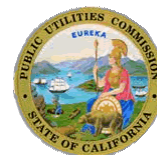


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

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Order Instituting Rulemaking to
Oversee the Resource Adequacy
Program, Consider Program
Refinements, and Establish Annual
Local and Flexible Procurement
Obligations for the 2019 and 2020
Compliance Years.

Rulemaking 17-09-020
(Filed September 28, 2017)

**PETITION FOR MODIFICATION OF DECISION 20-01-004 BY THE CALIFORNIA
ENERGY STORAGE ALLIANCE, AMERICAN WIND ENERGY ASSOCIATION OF
CALIFORNIA, CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES, AND ENEL X NORTH AMERICA, INC.**

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February 11, 2020

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In accordance with the Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”), American Wind Energy Association of California, Center for Energy Efficiency and Renewable Technologies (“CEERT”), and Enel X North America (collectively referred to herein as the “Joint Parties”) hereby submit this Petition for Modification (“PFM”) of Decision (“D.”) 20-01-004,¹ *Decision Granting Motion Regarding Qualifying Capacity of Hybrid Resources With Modifications* (“Decision”), issued by Administrative Law Judges (“ALJs”) Debbie Chiv and Peter V. Allen on January 17, 2020. On behalf of the Joint Parties, CESA respectfully requests that the Commission expeditiously adopt the modifications recommended in this Petition and recirculate

¹ Since D.20-01-004 on interim methodologies for hybrid resources was issued in R.17-09-020 and the Commission affirmed that R.17-09-020 is the appropriate proceeding to address the requests in the Joint Motion, CESA, on behalf of the Joint Parties, submits the Petition in R.17-09-020. We recognize that a successor proceeding, R.19-11-009, has been recently opened to consider permanent methodologies for hybrid resources.

any amendments to the Interim Decision consistent with the requirements of Cal. Pub. Util. Code Sec. 311(e).

I. SUMMARY OF REQUESTED RELIEF.

The Joint Parties respectfully request that the Commission expeditiously adopt a revision to the definition of “Hybrid Resource” as a generating resource co-located with a storage project and with a single point of interconnection and represented by a single market resource ID, so that the interim “greater-of” qualifying capacity (“QC”) methodology is *not* applied to co-located generation and storage resources operating under two or more resource IDs. The requested modification is justified on the following grounds:

- The Commission’s application of the interim greater-of methodology to Co-located Resources with two or more resource IDs is not grounded in the public record and is thus procedurally deficient.
- The inclusion of Co-located Resources in the Hybrid Resources definition is at odds with the market participation realities of Co-located Resources in the California Independent System Operator (“CAISO”) market.
- The inclusion of a further QC restriction based on the ability to fill storage with onsite generation (for both hybrid and co-located resources) is not justified.
- Unless modified, D.20-01-004 would decrease the supply of available Resource Adequacy (“RA”) resources, thereby increasing ratepayer costs and undermining efforts to advance the state’s decarbonization goals at reasonable costs in the procurement being conducted pursuant to D.19-11-016.
- Appropriate scope and timely adoption of an interim methodology are needed for Hybrid Resources with a single resource ID, but not for Co-located Resources with two or more resource IDs, in order to provide procurement certainty as stakeholders work through the potentially more complex issues in establishing a permanent methodology.

II. INTRODUCTION & BACKGROUND.

On September 27, 2019, a coalition of parties² filed a joint motion for a schedule and process to establish a methodology for determining QC values for Hybrid Resources. The coalition filed this motion because, at the time of filing, the Commission did not have a method to determine QC values for combinations of energy storage with renewable or gas generators behind a single point of interconnection with a single CAISO resource ID. The systems that were of primary concern to the coalition were DC-coupled, renewable-plus-storage resources with a single inverter, where output of each component could not be individually measured. At the time the Joint Motion was filed, the CAISO issued a Straw Proposal that defined Hybrid Resources as those “that participate in the CAISO markets as a single resource with a single market resource ID.”

When the Commission took up the Joint Motion, the motioning parties generally commended the Commission for its swift and necessary response given the urgency of the procurement of 3.3 GW of incremental RA capacity directed by D.19-11-016. The Proposed Decision (“PD”) issued on November 26, 2019 granted the Joint Motion with modifications and made the following determinations: (1) the Commission should adopt an interim methodology for Hybrid Resources with operational restrictions that attributes the QC value based on the greater of either the QC of the intermittent or dispatchable resources, or the QC of the co-located storage resource; and (2) the Commission committed to developing a permanent methodology for Hybrid Resources in the successor proceeding, R.19-11-009.³ Importantly, in Ordering Paragraph (“OP”) 2 of the PD, the Commission also adopted a definition of “Hybrid Resources” defined as “a

² The coalition included CESA, Engie Storage, Enel X, Tesla Inc., Sunrun Inc., CEERT, and Vote Solar.

