



April 20, 2018

East Bay Community Energy
1111 Broadway, 3rd Floor
Oakland, CA 94607
Via Email Submission to LDBPcomments@ebce.org

Re: Comments on East Bay Community Energy’s Draft Local Development Business Plan, *Recommendations for Optimizing the Integration of DER Development with.*

The California Solar & Storage Association appreciates the opportunity to submit comments on draft elements of East Bay Community Energy’s (EBCE) Local Development Business Plan. These comments are focused on the following section of the Local Development Business Plan: *Recommendations for Optimizing the Integration of DER Development with.* We look forward to reviewing future drafts of EBCE policies and working with EBCE staff and board as they develop and implement their programs.

I. Introduction

The California Solar & Storage Association is a trade association of 500 businesses involved in the local solar and storage industry in California, including 52 businesses located in EBCE Territory. Our membership comprises installers, manufacturers, financiers, consultants, and others. We represent companies on policy matters and assist with common business development opportunities.

The California Solar & Storage Association supports EBCE’s intention to use distributed energy resources to provide for EBCE’s energy needs as it develops its Community Choice Aggregation (CCA) service. In particular, the commitment to local solar and storage as dynamic grid-beneficial tools is a forward-looking vision for how energy use will look in the future. This vision will be beneficial for the community and for the grid. EBCE also has a unique opportunity to guide and support customer choice and we support the goals within this proposal that allow for customer generation.

II. Net Energy Metering (NEM) Strategy Recommendations
a. NEM Adder

The California Solar & Storage Association in general supports the short-term commitment to preserving NEM customers and the goal to facilitate 144MW of new generation within the proposed NEM and FIT programs identified within the Local Development Business Plan

Community Engagement Symposium slides.¹ Preserving NEM customers and encouraging new customers is consistent with EBCE's commitment to encouraging local clean energy. Moreover, EBCE's load profile does not match that of CAISO's, and the CCA territory will have generation needs that can be met with local solar and storage.

However, the initial NEM strategy approved by the board, outlined in the Symposium slides, reflects an export credit equal to PG&E exports. CALSSA asks that this be clarified. Export credits equal to PG&E will mean NEM customers receive a T&D credit equal to PG&E's credit but receive *less* credit on the generation side if EBCE's rates are less than PG&E's rates. We recommend EBCE provide an adder to ensure NEM customers receive the same compensation as PG&E NEM customers. This will encourage current NEM customers to become EBCE customers and will encourage new customers to join EBCE as well.

b. A Value of Distributed Energy Resources (VDER) Approach Will Not Necessarily Encourage DER Growth

CALSSA agrees that "EBCE should not overlook the impending changes to NEM on the state-level as the California Public Utilities Commission (CPUC) prepares to consider successor rates in the coming years."² However, there is little reason to believe at this time that the NEM successor tariff will lead to a VDER solution like that adopted by Alameda and Roseville, and there is no evidence that a VDER-solution will result in the continued adoption of distributed solar. The local solar industry strongly and vocally opposed the successor tariffs in both locations, and the local solar companies and environmental groups are currently working to restore solar net metering in Alameda.

Moreover, CALSSA is concerned that the Plan's characterization of the Gridworks paper as "the emerging strategy with the highest likelihood of acceptance" pre-judges the CPUC's upcoming NEM 3.0 proceeding, which has not yet started. Although CALSSA participated lightly in discussions related to that paper, CALSSA did not endorse its conclusions, and it is not a foregone conclusion that the paper's recommendations would allow for the continuation of the distributed solar industry in California. Critical details – such as the length and structure of the recommended "transition period" from retail NEM to VDER – could make the difference between the new tariff succeeding and failing.

The Plan states that a feature of NEM may include monthly true-ups. This phrase could mean different things to different people, but utilities have previously proposed it in a way that would effectively kill NEM as we know it. If a customer is unable to carry credits from one month to the next and is instead cashed out at wholesale rates for any credits accrued at the end of any

¹ Local Development Business Plan Community Engagement Symposium, March 26, 2018, slides, "Initial NEM Approved by the Board."

² "Recommendations for Optimizing the Integration of DER Development with Procurement and Scheduling," Optony Inc., March 2018, p. 7.

month, this would be an enormous step backward. CALSSA assumes this is not the intent of that line, but clarification is important.

We encourage EBCE to focus on programs that will encourage new local generation as well as dynamic market programs that incent grid-beneficial DER behavior. This could include incenting storage development and creating programs that send market signals to customers to operate their DERs in certain ways. Solar itself is beneficial for the grid and for EBCE's load profile, the "duck" chart referenced is showing the statewide grid profile for one day. In general, local solar will provide local generation at times valuable to both EBCE and the grid at large. Net metered policy should continue to encourage this local resource.

Moreover, the NEM successor tariff conversations are just beginning at the CPUC and EBCE should rely on this process for insights into a future EBCE NEM program. NEM 2.0 was instituted in PG&E territory just over a year ago and it would be premature to focus on a successor tariff at this time, given that we do not yet have a clear picture of how the NEM 2.0 requirements and the new TOU periods are impacting solar adoption and driving customers to adopt storage and other load-shifting behaviors that can mitigate the "duck curve" issues referenced in the recommendations.³

CALSSA supports EBCE following the lead of the CPUC on NEM 3.0. If EBCE diverts from that path and changes to a VDER tariff, it is likely that local solar and storage providers will encourage customers to opt out of EBCE and stick with PG&E. It would look very bad for EBCE if solar companies are recommending PG&E over EBCE. This is certainly not a scenario that CALSSA is eager to see.

III. Control Clauses

CALSSA is appreciative and very supportive of the LDBP's focus on and discussion of virtual power plants and dynamic demand response programs that rely on local DERs to meet EBCE energy needs. We also agree that reliability of those assets to meet EBCE territory needs will be a crucial consideration for implementing these creative and forward-looking programs. However, we believe that a 20 percent control scenario, even with clear standards as to when the resource will be available, will significantly limit the customer's DER operation. Instead we suggest EBCE allow customers to opt-in to an automated program with no control percentage minimum. This would be a hybrid of a market and control scenario where EBCE could control the resource when needed and customers would be obligated to respond, but would not result in reserving 20 percent of capacity across the board. We also appreciate the contractual parameters that would define number of events, opt-out provisions and customer notification. We also believe that if the customer incentive is marginal and comes with a requirement to forfeit control over 20 percent of capacity, customers simply would not participate and the program would not succeed.

³ "Recommendations for Optimizing the Integration of DER Development with Procurement and Scheduling," Optony Inc., March 2018, p. 6

In general and in the near-term, we encourage EBCE to focus on programs and incentives that will encourage solar plus storage deployment. Time of Use rates and other developments across the state will ensure these assets are operated in a manner that is beneficial for the CCA territory. If EBCE creates a functional incentive program early, resources will be installed and ready to respond to price signals and dispatch commands once EBCE develops its dynamic products to manage grid needs.

IV. Conclusion

The California Solar & Storage Association appreciates the opportunity to submit comments on the Local Development Business Plan and we look forward to working with EBCE as the Local Development Business Plan is further developed and implemented.

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