BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking To Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 18-07-003 (Not Consolidated)
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Not Consolidated)
Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program	Rulemaking 11-05-005 (Not Consolidated)

CLEAN COALITION OPENING COMMENTS IN RESPONSE TO THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING UPDATED INFORMATION REGARDING THE RENEWABLE MARKET ADJUSTING TARIFF PROGRAM

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I. INTRODUCTION

The Clean Coalition respectfully submits these opening comments in response to the Administrative Law Judge's ("ALJ") Ruling Seeking Updated Information Regarding the Renewable Market Adjusting Tariff ("ReMAT") Program, issued in the above captioned proceeding on April 22, 2021, and the Administrative Law Judges' Ruling Granting an Extension of Time to Comment and Clarifying the April 22, 2021 Ruling Seeking Feedback, issued on April 30, 2021. The Clean Coalition appreciates that the Commission is considering the Petition for Modification ("PFM") submitted on October 17, 2013, along with the eight petitions submitted by other parties since then. Along with the remaining issues in the proceeding, the Clean Coalition believes that the 2021 updates to ReMAT will optimize the program so that it benefits the grid and offers a reasonable rate of compensation that increases developer demand in a way that is significant enough to fulfill the capacity allocations from the state. The best way to achieve those goals is to use on single product category with TOD multipliers, maximizing value to projects that deploy co-located storage.

II. DESCRIPTION OF PARTY

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development

expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources ("DER") — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. RESPONSES TO QUESTIONS

1. *How can the Commission ensure that the ReMAT procurement target is fully achieved?*

The Commission needs to change ReMAT to ensure that each utility has the opportunity to procure the full amount of capacity that was allocated by the state. This should be achieved by first, changing the rules surrounding the sunset clause and de minimis status, and second, eliminating the historical product categories to better reflect market demand.

According to the original ReMAT program, as soon as any of the three project categories approaches *de minimis status*, a two-year clock starts, after which the entire ReMAT program in a utility service territory can legally be closed. Note, *de minimis status* does not require a product category **actually reach zero**, it only necessitates that contracted generation — not even projects that actually meet their commercial operation date ("COD") — approaches zero. Close to half of the contracted ReMAT projects in SCE and PG&E service territories were terminated before the project ever reached its COD; in SDG&E service territory, of the eight Solar PV projects that received contracts, only three were ever operational. Thus, just receiving a contract is an inaccurate indicator of whether program capacity will end up being met, but it does have a significant impact on how quickly a project category reaches *de minimis status*. As a result, the statute naturally precludes the possibility that a utility will ever fully execute enough contracts to meet the procurement goals. SDG&E closed its ReMAT program prior to the statewide shutdown of the program in 2017, only filing comments during the 2020 reopening process to get a guarantee that regardless of the changes to ReMAT, the Commission would not require SDG&E to reopen any portion of its ReMAT program. Similarly, SCE is approaching *de minimis* status in the as-available peaking category, with only 4.82 MW of capacity left. It is likely that the sunset provision will be triggered after one more contract is carried out. Yet, in terms of total capacity remaining in all three product categories, SCE still has 79.70 MW left. In the last

disclosure report, made on April 1, 2021, SCE acknowledged that it had less than five applicants in each of the three product categories; the developer demand for both the as-available non-peaking and the baseload categories is low enough that neither will come close to being fully subscribed before available capacity runs out in the as-available peaking product category.

The current ReMAT system that classifies eligible resources into three product categories is fundamentally flawed and merits significant change. *PUC § 399.20.D.2.c* only requires that the Commission create a Feed-In Tariff, "in consideration of the following…" and lists the as-available peaking, as-available, non-peaking, and baseload categories as options. Eight years after the new ReMAT was created — with a program open for close to six of those eight years — the results of the experiment are clear considering that close to half of the allocated capacity still remains uncontracted.

After ReMAT was reopened earlier this year, only a few projects have been interconnected, in part because the pricing for the traditional categories was greatly slashed. Therefore, the best option is to get rid of the historical type allocations all together. Shifting to a single bucket for all resources with a Time of Deliver (TOD) multiplier creates equal market conditions for all eligible resources and makes price adjustments a more effective mechanism to solicit new contracts. More importantly, appropriate TOD multipliers based on the Avoided Cost Calculator ("ACC") will compensate ReMAT projects based on the benefit to the grid, rewarding projects that export energy during peak periods. With a level playing field, triggering the sunset clause will actually represent the point in time in which a utility is close to completing enough contracts to meet the CPUC allocation.