³ Ordering Paragraph (“OP”) 1 of *Proposed Decision Granting Motion Regarding Qualifying Capacity Value of Hybrid Resources with Modifications* issued on November 26, 2019 in R.17-09-020. <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M320/K714/320714614.PDF>

generating resource co-located with a storage project, having a single point of interconnection and represented by a single market resource ID,” thereby establishing the scope of resource types that would be subject to this interim methodology. Additionally, the PD affirmed the inapplicability of the interim QC methodology for Hybrid Resources without operational restrictions and for behind-the-meter (“BTM”) hybrid resources.

Though CESA and others expressed concern that the adoption of the greater-of interim methodology in the PD was overly conservative and failed to recognize the different capacity contributions of a range of hybrid resource configurations,⁴ the PD, at minimum, would provide an interim capacity counting convention for in-front-of-the-meter (“IFOM”) Hybrid Resources, where there was no methodology in place at the time. In doing so, the Commission provided certainty to developers and load-serving entities (“LSEs”) on the capacity value of Hybrid Resources, which is valuable as numerous LSEs are actively in the process of conducting competitive solicitations pursuant to D.19-11-016.

However, one day prior to a Commission vote on the PD, the Commission published a Revised PD on January 15, 2019 that made major revisions applying the interim methodology to any Hybrid Resource with Investment Tax Credit (“ITC”) related charging restrictions, including: (1) clarifying that “operational restrictions” specifically means “ITC-related charging restrictions”;⁵ (2) in response to comments to the PD by the California Community Choice Association (“CalCCA”) that sought to affirm the inapplicability of the interim methodology to

⁴ See, for example, *Comments of the California Energy Storage Alliance on the Proposed Decision Granting Motion Regarding Qualifying Capacity of Hybrid Resources with Modifications* filed on December 20, 2019 in R.17-09-020 at 3-5.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M322/K759/322759892.PDF>

⁵ See Revised PD at 7, 12, and Finding of Fact 4.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M324/K944/324944914.pdf>

Co-located Resources with separate resource IDs, removing references to a single resource ID in setting this interim methodology;⁶ and (3) imposing a further storage QC restriction, for both Hybrid and Co-located Resources, based on the ability to fill the storage from onsite generation.⁷ The Revised PD was subsequently approved the next day on January 16, 2019 and issued as a Final Decision (D.20-01-004) on January 17, 2019.

The last-minute revisions to D.20-01-004 represents a significant change that was not discussed in Commission workshops or in response to the Joint Motion and PD. As noted in CalCCA’s comments, “if the Commission takes interim action, CalCCA requests clarification that the interim methodology does not apply to Co-located Resources.” In our view, CalCCA was merely seeking clarification and affirmation of the narrow applicability of the interim methodology to Hybrid Resources (those with a single resource ID),⁸ but the last-minute revisions unnecessarily and inappropriately broaden the scope of the interim methodology to Co-located Resources (*i.e.*, resources under a single point of interconnection [“POI”] with two or more separate resource IDs). An interim methodology for Co-located Resources with separate resource IDs was neither sought by parties or needed and would run against existing market participation practices and RA framework being developed by the CAISO.

The Commission should grant this Petition because the inclusion of Co-located Resources in D.20-01-004 is not consistent with the public record that informed the Joint Motion and the PD. Thus, the Joint Parties consider the D.20-01-004 to be procedurally deficient, as it is not grounded on the record developed around the issue of developing an interim methodology for Hybrid

⁶ *Ibid* at 12 and OP 2.

⁷ *Ibid* at 12 and OP 2.

⁸ *Comments of the California Community Choice Association on Proposed Decision Granting Motion Regarding Qualifying Capacity of Hybrid Resources with Modifications* filed on December 20, 2019 in R.17-09-020 at 5-6. <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M323/K183/323183666.PDF>

Resources with a single resource ID, and not for Co-located Resources with two or more resource IDs. Given that the revisions to the PD are substantial yet parties were not given an opportunity to submit comments, the Joint Parties find D.20-01-004 to be in violation of Cal. Pub. Util. Code Sec. 311 (e) and the Rule 14 of the Rules of Practice and Procedure, both of which establish that a substantive revision to a PD shall be subject to public review and comment before it may be voted upon and approved. The Commission's action does not comply with the various rules requiring distribution and public review of material changes to a PD before taking a vote.

