

June 2, 2021

CPUC Energy Division Tariff Unit
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**Re: Response of the California Energy Storage Alliance to Advice Letter 3764-E
of San Diego Gas and Electric Company**

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”) hereby submits this protest to the above-referenced Advice Letter 3764-E of San Diego Gas and Electric Company (“SDG&E”), *San Diego Gas and Electric Company’s Filing of Proposed Changes to the Technology Neutral Pro Forma Contract for Use in the Standard Offer Contract Pilot and Request for Approval of Prescreening Criteria for Partnership Pilot Eligibility* (“Advice Letter”), submitted on May 13, 2021.

I. INTRODUCTION & BACKGROUND.

The Commission issued Decision (“D.”) 21-02-006 on February 11, 2021 that established the Partnership Pilot and the Standard Offer Contract (“SOC”) Pilot to test the use of distributed energy resources (“DER”) distribution deferral tariffs and potentially address challenges with the current Distribution Investment Deferral Framework (“DIDF”) competitive solicitation process.¹ Pursuant to Ordering Paragraph (“OP”) 7 and 13 of D.21-02-006, the investor-owned utilities (“IOUs”) were directed to submit Tier 2 Advice Letters detailing the elements of the prescreening application as well as changes to the technology-neutral pro forma (“TNPF”) contract. Workshops were subsequently held on April 12 and 16 to discuss the IOUs’ initial proposals to this end. CESA participated and appreciated the IOUs’ consideration of our feedback on the initial proposals.

In reviewing the Advice Letter, CESA submits this protest recommending the rejection of SDG&E’s proposed criterion to require applicants submit an auditable process to demonstrate the incrementality of DER services provided.² The proposed criterion contravenes other determinations made in D.21-02-006 that clearly adopted incrementality policies for various DER technology types and depending on whether they participate in particular programs and tariffs.³ Moreover, given the

¹ D.21-02-006 at Finding of Fact (“FOF”) 33-35.

² SDG&E Advice Letter at 4.

³ D.21-02-006 at OP 10.

focus of the Partnership Pilot on behind-the-meter (“BTM”) resources, this pass/fail criterion could present barriers to participation in the pilot when the prescreening process is intended to ascertain the experience of DER providers in general terms.⁴ Other than this modification and change, elaborated further below, CESA does not find major issue with other proposed prescreening criteria or with the TNPF contract modifications. While additional changes could be raised and would be preferred, this one Experience criterion represents our most significant concern with the proposed criteria.

II. DISCUSSION.

In its Advice Letter, SDG&E explains that it needs an auditable process as part of the prescreening process to prove incrementality if needed.⁵ However, no such requirement was adopted as part of D.21-02-006 for the prescreening process, and no demonstration of incrementality is needed either, as D.21-02-006 adopted clear incrementality policies. As excerpted below, D.21-02-006 recognized the uncertainty that unclear and inconsistent incrementality criteria can create, which can deter market participation:

“The Staff Proposal contends Utilities’ approaches to incrementality should be clarified and aligned to provide certainty to market participant stakeholders. Staff explains that D.16-12-036 requires Utilities to recognize that a distributed energy resources is eligible to provide multiple incremental services and shall be compensated for each service. Further, a May 11, 2020 Ruling in R.14-08-013 addressed incrementality for SGIP, NEM, and Energy Efficiency distributed energy resources in the DIDF and included incrementality requirement language for Utilities. Staff proposes Utilities adopt the language provided in the Staff Proposal, which is largely based on the language in the May 11, 2020 Ruling.

The Commission has determined in D.16-12-036 that distributed energy resources can provide multiple incremental services and should be compensated for each service. *We find the incrementality language proposed by staff to be reasonable and its adoption should lead to improved certainty for providers and increased availability of distributed energy resources.* We adopt the incrementality language contained in the Staff Proposal and require Utilities to follow the language for the purposes of all distributed energy resources solicitations, including the Partnership Pilot, the DIDF RFO, and the Standard Offer Contract Pilot. [*emphasis added*]”

Yet, despite these determinations, SDG&E inserts a layer of uncertainty by creating a process by which a DER resource’s incrementality may be questioned. Whereas the other proposed criteria appropriately focus on company and technological viability to address the distribution deferral need,

⁴ *Ibid* at FOF 75.

⁵ SDG&E Advice Letter at 4.

the auditable process does not represent a viability criterion in the same vein. In fact, SDG&E explains that it is being required in case it is needed. Rather, the appropriate area to address incrementality may be in the evaluation of the Partnership Pilot, where SDG&E and the Commission can assess the incrementality of services and compensation provided.

Considering the above, CESA recommends that SDG&E strike entirely the criterion related to requiring an auditable process to demonstrate the incrementality of DER services provided.

III. CONCLUSION.

CESA appreciates the opportunity to submit this protest on SDG&E's Advice Letter and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,



Jin Noh
Policy Director
California Energy Storage Alliance

cc: Greg Anderson, SDG&E (GAnderson@sdge.com and SDGETariffs@sdge.com)
Service lists R.14-08-013 and R.14-10-003