BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Not Consolidated)
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Not Consolidated)
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COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE PROPOSED DECISION MODIFIYING THE RENEWABLE MARKET ADJUSTING TARIFF PROGRAM AND DIRECTING IMPLEMENTATION

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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 Modifying the Renewable Market Adjusting Tariff Program and Directing Implementation* ("PD"), issued by Administrative Law Judge ("ALJ") Manisha Lakhanpal and ALJ Carolyn Sisto on November 10, 2021.

I. INTRODUCTION.

CESA appreciates the Commission's addressing of long overdue modifications to the Renewable Market Adjusting Tariff ("ReMAT") to ensure that the investor-owned utilities ("IOUs") meet their statutorily-required 750 MW of capacity and use a readily-available

procurement mechanism to support the state's near- and mid-term reliability needs and long-term decarbonization objectives. To this end, directing San Diego Gas and Electric Company ("SDG&E") to re-open its ReMAT program[1] to ensure that its unallocated capacity is fully subscribed will not only ensure that the legislative mandate is met but it also represents a least-regrets strategy to quickly bring online renewable (including with integrated storage) capacity during a time when an all-of-the-above approach is sorely needed to build out the incremental resources needed to mitigate the forecasted shortfalls in the face of extreme weather risks and events. In facilitating the close to 230 MW of remaining ReMAT capacity to be made available and accommodate technological changes, this PD is also responsive to the Governor's Emergency Proclamation that directed the Commission and other energy agencies to accelerate "plans for the construction, procurement, and rapid deployment of ***new clean energy and storage projects*** to mitigate the risk of capacity shortages and increase the availability of carbon-free energy at all times of day" [***emphasis added***]. In many ways, CESA thus lauds the Commission's timely actions.

In addition to making this capacity available in flexible and responsive ways, the PD recognizes that energy storage is a permissible enhancement to eligible renewable facilities, consistent with determinations and policies made at the Federal Energy Regulatory Commission ("FERC"), California Energy Commission ("CEC"), and the Commission itself in recognizing the treatment of energy storage as a component of renewable facilities. Since ReMAT's inception, the market has emerged for hybrid and co-located resources and policies, regulations, and processes in California and across the nation have increasingly evolved to accommodate energy storage resources paired with renewable facilities, including but not limited to, interconnection processes,

[1] PD at 11-12.

market participation models, various program and tariff eligibility criteria, investment tax credit eligibility, and many more. CESA therefore strongly supports the Commission's determination that renewable facilities incorporating energy storage are eligible in the program and can qualify for the specific product type by which the renewable energy is *delivered*.

While largely supportive of the PD, CESA recommends that the Commission make certain modifications to provide clarifications on energy storage eligibility and to avoid prescriptive requirements for the means by which energy storage charging is restricted. Furthermore, CESA requests that the Commission reconsider the information-only requirement for time-of-delivery ("TOD") factors, which will blunt the potential and value provided by hybrid and co-located storage resources in the program. Specifically, we make the following recommendations:

- The eligibility of both hybrid and co-located storage resources should be affirmed.
- The tariff and power purchase agreements ("PPAs") should not prescribe the methods by which grid charging is prevented.
- Effective capacity thresholds should be clarified to define eligibility based on maximum continuous export to the grid.
- The eligibility of hybrid and co-located storage resources to different Product Types based on the time of expected delivery should be adopted, but the Commission should reconsider incorporation TOD factors to recognize the value of their deliveries and provide an incentive to deliver during net-peak.

II. THE ELIGIBILITY OF BOTH HYBRID AND CO-LOCATED STORAGE RESOURCES SHOULD BE AFFIRMED.

The PD determines and directs the IOUs to modify their ReMAT tariffs and PPAs to make *co-located* storage eligible, but no mention is made to the eligibility of *hybrid* resources

incorporating energy storage,[2] even though the ALJ Ruling on April 22, 2021 requested additional information and responses to this very question: "How should co-located and hybrid energy storage resources be defined in light of recent and future developments in the California Independent System Operator's Hybrid Resource Initiative?"[3] As CESA explained, the distinctions are only relevant for market participation purposes, while the Commission has already recognized in the Resource Adequacy ("RA") proceeding that there is no practical difference in operational characteristics between hybrid and co-located resources.[4] This may have been an oversight, but in order to avoid unnecessarily restrictive language or prescriptive market participation models that make no difference to the intended goals of making eligible pairings of energy storage, the Commission should modify the PD's findings, conclusions, and orders to reference both hybrid and co-located storage resources as eligible, subject to assurances of charging only from onsite renewable generation.

III. THE TARIFF AND POWER PURCHASE AGREEMENTS SHOULD NOT PRESCRIBE THE METHODS BY WHICH GRID CHARGING IS PREVENTED.

The PD rightly affirms that hybrid and co-located resources are eligible so long as there are assurances via appropriate hardware or software controls to ensure the storage resource is only charged from onsite renewable generation, thus directing the IOUs to modify their tariffs and PPAs in accordance.[5] While supportive of the broader findings and conclusions, CESA is concerned that there may be implementation issues if the IOUs specify in their tariffs and PPAs the specific

[2] PD at Ordering Paragraph ("OP") 7.