Thus, considering the material and procedural deficiencies of D.20-01-004, the Joint Parties respectfully request that the Commission modify D.20-01-004 to revise the definition of "Hybrid Resources" to what was originally proposed by San Diego Gas and Electric Company ("SDG&E") and to appropriately apply the interim QC methodology to Hybrid Resources as defined. Considering Co-located Resources already have a QC methodology based on the independent QC methodologies of each component resource, and since there are safeguards against over-valuation of RA value for both Co-Located and Hybrid Resources already in place in CAISO markets, they are in no need of an interim methodology and would be under-valued for their capacity contributions. Furthermore, a number of competitive solicitations are underway where a last-minute revision to the QC methodology of Co-located Resources without due process only serves to introduce regulatory uncertainty for buyers and sellers alike, jeopardize contracts being executed under the presumption that Co-located Resources have a QC methodology in place, and risk creating a need for LSEs to have to procure additional, likely fossil-based, capacity to meet the D.19-11-016 requirements, which contravenes ratepayer interests and state policy goals. The Joint Parties elaborate on the aforementioned concerns in the following sections of this Petition.

III. THE COMMISSION’S APPLICATION OF THE INTERIM GREATER-OF METHODOLOGY TO CO-LOCATED RESOURCES WITH TWO OR MORE RESOURCE IDS IS NOT GROUNDED IN THE PUBLIC RECORD AND IS THUS PROCEDURALLY DEFICIENT.

The Joint Parties find the Commission’s determination to include Co-located Resources in the “Hybrid Resources” definition and thus subject to the interim QC methodology if ITC-related charging restrictions apply, is *not* justified by the public record. As explained herein, the adoption of these substantive changes without any public review violates Cal. Pub. Util. Code Sec. 311(e), which requires the Commission to serve any alternate to a PD on the parties for a period of 30 days before voting on the Alternate Decision. Given the substantive changes adopted in the Interim Decision that were never contemplated in the public record, the Commission’s actions are clearly inconsistent with Cal. Pub. Util. Code Sec. 311(e).

The discussion over Hybrid Resource QC rules within this proceeding began with a Commission workshop, where Commission staff explicitly stated that combined resources with separate CAISO resource IDs (*i.e.*, Co-located Resources) already have existing QC methods, thus leading to the creation or modification of QC methods for such combined resources to be outside the scope of the discussion.⁹ Parties that followed the Commission’s presentation, including CESA, CAISO, and Southern California Edison Company (“SCE”), all followed the same line of reasoning: the proposals and ideas shared were applicable solely to hybrid configurations – *i.e.*, following the nomenclature established by the CAISO as part of its Hybrid Resources Initiative where “Hybrid Resources” are combined resources that operate under a single resource ID and “Co-located Resources” are those that operate under separate resource IDs.¹⁰ While workshop

⁹ See Slide 6 of the CPUC QC for Hybrid Resources Presentation.

¹⁰ See CAISO *Hybrid Resources Revised Straw Proposal* at 8-9.

<http://www.caiso.com/InitiativeDocuments/RevisedStrawProposal-HybridResources.pdf>

presentations and discussions are not part of the public record, this is important context to what then led to a coalition of interested parties (CESA, Engie Storage, Enel X, Tesla, Sunrun, CEERT, and Vote Solar) to file the Joint Motion that exhorted the Commission to take action on the matter and to establish a QC methodology for IFOM and BTM Hybrid Resources.¹¹ This Joint Motion was consistent with the CAISO’s language, explicitly naming Hybrid Resources and excluding Co-located Resources.

In response to the Joint Motion, the PD was subsequently issued that, once more, explicitly limited the reach of the interim QC methodology to Hybrid Resources as defined by the CAISO. In the PD, the Commission decided it was reasonable to adopt the Hybrid Resource definition provided by SDG&E, which stated that a Hybrid Resource is “a generating resource co-located with a storage project, having a single point of interconnection and **represented by a single market resource ID**”.¹² While the motioning parties did not agree with the proposed interim methodology, there were no objections to the definition proposed by SDG&E, with only CalCCA, for the purposes of greater clarity and certainty, requesting affirmation that the interim QC methodology does *not* apply to Co-located Resources – *i.e.*, those with two or more resource IDs. In reviewing the opening and reply comments to the PD, no parties sought to expand the scope of the interim QC methodology to Co-located Resources with two resource ID – only those requesting clarification on the definition of the term “operational restrictions”.¹³

Nevertheless, the Commission subsequently modified the definition suggested by SDG&E, resulting in major revisions to the Decision’s Findings of Fact (“FOF”) and Conclusions of Law (“COL”). In D.20-01-004, the Commission clarified the term “operational restrictions” as ITC-

¹¹ Joint Motion at 1.

