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CPower Comments on the Draft DEBA Guidelines

Additional submitted attachment is included below.

STATE OF CALIFORNIA
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	Docket No. 22-RENEW-01
Reliability Reserve Incentive Programs	)	RE: Distributed Electricity Backup Assets
	)	Program

COMMENTS OF ENERWISE GLOBAL TECHNOLOGIES, LLC, REGARDING PROPOSED DRAFT PROGRAM GUIDELINES FOR THE DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM

Pursuant to the Notice of Staff Workshop on the Distributed Electricity Backup Assets Program Guidelines issue on August 15, 2023 in the above-captioned proceeding, Enerwise Global Technologies, LLC, d/b/a CPower Energy Management ("CPower"), hereby submits comments regarding the Distributed Electricity Backup Assets ("DEBA") Draft Program Guidelines, First Edition ("Draft DEBA Guidelines" or "Guidelines").

CPower is a distributed energy resources ("DER") aggregator operating throughout California and the United States, managing approximately 6.3GW of customers' demand side flexibility from over 17,000 customer sites in more than 60 wholesale and retail programs nationwide. CPower participates as an aggregator in programs ranging from emergency capacity demand response to load shifting to fast response frequency regulation.

I. SUMMARY

CPower strongly supports the goal embedded in Assembly Bill 205 and the Draft DEBA Guidelines to support the construction of clean and more efficient distributed energy assets that can serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. With the funds authorized by the Legislature for the DEBA program, the CEC is positioned to make significant progress towards this goal, especially if those funds are distributed

with maximum efficiency. The success of DEBA depends upon a constructive design that does not limit innovation or technologies, and does not confine DEBA to a particular business model. To this end, the CEC should make the following modifications to the Draft DEBA Guidelines to ensure that the program maximizes its potential and makes the most efficient use of taxpayer funds:

1) The GFO should adopt an incentive structure for some or all classes of Distributed Resources, in particular battery storage.
2) The CEC should augment the Guidelines with additional clarity as to what project costs may be recovered.

II. COMMENTS

A. The DEBA Guidelines Should Incorporate an Incentive Approach to More Effectively Spur Project Development and Encourage Diversity.

A Grant Funding Opportunity ("GFO") solicitation can exist in a variety of forms and should be designed to maximize the development of resources with the available funding, encourage broad and diverse participation by customers and different business models. The GFO should also, as far as possible, allow for efficient administration with low transactions costs for participants, as well as for the CEC and its administrators. To this end, for battery storage resources in particular, experience all over the world has demonstrated that an incentive model with incentive payments based upon milestones toward completion is by far the most constructive GFO model for incentivizing battery storage resources to meet the needs outlined in the DEBA program.

This incentive-based GFO model is technology and business model agnostic, and will encourage broad diversity in the types of businesses and customers that will participate in DEBA. An incentive-based approach will support participation in DEBA of small business and

businesses owned by minorities, women, and other marginalized constituencies, and will have similar diversity impacts on the types of customers who can be attracted into the program. Another important advantage of an incentive approach is that it avoids the administrative complexity and inefficiencies inherent in cost-based approaches. A fixed incentive payment set at an appropriate level by the CEC will attract participation and create a level playing field for a wide variety of business models, as compared to other approaches which could confer advantages to one model over another. Given the nascent stage of innovation and development of the battery storage industry, it would be inappropriate and unwise for the GFO model adopted to favor certain enterprise models over others.

Fortunately for the CEC, there are examples that can serve as models for how to design successful battery storage (and perhaps other DEBA-eligible Distributed Resources). A recently adopted program in Connecticut for on-site electric energy storage solutions provides a good example of the incentive-based approach, in which a prescribed incentive is provided both as a lump payment when the resource comes on line and in response to certain events during operations to ensure the desired performance.[1] The Connecticut program shares important overlapping characteristics with DEBA, and should be considered as an approach for the implementation of the GFO for battery storage and perhaps other DEBA eligible resources.

An important attribute that will ensure the success of the GFO model is that the same incentive level (based upon the size of the battery), as well associated requirements are available to any project owner/developer. This is far superior to other approaches that choose winners and losers prior to projects getting off the ground based upon the mere educated guesses by the CEC

[1] *See* Docket No. 23-08-05, Compliance with Motion No. 2 Ruling, ESS Program Manual Updated 6.23.23 (Conn. P.U.R.A., June 15, 2023), available at: https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/17798cc62e91cf1f852589d00040fd60/$FILE/ESS%20Program%20Manual_Updated%206.23.2023_CLEAN.pdf.

or its administrators about the appropriateness of costs and quality of proposals. Rather, the equitable incentive approach ensure that the highest quality and most cost effective solutions will win in the end.

B. The CEC Should Include More Detail in the Guidelines as to the Costs That Are Supported by DEBA Funding.

The CEC should endeavor to provide clarity wherever possible through its Guidelines to provide business certainty for projects that are developed pursuant to this program. For example, the CEC describes the goal of this program as supporting upfront costs for distributed energy assets, where as other programs, like the Demand Side Grid Support ("DSGS") program, provide funding to support project operations. This approach is commendable, but is not adequately captured by the Guidelines as drafted.

In particular, the Guidelines should be explicit that there is no limitation on other programs that these projects may participate in once they are operational, so long as they meet their performance metrics under DEBA. If the CEC does intend to place limitations on participation in other programs, such limitations should be clearly defined. Currently, it is not clear whether participation in DEBA places any limitation on the distributed energy projects' ability to participate in other programs that would help defer their operational costs.

Further, the Guidelines should provide more detail on the delineation of costs for which a project may receive funding under a GFO approach. For example, a project may consist of more than simply adding additional power, as contemplated by the technical scoring criteria. Currently, the Guidelines' list of eligible projects includes "load flexibility controls, supervisory control and data acquisition (SCADA) systems, [and] demand response software." Such investments may not add capacity, but rather enhance the operational capabilities of a project to, for example, respond to extreme events. It's not clear the degree to which such costs are

recoverable under the CEC's technical scoring criteria or how they will be assessed against other costs that add capacity. Additional clarity on these issues is important to achieve the important goals of the DEBA program.

III. CONCLUSION

WHEREFORE, consistent with these comments, the CEC is requested to amend the Draft DEBA Guidelines to:

1) The GFO should adopt an incentive structure for some or all classes of Distributed Resources, in particular battery storage.
2) The CEC should augment the Guidelines with additional clarity as to what project costs may be recovered.

Respectfully submitted,

/s/ Lee Ewing

Lee Ewing
Manager, Regulatory & Government Affairs
CPower Energy Management
1001 Fleet St., Suite 400
Baltimore, MD 21202
410-978-2437
Lee.Ewing@CPowerEnergyManagement.com

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