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Eddy Energy Comment on DEBA Draft DG GFO

Additional submitted attachment is included below.

California Energy Commission
Docket No. 21-RENEW-01
715 P Street
Sacramento, CA 95814

Subject: Eddy Energy, LLC Comments on the Distributed Electricity Backup Assets (DEBA) GFO Draft Solicitation Guidelines, Docket #21-RENEW-01

Eddy Energy, LLC (“Eddy”) appreciates the opportunity to comment on the California Energy Commission’s (CEC) Distributed Electricity Backup Assets (DEBA) Draft Guidelines, issued August 11th, 2023 (“Draft Guidelines”).

About Eddy Energy

Eddy is a U.S. distributed energy storage development platform. Eddy works with landowners, communities, and load-serving entities to develop fleets of stand-alone storage projects that efficiently deliver needed local reliability benefits along with peak energy-shifting necessary to integrate renewables. Eddy is based in San Francisco, CA.

CEC Questions for Feedback

1. Are the minimum and maximum award amount funding levels and match requirements appropriate for each Group?

Eddy supports increasing all project funding levels in Group 1 to 50% of total project costs, rather than project costs after ITC is factored in. As DEBA program participation will entail forgoing RA participation, which represents a large portion of the value for an asset, and will impose other requirements that may limit the use of the project for other applications, 50% of total project costs is an appropriate stimulus amount. Developers will then be responsible for finding value streams outside this DEBA funding to make projects pencil.

As other commenters have noted, Eddy does not understand the inclusion of Group 3 under DEBA, and especially the 100% cost recovery for this group. DEBA was created to fund new, incremental assets on the distribution system, and Group 3 does not appear to be aligned with this goal.

Finally, Eddy urges the CEC to increase overall Group 1 funding, or to at least be flexible on funding between groups based on the strength of applications submitted. Our expectation around DEBA was that this was a significant source of bridge funding for larger DERs to come online and bring reliability value to the distribution grid. From an initial allocation of almost \$500MM, it is unfortunate that the pool of money available for large DERs is now down to only

\$60MM, with a large share of the money now allocated to projects and program types that seemingly already have established pathways.

It's important to state that large DERs represent a high-value asset class that is currently challenged by a lack of pathways in California. According to the CPUC's Energy Storage Procurement Study, distribution-connected storage assets have the potential to deliver the highest benefit-to-cost ratio out of all storage asset classes, but the report states that, to achieve this, programs for these resources must "enable multiple use applications by requiring distribution-connected resources to offer transmission grid-level services when idle and minimize extended periods of standby."¹ We hope DEBA can be a key bridge allowing large DERs to realize reliability value while also bringing important benefits to the local distribution grid.

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

The proposed timeline is reasonable for Group 1, assuming that all DERs in any Group 1 application are subject to the 2027 outside date, and are not deemed to be 'multiphase' projects and subject to phased requirements that start in 2025.

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?

Eddy urges CEC staff to prioritize project proposals representing sites and customers already secured, as this appropriately incentivizes developers in the space and ensures the CEC awards funding to high-potential projects.

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?

These multiphase project guidelines may be reasonable for some types of projects, but would again urge that applications consisting of multiple large DERs in Group 1 should not be subject to this framework.

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?

¹ https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-storage/2023-05-31_lumen_energy-storage-procurement-study-report.pdf

Yes this is sufficient.

- 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.**

No comment.

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?**

Project Group definitions are relatively clear. However, we continue to be confused with Group 3, which is only eligible for LSEs and does not require incremental new resources to be installed.

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

Minimum requirements are reasonable and they appear to correctly incentivize larger and more economical projects.

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

No comment.

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

In general, yes. We would advocate making the Market Integrated pathway tie directly to the Resource Adequacy program and/or use the same performance criteria.

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

No comment.

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

No comment.

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?

In general, yes. Eddy would support giving strong preference for projects that have sites secured at the time of application. Additionally, Eddy would suggest that 'securing match funding' is something that typically happens later in the development cycle as projects get financed, and that this could unfairly advantage certain business models if this is used as a criteria during the application period.

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 focus on DACs is helpful and appropriate. However, the proposed separate application windows for DAC vs. non-DAC projects seems problematic. For a number of reasons, applicants would be uncertain as to which application window to apply to, and how to handle projects that span sites in DAC and non-DAC zones. Instead, Eddy suggests that there be one single application window, and that DAC projects can be scored and awarded within that group, allowing staff to best meet allocation goals with a view of all projects at one time.

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?

No comment.

17. Are there any other recommended improvements or necessary clarifications for the CEC to consider for this draft solicitation concept document?

No comment.

Conclusion

Eddy Energy appreciates the opportunity to provide feedback to the CEC. We look forward to participating in the DEBA program with assets that increase the overall reliability of California's grid.

Respectfully submitted,

Sam Maslin

Sam Maslin
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Eddy Energy LLC