CALCCA
ADVANCING LOCAL ENERGY CHOICE

December 23, 2021

VIA ELECTRONIC MAIL

Mr. Edward Randolph
Deputy Executive Director, Energy and Climate Policy
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: California Community Choice Association's Protest of San Diego Gas and Electric Company's Advice Letter 3913-E regarding Request For Approval Of Emergency Reliability Utility-Owned Energy Storage Contracts And Related Costs Pursuant To Decision 21-12-015, And For Expedited Protest Period And Disposition

Dear Mr. Randolph:

Pursuant to California Public Utilities Commission's (Commission's) General Order (GO) 96-B,[1] California Community Choice Association[2] (CalCCA) submits this protest of *Request For Approval Of Emergency Reliability Utility-Owned Energy Storage Contracts and Related Costs Pursuant To Decision 21-12-015, and For Expedited Protest Period and Disposition* (Advice Letter).

SUMMARY

CalCCA does not object to the Commission's approval of the utility-owned storage (UOS) projects requested in the Advice Letter but seeks clarification on how the Commission intends to oversee the operation of UOS and allocate the benefits of such projects. Specifically, the Commission should clarify how the benefits of the dispatch of UOS resources not yet participating in the wholesale market will be credited against procurement costs in the Cost Allocation Mechanism (CAM). Southern California Edison Company (SCE) outlined a methodology for allocating such benefits in Advice Letter 4617-E (AL 4617), dated October 21,

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1 References to "General Rules" are to the general rules identified in General Order 96-B.

2 California Community Choice Association represents the interests of 23 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

2021, and the Commission should direct SDG&E to incorporate this methodology for its UOS for benefits provided by the resource when it is not participating in the wholesale market.

This issue should be addressed before the resources meet commercial operation to ensure that all customers responsible for the costs of these resources receive the appropriate value for them.

BACKGROUND

On December 14, 2021, SDG&E submitted the Advice Letter requesting approval of Emergency Reliability UOS contracts and related costs pursuant to Decision (D.) 21-12-015. The comments submitted here do not object to the approval of the UOS contracts requested in the Advice Letter but rather request clarification of several unknowns in the operation and cost recovery of a resource that will initially not be dispatched within the California Independent System Operator (CAISO) market.

The Advice Letter requests Commission approval of three UOS contracts, two of which will have full capacity deliverability status (FCDS) in the CAISO market by the time the resources reach their commercial operations date (COD), and one of which will not. For the resource that will not have FCDS when it first becomes operational, SDG&E requests the Commission find:

> "SDG&E may recover the costs associated with the Pala-Gomez Creek project, from all customers in SDG&E's distribution service territory through the distribution charge. Once the project has achieved Full Capacity Deliverability Status (FCDS) in the California Independent System Operator (CAISO) wholesale market, SDG&E may allocate the remaining costs and benefits of the resource through the CAM."

When discussing cost and benefit allocation of the resource that will not initially be CAISO market integrated, the Advice Letter cites to D.21-12-015, which states:

> "If an IOU procures resources that are not fully deliverable, it shall work with the Commission's Energy Division and the CEC to ensure that benefits are allocated to all LSEs once the emergency procurement period has ended. During the emergency period, any associated load reduction will be applied toward the IOU's contingency procurement target."

However, the Advice Letter does not address how SDG&E will allocate the benefits provided by the resource during the time the resources is not CAISO market interconnected. During such time, these benefits are in the form of reduced energy consumption that no longer needs to be served through wholesale market purchases.

This leaves a lack of clarity that must be resolved around how the benefits of UOS not yet participating in the wholesale market will be credited against procurement costs in the CAM.

PROTEST

The Commission must direct SDG&E to clarify how benefits of reduced load that does not need to be served through wholesale market purchases will be allocated while the resource is not interconnected to the CAISO market. Crediting these benefits should be consistent with SCE's proposed UOS procurement in AL 4617. In AL 4617, SCE explains the capacity benefits provided by resources not initially participating in the wholesale market, stating, "When the resources are not participating in the wholesale market, SCE also calculated capacity benefits as a load-modifying resource contributing to meet reliability needs as the resource will reduce load on the CAISO grid."[3] SCE used the following methodology for ensuring all customers received such benefits:

> "During the period when the costs of the energy storage resources are recovered through distribution charges, SCE will credit energy benefits against such costs. The energy benefits are reflected in reductions to the load procurement charges that apply to bundled services customers via generation rate levels and that record to the Energy Resource Recovery Account ("ERRA") Balancing Account ("ERRA BA"). To ensure that all benefitting customers receive these benefits, SCE intends to debit the ERRA BA for the actual energy benefits received and credit the distribution subaccount of the Base Revenue Requirement Balancing Account ("BRRBA-D").[4]

SDG&E must adopt the same approach for its UOS resources not yet interconnected to the CAISO grid to ensure all customers funding the resources receive the benefit the resources provide. When resources participate in the wholesale market and costs and benefits are allocated through the CAM, wholesale market costs are allocated through CAM to ensure energy benefits are allocated to all customers funding the procurement of the resource. When UOS resources are not participating the wholesale market, as the Proposed Decision allows, energy benefits are incurred via reduced load that no longer needs to be served through wholesale market purchases. SDG&E's Advice Letter, however, is unclear regarding how such benefits will be allocated to all customers. This can be remedied simply by clarifying that such benefits be allocated consistent with the methodology outlined in SCE's AL 4617.

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3 Submission of Southern California Edison Company Emergency Reliability Engineering, Procurement, Construction, and Maintenance Contract for Utility-Owned Storage Resources for Review and Approval Pursuant to the Phase 1 Decisions and Assigned Commissioner's Ruling issued in Rulemaking 20-11-003; Request for Expedited Protest Period and Disposition, AL 4617-E, Oct. 21, 2021, at 16.

4 *Id.*, at 27.

CONCLUSION

The elements described above should not delay the procurement by SDG&E to deliver the resources and benefit reliability. Rather they provide clarity of how the ongoing costs and benefits of such resources will be evaluated and ensured to accrue to all benefitting customers. CalCCA asks that the Commission and SDG&E provide more clarity on these topics before the resources reach commercial operation.

Respectfully,

CALIFORNIA COMMUNITY CHOICE ASSOCIATION

Evelyn Kahl

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General Counsel and Director of Policy

cc via email:

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