¹² PD at 7-8, emphasis added.

¹³ See, for example, CESA’s comments at 6-7, CAISO’s comments at 2, and PG&E’s comments at 2-3.

related charging restrictions¹⁴ and stated that SDG&E’s definition of Hybrid Resources is reasonable with modifications, concluding that “[f]or purposes of the interim QC methodology, a ‘hybrid resource’ is a generating resource co-located with a storage project and with a single point of interconnection” and removing references to a single resource ID.¹⁵ This definition implies that resources participating under the co-located scheme, having two or more resource IDs, would be subject to the interim methodology. The Joint Parties consider this modification as substantial, as further discussed in subsequent section, and completely ungrounded in the public record.

Due to the substantial nature of the revisions, the Joint Parties believe that the Commission acted unlawfully by not allowing parties to provide comments on the Revised PD prior to Commission vote and approval. Parties were not given an opportunity to dispute the substantial revisions in clear violation of Cal. Pub. Util. Code Sec. 311(e), which states that a substantive revision to a PD that materially changes the resolution of a contested issue or any substantive addition to the FOF, COL, or OP shall be served upon all parties of the proceeding without undue delay and “***shall be subject to public review and comment before it may be voted upon.***”¹⁶ The spirit of this norm is also embodied by the Commission’s Rule 14, which stipulates similar responsibilities for the Commission.¹⁷ The Commission did not serve the modified PD to all parties and it did not allow public comment. Granted, the Commission may have viewed the revisions to be non-substantial in nature, but in the sections below, the Joint Parties explain the significance of the changes as unnecessary and materially impacting ongoing procurements and unreasonably discounting the capacity value of Co-located Resources, which was not the subject of the Joint

¹⁴ D.20-01-004 at 12.

¹⁵ *Ibid* at 7-8.

¹⁶ Cal. Pub. Util. Code Sec. 311 (e), emphasis added.

¹⁷ See Commission’s *Rules of Practice and Procedure* at 75.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M209/K618/209618807.PDF>

Motion nor parties' understanding of the issue at hand, as reflected in their comments and responses to the Joint Motion and PD.

IV. THE INCLUSION OF CO-LOCATED RESOURCES IN THE HYBRID RESOURCES DEFINITION IS AT ODDS WITH THE MARKET PARTICIPATION REALITIES OF CO-LOCATED RESOURCES IN THE CAISO MARKET.

The Joint Parties find that the Commission's definition of Hybrid Resources as encompassing any generation resource co-located with storage under a single POI to be problematic since it fails to reflect how combined resources operate under a single or multiple CAISO resource IDs and is unnecessary given CAISO market rules. In the Hybrid Resources Initiative, CAISO has clarified that new formulations of capacity valuations for Co-located Resources are unnecessary, as each component of a Co-located Resource is seen by the CAISO as independent, with its own resource ID, RA capacity value, and set of responsibilities to and privileges in the market. Each component of the Co-located Resource (*e.g.*, solar and storage) is bid, scheduled, dispatched, and penalized as two independent resources from the CAISO's perspective, subject to the combined physical maximum output at the POI. As the CAISO noted in its comments, there are no physical or use restrictions on the co-located storage resource that is tied to the ITC.¹⁸

Moreover, CAISO market rules protect against the kind of RA over-valuation that the Commission sought to address through inclusion of Co-located Resources in the QC formulation for Hybrid Resources. First, the RA value for the multiple Resource IDs cannot exceed the maximum allowed output at the POI. Second, RA resources in CAISO markets have must-offer

¹⁸ *Opening Comments of the California Independent System Operator Corporation* filed on December 20, 2019 in R.17-09-020 at 2.

