

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. Peninsula Clean Energy Authority

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person for questions and approval letters: Jeremy Waen

Phone #: (650) 260-0083

E-mail: jwiedman@PeninsulaCleanEnergy.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: PCE 005-E

Subject of AL: Peninsula Clean Energy's Energy Storage Procurement

Tier Designation: 1 2 3

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other Biannual

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.13-10-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: n/a

Resolution Required? Yes No

Requested effective date: January 21, 2020

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 proposed¹: n/a

Pending advice letters that revise the same tariff sheets: n/a

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Utility Info (including e-mail)
Peninsula Clean Energy Authority
Joseph Wiedman, Director of Regulatory and Legislative Affairs
2075 Woodside Rd. Redwood City, CA 94061
jwiedman@PeninsulaCleanEnergy.com

¹ Discuss in AL if more space is needed.



San Mateo County | Atherton | Belmont | Brisbane | Burlingame | Colma | Daly City | East Palo Alto | Foster City
Half Moon Bay | Hillsborough | Millbrae | Menlo Park | Pacifica | Portola Valley | Redwood City | San Bruno | San Carlos San
Mateo | South San Francisco | Woodside

January 1, 2020

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

Advice Letter Peninsula Clean Energy Authority 005-E

RE: ENERGY STORAGE PROCUREMENT

EFFECTIVE DATE

Peninsula Clean Energy Authority (“PCE”) requests that this Tier 2 Advice Letter become effective on January 31, 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 (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 its distribution IOU.²

PCE 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.

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).

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 D.13-10-040 also requires that each CCA 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 Investor Owned Utilities (“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.

³ D.13-10-040 at 43, 47.

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.

ENERGY STORAGE PROCUREMENT EFFORTS

PCE's original ES procurement goal, as adopted in D.13-10-040, is 1% of PCE's projected peak load in 2020. Based on the California Energy Commission's 2018 IEPR Load Forecast (Revised Tables, Mid Baseline – Mid AEE) PCE's projected peak 2020 peak load is 619 MW, giving PCE a 1% ES procurement target of 6.19 MW.⁹ This goal has been subsequently modified by the D.17-04-054 automatic limiter, which has been fully triggered, *reducing PCE's ES procurement goal to 0 MW*.

Despite the automatic limiter's elimination of its 1% ES procurement obligation, PCE remains committed to procuring energy storage resources. PCE's *direct* ES procurement is as follows:

1. PCE currently has 0 MW of operational ES resources owned or under contract.
2. PCE's planned ES procurement is over 6.19 MW as demonstrated in PCE's most recent Integrated Resource Plan filed in the Integrated Resources Planning Docket. This planned ES procurement includes the following planned resources:
 - a. 10 MW of distributed storage resources located in San Mateo County to come online between 2020 and 2021;
 - b. Utility-scale ES resources paired with solar resources planned to come online between 2022 and 2023.
3. PG&E has reported numerous Self Generation Incentive Program ("SGIP") funded ES projects in PCE territory with a total capacity of 7.992 MW.¹⁰ PCE is entitled to ES credit for 50% of these projects: 3.996 MW.

We will continue to apprise the Commission in appropriate forums of the results of this procurement. As discussed below, all planned ES procurement will be cost-effective.

In addition, PCE's 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 PCE accounts for 3.3% of the total peak load in PG&E's service territory, PCE's customers are entitled to credit for approximately 19.61 MW of PG&E's ES procurement. This includes:

1. Approximately 0.22 MW of PG&E's 6.5 MW of non-SGIP ES already approved for recovery via NBCs.
2. Approximately 0.66 MW of PG&E's 20 MW Llegas ES Project.
3. Approximately 18.73 MW of PG&E's four ES projects pursuant to Resolution E-4909 (totaling 567.5 MW).

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

¹⁰ PG&E Advice Letter 5706-E.

COST-EFFECTIVENESS

Cost is an important consideration in PCE's procurement of ES resources. PCE 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 PCE or to a specific PCE 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 PCE will consider the project as cost-effective. PCE 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, PCE 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. PCE 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, PCE 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:

Joseph Wiedman
Director of Regulatory & Legislative Affairs
Peninsula Clean Energy
2075 Woodside Road
Redwood City, CA 94061
jwiedman@PeninsulaCleanEnergy.com

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.

PCE is serving copies of this advice filing to the relevant parties shown on the G.O. 96-B 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 Joseph Wiedman at (650) 260-0083 or by electronic mail at jwiedman@peninsulacleanenergy.com.

/s/ Joseph Wiedman

Joseph Wiedman
Director of Regulatory and Legislative Affairs
Peninsula Clean Energy Authority

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