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CCSA Comments on January 27, 2023 Workshop on DEBA (22-RENEW-01)

Additional submitted attachment is included below.

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February 17, 2023

The Honorable Siva Gunda, Vice Chair
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: Comments on January 27th Workshop on Distributed Electricity Backup Assets (22-RENEW-01)

The Coalition for Community Solar Access (CCSA) has been active in the docket establishing the Clean Energy Reliability Investment Plan (CERIP) pursuant to Senate Bill 846 (Dodd 2022). While we continue to believe the CERIP can and should include community solar+storage as part of the resources it funds in 2024 and 2025 we have realized that the Distributed Electricity Backup Assets (DEBA) program can provide a complementary mechanism for supporting the deployment of community solar + storage resources and are therefore providing comments in response to the questions by the California Energy Commission (CEC) at the January 27, 2023 workshop in addition to highlighting the relevant items from our filings in the CERIP implementation docket (21-ESR-01).

I. Community Solar+Storage: Current Status of Market Development and Potential

California has pursued community solar in various forms over the past decade with minimal success. At the same time, gigawatts of community solar has been deployed around the country. In 2022, AB 2316 (Ward) was signed into law. The law directs the California Public Utilities Commission (CPUC) to review existing community solar programs and consider establishing a new program. The CPUC has begun this process, on an expedited schedule, in A. 22-05-022 et al with the

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goal of having a proposed decision issued this summer. CCSA has, with the support of a diverse set of parties, proposed the Net Value Billing Tariff which would compensate resources for the value of the generation based on California Independent System Operator (CAISO) and CPUC-Avoided-Cost-Calculator values. The tariff is a way to bring bill savings to Californians while ensuring that compensation for distributed energy resources (DERs) is based on the grid value of those resources and that those resources are operating in a way that is responsive to grid needs.

CCSA outlined the capabilities and cost of this community solar+storage resource in depth in its November 30, 2022 response to the Commission's Request for Information (RFI) in docket 21-ESR-01. As the RFI response discusses in depth, CCSA believes over 1 gigawatt of new resources could be deployed in the first two years of the market to meet reliability needs.

II. Community Solar+ Storage as a reliability asset that meets other state and energy commission goals simultaneously

As stated in the written comments in the CERIP proceeding submitted by CCSA and members of the coalition that supported AB 2316 on November 10, 2022, we believe community solar+storage addresses several goals the state and CEC have identified for these reliability programs as well as achieving other broader goals:

- **Reliability** - Projects will be co-located with storage to ensure dispatchability during the peak hours during summer months when the grid is most strained and reliance on fossil-fuels is high.
- **Equity and Access** - Subscribers to projects will receive guaranteed savings at a time when the energy burden is highest for low-income and disadvantaged communities. Program funding should promote projects that build community wealth and economic

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development in communities that have been unable to benefit from distributed energy resources, while faced with historical burdens.

- **Job growth** - AB 2316 requires all projects use prevailing wage and coupled with incentives at the federal level, community solar+storage supports high quality job growth that pays livable wages.
- **Land use** - Executive Order N-82-20 and AB 2278 (Kalra, 2022) established and enshrined in statute the goal of preserving 30% of state lands and waters by 2030. Community solar+storage in unique insofar as it can maximize landfill and brownfield development, in addition to fallowed agricultural land and industrial rooftops.
- **Speed and scale of renewable energy development** - Community solar+storage has proven effective in markets across the country and states such as New York have managed to install nearly 1 GW in a short period of time. New Jersey's industrial rooftop community solar program has approximately 600 MWs of pent-up demand, while New Mexico's recent community solar solicitation saw more than 400 applications for a program that may select as few as 40. The community solar industry will provide a robust response, and California has the infrastructure and established interconnection processes to bring projects online within a year of the community renewable energy program establishment.