a. *Would reassigning or providing more flexible allocation across the three procurement category types enable the Investor-Owned Utilities (IOUs) to fill their ReMAT allocations?*

Assigning flexible allocation is a temporary solution that does not fix the underlying issue with the program design. Using a flexible allocation system does not change the fact that the sunset clause will prevent full capacity from being reached, it only changes the category that will trigger the sunset clause. For example, if there is no developer demand for baseload contracts but there is for as-available non-peaking contracts, will capacity continually be shifted until both categories reach *de minimus* status or will the sunset clause countdown begin as soon as capacity runs out for the first time in a single category? Multiple instances of reallocating

capacity will create unnecessary bureaucratic work for the CPUC and each of the utilities, adding complication, whereas removing the project categories altogether is a much more simple, but elegant solution.

b. *How could historical program data be used to re-evaluate the current product category allocations?*

The current ReMAT program uses historic RPS contracts of similar sized projects to determine the base price for each product category, resulting in a $/MWh range of about $20 between the highest price and the lowest price. With the shift to one category for all eligible resources, an average of the historical program data inputs used for the 2021 ReMAT prices could be used to determine a fair base price. However, the optimal starting price for the single product category in an amended ReMAT program should only use historical data from operational ReMAT projects.

c. *Should other retail sellers, including Community Choice Aggregators, be eligible to participate in the ReMAT program?*

Allowing other retail sellers to participate in the ReMAT program would undoubtedly increase program demand. The Clean Coalition believes that there is reason to wait before allowing CCAs and other retailers to participate in ReMAT, particularly if any new changes kead to enough demand to obviate the need to further expand the scope of ReMAT to include CCAs. With that being said, projects interconnected to the distribution grid are a welcome alternative to having CCAs focus on procuring transmission-interconnected resources and the Clean Coalition looks forward to a further debate on the subject.

d. *Should the product category allocations be revisited regularly, or could a one-time modification lead to a full ReMAT subscription for all IOUs?*

The Clean Coalition believes that a single revision to allocate all remaining capacity to one single product category is the ideal method to ensure full ReMAT subscription is met for each of the IOUs. Such a method also is in the spirt of the first-come, first-serve nature of the tariff and will likely streamline interconnection by allowing each utility to focus all personnel on one project at a time.

e. *Should the Deemed Fully Subscribed definition be revised to ensure that the ReMAT procurement is fully subscribed?*

Yes. The label "fully subscribed" should only be used when the full amount of capacity for an investor-owned utility has been interconnected, rather than when a *de minimis* amount has been contracted for (or is in the interconnection queue). With a single product category, the term "fully subscribed" will only be used according to its true definition.

2. *Should the Commission require San Diego Gas & Electric Company (SDG&E) to restart its ReMAT program to procure the remaining 20.9 Megawatt of its allocated ReMAT capacity left uncontracted?*

The Commission allocated a certain amount of capacity to each of the three Investor-Owned Utilities; without SDG&E doing its part, the goals laid out by the legislature will not be achieved. Therefore, it is of paramount importance that the Commission require SDG&E to restart its ReMAT program to procure all remaining 20.9 MW.

   a. *Should the Commission direct SDG&E to use its existing ReMAT project queue? Why or why not?*

To continue with the first come, first-served intention of the program, the Commission should direct SDG&E to use its existing ReMAT project queue. Any project that has remained in the interconnection queue even after SDG&E closed its ReMAT program and during the three years when the statewide program was shut down has paid significant fees has the right to take service under ReMAT before projects applying in 2021.

   b. *Would soliciting new projects have different costs and benefits relative to using the existing project queue?*

No comment.

3. *Should utilities pay resources differently based on time-of-delivery (TOD) of generation and/or location?*

Currently the ReMAT tariff sheets define as-available peaking resources as those which export 95% or more of their energy between the hours of 6 a.m. and 10 p.m., which does not accurately reflect the real-time energy demand of the state. Therefore, ReMAT should include time-varied TOD multipliers to compensate resources based on their benefit to the grid. Projects should receive a higher rate of compensation for export at peak times compared to exports at non-peak times. Making this change will fix the backwards pricing that currently exists in ReMAT. Resources should not be compensated at a higher rate for exporting more energy at off-peak hours than those that deliver the majority of energy during on-peak hours.

a. *What should be the appropriate valuation assigned to TOD and peak demand hours?*

Using the ACC, the peaking period should be shifted to the ACC two-hour value when there is maximum value to the grid. The two-hour true peak time should have a $0.10/kWh greater value than the non-peaking time. All other times should receive the non-peaking multiplier, incentivizing the deployment of storage.

