

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

Order Instituting Rulemaking to
Continue Electric Integrated Resource
Planning and Related Procurement
Processes.

Rulemaking 20-05-003
(Filed on May 7, 2020)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE PROPOSED DECISION ORDERING SUPPLEMENTAL MID-TERM
RELIABILITY PROCUREMENT (2026-2027) AND TRANSMITTING ELECTRIC
RESOURCE PORTFOLIOS TO CALIFORNIA INDEPENDENT SYSTEM OPERATOR
FOR 2023-2024 TRANSMISSION PLANNING PROCESS**

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PORTFOLIOS TO CALIFORNIA INDEPENDENT SYSTEM OPERATOR FOR 2023-
2024 TRANSMISSION PLANNING PROCESS**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the California Energy Storage Alliance (“CESA”) hereby submits these reply comments on the *Proposed Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator For 2023-2024 Transmission Planning Process* (“Proposed Decision” or “PD”), issued by Administrative Law Judge (“ALJ”) Julie Fitch on January 13, 2023.

I. INTRODUCTION.

CESA appreciates the opportunity to provide responses and feedback to the opening comments parties submitted on the PD. Our review of opening comments revealed that, while a significant share of parties agrees with the Commission’s determination that supplemental procurement may be needed in the mid-term, a number of stakeholders urge the Commission to move away from this type of *ad-hoc* approach to procurement and finalize a programmatic methodology that can yield dependable procurement requirements based on agreed-upon reliability standards. Moreover, CESA’s overview of opening comments indicates significant support for the Commission’s proposal to modify the timeline included in Decision (“D.”) 21-06-035 for long lead-time (“LLT”) resources. As such, CESA’s replies can be summarized as follows:

- The Commission should amend the PD to clearly state the timeline it intends to follow to adopt a programmatic procurement approach and expedite it given its

importance for LLT resources including long duration energy storage (“LDES”) resources.

- For clarity, the Commission should modify Conclusion of Law 7 and Ordering Paragraph 2 to require a June 1 online date for 2028 LLT resources.
- The Commission should direct the publication of effective load carrying capability (“ELCC”) values by June 2023, which should consider the interactive effects of renewable generation and storage resources.
- The PD must be clarified to expressly state each LSE’s requirement.
- The review standard for utility-owned resources should remain as an application.

II. THE COMMISSION SHOULD AMEND THE PD TO CLEARLY STATE THE TIMELINE IT INTENDS TO FOLLOW TO ADOPT A PROGRAMMATIC PROCUREMENT APPROACH AND EXPEDITE IT GIVEN ITS IMPORTANCE FOR LLT RESOURCES INCLUDING LDES RESOURCES.

In opening comments, a number of parties noted that the PD unfortunately continues the Commission’s recent practice to approach procurement via substantial, *ad-hoc* orders that have previously resulted in significant cost increases and very compressed development timeframes. This position is underscored by American Clean Power – California’s (“ACP-CA”) comments, which request the Commission finalize a programmatic procurement framework in this Integrated Resource Planning (“IRP”) cycle.¹ In a similar note, Southern California Edison (“SCE”) requested the Commission initiate a reliability planning process and a stakeholder process for development of an IRP procurement program to ensure future procurement orders are the product of a transparent stakeholder process and rigorous analysis.² SCE properly notes that, to date, procurement orders have had no defined planning standard, and little to no analysis on the identified need or how the proposed procurement quantifiably impacts reliability.³

CESA strongly supports the Commission amending the PD to signal its commitment to adopt a stakeholder process and timeline for the development and finalization of the programmatic procurement approach under IRP. Ideally, this could be achieved within this IRP cycle and would

¹ ACP-CA Opening Comments, at 2.

² SCE Opening Comments, at 5.

³ SCE Opening Comments, at 4.

allow for parties to communicate their perspectives through at least one workshop and round of comments and replies prior to a PD on the matter.

Expedited development of a programmatic procurement framework is particularly important for LLT resources such as LDES given the timelines needed to bring such resources to market as highlighted in comments by Hydrostor.⁴ Absent this, the Commission must take further proactive action on LLT resources, which could include ordering additional LLT procurement, to ensure grid reliability and a diverse set of resources are available to achieve California's decarbonization goals in the mid- to long-term.

III. FOR CLARITY, THE COMMISSION SHOULD MODIFY CONCLUSION OF LAW 7 AND ORDERING PARAGRAPH 2 TO REQUIRE A JUNE 1 ONLINE DATE FOR 2028 LLT RESOURCES.

In the PD, the Commission proposes to amend the LLT requirement slightly and allow any load-serving entity ("LSE") to show compliance with its LLT requirements at any time between 2026 and 2028.⁵ In opening comments CESA strongly supported this decision, proposing only that it should also include the possibility to meet LLT procurement needs by 2030 if good-faith efforts are demonstrated.⁶ In opening comments, the Public Advocates Office ("Cal Advocates") also supports this decision, but notes that the Commission failed to properly indicate the new deadline for LLT resources within the PD.⁷ As a result, CESA agrees with the request that the Commission modify Conclusion of Law 7 and Ordering Paragraph 2 to apply the same June 1 online date requirement to the 2028 tranche of resources.

