such as energy storage.

CESA considers there is substantial merit in proposals of this nature and thus exhorts the Commission to seriously consider them as a starting point to further reform the RA program. A framework based on decoupled, transactable energy and capacity attributes would provide increased opportunities for all types of energy storage while reducing the need for continuously revising counting methodologies. That being said, this sort of proposals would profoundly reshape the current RA landscape and thus require further refinement and potential stakeholder involvement. Hence, CESA urges the Commission to strongly consider schemes of this nature and looks forward to further refine them with broader stakeholder participation.

IV. THE COMMISSION SHOULD USE TRACK 3.B TO EVALUATE THE CAPACITY COUNTING RULES APPLICABLE TO ALL POTENTIAL HYBRID RESOURCE CONFIGURATIONS.

CESA appreciates the Commission's work to properly assess the capacity contributions of hybrid and co-located resources within the RA framework. With about 23 GW of solar PV plus storage projects in the CAISO interconnection queue, CESA is convinced that the Commission's work on this topic will provide greater certainty to developers, LSEs, and regulators. In Track 2 of this proceeding, CESA was supportive of the Commission's adoption of SCE's counting methodology for these assets. Nevertheless, as CESA noted in comments on D.20-06-031, this methodology should 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.

CESA is concerned by the omission of this issue within the Amended Scoping Memo. It is worth noting that the Amended Scoping Memo does include the valuation of BTM hybrid resources as an issue scoped within Track 3.A; nevertheless, it does not incorporate the need for further

refining the capacity counting methodology applicable to utility-scale hybrid and co-located resources. While the Commission recognized in D.20-06-031 that the adopted methodology based on SCE's proposal is only appropriate to estimate the capacity value of resources that will charge solely from on-site generation as they seek to claim the ITC incentive, it has failed to recognize the need to create counting conventions for other viable configurations and assert full capacity value for hybrid assets that are not physically bound to charge solely from on-site generation. This failure decreases certainty among buyers and sellers, potentially slowing down the deployment of much needed assets. Hence, CESA considers different hybrid and co-located use-cases and configurations should be examined in Track 3.B to develop a comprehensive capacity counting framework.

CESA believes that Track 3.B is the adequate venue to discuss such issues as the evaluation of hybrid and co-located resources in the future will be highly influenced and dependent on the evolution of the RA program. Thus, in order to mitigate the risks of incompatible policy targets and counting conventions, CESA requests the Commission to integrate this issue within the scope of Track 3.B.

V. CONCLUSION.

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

Respectfully submitted,



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