

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.

Rulemaking 14-10-010  
(Filed October 16, 2014)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
ON PROPOSED DECISION ADOPTING LOCAL AND FLEXIBLE  
CAPACITY OBLIGATIONS FOR 2018 AND REFINING  
THE RESOURCE ADEQUACY PROGRAM**

Donald C. Liddell  
DOUGLASS & LIDDELL  
2928 2nd Avenue  
San Diego, California 92103  
Telephone: (619) 993-9096  
Facsimile: (619) 296-4662  
Email: [liddell@energyattorney.com](mailto:liddell@energyattorney.com)

Counsel for the  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

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The California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these comments on the *Proposed Decision of Administrative Law Judge Allen Adopting Local and Flexible Capacity Resource Adequacy Obligations for 2018 and Refining the Resource Adequacy Program*, filed May 25, 2017 (“Proposed Decision”).

**I. INTRODUCTION**

In these comments, CESA urges the Commission to authorize generation resources to pursue an Effective Load Carrying Capability (“ELCC”) for combined energy storage and solar

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<sup>1</sup> 8minutenergy Renewables, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Bright Energy Storage Technologies, BrightSource Energy, Brookfield, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, ElectriQ Power, eMotorWerks, Inc., Energport, Energy Storage Systems Inc., Geli, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NICE America Research, NRG Energy, Inc., Ormat Technologies, OutBack Power Technologies, Parker Hannifin Corporation, Qnovio, Recurrent Energy, RES Americas Inc., Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, UniEnergy Technologies, Viridity Energy, Wellhead Electric, and Younicos. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

or wind resources. The Proposed Decision justifies selection of an ELCC methodology based on how it would limit the effects on Load Serving Entities with portfolios of solar resources, the ELCCs of which will be lower than past Resource Adequacy (“RA”) values: “We agree... that a transition to full ELCC could result in an overly abrupt and significant change in the RA value of solar resources in particular, and would be unnecessarily disruptive.”<sup>2</sup> This logic regarding a concern over the transition to an ELCC should also dictate the authorization of a solar plus storage ELCC, because a ‘plus energy storage’ ELCC would be another prudent transition tool that could ease the transition consequence of ELCC while also incentivizing deployment of energy storage - a useful and flexible resource which can ease operational challenges of renewables. A ‘plus energy storage’ ELCC could be used by utilities that see serious issues with the new (lower) ELCC value for solar resources by allowing them to contract to add small amounts of energy storage to a solar or wind facility under a single Resource ID to boost the RA value of the facility as back up. Renewable resource and energy storage developers also recommend a ‘plus energy storage’ ELCC to inform their development efforts.

While CESA appreciates the work of Commission staff and of the annual timelines involved in RA proceedings, the limited progress of this proceeding, particularly given the workshops and numerous proposals provided by stakeholders, may result in a suboptimal RA tool. CESA has highlighted in multiple comments filed in this proceeding how RA can influence and change the fleet, even in near-term instances. The Proposed Decision’s apparent narrow view that RA rules will not influence the fleet’s capabilities and make-up may provide an unintended signal to the market of project developers and plant operators that flexibility or other key attributes will not be valued. This response may in turn degrade the capabilities of the

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<sup>2</sup> Proposed Decision, p. 21.

resource fleet, which would certainly be untimely, as all signs indicate a clear directional trend and need for fast ramping needs, fast starts, and for resources to help integrate renewables.

**II. THE COMMISSION SHOULD AUTHORIZE AN ELCC FOR SOLAR PLUS ENERGY STORAGE AND WIND PLUS ENERGY STORAGE WHILE MAKING THE ELCC CALCULATOR AVAILABLE FOR ENTITIES TO CALCULATE A SOLAR OR WIND PLUS STORAGE RESOURCE'S ELCC.**

CESA is disappointed by the lack of action on, or even discussion of, this important concept in the Proposed Decision, and recommends that the Proposed Decision be revised to authorize an ELCC for solar plus energy storage and wind plus energy storage. The Proposed Decision provides a clear justification for softening the effects of the implementation of the ELCC. The Commission states, “A transition to full ELCC could result in an overly abrupt and significant change in the RA value of solar resources in particular, and would be unnecessarily disruptive.”<sup>3</sup> This logic precisely applies and justifies the authorization of a “plus energy storage” ELCC. To apply the logic inconsistently would be missed opportunity.

There is a more than adequate record in this proceeding for authorizing a ‘plus energy storage’ ELCC. CESA is thus disappointed that the Proposed Decision fails to discuss proposals in support of a ‘plus energy storage’ ELCC, or to rebut them. The Commission may not need to *define* an ELCC for solar plus energy storage, yet it should make the ELCC model available for use by stakeholders in determining the ELCC for ‘plus energy storage’ configurations. In this way, the Commission could provide helpful authorization for development of plus-storage projects and energy storage additions to renewable resource projects without any prescriptive pre-defined ELCC limitations. The Commission should confirm that utilities showing solar or

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<sup>3</sup> *Id.*, page 21.

wind ‘plus storage’ may receive a new ELCC (and also must seek assurances that combined resources participate in the wholesale market appropriately).

### **III. CESA ADVOCATES FOR IMPROVING THE RA TOOL TO ENSURE RELIABLE GRID OPERATIONS AND TO SHAPE THE RESOURCE FLEET OVER TIME.**

CESA views RA as a planning tool that should both ensure reliable operations *and* provide economic incentives for planning capacity, *e.g.* capacity planning to participate in the grid to meet grid needs in an upcoming month or year. While RA payments have declined, these payments remain critical as incentives for *both* participation in the markets and for maintaining, building, managing, *or upgrading* generation to meet California’s needs.

CESA believes the RA tool, as designed, may be underperforming in multiple ways. The RA tool does not appear to be valued for its ability to affect the fleet make-up, including directing maintenance, downward flexibility, meeting intra-hour needs, etc. CESA recommends that the Commission thus undertake a definitional process to refine the RA tool in useful and principled ways. CESA is concerned that differing stakeholder understandings of RA may be creating uncertain or unclear design efforts. CESA perceives that this view culminates in a view that RA should be used to provide the minimal payments needed to keep generation operating, *a.k.a.* ‘life-support payments.’ While cost-consciousness is understandable, CESA disagrees with this view as it risks reliability and promotes low investment and minimal participation through weakened price signals.

CESA is also concerned that the concept of a two-hour MCC bucket was not definitively addressed in the Proposed Decision. This result would simply repeat the outcome of past RA proceedings. CESA therefore recommends that the Commission prioritize this and other stakeholder-suggested proposals for RA reforms discussed in these comments soon.

**IV. CONCLUSION**

CESA appreciates the opportunity to submit these comments on the Proposed Decision, and looks forward to working with the Commission and parties on the further development of a durable and robust RA program.

Respectfully submitted,



Donald C. Liddell  
DOUGLASS & LIDDELL

Attorney for the  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

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