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California Energy Commission
Docket Office, MS-4
Docket No.: 22-RENEW-01
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: Proceeding 22-RENEW-01: Comments of Southern California Edison Company on Distributed Energy Resources for Reliability Draft Solicitation Concept issued February 27, 2024

Dear Commissioners:

Southern California Edison Company (SCE) has been and will continue to be strongly supportive of California's efforts to address the state's grid reliability needs. SCE recognizes the importance of the California Energy Commission's (CEC) proposal for a competitive grant solicitation that would incentivize (i) the construction of cleaner and more efficient distributed energy resources (DERs) that increase supply or reduce/shift load to improve the reliability of California's electrical grid, and (ii) the use of such DERs to provide emergency supply or load reduction during extreme events through the CEC's Distributed Electricity Backup Assets (DEBA) Program, consistent with the requirements of Assembly Bill (AB) 205 and helping the State achieve its clean energy and grid reliability goals. SCE provides its comments and feedback on some of the questions in Section VI of the revised Distributed Energy Resources for Reliability Draft Solicitation Concept document (Concept) issued on February 27, 2024.

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

   SCE recommends that the CEC consider funding levels and match requirements in the Concept as suggested amounts. This will give the CEC more flexibility in selecting projects that are least cost, best fit regardless of the Project Group. If projects are already being considered from a cost effectiveness perspective ($/MW-year), the CEC should be able to optimize its funding and select projects that can provide the greatest amount of viable megawatts for the lowest cost.

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

   The proposed timeline in the solicitation is aggressive. For instance, if the solicitation is released in late April and applications are due early June, it could be as little as a month turn-around to submit applications which may not be a sufficient amount of time to obtain approvals from governing bodies to participate (e.g. City Councils, Utility Boards, etc.) as well as the letters of support and/or other documentation outlined in the solicitation materials. Given SCE's own internal approval and contracting processes, SCE also does not see the possibility of submitting signed contracts if it were to submit an application under the proposed timeline.

Unless there is a specific requirement that the Proposed Awards be posted at least two months before the CEC Business Meeting, SCE recommends that applicants be given at least 6 months from issuance of solicitation to application due date. In addition, it may be difficult for CEC staff to be able to review offers and determine awards in an estimated 1-month period when evaluating proposals that will vary in type, scope and duration across multiple categories, especially if there are cure periods and other administrative tasks that accompany administering a solicitation effort such as this.

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?**

SCE agrees that it is reasonable to allow project proposals that do not have all sites or customers pre-identified at the time of application, particularly for Project Groups 2 and 3. While there could be risks with applicants receiving payments without having sites or customers identified or under contract, this concern is mitigated by the CEC's Award Payment Structure that would only allow Group 1 and 2 applicants to receive 50% of the total award "while the project is under construction" (i.e., this implies the site(s) or customer(s) have been identified in order to be under construction) and for Group 3 payments or disbursements are "based on incurred expenses and monthly or quarterly progress reports demonstrating that satisfactory and continued progress is made towards achieving the project objectives."

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?**

SCE understands that the deployment target dates in the Concept (e.g., June 1, 2025, June 1, 2026, and June 1, 2027) are based upon the DEBA period, however, they may not give applicants sufficient time to meet these dates given that applicants aren't expected to start work until Board approval of the awarded contracts. SCE recommends that deployment targets should reflect a sufficient amount of time from the approval of the awarded contract rather than a fixed date of June 1st (i.e., 25% by the end of the twelfth month from approval of awarded contract, 50% by the end of the twenty-fourth month from approval of awarded contract, and 100% by the end of the thirty-sixth month from approval of awarded contract).

Furthermore, the proposed deployment targets may be aggressive and difficult to achieve depending on whether new generation resources are required, such as with Project Group 2. Projects, particularly those that require additional siting, permitting, and approvals, may take longer than expected and increase the risk of being unable to meet these target percentages and dates. Thus, these target dates may not provide sufficient time to obtain necessary permits and/or licenses to operate new resources.

