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Comments on the Draft DEBA Distributed Energy Resources Solicitation Concept

Additional submitted attachment is included below.

March 15, 2024
California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA 95814

Re: Docket No. 22-RENEW-01—Comments on the Draft DEBA Distributed Energy Resources Solicitation Concept

The Coalition for Community solar Access (CCSA) appreciates the opportunity to comment on the California Energy Commission's (CEC's) solicitation concept for the Distributed Electricity Backup Assets (DEBA) program. CCSA represents more than 100 companies involved in the deployment of community solar assets across the United States, a market segment that successfully deployed more than 15,000 MWs of projects across more than 20 states. Community solar-plus-storage projects, incentivized through DEBA, can quickly and efficiently deliver energy storage to urban rooftops, Disadvantaged Communities, and local reliability areas.

CCSA's proposed solar-plus-storage program is currently before the California Public Utilities Commission (CPUC) and a final decision is not expected until after April. While there is some debate around CCSA's community solar proposal in the proposed decision that was issued on March 4th, CCSA believes the CPUC will correct errors and misunderstandings before voting out a final decision that supports a community solar-plus-storage program. That program promises the ability to deploy storage resources to the grid and meet the needs of today and tomorrow with long-term assets that will serve California for many years. With DEBA, the CEC can direct those resources to achieve both reliability and energy justice goals.

CCSA provides answers to the questions posed in the solicitation concept, below. These comments are intended to support a robust reliability program that delivers real benefits, as promised, and on time. Community solar-plus-storage can play a significant role in meeting CEC's goals and the proposed solicitation needs only minor alternations to assure that viable community solar-plus-storage projects will be assessed fairly in relation to other alternatives. These alterations are modest and ensure CEC will be able to fairly evaluate all the strengths and weaknesses of submissions in an unbiased way. For example:

- CCSA recommends CEC evaluate the benefits provided by the resource over longer time frames – on the order of 15 – 20 years, consistent with the asset life of a solar-plus-energy storage facility.
- More emphasis should be put on reliability criteria, and those criteria should recognize that utility standard contract terms and tariffs can force storage assets to perform on-peak without scheduling them through the CAISO day-ahead market.
- The solicitation should avoid a bias toward traditional resource adequacy contract paths when there are new programs, such as community solar-plus-storage, that will provide the same results, much more quickly than traditional assets that must go through deliverability studies when Cal-ISO has well documented, multi-year delays in processing interconnections.

- Projects receiving incentives for being located in or benefiting disadvantaged communities should be held to a higher standard than simply having a support letter. Applicants should demonstrate a commercial or philanthropic relationship that yields concrete benefits related to the project, such as workforce development or enrollment of community members in projects.
- There should be recognition that distributed energy resources, such as community solar-plus-storage, interconnecting to the distribution grid under Rule 21 are likely to reach commercial operation much more quickly than projects just beginning their WDAT interconnection journey at the CAISO.
- In a program so critical to California's reliability needs, the CEC should avoid 'free options' that encourage speculative projects. Requiring performance deposits and setting minimum maturity milestones are simple and effective methods already employed by California's investor-owned utilities to ensure that the projects they choose in their solicitations are legitimate and likely to be constructed.

CCSA Responses on Solicitation Requirements

1. Are the minimum and maximum award amount funding levels and match requirements appropriate for each Group?
The amounts are reasonable to balance the ability to bring forward applications and for CEC to efficiently process applications

2. Is the proposed timeline in the solicitation, including application submission windows, reasonable to accommodate project proposals for project group?
Yes, the timeline appears reasonable. Given that projects in the 30MW set aside for disadvantaged communities are solicited just one month after the main solicitation, the CEC should allow projects that qualify in both the initial solicitation and the 30MW set aside to apply to both.

3. Is it reasonable to allow project proposals that do not have all sites or customers pre-identified at the time of application? Are there any concerns with this approach?
If customers will be hosting the facility, then it is problematic to have awards go to projects that don't yet have customers. However, in cases of community solar + storage projects, site control and financeability of the project are independent of the customers being signed up. It is the standard practice that customers are not signed up to the project until it is in construction. What is most important is that the CEC evaluate whether the project can be deployed, which is a function of site control- the applicant owns the property or has the right to place their facility there from the property owner.

4. To mitigate the risks of funding multiphase projects, staff have proposed minimum deployment targets for multiphase projects under "Project Readiness" (25% by June 1, 2025, 50% by June 1, 2026, and 100% by June 1, 2027). Are these proposed deployment targets reasonable? What measures should the CEC take in the event of a deployment shortfall?

