

May 31, 2023

Email to: docket@energy.ca.gov

Proceeding: 21-ESR-01

Subject: Comments of the California Energy Storage Alliance on the Workshop on Summer 2023 Reliability hosted by the California Energy Commission

Re: Comments of the California Energy Storage Alliance (CESA) on the Workshop on Summer 2023 Reliability hosted by the California Energy Commission (CEC).

The California Energy Storage Alliance (CESA) appreciates the opportunity to provide comments on the materials and analyses presented during the workshop hosted by the California Energy Commission (CEC) on May 17th regarding Summer 2023 Reliability (Workshop). CESA appreciates the commitment of staff from the CEC, the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO), the Department of Water Resources (DWR), the California Department of Forestry and Fire Protection (CalFire), and the Western Electricity Coordinating Council (WECC), as well as all other speakers, to engage with stakeholders on the preparedness of California's grid ahead of this year's summer. CESA particularly appreciates the Workshop's discussion of the procurements and policies in place to mitigate reliability risks this year, as well as the frank examination of other sources of risk on a more regional and global level.

CESA is a 501(c)(6) organization representing over 120 member companies across the energy storage industry. CESA participates in several proceedings and initiatives in which energy storage is positioned to support a more reliable, cleaner, and more efficient electric grid. Moreover, CESA has actively engaged in proceedings related to procurement of distributed and utility-scale resources to mitigate near- and mid-term reliability risks, as well as proceedings related to the accurate valuation of the capacity provided by a wide range of technology classes. Moreover, CESA has experience with first-in-class modeling studies to better understand the need and opportunity for energy storage given Senate Bill (SB) 100 targets. As such, CESA's

experience with the needs of California's grid and the role energy storage will play in this system is of substantial pertinence to the analyses presented during the Workshop.

I. INTRODUCTION & SUMMARY

Throughout the Workshop, speakers noted that California's grid is in a more robust position to face the challenges of this year's summer relative to prior years. A combination of historic deployment of in-front-of-the-meter (IFOM) resources, particularly utility-scale energy storage, innovative policies and programs for distributed assets, materially improved hydro conditions, and modest increases to the load forecast indicate that the state's electric system is likely to meet reliability targets with the notable exception of West-wide outlier conditions such as those experienced in 2020 and 2022.

As the state's transition to a decarbonized energy mix and the threats of anthropogenic climate change continue, California must learn from the unprecedented deployment efforts of the last couple of years to be able to ramp up resource development in the manner needed to attain our clean energy goals. This will include coordinating the relevant agencies and authorities to timely support resource deployment, providing granular information to market participants and ratepayers to better understand grid needs, and looking ahead to how further regional integration can mitigate West-wide reliability factors. In this context, CESA's comments can be summarized as follows:

- The pertinent agencies should revise the stated goal of the Tracking Energy Development (TED) Task Force to act on projects with commercial operation dates (CODs) beyond 2024 and become a continuous effort focused on resources expected to come online up to two years in advance of the year in question.
- The CPUC and CAISO should provide disaggregated data on the type of incremental resources expected to come online by June and September 30th, 2023, and the stack analyses presented during the Workshop, respectively.
- The risks of West-wide fire, drought, and supply risks underscore the importance of developing a regionalization framework.

II. COMMENTS

- **The pertinent agencies should revise the stated goal of the TED Task Force to act on projects with CODs beyond 2024 and become a continuous effort focused on resources expected to come online up to two years in advance of the year in question.**

During the Workshop, CPUC staff noted that, since 2020, a historic effort has been made in terms of new resource development, particularly regarding utility-scale energy storage. These efforts have underscored the importance of interagency cooperation and coordination to minimize delays and expedite new asset deployment. In this spirit, the CEC, CPUC, CAISO and the Governor’s Office of Business and Economic Development (GO-Biz) established the TED Task Force, which tracks project development, meets regularly to address project-specific issues, and works with developers and load-serving entities (LSEs) facing delays to identify areas where intervention could help.

CESA is supportive of the TED Task Force and our membership has noted that it has been an effective initiative of coordination that should persist. Currently, the TED Task Force’s stated goal is “focused on projects that can come online between 2022 and 2024”.¹ Considering the ongoing nature of resource development and compliance dates, CESA urges the pertinent agencies to timely revise this goal in a rolling basis so as to ensure the TED Task Force is focusing on resources expected to come online up to two years in advance of the year in question. This would mean that the TED Task Force would be a continuous effort that, for 2023, would focus on resources coming online 2023-2025 and so on, moving forward.

