



January 2, 2020

**Advice Letter No. 2-E**

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

**Re: Advice Letter No. 2-E: 2020 Energy Storage Procurement Progress Report**

**Purpose**

In accordance with Decision (D.) 13-10-040, DCE submits this Advice Letter to report on progress towards its 2020 energy storage target.

**Background**

In D.13-10-040, the Commission, acting pursuant to Assembly Bill 2514 (Pub. Util. Code § 2836 *et seq.*) established the Energy Storage Procurement Framework and Design Program. Under the program rules adopted in D.13-10-040, each Community Choice Aggregator (CCA) must procure energy storage equal to one percent (1%) of its annual 2020 peak load by 2020, with installation no later than 2024. Starting on January 1, 2016 and once every two years thereafter, a CCA is required to file a Tier 2 advice letter demonstrating compliance towards meeting this target and describing the methodologies for cost-effective projects. The advice letter shall list the energy storage procurement contracts the CCA has entered into (including technology and number of MW & MWh), duration of the contracts and the percentage of the CCA's peak load provided by energy storage. A CCA may include customer-sited or customer-owned energy storage systems towards meeting the procurement target, provided the energy storage system is installed after January 1, 2010.

Since the establishment of the energy storage procurement targets, two decisions have been adopted that have a direct bearing on CCA storage procurement obligations: D.16-01-032, related to the Self-Generation Incentive Program, and D.17-04-039, which instituted the Automatic Limiter.

**Self-Generation Incentive Program (SGIP)**

In D.16-01-032, issued on January 29, 2016, the Commission clarified that for energy storage projects installed by customers of a CCA or an Electric Service Provider (ESP), credit for the SGIP-funded energy storage projects should be split evenly between the unbundled customers' IOU and the CCA/ESP. Prior to this decision, credit for SGIP-funded storage counted towards the IOU's storage procurement targets, regardless of its location or load-serving entity. To date, no SCE advice letters have identified any SGIP projects located behind meters served by DCE, which is required twice annually to report on the allocation of SGIP Funded Energy Storage Credits.

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### **The Automatic Limiter**

In D.17-04-039, issued on May 8, 2017, the Commission adopted an “automatic limiter” that proportionally reduces each CCA’s and ESP’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. D.17-04-039 also required the IOUs to submit an annual consolidated compliance filing indicating whether the limiter is reached and, if so, reflecting the reduced CCA/ESP energy storage procurement obligations.

On December 5, 2018, Commission Energy Division staff issued a disposition letter approving the IOUs’ annual consolidated advice letters with an effective date of August 1, 2018, and noting 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.”

On September 16, 2019, the Energy Division approved the IOUs’ annual consolidated advice letters with an effective date of August 1, 2019. This filing incorporated the most current publicly available data and indicated that the automatic limiter is still in effect for PG&E, SCE and SDG&E service territories.

### **Energy Storage Procurement Progress**

Given the above adjustment via the automatic limiter, DCE’s storage procurement obligation, pursuant to AB 2514 and D.13-10-040, is now zero. Stated another way, DCE’s customers pay for a portion of IOU-procured storage via distribution rates and other non-bypassable charges, and a proportional share of that capacity accrues towards fulfillment of the DCE’s procurement obligation. DCE has not procured any energy storage resources to date.

### **Discussion**

DCE is a certified CCA that will begin serving load in April 2020 as set forth in Advice Letter 4059-E-A. DCE’s launch date has changed due to market conditions and implementation scheduling with SCE. Therefore, DCE is in the process of issuing solicitations for energy and entering into contracts for its April 2020 launch. As part of its solicitation process, DCE will evaluate storage opportunities throughout 2020 and beyond, for reasons including regulatory compliance, resiliency community benefits, wholesale market participation, renewable energy integration and optimization, and the potential to provide resource adequacy. DCE plans to release a Request for Offer (RFO) in the first half of 2020 to solicit proposals for energy storage and renewable energy contracts. DCE has been informally gathering information and meeting with energy storage developers about planned facilities. DCE is also exploring potential incentives for distributed energy storage with rooftop/community solar or electric vehicle programs.

### **Tier Designation**

This advice letter is subject to Energy Division disposition and is classified as Tier 2 (effective after staff approval) pursuant to General Order 96-B, Energy Industry Rule 5.2.

### **Effective Date**

Desert Community Energy (“DCE”) requests that this Advice Letter become effective on January 2, 2020, which is the date of this advice letter.

**Notice**

Anyone wishing to protest this advice filing may do so by letter or email, any of which must be received no later than 20 days after the date of this advice letter. Protests should be submitted to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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

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

Katie Barrows  
Director of Energy/Environmental Resources  
Desert Community Energy  
73710 Fred Waring Drive, Suite 200  
Palm Desert, CA 92260  
(760) 346-1127  
[kbarrows@cvag.org](mailto:kbarrows@cvag.org)

Ryan Baron  
Best Best & Krieger LLP  
18101 Von Karman Ave., Suite 1000  
Irvine, CA 92612  
(949) 263-6568  
[ryan.baron@bbklaw.com](mailto:ryan.baron@bbklaw.com)

There are no restrictions on who may submit a protest, but the protest shall set forth the specific grounds upon which it is based and must be received by the deadline shown above.

DCE is serving copies of this advice letter to the interested parties on the Commission's closed energy storage proceeding (R.15-03-011) and the integrated resource plan/long-term procurement plan proceeding (R.16-02-007).

Respectfully submitted,



Katie Barrows  
Director of Energy/Environmental Resources  
Desert Community Energy