There are two components to a project's performance. The first is whether the project is deployed in time to be operational per the timeline established by the Commission. The second is whether the project operating as expected during events.

While the solicitation creates financial repercussions for not performing once the project is operational, there is no direct repercussion for failing to come online, beyond not receiving the awarded funding. In order to enhance the likelihood that projects are completed on time and as promised and ensure proposals are made by applicants with high confidence in their ability to execute, parties should make a deposit for any awarded application equal to $40/kW-ac.

In a number of renewable programs, deposits are used as a means of providing assurance projects will perform as bid. The International Renewable Energy Agency (IRENA) reviewed this issue in a policy design report on renewable auctions and they too recommend deposits[1]. California's own Renewable Auction Mechanism (RAM) program is sited as an example of why such bid requirements are necessary, noting that in the early days of the program many projects failed to execute contracts after receiving awards. The early RAM program didn't require deposits and, as a result, while 51 projects received awards, only 35 contracts were executed, with 16 bidders withdrawing their bid[2].

5. Is the proposed payment structure, with 50% of the award disbursed during project development, and 50% disbursed annually based on successful performance, adequate to ensure successful performance by DEBA assets, including during emergencies?
Yes, the structure is reasonable. From a time-value-of money perspective, paying out funds over time effectively increases the award needed to make a project work—i.e., funds up front are worth more to the project's economic viability than funds in the future and therefore a 100% payment up front could be lower than the total payment made via the 50%-50% approach. However, we recognize the CEC's need to ensure projects perform as promised. As outlined elsewhere, in evaluating projects, the CEC should take into consideration the tariff or contracts the project will otherwise have and whether those tariffs/contracts will help ensure performance during critical events now and beyond the award period.

6. This GFO proposes to amend the DEBA Program Guidelines, First Edition, to grant eligibility under Group 1 to projects connecting to the transmission grid behind-the meter at a load center not receiving distribution service. Please comment on whether this use case is of interest and, if possible, describe potential proposed projects and the reliability benefit they would offer.
DEBA, as communicated to the legislature and to stakeholders, is intended for *distributed* energy resources which are universally understood to be connected to the distribution system. Particularly in light of the benefits of placing resources on the distribution system itself (e.g., reducing distribution and sub-transmission capacity investments), investments should be focused on resources connected to the distribution system.

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[1] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2015/Jun/IRENA_Renewable_Energy_Auctions_A_Guide_to_Design_2015.pdf; see, in particular, Chapter 6, page 1

[2] section 6.1 of the IRENA

Project Requirements

7. Are the Project Group definitions and requirements clear and adequate to sufficiently target DER technologies and projects capable of supporting statewide grid reliability?

Yes. The Group 1 project definition should be clarified to ensure that projects interconnecting to the distribution grid under Rule 21 may use either the WDAT or another approved utility tariff or contract. The current language limits group one unnecessarily.

8. Are the minimum project capacity requirements for each Group reasonable or should they be adjusted?

Many rooftop community solar + storage projects will be in the hundreds of kilowatts up to 5 megawatts. However, for efficiency of review CCSA is not opposed to the CEC's minimum 6MW aggregation requirement.

9. Are there any additional eligible technologies that should be included, or any currently eligible technologies that should be excluded?

Given that half of the funding is intended for projects in and benefiting disadvantaged communities, the CEC should avoid awarding projects that will be generating emissions within these communities. Rather than using the evaluation criteria to award points for projects that are aligned with climate goals, non-carbon-free resources should simply be disqualified.

10. Are the proposed performance pathways sufficient and flexible enough to accommodate the variety of eligible technologies and project groups targeted by this solicitation?
Distributed Energy Resources for Reliability Draft Solicitation Concept

The DEBA RFO should clarify that Group 1 projects do not have to bid into CAISO markets but can instead be "market-aware" or "daily dispatch" Performance Demonstration Pathways. The draft RFO guidelines are ambiguous but suggest that Group 1 projects must be bidding directly into CAISO markets. Given that some large DERs in front of the meter can act as load modifiers it is both unnecessary and potentially contrary to the goals of DEBA to require projects to go through WDAT and be deliverable. The current process for being interconnected and deliverable to CAISO is a multi-year process which would make projects available to support DEBA in the timeframe envisioned impossible.

11. What data should be required from DEBA Program participants for measurement and verification purposes as well as other public reports and initiatives?

DEBA program participants should be able to provide hourly production data via revenue-grade meters.

12. Are the metering and telemetry requirements for projects sufficient for measurement and verification purposes and determining performance of DEBA funded projects?

