



December 23, 2019

California Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

**RE: CleanPowerSF Advice Letter 6-E.
Energy Storage Procurement Notification**

PURPOSE

California Public Utilities Commission (“Commission”) Decision (“D.”) D.13-10-040, Decision Adopting Energy Storage Procurement Framework and Design Program establishes an energy storage (“ES”) procurement goal of 1% of 2020 annual peak load for Community Choice Aggregation (“CCA”) programs.¹ D.17-04-039 modified this requirement by implementing an “automatic limiter” that proportionally reduces a CCA program’s 1% ES procurement obligation to ensure that a CCA program’s total ES procurement (its direct ES procurement plus its proportional share of Investor-Owned Utility (“IOU”) ES procurement paid for through distribution rates and non-bypassable charges) does not exceed the ES procurement obligation of the IOU serving the CCA’s territory, as a percentage of load.²

CleanPowerSF submits this Tier 2 Advice Letter to inform the Commission about the status of the automatic limiter, CleanPowerSF’s ES procurement activities, and its progress toward meeting its ES procurement goal of 4.72 MW (1% of CleanPowerSF’s 2020 projected peak load of 472 MW).

The status of CleanPowerSF’s ES compliance is summarized below:

1. As of July 2019, the automatic limiter has been triggered relieving CleanPowerSF of its whole ES procurement obligation.
2. CleanPowerSF’s planned ES procurement is more than its 1% obligation of 4.72 MW.

¹ D.13-10-040, pp. 36, 77 (Ordering Paragraph 5)

² D.17-040-039, p. 68 (Ordering Paragraph 6).

3. Currently, CleanPowerSF has 0 MW of ES under contract.
4. In Advice Letter 5706-E PG&E reported 115 Self Generation Incentive Program (“SGIP”) funded ES projects in CleanPowerSF’s service area with a total capacity of 0.989 MW. CleanPowerSF is entitled to an ES credit of 0.494 MW, 50% of the project’s total rated capacity.

BACKGROUND

The Commission issued D.13-10-040 on December 21, 2013, pursuant to Assembly Bill (“AB”) 2514, and adopted the Energy Storage Procurement Framework and Design Program for IOUs, Electric Service Providers (“ESPs”), and CCA programs. D.13-10-040 establishes a goal for CCA programs to procure ES resources in an amount equal to 1% of their 2020 peak load. D.13-10-040 requires that each CCA program file a Tier 2 Advice Letter to showing their ES procurement progress every two years through 2024.³

In D.17-04-039 the Commission recognized that CCA customers would pay for ES procurement by Investor Owned Utilities (“IOUs”) through their distribution rates and/or non- bypassable charges. To prevent the total effective ES procurement that a CCA customer is responsible for from exceeding the ES procurement obligation that an IOU customer is responsible for the Commission adopted an “automatic limiter” that:

. . . proportionately reduces each Community Choice Aggregator’s and Energy Service Provider’s one percent procurement obligation by the amount that the load serving entity’s own procurement plus its customers’ share of non- bypassable charges exceeds the utility bundled customer obligation as a percentage of load. If the limiter is reached, the consolidated utility compliance filing shall automatically reflect the reduced Community Choice Aggregator / Energy Service Provider energy storage procurement obligation.⁴

AUTOMATIC LIMITER AND SHARE OF IOU ES PROCUREMENT

D.17-04-039 requires that each IOU provide updated data comparing IOU and CCA/ESP storage procurement obligations as a percentage of load and calculate whether the automatic limiter has been triggered via an annual Tier 1 advice letter filing. The three IOUs jointly filed an advice letter regarding the automatic limiter on August 1, 2019. The data in the IOUs’ advice letter shows that the automatic limiter has been triggered in PG&E’s distribution service territory and has been applied to the CCA’s share of procurement responsibility, resulting in

³ D.13-10-040 at 77 (Ordering Paragraph 5)

