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**DEBA DER GFO Draft Solicitation Concept 22-RENEW-01 -
EnergyHub Comments**

Additional submitted attachment is included below.



VIA E-FILING
March 15, 2024

Re: EnergyHub Comments on the DEBA DER GFO Draft Solicitation Concept

EnergyHub, Inc. (EnergyHub) submits these comments in response to the Distributed Energy Resources for Reliability Draft Solicitation Concept published by the California Energy Commission on February 23, 2024.

EnergyHub is a software technology company based in Brooklyn, NY. EnergyHub's distributed energy resource management system (DERMS) and program services enable utilities and grid operators to turn fleets of customer-owned distributed energy resources (DER) - residential batteries, connected thermostats, electric vehicles, water heaters, and solar PV inverters - into virtual power plants (VPP). EnergyHub's DERMS platform is used by more than 60 utilities and grid operators to maintain reliability and enable higher penetrations of renewable energy through a variety of innovative grid services. Our portfolio of 70+ residential and commercial VPPs bolsters the reliability and sustainability of the electric system while enabling hundreds of thousands of customers to participate in the energy transition.

Response to Questions for Stakeholders

2. Is the proposed timeline in the solicitation, including application submission windows, reasonable to accommodate project proposals for project group?

Yes, the application and submission timeline is reasonable, contingent upon the modification of certain elements of the project evaluation criteria as outlined below.

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?

Yes, it is reasonable. Program awards will be used for myriad aspects of program administration, including customer solicitation, which, if unfunded, can be cost prohibitive. Requiring the identification of customers and sites prior to proposal submission would significantly negatively impact the number, quality, and diversity of proposals developed. Similarly, the identification of specific customers/sites prior to proposal submission should not bear on the Commission's evaluation of proposals as contemplated in the recently published draft solicitation.

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?

It is reasonable to maintain minimum deployment targets generally, but the CEC should set these targets on a per project basis to account for the diversity of proposals allowed under the solicitation. Successful deployment of software solutions capable of managing flexible demand entails entirely different resources and approaches, than, for instance, the sale and interconnection of 6,000 residential battery energy storage systems. The pace at which these projects are completed cannot be assessed according to static deployment metrics that are insensitive to the nature of the projects, where 'deployment' takes on entirely different meanings. The CEC should allow applicants to propose appropriate deployment targets for their projects upon application submission, which can then be negotiated and agreed upon over the course of the selection process. By allowing the developers themselves to initiate the deployment metric determination process, the CEC can guarantee that assessment criteria are informed by the expertise of specialized technology providers and developers.

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?

Here again, given the diversity of projects allowed under the solicitation, it is incorrect to assume that this disbursement structure is compatible with the financing mechanisms of all eligible project types. For instance, this structure may render projects that necessitate high upfront capital investment and incur minimum ongoing costs infeasible in the event that outside funding for the remaining upfront investment is unavailable/uneconomic. Payment structures should therefore also be adapted to the specific needs of the selected projects and diverse developers.

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

The Project Group definitions and requirements are neither clear nor adequate to sufficiently target DER the desired DER technologies and projects. We respectfully ask that the Commission clarify the following points:

- How Group 3 projects that consist of both new and existing load flexibility resources may meet the eligibility criteria, including greater specificity around allowable allocations of project funding to each of these resource types, ideally with the provision of more detailed examples
- The manner in which 'new' and 'existing' load flexibility resources are defined - for instance, whether already operational EVSE equipment, whose purchase and installation was not funded through the solicitation, and which is not otherwise enrolled in any RA applicable load management program, might meet the definition of 'new' in the context of the solicitation. This is

especially important to Group 3 projects, which may struggle to meet the 15 MW project size requirements without the inclusion of these resources

- How to interpret the mandate that funding is committed to 'purchase and deployment of load flexibility technologies' in the context of projects that do not entail 'purchase' of the funded load flexibility technologies (i.e., the procurement of demand response aggregation software through contracting mechanisms)
- How customers with some devices already enrolled in an existing program might participate with other devices that are not. We suggest that dual enrollment be assessed on the device level instead of the home or account level
- The scope of eligible 'administrative' expenses
- Why existing battery energy storage systems are not eligible for participation in aggregations established by Group 3 projects, whereas other existing load flexibility technologies are
- Whether electric vehicles on time of use rates are eligible for participation in managed charging or other Group 3 project types
- How a managed charging project might meet eligibility criteria, ideally demonstrated with an example

Overall, the provision of eligible project examples, accompanied by more detailed descriptions of why such projects meet eligibility criteria, would serve to reduce much of the uncertainty addressed here and elsewhere.

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

The answer to this question depends on the resolution of the above discrepancies. The extent to which existing and new resources are eligible for participation in project funded programs, and the way in which 'existing' and 'new' resources are defined, will determine the extent to which the achievement of the 15 MW project size minimum is feasible.

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

The CEC should ensure that project funding is applicable to SAAS products that enable the management of flexible demand per the draft solicitation and, more specifically, to the costs associated with contracting as opposed to purchase/licensing.

10. Are the proposed performance pathways sufficient and flexible enough to accommodate the variety of eligible technologies and project groups targeted by this solicitation?

No. Greater flexibility within and between the participation pathways should be granted to accommodate the variety of eligible technologies and project groups targeted by this solicitation. For instance, Group

3 projects may struggle to meet the availability requirements associated with the participation pathways available to it (1, 2, and 3) if they are, as established in the recent stakeholder call, unable to include battery energy storage systems in their aggregations. Similarly, projects that seek to develop managed charging capacity will struggle to meet participation requirements, as managed charging entails daily management of EV charging load across non-uniform time periods. The market aware and integrated participation pathways result in load management strategies that run counter to the managed charging imperative, and the hourly dynamic pricing pathway may preclude the most efficient management of EV charging load in places where localized capacity constraints are not reflected in price signals. The daily dispatch option may present a better, albeit imperfect, fit for such projects, but it is not accessible to Group 3 applicants. In summary, applicants should be granted greater flexibility in the determination of the strategies they will utilize to leverage the capacity developed with solicitation funding; the diversity of project types is incompatible with such prescriptive and restrictive participation options.

We appreciate the opportunity to provide these comments and look forward to the publication of the revised GFO. Should the Commission have any outstanding questions related to these comments, we are available to provide further context by email or phone.

Sincerely,

/s/ Angela Kent

Angela Kent
Manager, Regulatory Affairs
angela.kent@energyhub.net
(512) 923-4451