

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Create a Consistent
Regulatory Framework for the Guidance, Planning and
Evaluation of Integrated Distributed Energy Resources

Rulemaking 14-10-003
(Filed October 2, 2014)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING COMMENTS
TO BE FILED ON THE FEBRUARY 2, 2016 STATUS REPORT OF THE
INTEGRATED DISTRIBUTED ENERGY RESOURCES WORKING GROUP**

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on the *Administrative Law Judge’s Ruling Directing Comments to be Filed on the February 2, 2016 Status Report of the Integrated Distributed Energy Resources Working Group*, issued on February 29, 2016 (“Ruling”).

¹ 1 Energy Systems Inc., Abengoa, Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, ARES North America, Brookfield, Chargepoint, Clean Energy Systems, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Duke Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., Energy Storage Systems, Inc., Enersys, EnerVault Corporation, Enphase ENERGY, EV Grid, Flextronics, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IMERGY Power Systems, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, LG Chem Power, Inc., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Manatt, Phelps & Phillips, LLP, Mitsubishi Corporation (Americas), Mobile Solar, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, Powertree Services Inc., Primus Power Corporation, Princeton Power Systems, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sony Corporation of America, Sovereign Energy, STEM, SunEdison, SunPower, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, Wellhead Electric. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

I. INTRODUCTION.

CESA appreciates the collaborative effort by the Integrated Distributed Energy Resources (“IDER”) Working Group to establish a system for avoided cost calculator version control, develop a process for avoided cost calculator data updates, and develop recommendations related to resource balance year, avoided cost estimation, costs and benefits definitions, and whether to develop a societal cost test. As CESA understands it, the Working Group has the difficult task of updating an existing cost-effectiveness framework while also developing a new one that incorporates a number of avoided cost elements that have not been previously considered. In support of the Working Group’s goals, CESA recommends that the avoided costs be based on use cases that link to the Distributed Resources Plan (R.14-08-013) and its procurement approach.

II. THE AVOIDED COST CALCULATOR MUST STRIKE RIGHT BALANCE BETWEEN CREATING ACTIONABLE AND REGULARLY UPDATED DATA WITH MAINTAINING CONSISTENCY AND MINIMIZING ADMINISTRATIVE BURDEN.

CESA understands the difficulty in balancing the need to frequently update inputs into the Avoided Cost Calculator to convey the most accurate and actionable data with the high administrative cost and complexity of making such frequent updates. Especially for inputs that do not change substantially from year to year, or for inputs that require complex running of external models, the update process may have minimal benefit for the large amount of resources and time required. Given this complexity, most stakeholders in the Working Group appear to support an annual process.

CESA mostly supports an annual update process but recommends that some flexibility be built in the updating process and to allow certain inputs to be put into “auto-pilot” mode, as

suggested by several Working Group stakeholders.² To the extent possible, the Avoided Cost Calculator should be updated to reflect as close as possible to real-time grid conditions. Certain inputs, such as cost of capital, change annually and can be readily updated based on regularly scheduled publications of this data. Commodity prices (*e.g.*, natural gas) and errors, meanwhile, can and should be immediately corrected and updated. For data inputs that change less frequently, CESA supports the Working Group's recommendation that these inputs be updated if it changes by a certain threshold amount.

Therefore, CESA recommends that the Working Group categorize the different data inputs into the nature in which it is updated and to identify input categories that should be updated annually versus those that should be updated as circumstances change. Overall, different processes should be in place to allow for the Avoided Cost Calculator to be appropriately updated to provide developers and technology providers with actionable data to deploy their DER solutions.

III. WHILE A SINGLE METHODOLOGY FOR AVOIDED COSTS FOR ALL RESOURCES IS PRUDENT, THE AVOIDED COST CALCULATOR SHOULD BE FLEXIBLE TO INCORPORATE RESULTS FROM OTHER INDIVIDUAL PROCEEDINGS.

The Working Group proposed a general recommendation for developing an Avoided Cost Calculator that should apply to all resources and proceedings. CESA supports this recommendation, but believes that the Avoided Cost Calculator should build some flexibility into updating certain data inputs based on findings and resource-specific avoided costs from other proceedings. For example, the Energy Storage Rulemaking (R.15-03-011) and its resulting procurement applications will reveal deferral, avoided flexibility, avoided capacity, and avoided

² *Cost Effectiveness Working Group Status Report*, published on February 2, 2016, p. 6.

ancillary services values for energy storage resources at various locations, which have the potential to inform the Avoided Cost Calculator being considered in this proceeding. Similarly, the avoided costs attributed to a multiple-use resource will be developed in Track 2 of R.15-03-011, which should be incorporated into the Avoided Cost Calculator to account for the added benefits of DERs, not just energy storage, that can provided a large benefits stack of avoided costs from a single resource.

IV. LOAD SHAPES SHOULD HAVE MORE LOCATIONAL GRANULARITY TO BETTER LINK TO DISTRIBUTED RESOURCE PLANS.

CESA supports the development of an Avoided Cost Calculator with a more granular load shape that signals to developers more regional or local grid needs that could be mitigated by DER solutions. There are variations in weather patterns, customer class breakdowns, distributed generation deployments, and other factors that drive load shapes to vary in terms of the magnitude and timing of peak loads. Therefore, a single statewide load shape diminishes or inadequately accounts for the locational benefits provided by DER solutions in flattening more regional or local load shapes. San Diego Gas and Electric (“SDG&E”) similarly indicated that certain avoided costs should be evaluated at the regional, local, or utility level, suggesting that more granular load are needed and should be developed in future iterations of the Avoided Cost Calculator.³

³ *Cost Effectiveness Working Group Status Report*, published on February 2, 2016, p. 29.

V. **CONCLUSION.**

CESA appreciates the opportunity to submit these comments on the Ruling and looks forward to working with the Commission, the IOUs, and other parties in this proceeding.

Respectfully submitted,



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