Yes.

Miscellaneous

13. What are the key performance indicators (KPIs) or metrics that should be used to evaluate and score VPP and Load Flex Aggregation projects and assess whether they will be reliable DEBA assets?

No comment.

14. Are the proposed evaluation criteria, including preference points criteria, reasonable and sufficient to achieve the aims of funding DER projects that best bolster grid reliability in the state?

Yes, with a few modifications as shown in redline, below. CCSA respectfully urges CEC to avoid evaluation bias that will reward projects that face long delays in deployment (ie., projects that must go through the multi-year CAISO study process and receive a deliverability study). For example, in Section 2, Reliability Contribution, adding language that recognizes resources can be required, by contract or tariff, to provide resource adequacy and on-peak performance even if they are not dispatched by a scheduling coordinator. In both cases, performance is what matters.

15. Are the provisions for supporting projects that either benefit or are located in DACs sufficient? What other application components could facilitate greater participation from projects located in or benefiting DACs?

The draft RFO has three mechanisms by which it measures positive impacts on disadvantaged communities. First, the RFO creates a goal of half of the funding be for projects located in or benefiting disadvantaged communities. Second, there is 30MW reserved for Group 1 projects in disadvantaged communities. Third, having a letter of support can earn points for selection of an application[3] and increase the percentage of application costs that can be covered through a DEBA award[4].

Firmer commitments are needed. A letter from a location in a DAC, or general statements of benefits to DACs become creative writing exercises to justify preferential treatment in the DEBA program. Real commitments should be made, not promises, particularly for a greater use of the limited state funding in this RFO.

CCSA respectfully underscores its experience in community solar markets across the United States, including in New Mexico and New Jersey, where community benefit plans are a prerequisite for participation in the state's community solar program. In these programs commitments are made with little detail or repercussions for non-performance and therefore benefits do not necessarily materialize. In order to avoid an exercise in creative writing, and as a best practice, executed agreements with legitimate community benefit organizations should be required to demonstrate real commitment to a Disadvantaged Community. This could include an agreement that outlines specific duties, obligations and activities in an agreement and demonstration that the group has performed similar functions in the past (e.g., run workforce development programs, enrolled customers on low-income programs, etc.).

16. What are the potential pathways for DEBA-funded projects across different Balancing Authorities and LRAs to continue to provide reliability value after the conclusion of the DEBA program?

DEBA could potentially support a number of distributed energy assets with myriad revenue streams beyond DEBA. In some cases, the incentive to perform on peak, let alone during emergency events, will be gone for projects after the 5-year award period. The best way to

[3] Preference Points Criteria Table, 10.c., page 35

[4] page 6

ensure that DEBA-funded projects continue to provide reliability services after the 5-year period is to prioritize projects that will be on an underlying tariff that is well tied to energy production during periods of peak constrain and that are market aware themselves.

17. Are there any other recommended improvements or necessary clarifications for the CEC to consider for this draft solicitation concept document?
No additional comments at this time. Applicable recommendations above have been reflected in the evaluation criteria proposed by the CEC. These proposed revisions are included as Appendix A.

Thank you for your consideration of these comments.

Derek Chernow
Western Regional Director
Coalition for Community Solar Access
derek@communitysolaraccess.org

Appendix A: Redline to DEBA Evaluation Criteria

ADMINISTRATIVE SCREENING CRITERIA *The Application must pass ALL administrative screening criteria.*	**Pass/Fail**
1. The application is received by the due date and time specified in the "Key Activities Schedule" in Section I of this solicitation.	Pass Fail
2. The requested funding falls within the minimum and maximum range specified in the solicitation.	Pass Fail

TECHNICAL SCREENING CRITERIA *The Application must pass ALL technical screening criteria.*	**Pass/Fail**
1. The Applicant is an eligible applicant.	Pass Fail
2. The proposed project is an eligible project, including being carbon-emission-free	Pass Fail
3. If the Applicant has submitted more than one application, each application is for [a] distinct project(s).	Pass Fail
4. The Applicant passes the past performance screening criterion as described in Section V.C.1.	Pass Fail

Evaluation Criteria	Possible Points
1.Statement of Financial Need The application identifies, documents, and justifies the degree to which DEBA funding is essential to address market, financial, and policy barriers that are hindering project development, in addition to other mechanisms, such as: a. Existing and anticipated revenue streams or cost savings, including the value associated with participation in the applicable LRA's Resource Adequacy framework as a supply side or load modifying resource (during and beyond the DEBA grant agreement term) or other emergency grid reliability programs that the project may be eligible for (as applicable), and the timelines for qualifying for these. b. Existing mass-market state, LSE, or utility programs to support a technology. c. Tax credits or other financial incentives the project is eligible to receive. d. Ability to access loans or feasible project financing.	10
Minimum Passing Score for Criterion 1 is 70% or 7 points	**10**

