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

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap.

R. 15-03-011  
(Filed March 26, 2015)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39-E) RESPONSE TO  
PETITION FOR MODIFICATION OF DECISION 17-04-039**

Maria V. Wilson

Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120-7442  
Telephone: (415) 973-5639  
Facsimile: (415) 973-5520  
E-Mail: [Maria.Wilson@pge.com](mailto:Maria.Wilson@pge.com)

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Attorney for  
Pacific Gas and Electric Company

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**I. INTRODUCTION**

As part of a robust Rulemaking, including a Joint Staff Proposal and workshop concerning complex issues applicable to Station Power for front-of-the-meter energy storage resources, and multiple rounds of comments from more than thirty parties, the California Public Utilities Commission (“CPUC”) issued Decision (“D.”) 17-04-039. Decision 17-04-039 established, among other things, station power rules for front of the meter energy storage facilities. Now, the California Energy Storage Alliance (“CESA”), an energy storage trade association, filed a Petition for Modification (“Petition”) seeking to simply apply those highly technical and well-considered station power rules concerning front-of -the meter energy storage resources to hybrid and co-located resources paired with storage. CESA also seeks further modifications to D. 17-04-039 so that hybrid and co-located resources can self-supply power to avoid retail energy charges, and a determination concerning complex metering issues. CESA’s Petition ignores factual, legal, and policy complexities in its requests.

While PG&E appreciates CESA’s request that hybrid and co-located resource metering, billing, and station power measurement rules should be clarified by the Commission, a thoughtful and consistent resolution of these complicated issues should not be accomplished through a truncated Petition for Modification process. PG&E does not dispute that resolution of

those station power, metering, and billing issues for hybrid and co-located resources is important and necessary for state's energy storage regulatory framework. However, PG&E is concerned that to address these issues through a simple Petition and limited Replies is insufficient. A Petition for Modification process is not well-suited to resolve this complex, technical issue. PG&E respectfully requests that the CESA's Petition be denied and the Commission address these highly technical issues concerning hybrid and co-located resources through a Rulemaking process, including technical workshops. PG&E recommends that a formal record be developed to ensure a Commission decision addressing the application of station power rules and other matters can be based on facts and consistent with existing law.

## **II. CLARIFYING CO-LOCATED AND HYBRID RULES THROUGH A PFM IS INAPPROPRIATE**

In D. 17-04-029, the Commission adopted balanced rules based on a well-developed record for front-of-the meter energy storage resources. In contrast, CESA's Petition advocates for modifications to those rules and policies that govern station power by simply assuming co-located and hybrid resources deserve the same treatment as front-of-the meter storage resources.<sup>1/</sup> Additionally, the Petition requests that self-supply provisions for co-located resources and hybrid resources should be treated no differently than the station loads for conventional resources.<sup>2/</sup> CESA's Petition does not explain that co-located resources and hybrid resources paired with storage have complexities and distinctions from front of the meter storage resources—and conventional resources--which may render a different outcome appropriate.

Co-located and hybrid resources are, indeed, different than stand-alone front of the meter energy storage devices. Just as important, co-located and hybrid resources are different *from each other*, and these distinctions only addressed in the Petition once, when CESA explains that that hybrid resources are “two or more resources operating under a single resource ID,” and co-located resources as “two or more resources operating under their own separate and individual

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<sup>1/</sup> Petition at 5.

<sup>2/</sup> Petition at 6.

resource IDs.”<sup>3/</sup> Thereafter, CESA does not address the differences between these resources, and treats the resources as one and the same for the purpose of the relief requested.

By the Petition, CESA seeks to establish self-supply rights for hybrid and co-located resources.<sup>4/</sup> PG&E notes that the Commission did not address self-supply issues in much detail as part of D. 17-04-039. Understandably so, as that Decision addressed front-of-the meter energy storage resources which “cannot self-supply from its own generation, as there is no generation – negative or positive –”<sup>5/</sup> PG&E disagrees that the Commission should extend self-supply rights to hybrid or co-located resources based on CESA’s apparent argument that to do so would treat hybrid and co-located resources comparably.<sup>6/</sup> In D. 17-04-039, the Commission did not adopt rules which treated front-of-the meter storage resources the same as conventional resources. There, the Commission determined that “[c]omparable’ treatment need not be precisely the same treatment, particularly when there is good cause to deviate from the precise treatment afforded another resource.”<sup>7/</sup> PG&E supports developing a record concerning the differences and similarities between hybrid, and co-located resources, and conventional resources, to determine the extent of, and any applicable limitations to, self-supply rights for hybrid and co-located resources.

Notably, CESA fails to appropriately examine how its self-supply proposals complies with the utility station supply tariffs or California Independent System Operator’s (“CAISO”) tariff concerning self-supply, including metering and settlement under the CAISO’s Station Power Protocol. In not addressing these precedents, CESA obscures the complexity of self-supply matters. The Petition advocates for identical self-supply and netting retail rules for co-located resources and hybrid resources, treating these resources as indistinguishable for station

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<sup>3/</sup> Petition at 3.