In the event of a deployment shortfall, the CEC could consider several options such as (1) issuing a new solicitation, (2) allowing revisions to existing project scope, and/or (3) allowing revisions to the deployment target timeline.

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?**

The CEC may want to consider how the 50% upfront award disbursement is allocated to ensure cost-effectiveness and/or minimize stranded or abandoned assets. For instance, of the 50% disbursed during project development, 60% can be issued during construction and installation (this portion can be paid as a percentage of completion) and the remaining 40% can be issued once the asset is in service.

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.**

SCE does not have a comment on this item.

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

It's unclear why energy storage and distributed generation technologies would only be eligible for Group 2 as these technologies can and should be available through utility programs. Therefore, SCE recommends that energy storage and distributed generation technologies also be eligible under Group 3 and recommends the following changes in **red bold underline** to the definitions and requirements for Project Group 3 under Section III.B.7.:

III.B.7. Group 3 Requirements: Load Flexibility Aggregation Programs

a. Eligible Technologies

Eligible project proposals must include the purchase and deployment of new load flexibility technologies, which are hardware and software to enable load flexibility (must be commercial ready, TRL 9 or greater).

Examples include but are not limited to:

i. Load flexibility controls, automation, and communications (smart thermostats, pump controllers, water heater controllers, managed charging, etc.).

ii. Supervisory control and data acquisition (SCADA) systems.

iii. Demand-response aggregation or demand flexibility software.

iv. Building energy management systems (BEMS).

v. Energy storage (batteries, thermal energy storage, bi-directional EV charging/discharge, etc.).

vi. Distributed generation technologies.

Eligible projects for Group 3 do not include the purchase of ~~energy storage, distributed generation technologies, or~~ any of the ineligible technologies listed in Section III.B.8.

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

For consistency, SCE recommends that the minimum project capacity requirement for Groups 2 and 3 should be 6 MW, which is aligned with the minimum project capacity requirement for Group 1.

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

SCE has no comment on this item.

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

Some of the performance pathways described in the Concept document may not be flexible enough to accommodate certain technologies and/or project groups. For instance, under Pathway 2, it states a "Market-Aware Dispatch is defined as any hour or set of hours within the peak net load hours that meets both of two criteria;" the two criteria being an absolute trigger and a relative trigger. SCE recommends changing this to only require that one of the criteria is met, not both.

Furthermore, should the CEC adopt SCE's recommendation to allow energy storage and distributed generation technologies under Option 3, SCE recommends that the CEC update Pathway 4, which prohibits Group 3 projects from electing that pathway, with the recommended changes in **red bold underline** below.

Pathway 4: Daily Dispatch

Group 1 projects connected under WDAT ~~and Group 3 projects~~ are not eligible to elect this pathway.

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

SCE has no comment on this item.

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

SCE has no comment on this item.

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?

SCE has no comment on this item.

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?

SCE has no comment on this item.

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?

SCE has no comment on this item.

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?

If these DEBA-funded projects are proven and provide demonstrated capacity, then these resources could compete to become cost-effective resource adequacy resources.

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

SCE seeks CEC clarification, whether in the next iteration of the Solicitation Concept or other document, on what supporting documentation would suffice to ensure behind-the-meter (BTM) DEBA assets and/or customers meet the applicable requirements, such as customer dual participation attestations to minimize disallowances or disruptions. Also, SCE seeks guidance as to whether Group 3 projects could include BTM resources/customers across different Balancing Authorities and LRAs, not just resources/customers of a single utility's service territory.

Conclusion

SCE appreciates the opportunity to file these comments and provide feedback on the CEC's DEBA DER GFO Draft Solicitation Concept. SCE looks forward to working with the CEC and other rate approving authorities on demand response and grid reliability. Please do not hesitate to contact me at (626) 302-0905 or Dawn.Anaiscourt@sce.com or Danny Waggoner at Danny.Waggoner@sce.com with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt