January 2, 2020

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

Advice Letter MCE 39-E

RE: ENERGY STORAGE PROCUREMENT

EFFECTIVE DATE

MCE requests that this Tier 2 Advice Letter become effective on February 1, 2020, which is 30 days after the date of this filing.

TIER DESIGNATION: Tier 2 Designation

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 peak load for Community Choice Aggregation ("CCA") programs.[1] D.17-04-054 modifies this requirement by implementing an "automatic limiter" that reduces a CCA program's 1% ES procurement obligation as needed to ensure that the CCA program's total ES procurement does not exceed the ES procurement obligation of its distribution Investor-Owned Utility ("IOU").[2]

MCE submits this Tier-2 Advice Letter to inform the Commission about the status of its ES procurement activities and to inform the Commission of its achievement of its modified 2020 ES procurement goal.

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 equal to 1% of their 2020 peak load.[3] While this goal does not have to be met until 2020, the Commission stated that it does not want CCA programs "to delay procurement until that time," so D.13-10-040 accordingly requires that each CCA

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1 D.13-10-040 at 36, 77 (Ordering Paragraph 5); D.17-04-039 at 63 (Finding of Fact 13).

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

3 D.13-10-040 at 43, 47.

program file a Tier 2 Advice Letter to show progress toward the 2020 goal every two years, beginning on January 1, 2016.[4]

In D.17-04-054, the Commission recognized that CCA customers may be required to pay for ES procurement by IOUs through their distribution rates and/or non-bypassable charges ("NBCs"). 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.[5]

On December 5, 2018, Edward Randolph, Director, Energy Division, determined that "the automatic limiter has been triggered for ESPs and CCAs in the service territories of all three IOUs, and their 1% storage procurement obligation has been eliminated." Since that determination, energy storage counting towards the limiter has continued to increase. On August 1, 2019, the IOUs submitted their Joint Automatic Limiter Advice Letter,[6] notifying the Commission that the automatic limiter has been fully triggered for all CCA programs in all three IOUs' service territories.

The customers of CCAs in Pacific Gas and Electric Company's ("PG&E") distribution service territory are collectively paying for 282 MW of PG&E's ES procurement through NBCs and/or distribution rates.[7] This procurement is far in excess of the CCAs' collective 1% procurement obligation of 65 MW,[8] and is more than enough to trigger the automatic limiter.

ENERGY STORAGE PROCUREMENT EFFORTS

MCE's original ES procurement goal, as adopted in D.13-10-040, is 1% of MCE projected peak load in 2020. Based on the California Energy Commission's 2018 IEPR Load Forecast (Revised Tables, Mid Baseline – Mid AAEE) MCE's projected peak 2020 peak load is 902.71 MW, giving MCE a 1% ES procurement target of 9.03 MW.[9] This goal has been subsequently

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4 D.13-10-040 at 47.

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

6 The August 1, 2019 Joint Automatic Limiter Advice Letter was filed as Advice Letter 4808-E (SCE), 5605-E (PG&E), and 3408-E (SDG&E).

7 PG&E Advice Letter 5605-E (Joint Automatic Limiter Advice Letter) at 5 (Table 5).

8 Id.

9 To calculate peak load, CCA is using the same formula used by the IOUs in the Automatic limiter advice letter, assuming a 64% capacity factor (CF) for CCAs: MW = 1000*GWh/(0.64*8760).

modified by the D.17-04-054 automatic limiter, which has been fully triggered, *reducing MCE's ES procurement goal to 0 MW*.

Despite the automatic limiter's elimination of its 1% ES procurement obligation, MCE remains committed to procuring energy storage resources. MCE currently has an RFP seeking implementation partners to help develop energy storage capabilities. Below is from the introduction of that RFP (MCE Request for Proposals #2019-04), that is due for proposals by January 16, 2020:

MCE is seeking qualified partners capable of providing end-to-end project development and installation services necessary to implement an innovative, programmatic approach to increasing local resilience and reliability and supporting active peak load management through the deployment of up to 70 MWhs of behind-the-meter (BTM) dispatchable battery energy storage systems within MCE's service territory over a 5-year period. MCE intends to launch program implementation (Phase I) in Q1 of 2020, with the intention of having some battery energy storage systems deployed and online by Q4 of 2020.

In addition, on January 28, 2016, the Commission adopted D.16-01-032 and determined that the credit for SGIP-funded installations should be split 50/50 between the IOU and the CCA/ESP.[10] D.16-09-007 further directed the IOUs to file a Tier 1 Advice Letter twice a year, on June 1 and December 1, containing the breakout of SGIP-funded energy storage installations.[11]

Based on the break-out provided in PG&E's Tier 1 Advice Letter AL 4115-E, there are approximately 4.420 MW of energy storage projects in MCE's service area that have received SGIP funding. Therefore, 2.210 MW of the installation will count toward MCE's storage compliance obligation.

Finally, CCA customers are entitled to proportional credit for the PG&E-procured ES resources that they pay for through NBCs and distribution rates. In AL 5605-E, PG&E reports that it expects to recover 637 MW of ES resources from CCA customers through distribution rates and NBCs, and that CCA customers are entitled to ES credit for 282 MW (44%) of these resources. As MCE accounts for 4.96% of the total peak load in PG&E's service territory,[12] MCE's customers are entitled to credit for 29.45 MW of PG&E's ES procurement. This includes:

1. 0.32 MW of PG&E's 6.5 MW of non-SGIP ES already approved for recovery via NBCs.
2. 0.99 MW of PG&E's 20 MW Llegas ES Project.
3. 28.14 MW of PG&E's four ES projects pursuant to Resolution E-4909 (totaling 567.5 MW).

[10] D. 16-01-032 at 61.

[11] D.16-09-007 at 26; Order Paragraph 5.

[12] Under the IEPR Mid-AAEE Mid-AAPV Load Forecast, 2020 peak load for PG&E distribution service territory (including load for PG&E bundled customers, Direct Access customers, and CCA customers) is 18,197 MW. MCE's 2020 peak load is 902.71 MW.

COST-EFFECTIVENESS

Cost is an important consideration in MCE's procurement of ES resources. MCE considers an energy storage project to be "cost-effective" if the upfront and operational costs of the project can be offset fully by monetary benefits resulting from the utilization of the project. These benefits can either result in revenue return to MCE or to a specific MCE customer if there is direct customer involvement. These benefits can manifest as both short-term gains and long-term cost-savings. So long as these benefits meet or exceed the costs associated with the energy storage project, then MCE will consider the project as cost-effective. MCE will compare any proposed energy storage project costs with other proposals and publicly available information about energy storage project cost metrics to make sure that individual bids are competitive.

More generally, MCE manages its supply commitments with the objective of balancing cost stability and cost minimization, while leaving some flexibility to take advantage of market opportunities or technological improvements that may arise. MCE conducts most procurement through a competitive process to ensure we are procuring at the lowest cost possible. As part of the analysis for any procurement, MCE evaluates the benefits from a project against the up-front and ongoing costs.

NOTICE

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:

Stuart Fishman
Compliance Operations Manager
MARIN CLEAN ENERGY
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6676
SFishman@MceCleanEnergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the G.O. 96-B, R.10-12-007, and R.15-03-011 service lists. For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

CORRESPONDENCE

For questions, please contact Stuart Fishman at (415) 464-6676 or by electronic mail at SFishman@MceCleanEnergy.org.

/s/ Stuart Fishman
Stuart Fishman
Compliance Operations Manager
MARIN CLEAN ENERGY (MCE)

cc: G.O. 96-B Service List
R.10-12-007 Service List
R.15-03-011 Service List

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Marin Clean Energy

Utility type:
☑ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Stuart Fishman
Phone #: 415-464-6676
E-mail: sfishman@mcecleanenergy.org
E-mail Disposition Notice to: sfishman@mcecleanenergy.org

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 39-E

Tier Designation: 2

Subject of AL: MCE's 2020 Energy Storage Procurement Compliance Report

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☑ Other: Biennial

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.13-10-040, D.17-05-054

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date: 2/1/20

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
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Name:
Title:
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Clear Form

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Clear Form