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M322/K791/322791827.PDF>

obligations (“MOOs”) tied to their RA value. For example, there are financial and other consequences to Co-located Storage resources that are counted for RA at one level but (due to ITC incentives) are unable to offer market bids or comply with real-time dispatch instructions consistent with their MOOs for that RA level.¹⁹

Rather, the ITC creates *financial incentives*, not restrictions, in the CAISO market for resource operators to charge the co-located storage resource between 75% and 100% of the time from the on-site ITC-eligible generation resource for ITC compliance purposes. Resource operators of co-located assets thus have incentives to manage the operational risks associated with ITC compliance while still meeting RA and other CAISO market requirements. They are well versed in these tradeoffs and can manage these market, financial, and operational risks. Therefore, discounting the QC value of Co-located Resources under a greater-of methodology is inappropriate and should be inapplicable given the lack of ITC-related dispatch *restrictions*. D.20-01-004 did not consider or discuss these existing market participation practices, and the parties to the process to that decision were provided no opportunity to provide input about these realities. Considering this disruption of wholesale market realities, the Joint Parties highlight how and why the 11th hour revisions to D.20-01-004 are substantial and should be modified as recommended in Appendix A of this PFM.

¹⁹ This second set of safeguards applies also to Hybrid Resources that overstate their QC but have ITC limitations on filling their storage components.

V. **UNLESS MODIFIED, D.20-01-004 WOULD DECREASE THE SUPPLY OF AVAILABLE RA RESOURCES, THEREBY INCREASING RATEPAYER COSTS AND UNDERMINING EFFORTS TO ADVANCE THE STATE'S DECARBONIZATION GOALS AT REASONABLE COSTS IN THE PROCUREMENT BEING CONDUCTED PURSUANT TO D.19-11-016.**

PUC Section 380 establishes that the Commission shall “ensure the reliability of electrical service in California while advancing, to the extent possible, the state’s goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases”;²⁰ “[f]acilitate development of new generating, non-generating, and hybrid capacity and retention of existing generating, non-generating, and hybrid capacity that is economic and needed”;²¹ and, “[minimize] the need for backstop procurement by the Independent System Operator”.²² However, the determinations made in D.20-01-004 to apply the interim greater-of methodology to Co-located Resources with two or more resource IDs would undermine efforts by LSEs to use such resources to meet their RA requirements, since their QC value would be unexpectedly and unreasonably discounted; in turn, this would force LSEs to procure additional capacity at additional cost and possibly contract for non-preferred resources that contribute to the state’s greenhouse gas (“GHG”) emissions instead of cleaner, preferred alternatives such as solar-plus-storage and wind-plus-storage resources.

Due to these last-minute and unexpected revisions, D.20-01-004 also has real implications to ongoing competitive solicitations pursuant to the requirements and directives outlined in D.19-11-016. By including Co-located Resources with two or more resource IDs within the reach of the interim methodology, D.20-01-004 has jeopardized the development and use of assets that have been planned and even contracted for RA purposes. As a result, the Commission has increased the cost of reliability for the CAISO system by reducing the RA supply/value of resources and

²⁰ PUC, Section 380 (b).

²¹ PUC, Section 380 (b, 1).

²² PUC, Section 380 (h, 7).

increased the prospect of the need to contract for non-preferred GHG-emitting resources with this last-minute revision, contrary to Section 380. By exogenously and erroneously limiting the amount of transactable RA, the Commission has also increased, not minimized, the likelihood that the CAISO will need to perform backstop procurement, unduly increasing costs for ratepayers, contrary to the goal established in PUC Section 701 (1, a).²³

Furthermore, D.20-01-004 reduces capacity-related incentives for co-location and efficient use of POIs. By denying there is capacity value derived from co-locating generation with storage assets, the Commission will fail to facilitate the development and use of hybrid generation; disincentivizing the procurement of renewable-paired-with-storage projects capable of providing load following or load shifting capacity.

VI. APPROPRIATE SCOPE AND TIMELY ADOPTION OF AN INTERIM METHODOLOGY ARE NEEDED FOR HYBRID, BUT NOT FOR CO-LOCATED, RESOURCES, IN ORDER TO PROVIDE PROCUREMENT CERTAINTY AS STAKEHOLDERS WORK THROUGH POTENTIALLY COMPLEX ISSUES IN ESTABLISHING A PERMANENT METHODOLOGY.

