DOCKETED	
Docket Number:	19-IEPR-01
Project Title:	General/Scope
TN #:	230223
Document Title:	Center for Energy Efficiency and Renewable Technologies Comments - Joint Motion for Determining Capacity Value Submitted in CPUC IRP and RA Proceedings
Description:	N/A
Filer:	System
Organization:	Center for Energy Efficiency and Renewable Technologies
Submitter Role:	Public
Submission Date:	10/16/2019 3:04:56 PM
Docketed Date:	10/16/2019

Comment Received From: Center for Energy Efficiency and Renewable Technologies
Submitted On: 10/16/2019
Docket Number: 19-IEPR-01

Joint Motion for Determining Capacity Value Submitted in CPUC IRP and RA Proceedings

Additional submitted attachment is included below.

California Energy Commission
MS Docket Office, MS-4
Re: Docket No. 19-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512

RE: 19-IEPR-01 – General/Scope
The Joint Motion of Enel X, Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, California Energy Storage Alliance, and Vote Solar to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources submitted in California Public Utilities Commission Rulemaking (R.) 16-02-007 (Integrated Resource Plan) and R.17-09-020

Dear Commissioners:

The Center for Energy Efficiency and Renewable Technologies (CEERT) submits the attached document which was filed and served in the California Public Utilities Commission Integrated Resource Plan (IRP) proceeding Rulemaking (R.) 16-02-007 and the Resource Adequacy (RA) proceeding R.17-09-020 for consideration by the California Energy Commission in the 2019 Integrated Energy Policy Report (IEPR), Docket Number 19-IEPR-01 – General/Scope. Attached hereto as Exhibit A is the Joint Motion of Enel X, Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, California Energy Storage Alliance, and Vote Solar to Establish a Schedule and Process for Determining the Capacity Value of Hybrid Resources submitted in R.16-02-007 (IRP) on September 27, 2019. This Joint Motion was also submitted in R.17-09-020 (RA) on the same date.

Sincerely,

V. John White
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EXHIBIT A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.	Rulemaking 16-02-007 (Filed February 11, 2016)

JOINT MOTION OF ENEL X, TESLA, INC., SUNRUN INC., CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES, CALIFORNIA ENERGY STORAGE ALLIANCE, AND VOTE SOLAR TO ESTABLISH A SCHEDULE AND PROCESS FOR DETERMINING THE CAPACITY VALUE OF HYBRID RESOURCES

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September 27, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.	Rulemaking 16-02-007 (Filed February 11, 2016)

JOINT MOTION OF ENEL X, TESLA, INC., SUNRUN INC., CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES, CALIFORNIA ENERGY STORAGE ALLIANCE, AND VOTE SOLAR TO ESTABLISH A SCHEDULE AND PROCESS FOR DETERMINING THE CAPACITY VALUE OF HYBRID RESOURCES

Pursuant to Rule 11.1 of the California Public Utility Commission's ("**Commission**") Rules of Practice and Procedure, Enel X, Tesla, Inc., Sunrun Inc., Center for Energy Efficiency and Renewable Technologies, the California Energy Storage Alliance, and Vote Solar (together, the "**Joint Parties**") hereby submit this motion requesting a schedule and process for determining the qualifying capacity ("**QC**") value of hybrid resources[1] located both in front of the utility meter ("**IFM**") and behind the utility meter ("**BTM**"), which currently do not have a QC value or methodology to determine that value.[2] As part of this schedule, the Joint Parties request that the Commission adopt an interim methodology for determining that value—such as the additive approach offered by Southern California Edison ("**SCE**")—before the end of 2019. The Joint Parties are submitting a similar motion in Rulemaking ("**R.**") 17-09-020 concurrently with this motion, and request that this action be taken in either one of these two proceedings.

I. Introduction

The Commission declined to develop these methodologies in Decision ("**D.**") 19-06-026,

[1] "Hybrid resources" are generally defined as energy storage combined with a generation resource.
[2] Joint Parties have consented to Sunrun Inc. filing this motion on their behalf.

for resources located both IFM and BTM, and established a working group process to discuss these issues further:

> We decline to adopt a combined QC value for a dispatchable battery combined with a dispatchable generating resource, or a dispatchable battery combined with a renewable resource at this time. The Commission appreciates the potential benefits of "plus solar" resources and the financial considerations that would encourage development of combined battery and renewable resources. However, a combined QC value raises many questions that we are unable to answer at this time. We encourage parties to discuss potential counting methodologies and modeling parameters in the ELCC working group.[3]

The Joint Parties appreciate the establishment of a working group, and participated in the workshops on September 5 and 6 ("**RA Workshops**"). However, we remain concerned about the lack of a timeline for establishing a QC methodology for hybrid generation resources. We are also concerned about the representation at the RA Workshops that the Commission finds the determination of a QC methodology for hybrid customer-sited resources to be out of scope or otherwise untenable. In addition, while D.19-06-026 adopted a QC methodology for demand response and BTM battery storage coupled with demand response,[4] this methodology may warrant changes or refinement, as load impact protocols may not accurately capture these capacity contributions. However, such suggestions were not considered during the RA Workshops.

