

Comments of Pacific Gas & Electric Company

*Energy Storage and Distributed Energy Resources (ESDER):
Alternative Performance Evaluation Methodologies*

Working Group Meeting

Submitted by	Company	Date Submitted
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PG&E appreciates the opportunity to comment on the ESDER Stakeholder Working Group Meeting held on October 12, 2015.

In summary, PG&E:

- Provides, and in some cases reiterates, specific comments about the ESDER Alternative Performance Evaluation Methodologies that need to be addressed before the CAISO moves forward with the ESDER 2015 initiative, in particular, the jurisdictional issue pertaining to retail and wholesale treatment (i.e., “retail vs. wholesale split”), overlapping/double payment, and baseline/set-aside measurements associated with the designs put forth to-date;
- Looks forward to reviewing the AMS proposal on October 20;
- Urges the CAISO to defer further action on the ESDER 2015 initiative until it has been coordinated and consolidated with the CPUC’s evaluation of the utilities’ comprehensive Electric Distribution Resources Plans which address the impacts and integration of Distributed Energy Resources (DERs), including those participating in CAISO tariffed programs, on the electric distribution grid and retail electric services; and
- Urges the CAISO and interested parties to address the additional concerns submitted by parties on or about September 3, 2015. These comments were submitted as a result the CAISO’s Energy Storage and Distributed Energy Resources (ESDER) “Demand Response Baselines Working Group” presentation and stakeholder call, both dated August 27, 2015.

PG&E’s positions on the performance evaluation methodologies are outlined in comments submitted on October 9, 2015. In those comments, PG&E explains that many of the essential mechanisms for DERs to participate in the market, such as billing, metering standards and meter ownership, require clarity around the “retail vs. wholesale split”, which was a topic of considerable discussion at the Working Group Meeting. In those same written comments, PG&E highlights the need to resolve that issue in the

context of performance evaluation methodologies. While PG&E appreciates the thorough and thoughtful discussion at the Working Group Meeting, those issues remain unresolved. Based on the Working Group Meeting discussion, PG&E understands there will be a forthcoming proposal from AMS, by October 20, 2015 that may address some of these concerns, and looks forward to that proposal. PG&E requests that the CAISO provide an opportunity to submit written comments specifically on the AMS proposal, with sufficient time to review and consider the new methodology.

The lack of resolution of the “retail vs. wholesale split” at the Working Group Meeting supports PG&E’s caution against moving too quickly. These issues are fundamental to the successful operation of resource models evolving through the ESDER process, and PG&E believes that the proposed timeline does not allow sufficient time for these issues to be adequately addressed. For this reason, PG&E believes that the CAISO should delay the ESDER 2015 timeline, which seeks CAISO board approval by year-end. The Working Group Meeting clearly demonstrated that there are significant unresolved issues related to jurisdictional matters, multiple-use applications, overlapping/double payment and baseline/set-aside measurements, among others. While PG&E appreciates the CAISO staff’s desire to publish final proposals by November 5, 2015, in order to present its ESDER proposal to the CAISO Board by year-end, this may result in a sub-optimal outcome, which could necessitate additional work either at CAISO and/or the CPUC to unravel unworkable policies down the road.

Issues associated with the implementation of ESDER deserve a more fully vetted process, particularly as some of these issues are being addressed in separate, but related, venues at the CPUC. For example, the CPUC seeks to directly address some of these topics in Track 2 of the Energy Storage OIR, and PG&E views this proceeding as a potential opportunity for CAISO/CPUC alignment. Another important area for coordination and consolidation pertains to the DER and Demand Response (DR) initiatives with the Electric Distribution Resources Plans filed by PG&E and other utilities at the CPUC pursuant to the mandate of the California Legislature.¹ Both PG&E and the CAISO support expanding the choices that customers, developers and California utilities have to procure and integrate increasing amounts of DER and DR safely, reliably and cost-effectively onto the electric distribution and transmission grid, and the Distribution Resource Plans play an important role in meeting that objective.

PG&E and the other California investor-owned electric utilities filed their Electric Distribution Resource Plans on July 1, 2015.² The CPUC, interested parties and

¹ The California Legislature has mandated that PG&E and other investor-owned electric utilities file with the California Public Utilities Commission (CPUC) comprehensive Electric Distribution Resources Plans that identify optimal locations for the deployment of Distributed Energy Resources and evaluate the safety, reliability and cost-effectiveness of those resources. (Public Utilities Code 769.) The CPUC is required to review and approve the utilities’ plans, and expenditures to implement the Plans, in the utilities’ General Rate Cases.

² A copy of PG&E’s Electric Distribution Resources Plan is available at <https://pgera.azurewebsites.net/Regulation/search> [(i).Select “Electric Distribution Resources Plan Application 2015” from the dropdown menu; (ii) Select 07/01/15 and PG&E as the party to narrow the

stakeholders, including the CAISO, have begun reviewing the Plans in formal proceedings at the CPUC that are expected to continue through the remainder of 2015 and most of 2016. The CPUC has issued specific guidance to the utilities on the required scope and content of the Plans, including comprehensively addressing the tariffs, contracts, operational standards, and investments required to expand the ability of the utilities' to integrate additional deployment of DERs (including DR) on their grids safely, reliably and cost-effectively.³ The CPUC also has determined that the scope of its jurisdiction in evaluating the utilities' plans includes all DERs that operate at voltages lower than the transmission level on the customer side of the distribution substation, e.g. DERs interconnected at the distribution voltage levels and at sizes of 20 megawatts (MW) or less.⁴

PG&E recommends and requests that the CAISO coordinate its ESDER and other proceedings relating to DER and DR with PG&E's retail electric utilities' tariffs, ratemaking, standards and operating requirements that are directly affected by the CAISO's initiatives. As PG&E's Electric Distribution Resources Plan demonstrates, the integration and expanded deployment of DERs onto the electric distribution grid have significant impacts on safety, reliability and cost-effectiveness that must be evaluated comprehensively and not on a piecemeal basis.

search criteria] and should be incorporated into the record of this proceeding and all CAISO proceedings that relate to electric distribution resource planning, tariffs and programs.

³ CPUC Rulemaking 14-08-013, *Assigned Commissioner's Ruling on Guidance for Public Utilities Code Section 769 – Distribution Resource Planning*, February 6, 2015.

⁴ *Id.*, p. 9