

DOCKETED	
Docket Number:	22-RENEW-01
Project Title:	Reliability Reserve Incentive Programs
TN #:	248861
Document Title:	Convergent Energy and Power Comments - Comments of Convergent Energy and Power on Distributed Electricity Backup Assets Program Workshop
Description:	N/A
Filer:	System
Organization:	Convergent Energy and Power
Submitter Role:	Public
Submission Date:	2/17/2023 2:55:47 PM
Docketed Date:	2/17/2023

*Comment Received From: Convergent Energy and Power
Submitted On: 2/17/2023
Docket Number: 22-RENEW-01*

**Comments of Convergent Energy and Power on Distributed
Electricity Backup Assets Program Workshop**

Additional submitted attachment is included below.



February 17, 2023

Email to: docket@energy.ca.gov

Docket Number: 22-RENEW-01

Subject: Lead Commissioner Workshop on the Demand Side Grid Support Program and Distributed Electricity Backup Assets Program

Re: Comments of Convergent Energy and Power on Demand Side Grid Support Program and Distributed Electricity Backup Assets Program Workshop

Dear Sir or Madam:

Convergent Energy and Power (“Convergent”) appreciates the opportunity to comment on the Lead Commissioner Workshop on the Demand Side Grid Support Program and Distributed Electricity Backup Assets Program (“Workshop”) held on January 27, 2023.

Convergent is a leading independent owner and operator of energy storage and solar-plus-storage solutions in North America. Convergent has over a decade of experience financing and managing all aspects of the energy storage development cycle to help customers reduce electricity costs and increase reliability. The company’s commercial, industrial, and utility-scale assets yield savings while advancing the clean energy transition. Convergent has over 500 MW/800 MWh of storage and solar-plus-storage capacity operating or under development.

The California Energy Commission (“CEC”) is taking great steps toward mitigating the risks California’s electric grid faces today by seeking to attract investment in distributed resources. The Distributed Electricity Backup Assets (“DEBA”) program has the potential to unlock the incredible value that distributed resources can add to California’s Strategic Reliability Reserve and Convergent’s background and experience in developing owning and operating distributed resource solutions for our customers across North America is of relevance to this matter.

INTRODUCTION.

Convergent believes the DEBA program can help provide critical capacity that is needed in the near term while simultaneously reinforcing California’s local economy. Current barriers to the development of behind-the-meter (“BTM”) storage resources have prevented projects from being developed for Commercial and Industrial customers, including but not limited to increasing costs of equipment due to inflation, lack of capacity payments for behind-the-meter (“BTM”) energy storage resources inclusive of and recognizing exports, and various barriers to CAISO market participation. Convergent is a member of the California Energy Storage Association (“CESA”) and supports the broad comments filed by CESA on DEBA and Demand Side Grid Support (“DSGS”) in response the CEC



Workshop as well as those in response to the Fall 2022 RFI; our comments contained herein focus on the CEC's questions specific to DEBA.

1. How best can DEBA invest in assets for emergency load reduction without interfering in the Resource Adequacy Program or creating clean stranded assets? How can it best do both?

The DEBA program's exclusive focus on California's severe need for new emergency resources will help bring more resources on-line than if there was a broader focus on non-emergency services such as RA; and Convergent supports that focus. With that said Convergent does not believe this is in conflict with the Resources Adequacy Program ("RA"). We believe DEBA can augment and enhance the diversity of the future pool of resources able to address California's long-term electric reliability needs by providing an on-ramp for local distribution-connected resources to pursue RA more seamlessly down the road.

The DEBA program will provide an offset to the capital requirements for new build, helping to get steel in the ground, but it will not provide future revenue certainty for these assets. To derive value from the full useful life of some projects there will be an incentive to find other revenue streams to cover remaining costs not covered by DEBA. Resource Adequacy commitments will provide reliable revenue streams to those assets without detracting from DEBA's contribution to California's Strategic Reliability Reserve because it will ensure future operation of those assets. In fact, given the RA reforms being implemented such as 24-hour slice of day, the DEBA projects that incorporate storage will be well-suited for that new market structure.

Moreover, some customers with DEBA resources will want to support on-call emergency needs *without* committing as a supply-side RA resources. The CEC should preserve this option for customers because resources built as a result of DEBA will continue to provide reliability without RA commitments. Customer DEBA BTM projects may be physically constrained from reliably committing to other programs but will still be available in emergency situations. The CEC should maintain this optionality to committing only on-call emergency needs to ensure maximum reliability value from the DEBA program.

2. Are the proposed program frameworks reasonable? What modifications could unlock additional resources for emergency events?

- The key to unlocking resources for emergency events under DEBA is to provide a clear timeline for program roll out and implementation. The sooner that stability is provided to the market, the faster investments will be made. Without a definite timeline for implementation the risk for committing to investments is high, which can delay development. We believe it is important for the CEC to include in the initial Draft Guidelines to be released this March a clear timeline for program rollout to reduce risk of investment decisions. For investors the precise timeline for implementation is less important than the certainty of that timeline.



- The key to unlocking BTM resources under DEBA will be a defined approach to upfront incentives because the proposed GFO framework is workable for IFOM resources not for BTM resources.
- Convergent believes opening DEBA up to as many customers as possible is crucial to unlocking BTM resource potential. Given the different physical and financial factors impacting each project, customers should be able to decide which program works best for them based on the incentives available and the requirements for receiving those incentives.

5. What level of funding is needed to spur the development of a project?

Convergent recommends a clear incentive amount in \$/kW or \$/kWh be provided for BTM systems. As expressed in CESA's November 30, 2022 comments, we support the proposal for a \$0.50/Wh incentive level for BTM energy storage resources and a \$1/W incentive for BTM renewable generation resources.

CONCLUSION

Convergent sincerely appreciates this opportunity to provide comments on the future of DEBA and looks forward to working with the CEC on further development and implementation.

Sincerely,

Katie Guerry
SVP Regulatory Affairs
Convergent Energy and Power