IV. THE COMMISSION SHOULD DIRECT THE PUBLICATION OF ELCC VALUES BY JUNE 2023, WHICH SHOULD CONSIDER THE INTERACTIVE EFFECTS OF RENEWABLE GENERATION AND STORAGE RESOURCES.

In the PD the Commission notes that, for supplemental procurement, counting of qualifying capacity will be based on ELCC studies published by Commission staff for the year in which the procurement is required.⁸ In opening comments parties offered contrasting perspectives. Cal

⁴ Hydrostor Opening Comments, at 3.

⁵ PD at 26.

⁶ CESA Opening Comments, at 5.

⁷ Cal Advocates Opening Comments, at 3.

⁸ PD at 27.

Advocates argues that the Commission should modify the body of the PD to direct the publication of ELCC values by June 2023.⁹ Alternatively, SCE argues that the Commission should freeze the current ELCC values and use the 2025 values for the 2025 D.21-06-035 procurement and the 2026 values for the remaining procurement required by D.21-06-035 and this order.¹⁰

CESA, in alignment with Cal Advocates, supports the Commission expeditiously updating and publishing ELCC values to provide LSEs certainty in procurement. These updated values should better reflect the interactive effects between storage and renewable generation. Namely, the Commission should take the solar-plus-storage ELCC surface approach Energy Division (“ED”) staff, E3, and Astrape Consulting have developed in the context of the IRP Planning track. Importantly, CESA recommends expanding the durations currently considered within than surface to include a 10-hour class in addition to the 4- and 8-hour classes. In addition to communicating the updated marginal ELCCs by technology and duration, CESA requests the Commission to include what duration would be necessary for a storage asset to achieve 100% ELCC in every single year studied to guide procurement by LSEs and inform sellers on configuring and optimizing the duration of LDES resources. Finally, CESA agrees with the California Community Choice Association (“CalCCA”) and SCE in publishing draft ELCCs in a Ruling to allow for vetting and adoption via a Final Decision as soon as possible¹¹ since the previous ELCC study in 2021 did not allow for such stakeholder input, despite many stakeholders like CESA having questions about the inputs and assumptions. Given the significant importance of the ELCC values in sending procurement signals and the sensitivity to study inputs and assumptions, public stakeholder input is needed.

V. THE PD MUST BE CLARIFIED TO EXPRESSLY STATE EACH LSE’S REQUIREMENT.

In opening comments, San Diego Gas & Electric (“SDG&E”) requested the Commission revise the PD to expressly identify each LSE’s NQC allocations for 2026-2027.¹² CalCCA made a similar request, asking the Commission to expressly state each LSE’s requirement through a

⁹ CalAdvocates, at 5.

¹⁰ SCE Opening Comments, at 6.

¹¹ CalCCA Opening Comments at 9-10 and SCE Opening Comments at 5-7.

¹² SDG&E Opening Comments, at 4-5.

Decision, rather than through the service list.¹³ CESA agrees with this request as it would provide significant clarity regarding the position of LSEs for all parties to this proceeding, as well as ratepayers. As such, we recommend the Commission modify the PD to expressly state each LSE's NQC requirements for 2026-2027.

VI. THE REVIEW STANDARD FOR UTILITY-OWNED RESOURCES SHOULD REMAIN AS AN APPLICATION.

Pacific Gas and Electric Company ("PG&E") proposes a Tier 3 advice letter process for utility-owned generation and storage resources due to the lengthy process and commercial risk of a full application process, as well as to enable an equitable approach to procurement of new resources.¹⁴ CESA disagrees with this recommendation and urges the Commission to maintain the full application process since utility-owned resources have unique additional considerations required to ensure fair and unbiased results as compared to third-party offers. D.21-06-035 included limited discussion of the matter but cited D.19-11-016 as the basis of the terms required for approval.¹⁵ To this point, D.19-11-016 was cognizant of the need to ensure least cost to ratepayers and how further review is needed, among other things, to ensure adherence to rules around utility and affiliate participation in solicitations.¹⁶ Since there are no indications that the third-party market is lacking and because there has been no change in facts or conditions since the issuance of either D.21-06-035 or D.19-11-016, CESA believes it is reasonable to maintain the full application process, although CESA is supportive of an expedited application process to fast-track review where possible.

VII. CONCLUSION.

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

Respectfully submitted,

¹³ CalCCA Opening Comments, 9-10.

¹⁴ PG&E Opening Comments at 2-3.

¹⁵ D.21-06-035 at OP 8.

¹⁶ D.19-11-016 at Conclusions of Law 29-31 and OP 8-9.

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

Jin Noh
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CALIFORNIA ENERGY STORAGE ALLIANCE

Date: February 7, 2023