



ADVICE LETTER SUMMARY



ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Marin Clean Energy ("MCE")

Utility type:

- ELC GAS WATER
- PLC HEAT

Contact Person: Troy Nordquist

Phone #:

E-mail: tnordquist@mcecleanenergy.org

E-mail Disposition Notice to: tnordquist@mcecleanenergy.org

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Monday, December 20, 2021

Advice Letter (AL) #: AL 57-E

Tier Designation: 2

Subject of AL:

2022 ENERGY STORAGE PROCUREMENT ADVICE LETTER

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other: Every two years from 12/1/16-12/31/24

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.13-10-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 12/20/2021

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 0

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Troy Nordquist
Title: Legal Operations Specialist
Utility Name: Marin Clean Energy
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Email: tnordquist@mcecleanenergy.org

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

December 20, 2021

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

Advice Letter MCE 57-E

RE: 2022 ENERGY STORAGE PROCUREMENT ADVICE LETTER

EFFECTIVE DATE

Marin Clean Energy (“MCE”) requests that this Tier 2 Advice Letter become effective on February 2, 2022, which is 30 days after the date of this filing.

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*, establishes an energy storage (“ES”) procurement goal of 1% of 2020 peak load for Community Choice Aggregators (“CCAs”).¹ Ordering Paragraph (“OP”) 5 of this Decision requires that:

Community Choice Aggregators and Electric Service Providers shall file a Tier 2 Advice Letter starting January 1, 2016 and every two years thereafter until 2024 to report their progress in procuring 1% of their 2020 annual peak load from energy storage projects under contract by 2020 and describe its methodology for measuring cost-effective projects. Projects are required to be installed and delivering by no later than the end of 2024.²

D.17-04-054 modifies this requirement by implementing an “automatic limiter” that reduces a CCA program’s 1% ES procurement obligation as needed to ensure that the CCA program’s total ES procurement, including the ES procurement that the CCA’s customers pay for through non-bypassable charges, does not exceed the assigned ES procurement obligation of its distribution Investor-Owned Utility (“IOU”).³

MCE submits this Tier-2 Advice Letter to meet its reporting obligation under OP 5 of D.13-10-040. As set forth below, the automatic limiter has been fully triggered and MCE’s ES procurement obligation has been reduced to zero. However, despite the elimination of this obligation, MCE has

¹ D.13-10-040 at 36, 77 (Ordering Paragraph 5); D.17-04-039 at 63 (Finding of Fact 13).

² D.13-10-040 at 77 (Ordering Paragraph 5).

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

aggressively pursued its own energy storage resources, and has a robust portfolio of operational and planned ES resources.

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 IOUs, Electric Service Providers (“ESPs”), and CCA programs. D.13-10-040 establishes a goal for CCA programs to procure ES resources equal to 1% of their 2020 peak load.⁴ This procurement goal was to be met by 2020, with all projects operational by 2024.

In D.17-04-054, the Commission recognized that CCA customers may be required to pay for ES procurement by IOUs through their distribution rates and/or non-bypassable charges. To prevent the total effective ES procurement that a CCA customer is responsible for from exceeding the ES procurement obligation that an IOU customer is responsible for, the Commission adopted an “automatic limiter” that:

...proportionately reduces each Community Choice Aggregator’s and Energy Service Provider’s one percent procurement obligation by the amount that the load serving entity’s own procurement plus its customers’ share of non-bypassable charges exceeds the utility bundled customer obligation as a percentage of load. If the limiter is reached, the consolidated utility compliance filing shall automatically reflect the reduced Community Choice Aggregator/ Energy Service Provider energy storage procurement obligation.⁵

On December 5, 2018, Edward Randolph, Director, Energy Division, determined that “the automatic limiter has been triggered for ESPs and CCAs in the service territories of all three IOUs, and their 1% storage procurement obligation has been eliminated.” Since that determination, energy storage counting towards the limiter has continued to increase. On August 3, 2020, the IOUs submitted their Joint Automatic Limiter Advice Letter,⁶ notifying the Commission that the automatic limiter has been fully triggered for all CCA programs in all three IOUs’ service territories.

PROGRESS TOWARDS ACHIEVING ES PROCUREMENT OBLIGATION

OP 5 of D.13-10-040 requires that CCAs’ bi-annual advice letters “report their progress in procuring 1% of their 2020 annual peak load from energy storage projects under contract by 2020.” MCE hereby reports that it has fully met its ES procurement obligation, which has been reduced to zero through the operation of the automatic limiter.

