BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO THE ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING RESPONSES TO POST MARCH 4-5, 2019 WORKSHOP QUESTIONS

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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")[1] hereby submits these reply comments to the *Administrative Law Judge's Ruling Directing Responses to Post March 4-5, 2019 Workshop Questions* ("Ruling"), filed by Administrative Law Judge ("ALJ") Kelly A. Hymes on April 15, 2019.

[1] 174 Power Global, 8minutenergy Renewables, Able Grid Energy Solutions, Advanced Microgrid Solutions, Aggreko, Alligant Scientific, LLC, AltaGas Services, Amber Kinetics, Ameresco, American Honda Motor Company, Inc., Avangrid Renewables, Axiom Exergy, Better Energies, Boston Energy Trading & Marketing, Brenmiller Energy, Bright Energy Storage Technologies, Brookfield Renewables, Carbon Solutions Group, Clean Energy Associates, ConEd Battery Development, Customized Energy Solutions, Dimension Renewable Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, EDF Renewable Energy, eMotorWerks, Inc., Enel X North America, Energport, Energy Vault, Engie Storage, E.ON Climate & Renewables North America, esVolta, Fluence, Form Energy, General Electric Company, Greensmith Energy, Gridwiz Inc., Hecate Grid LLC, Highview Power, Ingersoll Rand, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Lendlease Energy Development, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Energy Solutions, LS Power Development, LLC, Magnum CAES, Malta Inc, NantEnergy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., Nuvve, Pattern Energy, Pintail Power, Plus Power, Primus Power, PolyJoule, Quidnet Energy, Range Energy Storage Systems, Recurrent Energy, RES Americas, SNC-Lavalin, Soltage, Southwest Generation, Stem, STOREME, Inc., Sunrun, Swell Energy, Tenaska, Inc., Tesla, True North Venture Partners, Viridity Energy, VRB Energy, WattTime, and Wellhead Electric. 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).

I. INTRODUCTION.

CESA appreciates the collaborative process in the Integrated Distributed Energy Resource ("IDER") proceeding (R.14-10-003) to consider and develop tariff mechanisms to source and procure distributed energy resources ("DERs") that defer distribution capital investments. In our response, CESA submitted a revised Distribution and Hosting Capacity ("DHC") Tariff proposal in response to feedback provided by other parties at the March 4-5, 2019 workshop and recommended that the Commission select the DHC Tariff proposal for piloting, though we were generally supportive of several tariff ideas from Sunrun, California Solar and Storage Association ("CALSSA"), and Southern California Edison Company ("SCE"). CESA continues to invite feedback on strengths, shortcomings, and improvement areas for our tariff proposal, and we aim to provide constructive feedback for other parties' tariff proposal ideas as well.

Like most other parties, however, CESA agrees that tariff proposals should be piloted before considering adoption and scaling of the tariff mechanism and that only a select number of tariff proposals may be feasible for effective piloting. In selecting the tariff proposals to pilot, CESA supports the use of design principles with modifications, but the Commission should also consider whether the tariff proposal(s) can address gaps in the Distribution Investment Deferral Framework ("DIDF") and/or supplement the DIDF to invite robust market participation in response to an identified distribution grid need. CESA believes that the Commission should focus on tariffs that not only have the potential to reduce transaction costs to DER providers through standardized, upfront terms and prices but would also invite greater response to an identified distribution grid need, such as by establishing sufficiently long response or subscription windows or by reforming incrementality rules.

II. <u>THE COMMISSION SHOULD SELECT TARIFF PROPOSAL IDEAS FOR PILOTING THAT ARE REFINED TO ADDRESS VARIOUS ISSUES AND RISKS BUT ARE ALSO MATERIALLY DIFFERENT FROM THE CURRENT COMPETITIVE SOLICITATION SOURCING MECHANISM</u>.

The investor-owned utilities ("IOUs") have raised concerns that distribution deferral tariffs can potentially present grid reliability issues and safety concerns (*e.g.*, overloads that damage equipment, loss of power, fire) in cases of under-procurement. In particular, the Coalition of California Utility Employees ("CUE") and Pacific Gas and Electric Company ("PG&E") comment that any non-IOU tariff proposal should be rejected and not considered for further refinement.[2] These concerns are valid and under-procurement risks should be avoided by continuing to work through the finer details of tariff proposals to avoid reliability and safety issues – *e.g.*, via appropriate performance and penalty structures, screening and prioritization criteria in the DIDF, etc. By incorporating contingency planning for traditional solutions in these tariff proposals, these under-procurement risks can also be addressed.

However, CESA strongly disagrees that tariff proposals, such as that from CESA and other non-IOU parties, should be rejected as it would erase significant work and progress made by parties to develop and refine their tariff proposals and would represent a lost opportunity to have DERs deliver economic savings to ratepayers via innovative tariff mechanisms. Rather than dismissing tariff proposals outright for lacking details in certain areas, CESA believes that it is more prudent to identify shortcomings and refine proposals to address any risks or issues to the degree possible. In this regard, CESA attempted to make improvements to our DHC Tariff proposal to address issues identified by other parties at the workshop.

[2] CUE response at p. 7 and PG&E response at p. 9.

Furthermore, the purpose of pilots is to produce new insights into an unproven or untested but potentially viable and more effective technology, sourcing mechanism, etc. In the context of this proceeding, CESA believes that there are new and greater learning opportunities by piloting SCE's Rider Tariffs or the tariff proposal ideas of CESA, Sunrun, and/or CALSSA, which are materially different from the current status quo and offer advantages that would invite greater DER market participation to address identified distribution grid needs. By contrast, the standard-offer contract proposals by SCE and PG&E only offer incremental learning opportunities. Granted, these ideas are more fleshed out than other tariff proposals, but this may very well be because they represent a slight variation of the current competitive solicitation sourcing mechanism. In addition to not offering sufficient learning opportunities to warrant piloting, the standard-offer contract ideas do not address the risks or challenges faced by DER developers – *i.e.*, the lack of sufficient time and certainty to respond to identified distribution grid needs.

III. WORKSHOPS SHOULD BE HELD TO REFINE TWO OR THREE TARIFF PROPOSALS TO BE PILOTED.

CALSSA and SCE categorized the universe of proposals and grouped the proposals of CESA, CALSSA, Sunrun, and SCE (Rider Tariff) as similar in nature to varying degrees.[3] SCE suggested using a separate working group to discuss and resolve details regarding rider-tariff-like proposals.[4] CESA agrees with forming a working group for the tariff proposals of CALSSA, CESA, Sunrun, and SCE (Rider Tariff), which will allow for continued collaboration among stakeholders to further refine issues around incrementality, under-procurement, cost-effectiveness, ratio of upfront versus ongoing payments, ratable procurement subscription periods, eligibility

[3] CALSSA's response at p. 4 and SCE's response at p. 15.

[4] SCE's response at p. 32.

criteria, evaluation criteria etc. The objective of this working group and/or workshop should be to identify and refine two to three tariffs, among these four proposals, to pilot and to better understand the distribution planning process that supports collaboration and innovation, as opposed to outright rejection of ideas. The appropriate number of tariffs to pilot and the evaluation framework for the selected tariff pilots should also be discussed in this working group.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these responses to the Ruling and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,

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