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Enchanted Rock, LLC Comments on Distributed Energy Back Up Asset (DEBA) Program Guidelines Draft

Additional submitted attachment is included below.

August 31, 2023 Comment letter submitted via electronic commenting system

California Energy Commission
Docket Unit, MS-4
Docket Number 22-RENEW-01
715 P Street
Sacramento, California 95814

Re: Enchanted Rock Comments on Distributed Energy Backup Assets (DEBA) Program Guidelines (Docket No. 22-RENEW-01)

Enchanted Rock, LLC. (Enchanted Rock) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) proposed Distributed Energy Backup Asset (DEBA) Program Guidelines as released on August 11th, 2023. These comments are intended to supplement those submitted by California GRIT, "Grid Resilience in Transition," (GRIT) comments submitted under separate cover as we are part of that coalition.

Enchanted Rock is a resiliency microgrid developer, owner, and operator with over 1,000 MW in operation or under construction nationwide, of which 200 MW is in California. Our generation technology meets the ultra-low emissions levels required by the California Air Resources Board (CARB) Distributed Generation (DG) Certification Program - the cleanest local emission standard for power generation in the nation. Through the supply of renewable natural gas (RNG), our technology can provide net zero or net negative carbon emissions for both resiliency and grid services.

As noted in comments from GRIT, Enchanted Rock strongly supports the goals of the DEBA program as outlined in the August 15th workshop (Workshop). Because of our extensive commercial experience in working with distributed energy for backup power, the programmatic approach to incentives recommended by GRIT is commercially reasonable and will deliver more megawatts sooner. Though Enchanted Rock's strong preference is for the CEC to adopt a programmatic incentive framework for distributing DEBA program funding, if the CEC decides to pursue an initial procurement through its Grant Funding Opportunity (GFO) process, the following recommendations should be given consideration as they will create more transparency and streamline the award process.

Recommendations:

1. The DEBA Program Guidelines should adopt a definition of "renewable resources" already codified in statute to remove any uncertainty as to resource eligibility.
2. A clear and objective technical scoring criteria weighting framework that supports the macro goals of the DEBA program and supports the development of economically and technologically available generation sources.
3. Modification of the resource adequacy payment forfeiture to recognize the lack of a RA capacity valuation for behind-the-meter (BTM) resources.

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1113 Vine St, Suite 101 | Houston, TX 77002
713.429.4091
enchantedrock.com

Renewable Resources Definition

During the workshop, CEC staff indicated that it would be developing a definition of renewable resources for purposes of determining asset eligibility under the statutory loading order alongside the California Air Resources Board (CARB). Rather than developing a new definition of renewable resources, CEC should utilize an existing definition as found in statute in reference to generation facilities,

> *"The facility uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology."* [1]

This definition adequately encompasses a broad spectrum of technologically available and economically viable generation technologies that can expeditiously deliver megawatts to Californians. By using a definition already in statute, the CEC can avoid potential confusion and technology eligibility uncertainty, as well as program implementation delays that result from a new definition being developed across multiple agencies.

Technical Scoring Criteria

As noted above, Enchanted Rock strongly endorses the comments of CA GRIT and its position that the CEC should pursue a programmatic incentive framework as opposed to the GFO process that is proposed. However, should it choose to pursue the GFO process then it is recommended that the guidelines be amended to include additional transparency on how each item listed in the technical scoring criteria will be evaluated and how each category of criteria will be weighted in the final evaluation of an application.

Enchanted Rock supports the loading order as mandated by the authorizing legislation[2] we do recommend that the CEC develop a methodology to consider emission rates for competing technologies, including both greenhouse gas emissions and criteria air pollutants (e.g. NOx, VOC, SOx, etc.). This will allow the DEBA program to ensure it is directing state general fund dollars to technologies that deliver the most megawatts per dollar while also being most closely aligned with California's climate and environmental justice goals.

Lastly, Enchanted Rock suggests that the use of "Resource Diversity" as an evaluation criterion is misguided. With a stated goal of DEBA to drive the rapid deployment of megawatts to meet California's energy challenges, the program should focus on procurement for desired capabilities (asset cost, duration length, resource availability, etc.) and should not exclude needed megawatts by favoring lower performing, lower-scoring resources, just for the sake of portfolio diversity.

Resource Adequacy Payment

The Workshop presentation (slide 34) indicates that a Distributed Resource project would forfeit fifteen percent of the performance-contingent payment if it chooses, or is otherwise unable, to participate in Resource Adequacy (RA) during non-program months. While we support the concept of having Distributed Resources rewarded for participation in RA, a penalty under the current valuation structures is unadvisable. There is currently no mechanism for attaining RA capacity valuation for BTM resources. Projects may still seek out interconnection for the provision of export power beyond their load reduction potential and resulting capped valuation under BIP or other demand resource programs. For this export capability, the

[1] California Public Resources Code Section 25741

[2] Assembly Bill 205 (Ting, Chapter 61, Statutes of 2022)

DEBA program should reserve for three years from award, a contingent payment upon completion of interconnection and enablement of the export capacity.

We appreciate the CEC's consideration of our comments and its willingness to engage with us throughout development of the Draft Guidelines. We look forward to seeing a successful DEBA program implemented in the coming months.

Sincerely,

Scott D. Lipton
Energy Policy Manager
Enchanted Rock
slipton@enchantedrock.com

cc: The Honorable David Hochshild, Chair, California Energy Commission
The Honorable Siva Gunda, Vice Chair, California Energy Commission
Mr. Drew Bohan, Executive Director, California Energy Commission
Ms. Deana Carrillo, Director, Renewable Energy Division, California Energy Commission
Ms. Ashley Emery, Manager, Reliability Reserve Incentive Branch, California Energy Commission