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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of its 2020 Energy Storage Procurement Plan. (U39E.)	Application 20-03-002
And Related Matters.	Application 20-03-003 Application 20-03-004

ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING SOUTHERN CALIFORNIA EDISON COMPANY TO ADDRESS SPECIFIC ISSUES IN ITS OPENING BRIEF

In an August 14, 2020 ruling, I modified the schedule of this proceeding, setting the due date for opening briefs and reply briefs to be November 16, 2020 and November 30, 2020, respectively. There are particular items that I direct Southern California Edison (SCE) to address in its opening briefs regarding its proposed Assembly Bill (AB) 2868 programs; other parties are encouraged to respond to these issues in their briefs.

1. Energy Storage Management Systems

Cal. Pub. Util. Code § 2838.2 (c)(1) (emphasis added) states that "[t]he commission may approve, or modify and approve, programs and investments of an electrical corporation in distributed energy storage systems with appropriate **energy storage management systems** and reasonable mechanisms for cost recovery, if they are consistent with the requirements of this section and do not unreasonably limit or impair the ability of nonutility enterprises to market and deploy energy storage systems."

1.1. New Home Energy Storage Pilot

Regarding SCE's proposed New Home Energy Storage Pilot, it indicated that "[s]ingle-family home customers in this pilot will be on [time-of-use] rates, which generally drive on site bill management and battery charge and discharge in alignment with [greenhouse gas (GHG)] emissions reductions. In addition, their batteries will be programmed to reinforce AB 2868 cost minimization and GHG reduction goals. Multifamily participants in [the New Home Energy Storage Pilot] will be required to install batteries that are electrically connected for individual household use and programmed for bill minimization and GHG reduction."[1]

- SCE shall address how it expects the value and benefits attributed to the deployed energy systems through this program will sustain the expected value and benefits if the customer is able to modify the charge and discharge behavior.

Further, as we understand, other investor owned electric utilities are testing controlled dispatch of customer side energy storage systems to achieve grid benefits.

- SCE shall indicate whether it considered this sort of controlled dispatch in the development of the New Home Energy Storage Pilot program design.
- SCE shall additionally indicate its position on the value and benefit proposition of utility controlled dispatch of customer side energy storage systems.

[1] March 02, 2020 Testimony of Southern California Edison Company in Support of Its 2020 Energy Storage Procurement and Investment Plan at 34.

1.2. Smart Heat Pump Water Heater Pilot

For the Smart Heat Pump Water Heater Pilot Program, SCE indicated it "anticipates utilizing a "Load-Up & Shed" control strategy to take advantage of beneficial time-of-use rates. More specifically, the strategy is to "load-up" or heat the water during off-peak hours when it would normally not operate, and "shed" or drop the water heater setpoint during peak hours. Pre-heating water during off-peak periods enables hot water to be available for use during later times of day, including peak periods, without the need for electricity consumption during the more expensive peak periods."[2]

- SCE shall address how its proposed smart controls and communication equipment would enable this control strategy.
- SCE shall additionally address whether there should be further consideration by the Commission in a potential advice letter filing regarding the smart controls and communication equipment needs that would enable this control strategy.

2. Cost Effectiveness

Cal. Pub. Util. Code § 2835(a)(3) (emphasis added) indicates that "[a]n "energy storage system" **shall be cost effective** and either reduce emissions of greenhouse gases, reduce demand for peak electrical generation, defer or substitute for an investment in generation, transmission, or distribution assets, or improve the reliable operation of the electrical transmission or distribution grid."

In Decision (D.) 19-05-019, the Commission adopted the requirement that "[b]eginning on July 1, 2019, the Total Resource Cost (TRC) test shall be considered the primary test for all Commission activities, including filings and

[2] June 18, 2020 Supplemental Testimony of Southern California Edison Company in Support of Its 2020 Energy Storage Procurement and Investment Plan at 18.

submissions, requiring cost-effectiveness analysis of distributed energy resources, except where expressly prohibited by statute or Commission decision."[3] Further "all Commission activities, including filings and submissions, requiring cost-effectiveness analysis of distributed energy resources, except where expressly prohibited by statute or Commission decision shall also review and consider the results of the Program Administrator Cost (PAC) test and the Ratepayer Impact Measure (RIM) test."[4]

- SCE shall address how the proposed AB 2868 programs, and the cost-benefit calculations provided on the record, comport with the cost effectiveness requirements as set forth in D.19-05-01.
- SCE shall indicate whether it can provide the TRC, PAC, and RIM calculations based on the information provided in the record for both of its proposed AB 2868 programs.
- If sufficient record exists to provide the TRC, PAC, and RIM calculations, SCE shall include those results in its opening brief (and if not, an additional round of testimony may be necessary).
- SCE shall indicate whether there is additional information or evidence relative to cost effectiveness of the proposed programs that the Commission should consider in resolving this proceeding.
- SCE shall additionally indicate whether the Commission should require other tests such as the Participant Cost Tests to be calculated.

3. Additional Questions regarding the proposed New Home Energy Storage and Smart Heat Pump Water Heater programs

SCE shall address the following questions in its opening brief.

[3] D.19-05-019 at Ordering Paragraph 1.

[4] D.19-05-019 at Ordering Paragraph 2.

- Should the New Home Energy Storage Pilot and the Smart Heat Pump Water Heater Pilot each be required to establish a low-income budget category or adopt a targeted enrollment for low-income customers? If yes, is one approach more effective than the other?
- If the New Home Energy Storage and the Smart Heat Pump Water Heater pilots were to establish a low-income budget category, what percentage of the budget should be dedicated to low-income customers for each program?
- If the New Home Energy Storage and the Smart Heat Pump Water Heater pilots were to adopt an enrollment target for low-income customers, what should the enrollment target be for each program?
- Should the New Home Energy Storage Pilot and the Smart Heat Pump Water Heater pilots be required to target geographic areas of the electricity and natural gas systems with reliability concerns and greater potential for grid benefits from the programs? For instance, would the Los Angeles Basin be an appropriate geographic target for increased grid benefits from this program?
- Due to the California Independent System Operator's recent emergency notifications, and the need for additional peak demand reduction capacity, should the SCE increase the peak demand reduction targets and corresponding enrollment of the pilots?
- Is SCE's proposed outreach approach for the New Homes Energy Storage Pilot sufficient? Should SCE reach out to the affordable housing developers involved in SCE's existing California Advanced Homes (energy efficiency), Savings by Design (building electrification) and Charge Ready 2 (Transportation Electrification) programs as well?

IT IS RULED:

Dated October 21, 2020, at San Francisco, California.

/s/ BRIAN R STEVENS
Brian R. Stevens
Administrative Law Judge