

August 12, 2024
Energy Division
Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue, Room 4004 San
Francisco, CA 94102

**Re: Clean Coalition Protest of Southern California Edison’s Advice Letter 5341-E,
Modifications to SCE’s ReMAT, Renewable Market Adjusting Tariff Program Pursuant to
Resolution E-5323**

Dear Energy Division Tariff Unit,

Introduction

According to the California Public Utilities Commission (“the Commission”) General Order (“GO”) 96-B, the Clean Coalition submits this protest of Southern California’s (“SCE”) Advice Letter (“AL”) 5341-E. AL 5341-E was submitted on July 22, 2024, for the purpose of modifying SCE’s Renewable Market Adjusting Tariff (“ReMAT”) program, in accordance with the requirements of Resolution E-5323. SCE claims that the previous AL submitted in 2023, AL 5090-E, mistakenly included “effective prices” with non-singular time of delivery (“TOD”) values and suggests that a recent “discovery”¹ led to the proposed change. The Commission approved SCE’s AL 5090-E and updated the administratively set pricing for ReMAT in Resolution E-5323. Clean Coalition does not believe that approving a change is necessary or prudent at this time, as it completely eliminates any reason to deploy paired storage.

Any change to an investor-owned utilities’ (“IOU”) ReMAT program will have significant impacts, due to the newly adopted Community Renewable Energy Program (“CREP”) offering ReMAT as one of the two base tariffs available for project compensation. SCE notes that no ReMAT contracts have been signed since AL 5090-E;² the Commission is in the process of working with stakeholders to ensure that the same does not occur once the CREP is active. The Clean Coalition notes that if approved, this request will further reduce the likelihood that paired solar+storage projects will be deployed via the CREP. For solar projects, which already fall into the as-available peaking category, installing paired energy storage is the main cost driver of a solar+storage project, with no additional compensation provided for the hybrid deployment. Therefore, while the Commission correctly states in Decision (“D.”) 21-12-032, “Facilities enhanced with co-located or hybrid storage will be able to serve load at peak and net-peak hours and could support the State’s broader effort to increase system reliability while further relying on variable clean energy generation resources,”³ a flat tariff with a TOD factor of 1 at all times offers developers the same value for discharging during midday when there is a glut of renewable energy as during the system peak. Therefore, approving SCE’s proposed change perpetuates the duck curve rather than using local solar+storage to save the ratepayers money by reducing the peak load.⁴ With no additional value provided for deploying energy storage, developers will not choose

¹ AL 5341-E, at p. 2.

² *Ibid*, at p. 3.

³ D. 21-12-032, at p. 30.

⁴ <https://clean-coalition.org/news/local-solar-is-the-best-solution-for-reducing-peak-transmission-usage-and-electricity-costs-for-ratepayers/>

to deploy paired storage, and ReMAT will remain as effective as it has been in recent years.

Background

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.

Discussion

In AL 5090-E, SCE included TOD factors for effective pricing. The approved TOD factors were a positive step toward properly valuing energy exports throughout the day based on actual grid conditions—such as the increased cost and carbon content of energy during the system peak—though changes are still needed to increase the compensation at on-peak and mid-peak times, especially during the summer months. Clean Coalition supports aligning the pricing for ReMAT projects with grid conditions, to provide the most value to the ratepayers from each project and increase the likelihood that the program will be utilized. However, the proposed change in SCE AL 5341-E would be a step backwards, instead treating all energy in any of the three categories as worth the same regardless of the time of day or month of year when it is exported to the grid.

TOD factors are an important way to incentivize paired storage projects capable of responding to price signals by time-shifting energy and exporting during peak periods. Doing so provides more value to the ratepayers than a standalone resource that can only export based on a fixed generation profile. SCE explains that a TOD factor of 1 is used for all renewable portfolio standards (“RPS”) contracts, which is consistent with the contracts signed by the other IOUs. However, the lack of incentives based on grid conditions is indicative of why there have been no hybrid as-available peaking contracts signed. In Resolution E-5323, only three hybrid contracts are included in the data set used to determine ReMAT pricing, and all three are as-available non-peaking contracts for resources sized at 20 MW (e.g., the maximum size that can be included in the data set). The Commission past decisions point to the fact that it is more beneficial to the grid to move away from standalone systems and instead leverage resources deployed with paired storage, leading to additional value created via time-shifting and dispatchability (once studied for deliverability). Put simply, no TOD factors above 1 means no energy storage deployed, and no energy storage means energy only projects (e.g., no resource adequacy contracts signed).

Adopting SCE’s AL 5341-E is a step in the wrong direction that dis-incentivizes the deployment of resources capable of mitigating local or system peaks. The consequences of such a step would be both reducing the likelihood of future ReMAT contracts being signed and making it even more difficult to get the CREP off the ground. SCE describes, and the Commission acknowledges, that the PURPA compensation, “may not be sufficient to allocate a portion to fund a bill credit for

subscribing customers.”⁵ Transitioning fully to fixed TOD factors will increase the reliance of the CREP on non-ratepayer funds to be successful, making the program more likely to be unsuccessful and unsustainable. If the Commission chooses to adopt this AL, **Clean Coalition recommends that it be clarified that a change to the ReMAT TOD factors does not preclude the Commission’s ability to adopt TOD factors that align with grid conditions and more effectively incentivize solar+storage deployments for the CREP.** After all, “voluntary storage”⁶ will mean no paired storage deployments unless the additional value provided to the grid is compensated accordingly.

For these reasons, we urge the Commission to reject SCE’s AL.

Conclusion

The Clean Coalition respectfully submits this comment letter on SCE AL 5341-E and urges the Commission to reject the AL, or to clarify that the change does not rule out that TOD factors will be implemented for the CREP.

Dated: August 12, 2024

Respectfully submitted,

/s/ BEN SCHWARTZ

Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

Submitted to:

Service List – R. 18-07-003
ED Tariff Unit
edtariffunit@cpuc.ca.gov
Connor Flanigan, SCE,
E-mail: AdviceTariffManager@sce.com
Adam Smith, SCE
E-mail: Karyn.Gansecki@sce.com

⁵ D. 24-05-065, at p. 114.

⁶ *Ibid*, at p. 129.