Commission inaction on establishing QC methodologies for IFM and BTM hybrid resources unreasonably overlooks the potential incremental capacity contributions of hybrid resources, and in doing so, unfairly assigns these resources a capacity value of zero.

II. Facts Supporting the Motion

A timeline and process for establishing the QC value of hybrid resources is needed so that developers of hybrid resources can plan and prepare to participate in resource solicitations,

[3] R.17-09-020, D.19-06-026, at p. 37 (June 27, 2019).
[4] *Id.* at p. 38.

and so that load serving entities ("**LSEs**") can know if and when they will be able to procure hybrid resources and include those resources in their supply plans. Since the Commission adopted D.19-06-026 at its June 27, 2019 meeting, the following has occurred:

- The California Independent System Operator ("**CAISO**") launched a new stakeholder initiative intended to develop market participation rules, and a default QC value, for hybrid resources. The initiative's issue paper highlights that 41 percent of the capacity in the CAISO interconnection queue is comprised of hybrid resources, at 35,341 megawatts ("**MW**") of a total 85,643 MW of generating projects in queue[5], suggesting that there is significant demand for such hybrid resources that warrants a fair and accurate capacity count.
- The Commission issued a Proposed Decision[6] ("**PD**") in this proceeding directing the procurement of 2,500 MW of capacity to fulfill resource adequacy shortages in Southern California and recommending the extension of retirement deadlines for natural gas power plants that use once-through cooling technology.
- The PD observed that "hybrid generation and storage projects will fare well in competitive solicitations for system reliability resources and should be strongly considered."[7] It can reasonably be assumed that at least some of the hybrid capacity awaiting interconnection study in the CAISO queue would respond to any solicitation for system capacity. Without a clear QC methodology, hybrid resources may be undervalued for their capacity contributions and thus undervalued in competitive solicitations.
- The Commission's Energy Division released its report: "The State of the Resource

[5] *Hybrid Resources Issue Paper*, CAISO, at pp. 3-4 (July 18, 2019).
[6] R.16-02-007, *Proposed Decision Requiring Electric System Reliability Procurement for 2021-2023* (September 12, 2019).
[7] *Id.* at p. 38.

Adequacy Market" on September 3, 2019, via Assigned Commissioner Ruling.[8] This report highlights supply deficiencies in resource adequacy showings from a number of LSEs. These deficiencies could be met with hybrid resources.

- Energy Division held the RA Workshops required by D.19-06-026 on September 5 and 6. A clear path to establishing a hybrid resource QC did not come out of those workshops, despite the urgency to develop these capacity counts in order to send developers and LSEs the economic signals to procure for projects that cost-effectively address near-term reliability needs.

Further to this final point, during the RA Workshops, Energy Division staff noted that the decision currently scheduled for the fourth quarter of 2019 would be focused entirely on Central Buyer – Track 2 issues, and not Track 3 issues. While the clarification is appreciated, this leaves a significant category of potential capacity resources without any clear path to market.

Staff understandably noted during the RA Workshops that they could not offer a schedule for the determination of a QC for hybrid resources. The Joint Parties recognize that this authority lies only with the Administrative Law Judge ("**ALJ**") and Assigned Commissioner for the Resource Adequacy proceeding. The purpose of this motion is to properly request that a formal timeline be determined for these important issues.

III. Specific Relief Requested

The Joint Parties request that the Commission commit to establishing QC counting methodologies for hybrid resources both IFM and BTM, as discussed in this motion. Specifically, we request that the Commission (1) issue an ALJ or Commissioner Ruling that sets forth a schedule and process for adopting a QC methodology for hybrid energy resources, both

[8] R.17-09-020, *Assigned Commissioner's Ruling on Energy Division's Resource Adequacy State of the Market Report* (September 3, 2019).

IFM and BTM, and (2) as part of that schedule, commit to adopting an interim methodology for determining that value before the end of 2019. The Joint Parties request that this action be taken in either this proceeding or in R.17-09-020, and are filing a similar motion in R.17-09-020 concurrently with this motion.

There was some discussion at the September 6 RA Workshop about the development of a QC methodology for hybrid resources located BTM. As clarified during the workshop, the Joint Parties request this methodology be based on the assumption that any export from the resource will be delivered to the wholesale market via the CAISO's Non Generating Resource model, which permits wholesale export, or the Proxy Demand Response ("**PDR**") model, should PDR ever permit wholesale market export.

In terms of an interim methodology, the Joint Parties support the additive approach offered by SCE; this methodology can later be revised based on historical experience of hybrid resource operations. There is precedent for this approach. The Commission has revised QC methodologies after experience, including those for both wind and solar, as well as the effective flexible capacity for energy storage, as was discussed at the September 6 RA Workshop.

IV. Conclusion

As set forth herein, the Joint Parties respectfully request that the Commission, either in this proceeding or in R.17-09-020: (1) issue an ALJ or Commissioner Ruling that sets forth a schedule and process for adopting a QC methodology for hybrid energy resources, both IFM and BTM, and (2) as part of that schedule, commit to adopting an interim methodology for determining that value before the end of 2019.

Respectfully submitted September 27, 2019,

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