

ATTACHMENT 1



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**Questions Regarding Generation Capacity Value and Related Community
Renewable Energy Program Tariff Topics**

Questions Regarding Generation Capacity Value and Related Community Renewable Energy Program Tariff Topics

I. Grid Reliability and Capacity Values

1. Is Coalition for Community Solar Access's (CCSA's) proposal for capacity generation value the most optimal methodology to incentivize capacity when the grid needs support? Would another methodology be preferable for determining a capacity generation value that incentivizes capacity to align with grid needs?
2. Should the Commission establish appropriate controls to ensure that resources that participate in the proposed net value billing tariff (NVBT) would be dispatched to reduce ratepayer cost and support grid reliability? If yes, what type of controls are needed?
 - a. For example, The Utility Reform Network (TURN) proposes that the load serving entity (LSE) contracting for the resource be provided with limited storage dispatch rights in order to ensure that generation sent to the grid is aligned with the real-world value realized by the LSE.¹ Explain whether you would support this approach.
 - b. The Solar Energy Industry Association (SEIA) recommends adding a critical peak pricing component to the on-peak credit for avoided generation capacity, to provide an incentive to ensure batteries are cycled when the threat to reliability is greatest.² Explain whether you would support this approach.

¹ TURN-02 at 10.

² SEIA-02 at 17.

- c. Are there any other ways to incentivize batteries to dispatch during the hours when the grid needs support?
- 3. Since 2016, the Avoided Cost Calculator has used long-term avoided generation capacity costs to estimate the value of distributed energy resources, which is significantly higher than most compensation provided through resource adequacy contracts. Based on the value NVBT resources provide to the grid, should these projects receive full ACC avoided generation compensation based on long-term marginal costs; or is there a more appropriate value (whether derived from the Avoided Cost Calculator or other methodology), that would more accurately value these resources contributions to grid reliability in compliance with statute?
 - a. For dispatchable resources including solar paired with battery storage, New York provides avoided capacity value based on their Alternative 3, described in the appendix to this ruling, where capacity value is based on actual production during a single peak hour of the year. Should the Commissioner consider a similar type of value for avoided capacity in the NBVT?
- 4. Should NBVT resources be accounted for in the California Energy Commission's (CEC's) load forecast, thereby reducing LSEs Resource Adequacy requirements by their pro rata load share?
 - a. In the Resource Adequacy proceeding, the Commission rejected proposals to value behind-the-meter hybrid resources similarly to in-front-of-the-meter hybrids for resource adequacy purposes. In doing so, the Commission cited eight issues that needed to be addressed before such a proposal could be adopted.³ CCSA

³ The eight issues are: (1) forward determination of capacity associated with renewable production consumption, charging, and export; (2) Resource Adequacy requirements associated with

proposes the NVBT should be considered behind-the-meter and, reduce the load forecast, which reduces Resource Adequacy obligations for all LSEs. How would these eight issues be addressed?

- b. What is the feasibility of counting community renewable energy program resources for Resource Adequacy on the load-modifying side?
- c. What assumptions would have to be made about resource behavior and how would we ensure that actual dispatches align with those assumptions?
- d. Instead of providing avoided generation capacity value or modifying the CEC's load forecast, should NVBT resources be allowed to negotiate resource adequacy contracts with LSEs to compensate capacity value?
- e. If you think that these resources should not be accounted for in the CEC load forecast, should these resources' contribution to grid reliability be accounted for in some way? If so, how?

II. Guardrails

- 5. If a community renewable energy program tariff were to be adopted, should the tariff be limited to five-megawatt (MW) projects and smaller?
 - a. If yes, how should the tariff define the five-MW limit – in terms of nameplate capacity for solar, storage, or other methodology?

customers providing capacity; (3) wholesale market participation including metering, dispatch control, and communication with CAISO; (4) cost for energy associated with consumption, charging, and export; (5) changes such that net energy metering and Self-Generation Incentive Program (SGIP) resources are compensated for capacity, while discounting for their net energy metering and SGIP compensation as necessary to ensure that the resources do not receive compensation beyond their value; (6) load forecasting and adjustment for behind-the-meter resources; (7) interaction of such resources with existing behind-the-meter resources such as proxy demand response; and (8) deliverability determination.
D.20-06-031 at 29-30.

6. If a community renewable energy program tariff were to be adopted, should the tariff include an overall program cap? If yes, should it be the proposed four-gigawatt cap or another amount? Explain your reasoning.
7. Explain whether the Commission should adopt a sunset date for a community renewable energy program tariff?
8. Given near-term capacity constraints in certain areas and the expectation that constrained areas will increase due to electrification, explain whether you would support TURN's proposal to limit project location and sizing to the distribution circuits that can accommodate interconnection without causing significant upgrades that increase ratepayer bills? Explain how this could be operationalized.

III. Interconnection

9. Is there a potential for the interconnection of multiple generating systems to the distribution grid to lead to "upstream" transmission level issues and concerns? Is Rule 21 appropriate for potential NVBT in-front-of-the-meter resources, if there are these potential safety and potential grid impacts on the Transmission system?
10. Should interconnection under Rule 21 be limited to only behind-the-meter projects and/or those serving onsite load? Describe all implications for customer and grid safety in your response.

(END ATTACHMENT 1)