



MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY
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OAKLEY | PINOLE | PITTSBURG | RICHMOND | SAN PABLO | SAN RAMON | WALNUT CREEK

February 26, 2018

California Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Advice Letter MCE 31-E

**RE: REFILING MARIN CLEAN ENERGY'S BIENNIAL ENERGY STORAGE
PROCUREMENT COMPLIANCE REPORT**

EFFECTIVE DATE

MCE requests that this Tier 2 advice filing become effective on March 28, 2018, which is 30 days following the issuance of this letter.

TIER DESIGNATION: Tier 2 Designation

PURPOSE

California Public Utilities Commission ("Commission") Decision ("D.") D.13-10-040, *Decision Adopting Energy Storage Procurement Framework and Design Program* ("Decision"), establishes an energy storage procurement goal of 1% of 2020 annual peak load for Community Choice Aggregation ("CCA") programs. MCE submits this Tier 2 Advice Letter to demonstrate the status of its energy storage procurement activities and its progress toward meeting the goal. MCE has already secured 1.35 MW of energy storage, and expects to procure a total of 10 MW by 2020, serving 1% of its 2020 annual peak load.

BACKGROUND

The Commission issued D.13-10-040 on December 21, 2013, pursuant to Assembly Bill ("AB") 2514, and adopted the Energy Storage Procurement Framework and Design Program for Investor Owned Utilities ("IOUs"), Electric Service Providers ("ESPs"), and CCA programs. D.13-10-040 establishes a goal for CCA programs to procure energy storage equal to 1% of their 2020 annual



peak load.¹ D.13-10-040 requires that each CCA program file a Tier 2 Advice Letter every two years to show progress toward the 2020 goal beginning on January 1, 2016.²

D.17-04-039 adopted an “automatic limiter” that modifies the CCA programs’ energy storage obligation.³ By applying the automatic limiter, each CCA’s total energy storage obligation should not exceed the energy storage obligation of the incumbent IOU. The total energy storage obligation is defined as the sum of the CCA’s 1% procurement requirement, plus any IOU-procured storage resources that receive cost recovery from the CCA’s customers through distribution rates and non-bypassable charges.

D.13-10-040 provides the following eligibility requirements for energy storage projects:

- 1. Energy storage systems must be installed and operational after January 1, 2010:** As required by California Public Utility Code section 2835, subdivision (c), a “new energy storage system” is a “system that is installed and first becomes operational after January 1, 2010.”
- 2. Energy storage systems must be online and delivering by the end of 2024:** All 2020 compliance target procurements must be “installed,”⁴ or “online and delivering,” by December 31, 2024.⁵
- 3. Distributed storage qualifies:** The Commission “shall allow customer sited or customer-owned energy storage to count toward the 1% target” for CCA programs.⁶
- 4. Electric vehicle programs qualify:** IOUs, ESPs, and CCA programs may count “[e]nergy storage that could be obtained from plug-in vehicles and programs/systems that utilize electric vehicles for grid services (Vehicle to Grid)” for their procurement goals.⁷

¹ D.13-10-040 at 43, 47.

² D.13-10-040 at 47.

³ D.17-04-039 at 68; Ordering Paragraph 6.

⁴ D.13-10-040 at 43.

⁵ D.13-10-040 at 48.

⁶ D.13-10-040 at 59.

⁷ D.13-10-040 at 32; Appendix A, at 5.



5. **Storage funded by departing utility customers is excluded:** The load associated with customers departing from utility bundled services for CCA participation “shall not be counted towards meeting the CCA or ESP’s 1 percent procurement target.”⁸
6. **Energy storage projects must further a relevant purpose:** Projects must demonstrate their ability to meet one or more of the following purposes: grid optimization, integration of renewable energy, or reduction of greenhouse gas emissions.⁹
7. **Government funded projects may be included:** “It is reasonable to include any PIER- or EPIC- funded projects toward the procurement targets under certain conditions.”¹⁰
8. **Energy storage procurement must be cost-effective:** AB 2514 provides that energy storage must be “viable and cost-effective,” but the Commission has not adopted a specific cost-effectiveness methodology. D.13-10-040 requires each CCA program to “describe its methodology for measuring cost-effective projects.”¹¹

COST-EFFECTIVENESS

MCE considers an energy storage project “cost-effective” if the monetary benefits resulting from the utilization of the project are equal to or greater than the upfront and operational costs. Monetary benefits are defined as revenue return to MCE or to a specific MCE customer, or cost-savings. If these benefits meet or exceed the costs associated with the energy storage project, then MCE will consider this project as cost-effective. MCE will further refine the cost effectiveness methodology for its 2018 Open Season energy storage Request for Offer (“RFO”).

COUNTING OF SGIP-FUNDED PROJECTS

On January 28, 2016, the Commission adopted D.16-01-032 and determined that the credit for SGIP-funded installations should be split 50/50 between the IOU and the CCA/ESP.¹² D.16-09-007 further directed the IOUs to file a Tier 1 Advice Letter twice a year, on June 1 and December 1, containing the breakout of SGIP-funded energy storage installations.¹³

⁸ D.13-10-040 at 48.

⁹ D.13-10-040 at 32; Appendix A at 3.

¹⁰ D.13-10-040 at 63.

¹¹ D.13-10-040, OP 5 at 77.

¹² D. 16-01-032 at 61.

¹³ D.16-09-007 at 26; Order Paragraph 5.



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Based on the break-out provided in PG&E's Tier 1 Advice Letter filed on December 1, 2017,¹⁴ there are approximately 2.6 MW of energy storage projects in MCE's service area that have received SGIP funding. Therefore, 1.3 MW of the installation will count toward MCE's storage compliance obligation.

Other Projects

In 2017, MCE facilitated the signing of contracts between third party storage providers and homeowners for residential storage. This effort led to the installation of 58 kW of behind-the-meter storage resources in MCE's service area. MCE is considering furthering its facilitation between residential customers and third party providers to expand the adoption of behind-the-meter projects, which have the potential for load shifting away from peak hours.

Additionally, MCE is researching the possibility of installing storage resources at other commercial locations with the goal of leveraging multiple revenue streams, including dispatchable demand response that could be aggregated to provide MCE with response capability.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

¹⁴ PG&E Advice Letter 5192-E.



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C.C. Song
Senior Policy Analyst
MARIN CLEAN ENERGY
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6018
Facsimile: (415) 459-8095
csong@mceCleanEnergy.org

Martha Serianz
Manager of Compliance Operations
MARIN CLEAN ENERGY
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6043
Facsimile: (415) 459-8095
mserianz@mceCleanEnergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the R.10-12-007 service list. MCE is also serving copies of this advice filing as a courtesy to the newer energy storage roadmap proceeding R.15-03-011. For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

CORRESPONDENCE

For questions, please contact C.C. Song at (415) 464-6018 or by electronic mail at csong@mceCleanEnergy.org.

/s/ C.C. Song

C.C. Song
Senior Policy Analyst
MARIN CLEAN ENERGY

cc: Service List R.10-10-007
Service List R.15-03-011

