

# DOUGLASS & LIDDELL

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November 20, 2017

**VIA EMAIL: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

Timothy J. Sullivan  
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**Re: Comments of the California Energy Storage Alliance to Draft Resolution E-4889: Approves with Modifications Pacific Gas and Electric Company Advice Letter 5096-E, Southern California Edison Company Advice Letter 3620-E/3620-E-A/3620-E-B and San Diego Gas and Electric Company Advice Letter 3089-E.**

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Dear Mr. Sullivan:

In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these comments on the draft *Resolution E-4889: Approves with Modifications Pacific Gas and Electric Company Advice Letter 5096-E, Southern California Edison Company Advice Letter 3620-E/3620-E-A/3620-E-B and San Diego Gas and Electric Company Advice Letter 3089-E* (“Draft Resolution”).

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<sup>1</sup> 8minutenergy Renewables, Able Grid Energy Solutions, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Brenmiller Energy, Bright Energy Storage Technologies, BrightSource Energy, Brookfield, California Environmental Associates, 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., GAF, 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, Qnovo, Recurrent Energy, RES Americas Inc., Semptra Renewables, Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, 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>).

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## **I. BACKGROUND AND INTRODUCTION.**

The Commission filed Draft Resolution E-4889 on October 27, 2017 to approve with modifications the Competitive Solicitation Framework Incentive Pilots of Southern California Edison Company (“SCE”) and San Diego Gas and Electric Company (“SDG&E”). CESA strongly supports these pilot solicitations as an important mechanism to test the ability of distributed energy resources (“DERs”) to be procured to defer traditional infrastructure investments. Additionally, CESA also supports many of the modifications included in the Draft Resolution, which includes a clearer definition of incrementality, removal of any categorical exclusion of behind-the-meter (“BTM”) solutions from exporting to the grid, increased transparency in the Request for Offers (“RFO”) documents, and clarification that developers should not be held accountable to interconnection delays out of their control. These are important modifications that will ensure a more successful and reasonable solicitation and encourage more robust participation in the solicitation by the DER community.

However, there are a few areas of consideration for further modifications in SCE’s and SDG&E’s pilot solicitations. CESA’s comments can be addressed as follows:

- Site control should be an evaluation criterion but not an eligibility criterion in the pilot solicitations.
- Cure provisions in SDG&E’s pilot solicitation should be clarified and alternative contingency plans should be explored.
- SDG&E should revise its immediate availability requirement to a day-ahead notification requirement.

## **II. DISCUSSION.**

### **A. Site control should be an evaluation criterion but not an eligibility criterion in the pilot solicitations.**

CESA agrees with Tesla Energy that site control requirements should not be an eligibility condition for BTM energy storage aggregations. The Draft Resolution, however, disagrees with Tesla Energy and states that it is unlikely that all customers will allow any DER developer into his/her property without prior notification and/or agreement.”<sup>2</sup>

CESA recommends that the Commission reassess and consider adopting Tesla’s request. While customers are unlikely to allow any DER developer onto their property without an agreement, it is also true that DER developers will not be able to recruit customers to participate in a *new* DER aggregation to provide distribution deferral without an approved contract in place.

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<sup>2</sup> Draft Resolution, p. 43.

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By setting site control as an eligibility criterion, the pilot solicitations would in effect limit the pool of eligible DERs to existing DER projects and not allow for new DERs to be deployed for this purpose. At the same time, CESA does not believe that site control is unimportant, but recommends that this requirement be an evaluation criterion rather than an eligibility criterion. Site control may be a factor in assessing the viability and value of a bid, but it should not be used as a criterion to eliminate bids. The site control requirement can be enforced through the development and deployment milestones that are negotiated with the contracted DER bidders.

**B. Cure provisions in SDG&E's pilot solicitation should be clarified and alternative contingency plans should be explored.**

CESA requests that the Draft Resolution direct SDG&E to explain and clarify the cure provisions in its RFO documents. Specifically, SDG&E requires DER bidders to detail any cures and cure periods in case that the procured DER fails to meet the distribution capacity requirements, and requires that the DER providers are able to “procure” replacement DERs to be dispatched immediately to make up for the shortfall. SDG&E cites a software outage as an example of when DER providers must have this backstop in place.<sup>3</sup> However, CESA is unclear why this type of cure provision is needed for SDG&E's pilot solicitation, which is not the case for the pilot solicitations of SCE and Pacific Gas and Electric Company (“PG&E”) – *i.e.*, these utilities approach contingency planning to address operational risks through alternative DER bidders from the competitive solicitation, or some combination of traditional infrastructure investments to make up for the shortfall. To the degree reasonable, CESA recommends that these cure provisions be made consistent with the other utilities, and to leverage the pool of DER alternatives from other bidders in the pilot solicitation as contingency planning for any operational risks. Furthermore, CESA requests clarity on how incrementality factors into this replacement procurement.

CESA is generally concerned that having a single counterparty bear the full burden of curing any shortfalls may make their bids cost prohibitive. SDG&E may have a valid reason for having such cure provisions in place, which through clarification may be beneficial to DER providers and the Commission. At the same time, CESA requests that alternative contingency planning and cure provisions be explored given that SDG&E is seeking a single counterparty in its pilot solicitation.

**C. SDG&E should revise its immediate availability requirement to a day-ahead notification requirement.**

The Office of Ratepayer Advocates (“ORA”) recommended that SDG&E reevaluate its immediate availability requirement and consider a day-ahead notification process, as structured in the other utilities' pilot solicitations.<sup>4</sup> CESA agrees with this point by ORA and notes that the

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<sup>3</sup> SDG&E Advice Letter 3089-E, Attachment C: RFO Instructions, SDG&E IDER Incentive Pilot RFO, p. 13.

<sup>4</sup> Draft Resolution, pp. 22-23.

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Draft Resolution did not address this matter, instead focusing on the rejection of SDG&E's year-round availability requirement. While CESA agrees with the Draft Resolution's rejection of the year-round availability requirement to ensure that the deferral services solicited are for the defined grid need, we also note that the immediate versus day-ahead notification requirement is a distinct issue from the year-round availability requirement. Given that many DERs are also providing customer-sited services as well, this day-ahead notification is critical to allowing DER providers to manage their customer-sited services around the critical reliability service of distribution deferral.

### III. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the Draft Resolution. CESA aims to ensure the success of the pilot solicitations to validate the ability of DERs to be procured for distribution deferral, so that this model can be a sustainable framework for distribution grid planning going into the future.

Very truly yours,



Donald C. Liddell

DCL/md

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