⁴ D.17-04-039 at 68 (Ordering Paragraph 6)

an adjusted share of 208 MW.⁵ CCA customers in PG&E's distribution service territory, in aggregate, are currently paying for 282 MW of PG&E ES procurement through non-bypassable charges and/or distribution rates.⁶ This 282 MW portion of ES procurement exceeds the adjusted CCA procurement obligation of 208 MW, relieving CleanPowerSF's of its ES procurement responsibility.⁷

ENERGY STORAGE PROCUREMENT AND COST-EFFECTIVENESS

Although the automatic limiter has relieved CleanPowerSF of its ES procurement obligation, CleanPowerSF continually monitors the economics of storage technology and anticipates adding storage to its portfolio in the near future. CleanPowerSF's new renewable generation contracts include options to add ES at the project site where feasible. CleanPowerSF expects to have operating ES resources in excess of 1% of its 2020 peak load by 2024. These efforts will lead to a more diverse resource mix and support renewable integration on the grid.

Cost-effectiveness is an important consideration in CleanPowerSF's electricity resource procurement process. Generally speaking, CleanPowerSF considers an ES resource to be cost-effective if the costs of the project are less than or equal to the financial benefits (i.e., revenues and/or avoided costs) realized from the project. The financial benefits can be realized by avoiding power purchase costs CleanPowerSF would otherwise incur if not for the ES resource. Benefits that CleanPowerSF currently assesses in its ES resource procurement include, but are not limited to (1) Resource Adequacy capacity value and (2) the energy arbitrage/load shifting value. CleanPowerSF's cost-effectiveness evaluation methodology is dependent on the use case and operating parameters of the ES resource. For example, the specific financial benefits of an ES resource will vary depending on the ES application involved (e.g., shift energy production from a utility scale project or improve local reliability for end use customer(s) in the case of a project located on the distribution system).

CleanPowerSF will continue to evaluate ES resource cost-effectiveness in forthcoming solicitations for renewable and ES projects. CleanPowerSF is also assessing ES resources as part of its 2020 Integrated Resource Plan (IRP) process. As part of the process, various types and applications of ES are being analyzed for inclusion in the CleanPowerSF portfolio. The results of this analysis will help inform which ES applications would be most beneficial to balancing energy supply with demand, supporting, system/local reliability, and managing ratepayer costs.

⁵ PG&E Advice Letter 5605-E, p. 6 (Table 6).

⁶ PG&E Advice Letter 5605-E, p. 5 (Table 5)

⁷ PG&E Advice Letter 5605-E, p. 6 (Table 6)

SHARE OF SGIP-FUNDED PROJECTS

Based on data included in PG&E's most recent advice letter reporting on the breakout of SGIP funded energy storage installations, Advice Letter 5706-E, CleanPowerSF will receive an ES storage credit of 0.494 MW.⁸ Data provided by PG&E shows 115 SGIP funded ES projects in CleanPowerSF's service area with a total capacity of 0.989 MW. CleanPowerSF is entitled to an ES credit of 0.494 MW, 50% of the project's total rated capacity.⁹

EFFECTIVE DATE

CleanPowerSF requests that this Tier 2 Advice Letter become effective on January 22, 2020, which is 30 days after the date of this filing.

TIER DESIGNATION:

Tier 2, as required by D.12-10-040, Ordering paragraph 5.

PROTESTS

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit 505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Justin Pine
Utility Analyst
525 Golden Gate Ave.
San Francisco, CA 94102

⁸ PG&E Advice Letter 5706-E, Attachment 1

⁹ D.16-01-032 at 61 (Findings of Fact 19)

jpine@swater.org

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall set forth the grounds upon which it is based and must be received by the deadline shown above.

NOTICE

In accordance with General Rule 4 of General Order 96-B, a copy of this advice letter is being served to the service list for R.15-03-011 service list.



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cc: R.15-03-011