

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the
California Solar Initiative, the Self-
Generation Incentive Program and Other
Distributed Generation Issues.

Rulemaking 12-11-005

(Filed November 8, 2012)

CLEAN COALITION COMMENTS ON ASSIGNED COMMISSIONER'S RULING
REGARDING THE DEVELOPMENT OF AN ESTIMATION METHODOLOGY FOR NET
METERING PAIRED STORAGE DEVICES PURSUANT TO ORDERING PARAGRAPH 6
OF DECISION 14-05-033.

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I. INTRODUCTION

The Clean Coalition submits the following comments on the Assigned Commissioner's Ruling (ACR) Regarding the Development of an Estimation Methodology for Net Metering Paired Storage Devices Pursuant to Ordering Paragraph 6 of Decision 14-05-033, dated November 4, 2014.

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems that deliver cost-effective renewable energy, strengthen local economies, foster environmental sustainability, and enhance energy security and reliability. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources, such as wholesale distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also designs and implements programs for utilities and state and local governments, including demonstrating that local renewables can provide at least 25% of the total electric

energy consumed within the distribution grid, while maintaining or improving grid reliability. The Clean Coalition participates in numerous proceedings in California agencies and before other state and Federal agencies throughout the United States.

Summary

In response to the ACR, the Clean Coalition believes that *Method #2: Establishment of a Maximum Monthly Output Cap* is preferable in that its greater flexibility allows for the most benefits to be provided to the electricity grid on a daily basis.

II. COMMENTS ON ESTIMATION METHODOLOGY

The Clean Coalition has consistently demonstrated the varied benefits that distributed energy resources, including energy storage, provide to the electricity grid. These benefits include not just avoided generation in general, but also specific benefits in terms of local reliability and a more efficient distribution grid. The Clean Coalition has generally advocated for the removal of unnecessary constraints that prevent distributed energy resources from being connected to the grid, or prevent the full benefits of the distributed energy resources from being achieved.

In Decision 14-05-033, the California Public Utilities Commission (“the Commission”) ruled that energy storage paired with Net Energy Metering (NEM) generation facilities could be considered “additions or enhancements” to the NEM generation facilities, such that the energy storage was exempted from a variety of fees, under the rules governing NEM. The Commission

also ruled that procedures must be established in order to ensure that energy storage would not be used to shift non-NEM eligible generation onto NEM credited export.¹

Decision 14-05-033 ruled that for small (less than 10kW maximum discharge) NEM generation facilities paired with storage, the use of methodologies that estimated the upper limit of NEM credits that could be exported from NEM eligible generation was a cost effective solution, avoiding the need for costly metering.² The Clean Coalition appreciates the Commission's judgment in finding a cost effective and simple solution.

Method #2: Establishment of a Maximum Monthly Output Cap is preferable as an estimation methodology, due to its greater flexibility. As this methodology provides a monthly cap, as opposed to a daily or hourly cap, a NEM associated storage facility will have a greater opportunity to utilize its capacity in support of efficient grid operation, especially in light of the Commission's forthcoming requirements for the inclusion of advanced inverter functionality³, while not exceeding the cap on NEM credits. Thus, the NEM generation facility paired with storage will be better able to respond to system needs. This methodology allows for NEM generation facilities with storage to provide more benefits to the electricity grid. This is in

¹ See D.14-05-033, p. 19, Conclusion of Law 10.

² See D.14-05-033, pp. 19-20, p. 36, Conclusions of Law 11, 12, p. 39 Order 6.

³ See R.11-09-011, Proposed Decision issued November 13th, 2014 – Interim Decision Adopting Revisions to Electric Tariff Rule 21 for Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Require “Smart” Inverters.

alignment with the goals of the Commission’s Integrated Demand Side Management⁴ and draft Distribution Resource Planning guidance⁵, and should be a paramount concern.

Methodology # 2 is also less complex. The calculations are more easily performed and are likely more understandable for NEM customers. This methodology allows the NEM facility owner to better understand and control their NEM export.

Methodology # 1 calculates an hourly cap on NEM credits. While this methodology may provide a more accurate estimation of the upper limit of NEM credits from NEM generation facilities on an hourly basis, it is not clear the difference in accuracy is a significant one. This methodology allows less flexibility in exporting NEM energy within various TOU periods and thus limits the benefits that can be achieved from storage capacity associated with the NEM facility. While greater opportunity exists to store grid-sourced energy and export this energy during higher TOU periods, this does not impact the level of renewable energy produced by the customer. To the extent that load shifting may be encouraged, it would do so only in response to the value established in adopted TOU rates, thus reflecting a measure of value to other ratepayers.

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⁴ See Order Instituting Rulemaking 14-10-003, pp. 11, 12.

⁵ See Draft Guidance, p. 22 “Barriers to Deployment,” Attachment A to Assigned Commissioner’s Ruling re Draft Guidance for Use in Utility AB 327 (2103) Section 769 Distribution Resource Plans, dated November 17th, 2014, in R.14-08-013

III. CONCLUSION

The Clean Coalition appreciates the Commission's work in establishing cost effective solutions for crediting NEM generation and storage. Under the existing NEM rules and procedures, Methodology # 2 provides for the most opportunity for benefits to the electricity grid.

Respectfully submitted,

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