i. *Should the IOUs be required to provide two TOD factors: one for generators that do not provide resource adequacy and another for generators that do provide resource adequacy?*

No comment.

ii. *Why or why not?*

No comment.

b. *Could the valuation of available resources during peak hours and/or resources that are strategically located resources be aligned with a utility's integrated resources planning process, or are there more appropriate valuation methods already used in other IOU procurement planning processes?*

Yes, the Clean Coalition believes that ReMAT resources should be aligned with the IOU's Integrated Resources Planning ("IRP") processes. IRPs should satisfy peak grid requirements with a significant percentage of distributed energy resources, which minimize demand for transmission infrastructure while providing community resilience.

4. *How should utilities be required to notify any projects in their ReMAT queues when filing any change to their tariff and standard power purchase agreement (PPA)?*

To guarantee that no projects are blindsided with the cost of staying in the interconnection queue after a change to the program is made — as was the case when the ReMAT was closed — a notification process should occur when a decision passes and again when each IOU has an advice letter approved. Just as important, the Clean Coalition strongly believes the ReMAT interconnection queue should be fully available to the public, other than instances where information is redacted at the expressed request of the interconnection applicant. Complete transparency is critical, rather than quarterly reports with vague statistics where a utility can report that a category has "five or less applications".

5. *Would D.12-05-035 and/or D.13-05-034 need to be modified in order to allow renewable systems paired with storage to be eligible under ReMAT?*

There is currently nothing intrinsic about the definition about eligible renewable resources stopping the Commission from approving the use of co-located storage. According to the IOU's ReMAT tariff sheets, PUC § 399.12 discusses that the term, "eligible renewable resource" encompasses. While the definition has changed the since code was first published, PUC § 399.12.h.1 does define a "renewable energy credit" ("REC") as proof that a resource is an eligible renewable resource according to the California Energy Commission. Since an energy storage system could qualify for a REC if it charged by a renewable resource at least 75% of the time, questions about the eligibility of storage should not inhibit the deployment of co-located storage with ReMAT project.

Fundamentally, allowing co-located storage will not change energy accounting so long as there is also a no-grid charging requirement. However, adding storage to the mix will complicate the ReMAT compensation process because it blends the categories as-available peaking and as-available non-peaking. Under the current price structure, a developer would be incentivized to add co-located storage for the purpose of qualifying for the significantly higher as-available non-peaking price. However, this is contrary to the needs of the grid. As a result, the decisions should be modified to remove the existing price categories and transition to one bucket with TOD values that all resources are eligible for. Including a super-peak TOD period, between 5 pm and 11 pm, incentivizes all ReMAT projects to deploy energy storage for a higher-than-normal rate of compensation, maximizing grid benefits.

a. *If so, what modifications would be necessary to enable the eligibility of renewable energy plus storage systems?*

No major changes are necessary. However, the Commission will have to explicitly state that energy storage is eligible as part of the removal of the three-product categories system. Alternately, the CPUC can also require that the IOUs modify their ReMAT tariffs to define an eligible renewable resource as any resources that complies with the CEC RPS Eligibility Guidebook.[1]

[1] https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard-0

b. *Would any changes be necessary to each utilities' ReMAT tariff and/or PPA to enable renewable energy systems paired with storage to be eligible in their programs?*

Very few changes are necessary to the utility ReMAT tariff to allow renewable energy systems with co-located storage to be eligible. The bulk of the required changes will have to do with shifting to one product category for all resources, rather than particular requirements related to deploying energy storage systems.

c. *How should co-located and hybrid energy storage resources be defined in light of recent and future developments in the California Independent System Operator's Hybrid Resource Initiative?*

No comment.