CESA believes this recommendation is reasonable and timely as the lessons learned from the TED Task Force suggest that interagency cooperation can materially ease resource deployment, particularly when tracking of issues is done ahead of the expected COD. While recent deployments have materially eased California’s urgent need for incremental capacity, the amount of resource development needed to meet the state’s decarbonization goals will necessitate interagency coordination to be achieved year after year: according to the Joint Agency Report on SB 100, California will need to deploy 2.8 GW per year of solar generation

¹ See CPUC, “Tracking Energy Development”, 2023, at <https://www.cpuc.ca.gov/news-and-updates/newsroom/summer-2021-reliability/tracking-energy-development>

and 2.6 GW per year of storage through 2045 to meet SB 100 goals under the SB 100 Core scenario.² Given the significant need for capacity development in the foreseeable future, we urge the pertinent agencies to preserve the TED Task Force as a continued effort focused on resources expected to come online up to two years in advance of the year in question.

- **The CPUC and CAISO should provide disaggregated data on the type of incremental resources expected to come online by June and September 30th, 2023, and the stack analyses presented during the Workshop, respectively.**

During the Workshop, CPUC staff presented on the new energy resources that have come online between January 1st, 2020, and January 31st, 2023. In slide 5 of the materials shared by CPUC staff, disaggregate the information of new resources deployed in the aforementioned timeframe by technology type, including standalone storage, solar, wind, hybrid resources, and other technologies. In slide 6, however, when describing the resources expected to come online by June 30th, 2023, and September 30th, 2023, the information is not disaggregated by technology type. Similarly, in slide 6 of the materials presented by CAISO staff, the peak load analysis describes the supply stack for the CAISO system on September of 2023 at 8 PM by representing imports, new resources since January 1st, 2023, existing demand response (DR) resources, and existing non-DR resources as of January 1st, 2023. Unfortunately, once more, these categories are not further disaggregated by technology type.

CESA requests the CPUC and CAISO provide the aforementioned information in a disaggregated manner that shows the technology type of the categories described. This is desirable as it would provide regulators, operators, market participants, and ratepayers additional clarity and information regarding which resources contribute to California's capacity needs and how the mix has changed in recent years.

² CEC *et al*, "2021 SB 100 Joint Agency Report", 2021, at 102.

- **The risks of West-wide fire, drought, and supply risks underscore the importance of developing a regionalization framework.**

During the Workshop, the CEC, CAISO, and WECC noted that, while supply conditions have improved in California given significant resource development and an unusually wet winter, both California's system and the broader Western interconnect remain vulnerable to regional outlier events, such as heat domes, fires, droughts, and other extreme weather events. The CEC's stack analyses clearly demonstrate this with the finding that, under expected load conditions, California's grid is likely running with over 2 GW of surplus; nevertheless, if faced with a 2022-equivalent load event, the system is likely at a deficit of 1,867 MW. This is not only derived from changes in supply and demand within California, but regional conditions that could limit imports due to widespread high loads. In this context, CESA urges all agencies, regulators, and operators present at the Workshop to further discussions and coordination regarding a regionalization framework for the Western interconnect.

Regionalization has the potential to optimize resource and infrastructure buildout, reduce ratepayer costs by minimizing overbuild and increasing access to a bigger pool of resources. Today, the CAISO, the sole ISO in the Western US, is the market operator of a regional real-time wholesale energy trading market, the Western Energy Imbalance Market (WEIM), that has yielded more than \$3.4 billion in gross benefits to ratepayers across the West since November 2014. Given these benefits, the CAISO is also expanding its day-ahead market regionally through the Extended Day-Ahead Market initiative, approved by the CAISO Board of Governors and the WEIM's Governing Body in 2023. A natural next step for CAISO is to evolve into a Regional Transmission Organization (RTO), which would improve planning and coordination across power grids throughout the West. Given the clear benefits of regionalization, CAISO is not the only organization in the region looking to further their position and become the Western RTO. In this context, if California does not and quickly position itself for effective regionalization, Western states are at risk of joining other organizations seeking to establish themselves as the Western RTO, a situation that would forgo leveraging CAISO's mature and more favorable energy storage wholesale participation models. In this context, CESA urges the pertinent agencies to closely consider the regional risks discussed during the Workshop and further discussions and coordination regarding a regionalization framework for the West.

III. CONCLUSION.

CESA appreciates the opportunity to provide these comments and feedback on the Workshop. We look forward to collaborating with the CEC and other stakeholders in this docket.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sergio Dueñas". The signature is fluid and cursive, with the first letter 'S' being particularly large and stylized.

Sergio Dueñas
Policy Manager
California Energy Storage Alliance