

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

Order Instituting Rulemaking
Regarding Continued Implementation
of the Public Utility Regulatory
Policies Act and Related Matters.

Rulemaking 18-07-017
(Filed July 26, 2018)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE
PROPOSED DECISION ADOPTING PROVISIONS IN THE NEW QUALIFYING
FACILITY STANDARD OFFER CONTRACT FOR STORAGE-PAIRED PUBLIC
UTILITY REGULATORY POLICIES ACT QUALIFYING FACILITIES**

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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”) respectfully submits these comments on the *Proposed Decision Adopting Provisions in the New Qualifying Facility Standard Offer Contract for Storage-Paired Public Utility Regulatory Policies Act Qualifying Facilities* (“PD”), issued by Administrative Law Judge (“ALJ”) Manisha Lakhanpal on April 28, 2022.

I. INTRODUCTION & SUMMARY.

CESA applauds the Commission for taking action to evolve and update the standard offer contracts (“SOC”) available to Qualifying Facilities (“QFs”) of 20 MW or less, consistent with Federal law, guidance, and precedent as it relates to the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Notwithstanding the legal merits, the changes proposed in the PD will facilitate the development of smaller renewable generation facilities paired with energy storage systems that better align with grid needs and conditions, advance the state’s decarbonization goals, and support a more resilient electric grid.

In sum, CESA strongly supports many elements of the PD, which recognizes the evolution of available technologies and widespread commercial deployments of hybrid and co-located resources and provides flexibility while still adhering to Federal law and decisions, such as in clearly affirming the eligibility of storage-paired QFs that exclusively charge from the QF-eligible generation¹ but also in creating pathways for eligibility for grid-charging storage-paired QFs, so long as the primary fuel-use requirement is met and any non-standard SOC terms and conditions are negotiated in a limited manner, subject to Commission approval in a Tier 2 advice letter.² Furthermore, other than the proposed language for Sections 9.02(j) and 9.04(i) of the SOCs submitted in the June 2020 advice letters of the investor-owned utilities (“IOUs”), the Commission rightly affirms that no further modifications are needed for storage-paired QFs³ and that eligibility of storage-paired QFs is determined by the point of interconnection (“POI”) capacity, not the nameplate capacity of the generation and energy storage components.⁴

Importantly, CESA agrees with the Commission’s affirmation that no distinction is needed to be made for hybrid versus co-located resources in terms of QF eligibility or SOC terms and conditions, and how any definitions should follow those set in the Resource Adequacy (“RA”) proceeding.⁵ As mentioned in the PD, the new Section 9.02(j) term should address this matter. In addition, such determinations have been affirmed multiple times by the Commission in other venues,⁶ and the California Independent System Operator (“CAISO”) has developed market tools

¹ PD at 11, 15, and 17-18.

² *Ibid* at 13-14

³ *Ibid* at 19.

⁴ *Ibid* at 22.

⁵ *Ibid* at 16 and 26-27.

⁶ *See, e.g.*, D.20-06-031 and D.21-12-032.

and will continue to enhance these tools to support no-grid-charging functionality,⁷ especially as these operational restrictions are conditions of not only supporting PURPA eligibility but also to support other purposes, including Federal investment tax credit (“ITC”) or state property tax credit compliance.

Altogether, CESA strongly supports the PD and its adoption and approval.

II. **CONCLUSION.**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jin Noh', written in a cursive style.

Jin Noh
Policy Director
CALIFORNIA ENERGY STORAGE ALLIANCE

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⁷ See, e.g., Energy Storage Enhancements Revised Straw Proposal published on March 9, 2022 at 23-27. <http://www.caiso.com/InitiativeDocuments/RevisedStrawProposal-EnergyStorageEnhancements.pdf>