⁴ D.13-10-040 at 43, 47.

⁵ D.17-04-039 at 68 (Ordering Paragraph 6).

⁶ The IOUs’ Automatic Limiter Advice Letter was jointly filed as Advice Letter 4267-E (SCE), 5902-E (PG&E), and 3580-E (SDG&E).

As of August 3, 2020 the customers of CCAs in Pacific Gas and Electric Company's ("PG&E") distribution service territory were collectively paying for 326 MW of PG&E's ES procurement through NBCs and/or distribution rates.⁷ This number has likely increased since 2019. This procurement is far more than the CCAs' collective 1% procurement obligation of 69 MW,⁸ and is more than enough to fully trigger the automatic limiter.

ADDITIONAL ENERGY STORAGE PROCUREMENT EFFORTS

MCE's original ES procurement goal, as adopted in D.13-10-040, is 1% of MCE's peak load in 2020. MCE's 2020 peak load was approximately 1,200MW, giving MCE a final ES procurement target of approximately 12 MW. This goal, however, has been subsequently modified by the D.17-04-054 automatic limiter, which has been fully triggered, reducing MCE's ES procurement goal to 0 MW.

Despite the automatic limiter's elimination of MCE's ES procurement obligation under D.13-10-040, MCE remains committed to procuring ES resources as a critical component of grid reliability and renewables integration. As of January 1, 2022, MCE has procured ES projects to meet MCE's energy and capacity needs using supply-side ES paired with renewable generation and behind-the-meter ES installations to shift customer demand away from peak hours. On the supply-side, MCE executed a 20-year Power Purchase Agreement in 2020 for 60MW of 4-hour duration ES paired with 110MW of photovoltaic generation. This project is expected to be online in 2022. MCE is also in advanced negotiations for additional ES projects that will come online between 2024 and 2026. These projects will include 4-hour stand-alone ES, ES paired with renewable generation, and long-duration ES. Taken together, MCE expects this procurement to result in approximately 300MW of nameplate ES capacity. For behind-the-meter ES installations MCE launched a pilot program in 2020 to provide funding to customers to install ES integrated with a Distributed Energy Resources Management System with a goal of installing 15 MWh of behind-the-meter storage by the end of 2022. These projects clearly demonstrate MCE's dedication to pursuing critical and cutting-edge ES projects to meet grid reliability needs and enabling the state's transition to a cleaner and more renewable generation fleet.

COST EFFECTIVENESS

OP 5 of D.13-10-040 requires that CCAs' bi-annual advice letters "describe [the CCA's] methodology for measuring cost-effective projects."

Cost is an important consideration in MCE's procurement of ES resources. MCE considers an energy storage project to be "cost-effective" if the upfront and operational costs of the project can be offset fully by monetary benefits resulting from the utilization of the project. These benefits can either result in revenue return to MCE or to a specific MCE customer if there is direct customer involvement. These benefits can manifest as both short-term gains and long-term cost-savings. So long as these benefits meet or exceed the costs associated with the energy storage project, then MCE will consider the project as cost-effective. In assessing ES projects

⁷ Joint Automatic Limiter Advice Letter at 5 (Table 5).

⁸ Id.

pursuant to Requests for Offers, MCE will compare any proposed ES project costs with other proposals and publicly available information about ES project cost metrics to make sure that individual bids are competitive. More generally, MCE manages its supply commitments with the objective of balancing cost stability, cost minimization, and regulatory compliance requirements while leaving some flexibility to take advantage of market opportunities or technological improvements that may arise. MCE conducts most procurement through a competitive process to ensure MCE is procuring at the lowest cost possible. As part of the analysis for any procurement, MCE evaluates the benefits from a project against the up-front and ongoing costs.

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:

Troy Nordquist
Legal Operations Specialist
Marin Clean Energy
1125 Tamalpais Ave
San Rafael, CA 94901
E-mail: tnordquist@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 G.O. 96-B and R.15-03-011 service lists. 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 Troy Nordquist at (925) 378-6767 or by electronic mail at tnordquist@gmail.com

/s/ Troy Nordquist

Troy Nordquist
Legal Operations Specialist
Marin Clean Energy

cc: G.O. 96-B Service List
R.10-12-007 Service List
R.15-03-011 Service List