

August 30, 2021

CPUC Energy Division Tariff Unit
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**Re: Response of the California Energy Storage Alliance to Advice Letter 6292-E
of Pacific 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 response to the above-referenced Advice Letter 6292-E of Pacific Gas and Electric Company (“PG&E”), *Initial Delivery Date and Contract Term Amendments to Hummingbird Energy Storage Agreement* (“Advice Letter”), submitted on August 10, 2021.

I. INTRODUCTION & BACKGROUND.

Due to identified local reliability needs and the costs associated with reliability must-run (“RMR”) contracts for three key plants, the Commission issued Resolution E-4909 on January 11, 2018 that ordered PG&E to hold competitive solicitations for energy storage and preferred resources to address local capacity deficiencies in the Pease sub-area of the Sierra local capacity area (“LCA”) and any local capacity deficiencies in the South Bay-Moss Landing sub-area in the Bay Area LCA, and to manage a high voltage issue in the Bogue sub-area in the Sierra LCA. Subsequently, Resolution E-4949 was issued on November 9, 2018 that approved four energy storage agreements totaling 567.5 MW in capacity – one of which included the Hummingbird Energy Storage project that is the subject of PG&E’s Advice Letter.

As argued at the time of the contract approvals, CESA expresses our continued support for these projects, including the timely approval of the contract amendments to the Hummingbird Energy Storage project, since these contracts were previously found to provide net economic value, provide environmental benefits, and support local reliability in a transmission-constrained area. PG&E explains that the notional value of the agreement remains despite the contract amendments and the later delivery date.¹ As such, CESA believes that the contract as amended warrants timely approval.

¹ PG&E Advice Letter at 3.

August 30, 2021
Page 2 of 3

In this response, CESA recommends that the Commission approve the Advice Letter more expeditiously than the December 8, 2021 deadline requested by PG&E.² As a Tier 3 Advice Letter, CESA requests that the Commission issue and then approve a Draft Resolution at the October 21, 2021 Commission voting meeting in order to provide sufficient time for the energy storage seller to continue with project development activities to meet the agreed-upon July 1, 2023 initial delivery date.

II. DISCUSSION.

Since the approval of these contracts, there have been several major intervening events that should be considered as the Commission reviews the Hummingbird contract amendments for approval.

First, in addition to PG&E's bankruptcy proceedings that led to financing challenges and the COVID-19 pandemic that contributed to further delays in securing the necessary permits, both factors cited in PG&E's Advice Letter,³ CESA understands that the Hummingbird Energy Storage project was impacted by interconnection upgrade delays from the Western Area Power Administration ("WAPA") – factors outside of the control of the developer.⁴ Thus, concerns about the delay in the commercial operation date should take into account these factors in reviewing the contract amendments.

Second, and more importantly, the state is facing potential capacity shortfalls between 600 MW and 5,200 MW based on the California Energy Commission ("CEC") preliminary stack analysis under average and extreme weather scenarios in Summer 2022,⁵ which is likely to carry over into Summer 2023 due to the limited set of solutions available to bring capacity online except for short-term or temporary measures. With the Commission actively considering strategies to increase supply to meet net load peak needs for Summers 2022 and 2023 in R.20-11-003,⁶ timely approval of these contract amendments represents an immediate means to ensure baseline storage capacity is brought online to avoid exacerbating reliability issues.

With these in mind, timely contract amendment approval is needed to ensure that the Hummingbird Energy Storage project can secure financing, procure equipment, and commence construction. Many of these steps cannot begin without a final, unappealable Commission decision, which should be accelerated as much as possible to afford sufficient time in meeting the amended

² *Ibid* at 6.

³ *Ibid* at 2-3.

⁴ "Tracy Circuit Breaker Upgrades" informational call on March 29, 2021.

<http://www.caiso.com/Documents/Presentation-TracyCircuitBreakerUpgrades-Mar292021.pdf>

⁵ *Draft CEC Preliminary 2022 Summer Supply Stack Analysis* published on August 11, 2021. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=239251&DocumentContentId=72701>

⁶ *Assigned Commissioner's Amended Scoping Memo and Ruling for Phase 2* issued on August 10, 2021 in R.20-11-003. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M398/K465/398465770.PDF>

August 30, 2021
Page 3 of 3

delivery date by July 1, 2023. Given the size of the project, CESA estimates that more than 18 months is needed between Commission approval and initial delivery date.

III. CONCLUSION.

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

Respectfully submitted,



Jin Noh
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California Energy Storage Alliance

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Cheryl Lee, Energy Division (cheryl.lee@cpuc.ca.gov)
Service lists R.18-07-003, R.15-03-011, and R.17-09-020