The Inflation Reduction Act (IRA) and the U.S. EPA's $7B GHG Reduction Fund offer unique opportunities for the State of California to maximize the availability of federal funding to scale community solar quickly and direct these federal benefits to low-income households. However, recent guidance from Federal agencies underscores the uncertainty of gaining investment tax credit adders greater than the 30% base amount, and the EPA funding will be awarded through a competitive solicitation. CEC should take action, through directed incentives, to ensure community solar projects are built quickly and in places where they will most benefit the California Grid. We encourage the CEC to prioritize funding that achieves the following:

- Support the participation of low-income households and low-income service organizations in new community renewable energy projects.
- Direct financial benefits by providing meaningful bill savings to low-income participants.
- Support projects that demonstrate community engagement by coordinating with community-based organizations to educate and recruit participants.
- Through enhanced incentives, prioritize projects that include households living in disadvantaged communities, are located close to the low-income participants, and/or enable community ownership.

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With these principles in mind, CCSA responds to the questions raised by the CEC in the January 27, 2023 workshop.

III. Response to questions posed at the January 27, 2023 workshop

1. *How best can DEBA invest in assets for emergency load reduction without interfering in the Resource Adequacy Program or creating clean stranded assets? How can it best do both?*

CCSA's proposed Net Value Billing Tariff will deploy load-reducing assets, consistent with the Commission's Integrated Resource Plan. These resources can be counted as behind the meter assets as they are located at a customer account, but at the same time, until at least 2026, these resources will be incremental to the Integrated Resource Plan (IRP) and resource adequacy program.

If DEBA demand response payments are set to meet additional revenue needs beyond those provided by the tariff established at the CPUC, the DEBA program can deploy resources which may have been uneconomic on the CPUC-developed tariff alone (e.g., rooftop solar systems in urban areas, near existing peaker plants)

Below we recommend a performance payment which would meet near term reliability challenges. These payments represent the entire additional revenue, beyond the Net Value Billing Tariff proposed at the Public Utilities Commission, needed to achieve incremental goals. Because of this, these projects will not be stranded but instead can be expected to deliver reliability benefits for their full 25+ years of expected operation.

2. *Are the proposed program frameworks reasonable?*

CCSA does not have a view on the bulk DEBA program but believes the Distributed Resources framework as presented by CEC staff is reasonable.

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3. *What modifications could unlock additional resources for emergency events?*

CCSA suggests there be a defined minimum number of events and call hours. If this program is to deploy new assets clarity about revenue should be provided so that projects are financeable. For example, there should be 10 events, minimum, per year for 5 years at $/kWh produced during the defined period of the event (e.g., 4 hours).

4. *Are there additional criteria that the CEC should consider when evaluating projects?*

How should the CEC rank or weight the evaluation criteria?
CCSA believes the criteria raised by the Commission in its Request for Information on the CERIP program are applicable here. As we discussed in our response to the RFI, CCSA believes a criteria for bill savings should be added.

5. *What are reasonable exceptions to non-performance in an emergency event?*

Compensation should be based on metered performance during the event and paid at the end of the summer season based on a retrospective review of performance during the events. Generally, projects should perform in an event or not get paid for that event. However, one reasonable expectation would be where the project can demonstrate that it was subject to a planned or unplanned outage over which it had no control (e.g., if the utility is performing work on the local distribution system and de-energizes the project).

6. *What level of funding is needed to spur the development of a project*

Using the same analysis referenced in our project cost numbers in the November 30th, 2022 RFI response, we believe the following incentives, paid as upfront incentives to projects on a dollar-per-watt (direct current) basis, would deploy incremental resources.

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Funding Option	Incentive Range
Base Incentive	$0.30-0.50/W
Rooftops (1 MW+)	$0.40-0.65/W
Rooftops (<1000kW)	$0.65-1.00/W
20% vs 10% Customer Savings	$0.55/W

Given DEBA's focus on paying for performance during events, this upfront incentive could be translated into a demand response type payment. Assuming 20 events per year over 5 years the following incentives would be needed:

Funding Option	Incentive Range
Base Incentive	$1.70/kWh
Rooftops (1+ MW)	$2.75/kWh
Rooftops (<1000kW)	$4.20/kWh

Thank you for your consideration of these comments

Derek Chernow
Western Regional Director