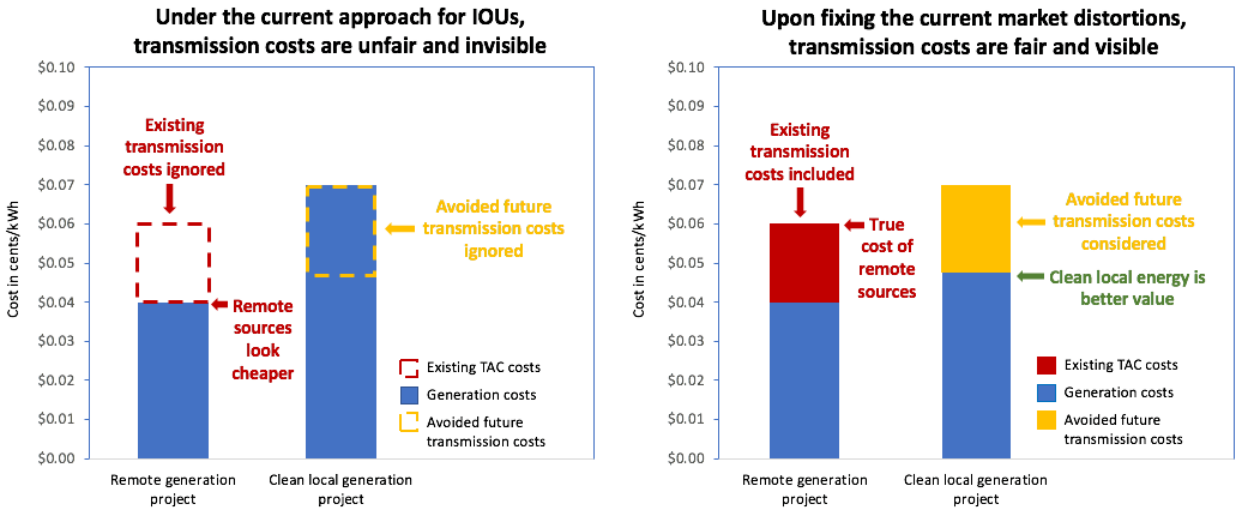
IV. Comments

a. The ReMAT Tariff should explicitly define the daisy-chaining provision.

The existing ReMAT tariff sheets are quite vague about the proximity allowed between ReMAT projects. Based on the Clean Coalition's understanding, two ReMAT project can be deployed as long as they are not on the same contiguous parcel. Even if two parcels are next to each other, if they are owned by two different developers, ReMAT applications will be approved. If this is the case, the tariff should confirm this and include the requirement under rules of eligibility.

b. ReMAT should consider the value of avoided transmission costs.

As part of the 2020 update to the ACC, the Commission affirmed that each of the three IOUs must value the DER-avoided cost of transmission investment (just load growth so far), including in the form of Community Microgrids and other Non-Wire Alternatives ("NWAs"). Avoiding the need for new transmission, from load growth alone, is worth an additional 2.5 cents/kWh in the evenings, in addition to the current value of existing transmission costs which average about 2 cents/kWh. As illustrated in this infographic, current distortions in allocating transmission cost steal roughly 4.5 cents/kWh of value from local renewables and other DER:



Existing transmission costs, currently averaging 2¢/kWh, should be added to the cost of remote generation that requires use of the transmission grid to get energy from where it is generated to where it is used. Future transmission investments, currently averaging 2.5¢/kWh in the evenings, can be avoided via dispatchable local generation, and that value should reduce the evaluated cost of local generation. When correctly considering ratepayer impacts of transmission costs, dispatchable local generation provides an average of 4.5¢/kWh of better value to ratepayers than is currently assumed in the majority of instances.

Because current TAC in IOU service territories are calculated at the customer meter, rather than at the transmission-distribution substation, all energy is charged that 2 cents/kWh TAC as if it all used the transmission grid. Importantly, in non-IOU service territories, TAC are metered and assessed properly, at the transmission-distribution substation for non-IOU service territories.

Projects procured as part of the ReMAT program and small, interconnected to the distribution grid, and do not utilize the transmission grid. As such, ReMAT should not incur TAC, which lowers the true avoided cost of local renewables and other DER.[2] These types of wholesale distributed generation projects are interconnected to the distribution grid and — without exception in the Clean Coalition's experience — a serve local loads without ever traveling over the transmission grid. Section 399.20 (e) of the California Public Utilities Code states, "the commission shall consider and may establish a value for an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit."[3] Since ReMAT projects offset peak demand, particularly once deploying co-located storage is permitted, there is no reason that

[2] https://www.tdworld.com/distributed-energy-resources/article/21132853/how-two-simple-fixes-can-fairly-compensate-the-true-value-of-ders-in-california

[3] California PUC § 399.20(e)

ReMAT projects should incur TAC. ReMAT projects, unlike the larger RPS projects they are compared to in the Staff Proposal, will not incur costs for upgrading transmission infrastructure. A true avoided cost of energy should reflect the avoided transmission costs, including TAC and avoided peak usage of the transmission grid. Using the ACC to determine TOD values will take these costs into account.

V. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these opening comments and believes that the changes enacted are necessary to optimize the new ReMAT program in order to fill all remaining capacity mandated by the state.

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