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LADWP's Comments on Staff Workshop on RPS Requirements for Energy Storage Devices

Additional submitted attachment is included below.

BEFORE THE ENERGY COMMISSION

OF THE STATE OF CALIFORNIA

In the matter of:	Docket No. 21-RPS-02
Renewables Portfolio Standard 10th Edition Guidebook Update	RE: Staff Workshop on RPS Requirements for Energy Storage Devices

COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE CALIFORNIA ENERGY COMMISSION ON STAFF WORKSHOP ON RPS REQUIREMENTS FOR ENERGY STORAGE DEVICES

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Dated: February 22, 2022

INTRODUCTION

Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments to the California Energy Commission (Commission) regarding the February 8, 2022 Staff Workshop on RPS Requirements for Energy Storage Devices.

The City of Los Angeles is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a department of the City of Los Angeles, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners. LADWP is the third largest electric utility in the state, one of five California Balancing Authorities, and the nation's largest municipal utility, serving a population of over four million people within a 465 square mile service territory that covers the City of Los Angeles and portions of the Owens Valley. LADWP's mission is to provide its customers and the communities it serves safe, reliable, and cost-effective water and power in a customer-focused and environmentally responsible manner.

SPECIFIC COMMENTS

As a publicly owned utility, LADWP is committed to advancing and expanding its clean energy portfolio to meet the goals of the RPS program while remaining sensitive to customer impacts. LADWP supports the Commission's effort to revisit the RPS eligibility requirements for energy storage devices.

LADWP urges the Commission to revise the RPS eligibility requirements such that, for eligible renewable facilities paired with energy storage devices, the output of the generation resource and associated RECs count toward RPS compliance without deducting losses associated with energy storage.

The following are LADWP's responses to questions posed by Commission staff during the February 8, 2022 workshop:

How is the energy landscape changing as a result of energy storage?

Energy storage will be essential to addressing challenges that arise from continued deployment of renewable generation resources. Various Senate Bill 100 proceedings and the Los Angeles 100% Renewable Energy Study (LA100) have demonstrated that rapid deployment of storage will be needed to achieve a 100% zero-carbon electricity supply. In addition, Long Duration Energy Storage (LDES) technologies will be vital in maintaining reliability as fossil-fuel baseload

resources are replaced.

What does procurement look like for renewable facilities paired with energy storage? Do contracts account for energy losses from storage?

LADWP has executed two Power Purchase Agreements (PPAs) with a renewable generation and energy storage facilities developer. Under the terms of these contracts, LADWP is obligated to pay for the energy delivered to the point of interconnection and also pay the developer for any round-trip energy storage losses (Round Trip Energy Losses = BESS Charging Energy – BESS Discharging Energy). In essence, LADWP pays for generation including energy storage losses, but LADWP only receives RECs for the generation that is delivered to the point of interconnection.

What impacts do current RPS requirements have on storage development?

Negotiations for the PPAs referenced above took the current RPS requirements for energy storage into consideration. The loss of RECs due to the subtraction of energy storage losses contributed to a higher cost of deployment for this project. This higher cost will be an increasingly significant burden as LADWP expands its storage fleet. Across all scenarios explored in the LA100 study[1], a minimum of 2,600 MW of storage will be needed by LADWP to achieve the 100% zero emission energy goal.

The current RPS requirements require bundled renewable generation and storage projects that share a point of interconnection to have energy storage losses subtracted, whereas separate generation and storage projects do not. This distinction is counterproductive and encourages inefficient use of land and equipment.

The current RPS requirements create an incentive that conflicts with the federal investment tax credit (ITC). In order to qualify for the ITC, developers are required to bundle generation and storage behind a shared point of interconnection. However, the current RPS requirements have the effect of penalizing these projects due to the subtraction of energy storage losses. This discrepancy may lead developers not to seek CEC certification for their storage capacity that is coupled with renewable resources to avoid penalties and reduced RECs due to energy storage losses.

Moreover, per Commission staff's presentation during the February 8, 2022 workshop, the distinction of energy storage associated with generation as opposed to stand alone energy

[1] https://www.nrel.gov/analysis/los-angeles-100-percent-renewable-study.html

storage is made based on the premise that energy storage devices serve as "additions or enhancements" to renewable generation resources under Public Resources Code 25741. If energy storage is an "addition or enhancement", there should not be a REC penalty associated.

Furthermore, storage provides an enhancement not only to generation but to the grid as well by absorbing excess generation and providing load to help balance the grid when needed. Therefore, with regards to the RPS requirement, losses associated with energy storage should not be deducted in the calculation of RECs at the interconnection point.

Should the CEC develop energy storage loss accounting requirements for specific technology types, configurations, or scale?

LADWP urges the Commission to revise the RPS eligibility requirements such that, for eligible renewable facilities paired with energy storage devices, the output of the generation resource and associated RECs count toward RPS compliance without deducting losses associated with energy storage. Since energy storage serves as an enhancement to the grid and RECs are associated with the generation resource, energy storage loss accounting requirements will not be necessary.

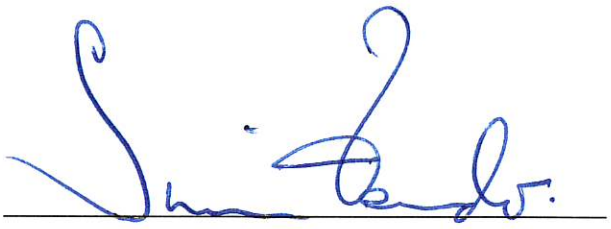
Should the CEC deem it necessary to develop energy storage loss accounting requirements, associated exemptions and requirements must be developed in joint collaboration with the Commission, storage manufacturers, utility experts and researchers, developers, utilities, grid and market operators, and state regulators through a robust stakeholder process. Such approach will allow nascent energy storage technologies, including LDES that have lower efficiencies, to enter the market and compete which will enable load serving entities to meet the energy demand during times with low or non-renewable generation, such as sundown hours.

CONCLUSION

LADWP appreciates the opportunity to submit comments on the Staff Workshop on RPS Requirements for Energy Storage Devices. LADWP looks forward to continued collaboration with Commission staff to help shape effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact myself, Simon Zewdu, at (213) 367-2525, or Mr. Scott Hirashima at (213) 367-0852.

Dated: February 22, 2022

Respectfully Submitted,



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