Evaluation Criteria	Possible Points
2.Contribution to Reliability The application will be evaluated on: a.The additional capacity (in MW) the project can deliver. b.The number of hours during net peak load hours (4 p.m. to 9 p.m.) that the project is capable of operating. c.The degree to which the proposed project will: i. Support grid reliability during net peak load hours through providing load reduction or supply, or both. ii. Provide energy capacity with high-precision metered accuracy. iii. Demonstrate dispatchability and responsiveness to a diverse range of event frequencies, durations, and notification periods on a real-time, day-ahead, or on-call basis. iv. Minimize the extent to which successful deployment of awarded capacity or stored energy during emergency events may be impacted by any limitations or exceptions. v. Incorporate unique design features that enhance the overall diversity of resources participating in the state's Strategic Reliability Reserve. vi. is there a market or regulatory mechanism that ensures the project will dispatch at system peak or during emergencies? d. Whether or not the project is located in a Local Reliabiltiy Area ~~d.~~e.The degree to which the project will contribute to reliability post-DEBA grant agreement term, such as a pathway for incorporating the DEBA incentivized capacity into the Resource Adequacy framework of the applicable LRA (as a supply-side or load-modifying resource, or enrollment on a utility tariff which has the effect of perfomance in peak hours being critical to project viability, or some other proposed pathway.	25
Minimum Passing Score for Criterion 2 is 70% or 17.5 points	**25**

Evaluation Criteria	Possible Points
3.Project Readiness and Workplan The application will be evaluated on: a. The proposed project timeline with estimated dates by which the relevant phases of the project will be complete and fully operational. b. The degree to which the proposal's timeline is justified and demonstrates a high likelihood of success by reducing implementation risks associated with project deployment and operations by including the following aspects in the proposed workplan: i. A reasonable approach to performing the work by the estimated project completion date with a clear description of all project tasks and subtasks, with identified milestones, outcomes, and deliverables. ii. Whether the intended customer(s) or installation sites for the project has/have been identified in advance of the application, and the ratio of identified customers/sites to unidentified. iii. The intended location(s) of the project, including whether it is located FTM or BTM and site control has been obtained. iv. Any required ministerial or discretionary permits or other entitlements for use and associated CEQA studies (e.g., exemption, initial study, negative declaration, environmental impact report) for the project, including a permitting schedule that ensures successful project completion within the timeframes specified in the project workplan and timeline. v. Any utility and/or balancing authority interconnection studies or approvals that must be completed for the project to begin operations. vi. Any implementation risks or additional factors that may impact project completion within the proposed timeline, including, but not limited to risks, barriers, supply chain issues, weather considerations, financing, and other limitations, and how these will be addressed to successfully complete the project within the proposed timeline.	~~15~~ 25
Minimum Passing Score for Criterion 3 is 70% or 18.75 points	**25**

Total Possible Points for criteria 1− 3 **(Minimum Passing Score for criteria 1− 3 is 70% or 35)**	~~5~~60

Evaluation Criteria	Possible Points
4.Project Budget and Cost Effectiveness The application will be evaluated on the degree to which: a. The proposed project's budget minimizes the amount of DEBA funding requested relative to the incremental rated capacity provided by the project ($/MW-year). b. The expected useful life of the project. c. The budget is reasonable and justified, and the budget forms are filled out completely and accurately. d. The proposed match funding by the Applicant is documented, already secured, reasonable, available, and verifiable. e. The proposal demonstrates the financial ability of the Applicant and key project partners to successfully implement the proposed project and continue operations for the duration of the DEBA contract term and beyond. f. The financial plan identifies project risks and effective strategies to manage and mitigate those risks.	15

5.Team Qualifications, Capabilities, and Resources Evaluations of ongoing or previous projects including project performance by applicant and team members will be used in scoring for this criterion. a. Identifies credentials of applicant and any subrecipient and sub-subrecipient key personnel, including the project manager, principal investigator and technology and knowledge transfer lead (include this information in the Project Team Form Attachment). b. Demonstrates that the project team, including any partnered, Community Based Organization, has appropriate qualifications, experience, financial stability, and capability to complete the project. c. Explains the team structure and how various tasks will be managed and coordinated. d. Describes the facilities, infrastructure, and resources available that directly support the project. e. Describes the team's history of successfully completing projects in the past 10 years including subsequent deployments and commercialization.	5