The Joint Parties acknowledge that Track 2 of R.19-11-009 will consider whether the Commission should adopt a permanent methodology in June 2020 for the counting of hybrid resources, among a number of other issues.²⁴ All of the stakeholders represented among the Joint Parties plan to be active participants in the Hybrid QC Working Group to specifically address the questions outlined in the Scoping Memo, including some such as CESA who plan on actively developing proposals for consideration. While the Joint Parties will be active and good-faith

²³ Section 701 (1, a) establishes that “a principal goal of electric and natural gas utilities' resource planning and investment shall be to minimize the cost to society of the reliable energy services that are provided by natural gas and electricity”

²⁴ *Assigned Commissioner's Scoping Memo and Ruling* filed on January 22, 2019 in R.19-11-009 at 6.
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M324/K963/324963073.PDF>

stakeholders as part of this process, a new methodology for Co-located Resources that is different from having individual QC values of the generation and storage resource is *not* needed given the market participation realities highlighted above in Section IV of this PFM. Rather, the scope of the working group discussions is more appropriately focused on Hybrid Resources, defined as a generating resource co-located with a storage project and with a single point of interconnection and represented by a single market resource ID, where the interim methodology has been acknowledged as overly conservative and in need of refinement in the future.²⁵

If the Commission and/or other stakeholders contend that the Hybrid QC Working Group should consider both Hybrid and Co-located Resources as in scope for the permanent methodology discussions, the Joint Parties believe that the additive QC methodology for Co-located Resources, as was the case for Co-located Resources prior to the adoption of D.20-01-004, should be maintained, regardless of whether they claim the ITC. In addition to the reasons highlighted in Sections III and IV of this PFM, the Joint Parties point to the original impetus for adopting an interim methodology for Hybrid Resources in the first place, which was to “ensure that hybrid resources are appropriately valued in competitive solicitations” in response to the procurement needs and directives of D.19-11-016. Co-located Resources with two resource IDs already had a QC methodology in place and did not require further Commission guidance or action to support the LSE procurement efforts in response to D.19-11-016. Rather than re-litigating or opening the record again related to an interim methodology for Co-located Resources, the Joint Parties recommend that the Commission approve the modifications in Appendix A of this PFM that would limit the scope of the interim methodology to Hybrid Resources, as appropriately defined, in order

²⁵ D.20-01-004 at 8 and 10.

to provide the procurement certainty to LSEs and resource bidders in ongoing and active solicitations.

Finally, on the one hand, the Joint Parties intend to provide rigorous and detailed analysis and information that would build the Commission’s record and support its determination on Track 2 issues in R.19-11-009. On the other hand, complex modeling and use cases (*e.g.*, the storage-to-generation sizing ratio, the timing of charging operations, and storage duration) may make it challenging to immediately provide a sufficient basis to determine a refined QC methodology for Hybrid and Co-located Resources. The limited time available in the working group processes may limit the ability to conduct extensive modeling to provide evidentiary support for a refined QC methodology, such that there is some risk that the interim methodology may remain in place for a longer than expected, contravening the intent of ruling on the Joint Motion in the first place to support D.19-11-016 procurement. Rather than assuming that the June 2020 decision in R.19-11-016 will correct any errors for Co-located Resources, it is more reasonable to address this evident error at present by expeditiously adopting the requested modifications in this PFM.

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VII. CONCLUSION.

The Joint Parties appreciate the opportunity to submit this PFM to D.20-01-004 and looks forward to working with the Commission and stakeholders in this proceeding. In particular, CESA looks forward to developing more permanent capacity counting methodologies for hybrid resource configurations as part of the new RA rulemaking, R.19-11-009.

Respectfully submitted,



Alex J. Morris
Executive Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: February 11, 2020

Attachment:
Revisions to Findings of Fact, Conclusions of Law, and Orders

Revisions to Findings of Fact, Conclusions of Law, and Orders

Decision at 7-8:

The Commission finds SDG&E's definition to be reasonable ~~with modifications~~. For purposes of the interim QC methodology, a "hybrid resource" is a generating resource co-located with a storage project, ~~and with a single point of interconnection,~~ **and represented by a single market resource ID**. The interim methodology shall only apply to a hybrid resource, **as defined**, with ITC-related charging restrictions.

Findings of Fact

3. SDG&E's definition of a hybrid resource is reasonable ~~with modifications~~.

Conclusions of Law

2. SDG&E's definition of a hybrid resource should be adopted ~~with modifications~~ for purposes of an interim QC methodology.

ORDER

2. For purposes of the interim qualifying capacity (QC) methodology, a "hybrid resource" is defined as a generating resource co-located with a storage project, ~~and with a single point of interconnection,~~ **and represented by a single market resource ID**. The interim QC methodology shall only apply to hybrid resources, **as defined**, with Investment Tax Credit-related charging restrictions.