<sup>4/</sup> Petition at 5.

<sup>5/</sup> D. 17-04-039, p. 4.

<sup>6/</sup> Petition, p. 9, asserting that self-supply “should logically apply to hybrid and co-located resources,” but providing no specific analysis.

<sup>7/</sup> D. 17-04-039, p. 54.

power purposes. However, these resources are distinct under the CAISO's tariffs, including under the CAISO SPP.<sup>8</sup> The Commission should not grant CESA's Petition because further analysis is required, including whether CESA's request is compatible with CAISO's tariffs.

The Commission must also consider the broader policy implications of CESA's Petition, which CESA does not explore. At bottom, CESA's proposed modifications would allow hybrid and co-located resources to self-supply power and avoid retail charges under broad circumstances.<sup>9/</sup> As a result, hybrid and co-located resource would avoid certain costs, including certain public policy and public purpose charges that are charged to retail customers, and that are not recovered under a wholesale rate. The Commission should not adopt a proposal without consideration of whether certain costs under CESA's proposal are inappropriately shifted to other retail customers.

Finally, CESA's Petition seeks, without detailed analysis, a Commission determination that a single "high side" meter is sufficient for the purposes of delineating between wholesale and retail draws.<sup>10/</sup> D.17-04-039 recognized the complexity of metering of energy storage facilities, including the lack of information upon which the Commission could issue a decision on such matters.<sup>11/</sup> Subsequently, the Commission issued D.18-01-003, which addressed multi-use application issues for energy storage. In D. 18-01-003, the Commission determined that, which respect to metering for energy storage resources, that the investor owned utility tariffs addressing them were fair and reasonable such that any remaining issues about meter

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8 See e.g., Petition at p. 14, stating "[a] case-by-case assessment of operating modes of hybrid and co-located resources will reveal that no differentiation is needed based on the hybrid versus co-located resource market participation configuration and how the existing rules and tariffs apply readily to ensure appropriate delineation of wholesale and retail energy".

9/ See CESA's Proposed Conclusion of Law 14 (proposing that "[a]ll electric energy for the generation facility is not station power, and therefore should be purchased according to a wholesale rate such as the CAISO marginal price.")

10/ Petition at 5, 16.

11/ D.17-04-039 at 57.

configuration did not need further consideration.<sup>12/</sup> However, CESA ignores this further Commission determination. CESA offers no technical detail or analysis into why a high side meter alone should be “sufficient.” However, CESA’s Petition is clear that a high-side metering would result in the avoidance of “unnecessary and retail charges”.<sup>13/</sup> The goal of metering modifications to establish “sufficiency”, if any, should be to ensure the proper measurement and verification of retail and wholesale charges, not to guarantee a resources’ avoidance of retail charges.

### **III. REQUIREMENTS FOR HYBRID AND CO-LOCATED RESOURCSE SHOULD BE DEVELOPED AS PART OF A FORMAL RULEMAKING.**

While PG&E requests the Commission reject CESA’s Petition, PG&E supports the development of rules concerning station power, self-supply, and related retail issues for hybrid and co-located resources paired with storage. The Commission’s energy storage Rulemaking and the resulting Commission Decisions adopted thereunder benefitted from a robust stakeholder process, which produced a strong factual record, including workshops and a formal report to inform a Decision addressing station power rules for energy storage. PG&E recommends that the Commission consider hybrid and co-located resource issues through a similar robust process. Importantly, a Reply to Petition does not provide stakeholders an adequate process to examine the technical complexities of co-located and hybrid resources to determine whether CESA’s proposed revisions are consistent with existing law and Commission policy. Instead, PG&E respectfully requests the Commission explore these issues through a developed record upon which to make a reasoned decision.

CESA projects that hybrid and co-located resources that include energy storage as a component will proliferate in California’s energy procurement landscape and asserts that regulatory processes are struggling to “keep up.”<sup>14/</sup> Merely “keeping up” through a PFM

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<sup>12/</sup> D.18-01-003 at 23.

<sup>13/</sup> Petition at 16.

<sup>14/</sup> Petition at 3 -5 (describing growth of resources paired with storage); 13 (stating regulatory agencies are pressed to “keep up”).

process poses significant risks, including incompatibility with CAISO tariffs. By contrast, workshops and formal commenting opportunities through a Rulemaking process will provide stakeholders an appropriate forum to resolve issues and better inform a Commission decision concerning an important and growing feature of California's energy landscape. PG&E therefore respectfully requests that the Commission reject the Petition, and utilize a Rulemaking process develop an evidentiary record on complex, technical issues involving hybrid and co-located resources.

#### **IV. CONCLUSION**

For the foregoing reasons, the Commission should reject CESA's Petition.

Respectfully submitted

MARIA V. WILSON

By: /s/ Maria V. Wilson  
MARIA V. WILSON

Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120-7442  
Telephone: (415) 973-5639  
Facsimile: (415) 973-5520  
E-Mail: Maria.Wilson@pge.com

Attorney for  
PACIFIC GAS AND ELECTRIC COMPANY

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