Evaluation Criteria	Possible Points
6.Measurement and Verification Plan The application will be evaluated on the degree to which: a. The project capacity will be demonstrable through a clear and reasonable reporting and measurement and verification plan, including metering, documentation, and CEC's ability to verify. b. The timeline required for obtaining and reporting the relevant resource performance data to the CEC for verification is timely and reasonable. c. The expected accuracy, precision, and uptime of metering equipment; data quality control standards and practices for identifying erroneous data points, outliers, and missing data; and any methods and assumptions required to generate counterfactual baselines, are sufficient to provide robust demonstrated capacity estimates of participating resources. d. The identified measurable and quantifiable project benefit metrics uses key performance indicators, that are applicable to the project group and type to track project milestones, evaluate project performance, and determine project success.	10
~~**7.Supporting Clean Energy and Climate Goals**~~ ~~The application will be evaluated on the degree to which the proposed project:~~ ~~a. Supports the State's existing clean energy and load shifting goals, as outlined in SB 100, SB 846, and other relevant statutes, and provides sufficient supporting documentation.~~ ~~b. Generates no onsite greenhouse gas (GHG) emissions, air pollution, or both; or reduces overall GHG emissions, air pollution, or both, in California.~~ ~~c. Facilitates greater integration of renewable energy resources, including DERs, into California's electricity supply mix.~~ [note: CCSA recommends this section becomes a <u>prerequisite</u> and the points are moved to reliability]	~~10~~

Evaluation Criteria	Possible Points
8.Community and Resiliency Co-Benefits The application will be evaluated on the degree to which the project proposal: a. Describes how the project offers benefits beyond statewide grid reliability, such as offering resilience to critical facility or infrastructure as defined by the CPUC, including, but not limited to, emergency operations centers, medical facilities, and drinking water and wastewater treatment plants.[5] b. Reduces the need for new distribution system investments by leveraging existing energy infrastructure. c. Provides grid services and benefits outside of emergency grid conditions and events. d. Avoids using toxic materials and end-of-life disposal issues. e. Promotes local workforce development. f. Facilitates greater integration of renewable energy resources, including DERs, into California's electricity supply mix.	10
Minimum Passing Score for Criteria 4 – 8 is 70% or 28 points	**~~50~~ 40**
Total Possible Points for Criteria 1 - 8 (Minimum Passing Score for Criteria 1 – 8 is 70% or 70 points)	**100**

Preference Points Criteria Table

<table>
<tr><th>Preference Points Criteria</th><th>Possible Points</th></tr>
<tr><td>9. Match Funding

Additional points will be awarded to applications that exceed the minimum match requirements based on the percentage amount above minimum using the Exceeds Minimum Match Scoring table:

Exceeds Minimum Match Scoring Table
<table>
<tr><th>Percentage above Minimum Match (cash and in-kind)</th><th>Score</th></tr>
<tr><td>100 to 80%</td><td></td></tr>
<tr><td>60 to <80%</td><td></td></tr>
<tr><td>40 to <60%</td><td></td></tr>
<tr><td>20 to <40%</td><td></td></tr>
<tr><td>10 to <20 %</td><td></td></tr>
</table></td><td>5</td></tr>
<tr><td>1. Disadvantaged & Low-Income Communities

Applicants can receive up to an additional 10 points if the projects are located in or benefit disadvantaged and/or low-income communities, as according to CalEnviroScreen 4.0.[6]
a. Identifies economic impact on low-income and disadvantaged communities including customer bill savings, job creation, partnering and contracting with micro- and small-businesses, ~~and economic development~~ and demonstrates, via agreements, community partners with experience performing those functions.
b. Describes how the project will promote clean energy or sustainability technologies within disadvantaged and/or low-income communities and how the development will benefit the communities directly via concrete benefits outlined in 1.(a)
c. Applicants have ~~letters of support~~ executed agreements from community-based organizations, tribes, workforce development stakeholders, environmental justice organizations, or other partners that ~~demonstrate their belief~~ include specific plans and demonstrated experience performing some or all of the functions</td><td>10</td></tr>
</table>

in 1(a). ~~that the proposed project will lead to increased equity and is both feasible and commercially viable in the identified low-income and/or disadvantaged communities~~.	

[6] CalEnviroScreen 4.0. https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40.

Preference Points Criteria	Possible Points
Total Additional Preference Points (Criteria 9 - 10)	**15**
Total Possible Points (Criteria 1 - 10)	**15**