[3] *Administrative Law Judge's Ruling Seeking Updated Information Regarding the Renewable Market Adjusting Tariff Program* issued on April 22, 2021 in R.18-07-003 at 3.

[4] *Reply Comments of the California Energy Storage Alliance on the Administrative Law Judge's Ruling Seeking Updated Information Regarding the Renewable Market Adjusting Tariff Program* filed on June 23, 2021 in R.18-07-003 at 3-4.

[5] PD at Findings of Fact ("FOF") 21, Conclusions of Law ("COL") 9, and OP 1 and 7.

methods by which these assurances are made. There are a range of software, firmware, and/or relays by which grid charging is prevented across the hundreds of hybrid and co-located resources deployed today, such that it should not be specified as a program requirement in the tariff, except to generally describe how ReMAT participants must demonstrate such eligibility. Similarly, the PPA is intended to specify the commercial terms rather than these technical details, so the conclusions and orders should be revised to strike these Commission directives to modify IOUs' ReMAT PPAs to specify no-grid-charging assurances. Rather, the appropriate venue to specifically address these considerations is through the generator interconnection process, where generator interconnection agreements ("GIAs") will then specify the mechanisms by which such assurances are provided.

IV. EFFECTIVE CAPACITY THRESHOLDS SHOULD BE CLARIFIED TO DEFINE ELIGIBILITY BASED ON MAXIMUM CONTINUOUS EXPORT TO THE GRID.

In establishing energy storage eligibility, the PD notes that "co-located storage should not result in a facility having an effective capacity that exceeds the megawatt thresholds."[6] The definition of "effective capacity" is unclear as written, such that it could be interpreted to limit the hybrid and co-located facilities to the megawatt threshold based on the additive capacity of the generation and storage components, which is likely not what the Commission intended. Especially with the ReMAT tariff currently defining "contract capacity" (3 MW) and "nameplate capacity" (4 MW) thresholds at the "project" level, CESA recommends that the Commission explicitly clarify that the "effective capacity" of hybrid and co-located resources are *not* defined by the additive capacity of the generation components (inclusive of storage) but rather are defined as-is today as the maximum continuous export to grid. This is appropriate to avoid barriers to different

[6] PD at 28.

configurations (*e.g.*, AC-coupled hybrids and co-located resources), yet still adhere to the intent that the incorporation of energy storage is intended to shape the generation profile of the renewable generation facility, which is the primary determinant of eligibility in the program (*i.e.*, standalone energy storage is ineligible) and must fall below the statutory size thresholds.

V. THE ELIGIBILITY OF HYBRID AND CO-LOCATED STORAGE RESOURCES TO DIFFERENT PRODUCT TYPES BASED ON THE TIME OF EXPECTED DELIVERY SHOULD BE ADOPTED, BUT THE COMMISSION SHOULD RECONSIDER INCORPORATION TOD FACTORS TO RECOGNIZE THE VALUE OF THEIR DELIVERIES AND PROVIDE AN INCENTIVE TO DELIVER DURING NET-PEAK.

CESA strongly supports the Commission's determination that ReMAT Product Type eligibility is defined by the time of delivery output profile rather than input profile of the energy resource since energy storage adds dispatchability to the hybrid or co-located resource. This will open up opportunities for hybrid and co-located resources to deliver energy in line with the various product types and more flexibly drive participation in the program. However, while the focus on the time of delivery output profile enables participation of resources incorporating storage in either the As-Available Peaking and As-Available Non-Peaking categories, the Commission should also modify the PD to explicitly clarify that resources incorporating storage can also qualify for the Baseload category similarly based on the time of delivery profile rather than the renewable generation profile, thus recognizing that firm long-duration energy storage resources can provide multi-day, baseload capabilities.

Importantly, a key limitation of this development is the PD declining to modify or incorporate the use of TOD factors, except on an information-only basis. CESA understands that the Commission does not want to relitigate determinations made in D.19-12-042 and D.20-10-005 or deviate from approaches used more broadly in the Renewables Portfolio Standard ("RPS") Program. This is not without precedent: the Commission recently adopted Public Utility

Regulatory Policies Act ("PURPA") standard-offer contracts ("SOCs") that do compensate at different rates based on the time of day.[7] In CESA's view, this points to the need for the Commission to potentially reconsider the broader issue of the use of TOD factors in R.18-07-003 that identifies new mechanisms or means by which risks against evolving grid conditions can be mitigated. In fact, these concerns narrowly focus on the potential risks rather than more creatively thinking about ways energy storage can use its dispatchability and flexibility to evolve the availability and delivery of renewable generation over time as grid conditions evolve. Without differentiated TOD factors, storage will not be used to shape generation to meet the net-peak.

VI. CONCLUSION.

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

Respectfully submitted,

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[7] *See* D.20-05-006 issued on May 7, 2020 in R.18-07-017, where prices are determined for peak hours, partial peak hours, and off-peak hours by month and are limited by the NP15/SP15 trading hub, with a 10% collar, and RA capacity prices are allocated to seasonal and time-of-use ("TOU") periods based on a Capacity Allocation Factor ("CAF").