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Filed Via Web Portal

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

Re: Docket UE-161024: Comments of Cypress Creek Renewables in Response to Notice of Opportunity to File Written Comments on WAC 480-100-238 Draft Rules of Distribution Planning

Dear Mr. Johnson:

Thank you for the opportunity to comment on the draft rules for distribution planning and provide answers to the thoughtful questions posed by Commission staff. Cypress Creek Renewables (“Cypress Creek”) is an independent developer, power producer, and long-term owner-operator of solar and storage projects. Cypress Creek currently operate a 12MWh portfolio of storage assets and has an active development stand alone and solar + storage project pipeline exceeding 1GWh.

Cypress Creek commends the Commission for establishing itself as a national leader on energy storage and grid modernization with its *Report and Policy Statement on Treatment of Energy Storage Technologies in Interrelated Resource Planning and Resource Acquisition*, released in 2017. The Policy Statement recognized the need for utility resource planning to adapt to new technologies that do not fit cleanly into traditional planning and procurement models. Battery storage technology, for example, can behave as a flexible and fast-acting generation or load asset, and provide grid services more traditionally provided by transmission and distribution assets. In order to harness these unique capabilities, and the benefits they provide to customers, utility planning and procurement must be adaptable to the speed of technological innovation in the storage space.

The draft rules build on the foundation set by the Policy Statement. The draft rules reflect two key solutions for enabling the successful deployment of distributed resources: data transparency and commercial flexibility.

- 1. Data transparency is critical to maximizing distributed resource value.** Flexible distributed resources can meet a wide variety of grid needs and reduce costs in the transmission and distribution system as compared to traditional wires investments, but utilities must be prepared to identify and report where distributed resource services are required. Data transparency and availability is a prerequisite for successful distributed resource planning and implementation. Transparency into utility grid data, via a stakeholder-influenced modeling process like the IRP, will provide the utilities, the Commission, and distributed resource providers full and fair visibility into system needs.

To this end, the Commission should require utilities to form a distributed system advisory group to provide inputs in the development as distributed system plans. This group should reflect the commercial knowledge held by the developer industry as well as the technical expertise housed at national labs and other research institutions. As appropriate and possible, the advisory group should provide modeling and data inputs in addition to reviewing the analysis. A collaborative effort from all stakeholders from the start of the development of the distributed resource plan will produce a more accurate and productive product.

2. **The distributed resource system plan should form the basis of an open competitive solicitation for appropriate projects.** Utilities should be required to issue competitive RFPs, with Commission approval, for the projects identified in the distributed resource system plan. Competitive RFPs are adaptive to today's quickly-innovating technology, will protect ratepayers from the risks of adopting new technology and ensure that utilities select cost-effective solutions. To avoid excessive work for utilities and the Commission, only major capital investments should be required for competitive bidding. The definition, or threshold, for major capital investments can be determined different ways. Cypress Creek proposes two possible frameworks for determining a major capital investment: a cost to capacity ratio or a product driven requirement. The goal of both frameworks is to strike a balance between providing opportunities for distributed resource deployment while maximizing the benefits to ratepayers.

Cost to capacity metric: Setting a threshold floor (\$1 million, as described in the questions from Commission staff) would disregard some distributed resource opportunities while capturing perhaps too many projects that are ill-suited for current distributed resources. Instead, the Commission should look to understanding where distributed resources can provide a better value for the required grid service -- or cost for a given capacity upgrade. Through the development of the distributed resource system plan, the utility, in conjunction with the distributed system advisory group should develop a cost estimate for traditional wires solutions to the identified distribution system needs. These cost estimates represent the baseline to evaluate the potential for non-wires solutions at lower cost. Together, the distributed system advisory committee and the utility should submit for Commission review the selection of projects with a cost to capacity ratio competitive for distributed resources.

This method is adaptive to cost declines and technological improvements. It would also reflect where traditional wires continue to be technically and economically preferable, and where distributed resources can provide immediate value. After identifying which projects are preferred for distributed resources, the utility will then issue a competitive RFP to procure those services.

Distributed Resource Service Product Standard: The Commission could also require competitive procurements based on the capacity needs of the grid and the ability for distributed resources to meet that need. For example, after identifying all areas of need in the distributed system plan, the utility would then be required to issue a competitive RFP for all capacity service needs equal or less than 6 hours in duration. As new technology improves the cost-competitive duration of distributed resources, this standard can be amended. Competitive bidding based on grid service gives every resource, regardless of technology, the opportunity to compete to provide system benefits at

lowest cost. In the course of a competitive solicitation, the utility should include all projects up to the duration standard, but enumerate the specific attributes required for each of the individual projects.

Cypress Creek thanks the Commission for addressing distribution system planning as part of this rulemaking. Cost declines of energy storage technologies have opened new frontiers of distributed resource applications that promise to improve grid reliability and save consumers money. Cypress Creek encourages the Commission to adopt rules that promote fair competition and innovation in grid resources to realize the full benefits of distribution system assets. The initial draft rules represent a strong start toward developing a robust system of distributed resources in Washington and we look forward to working with the Commission and staff to develop these rules.

Please contact Ben Serrurier at 415-862-8413 or ben.serrurier@ccrenew.com or additional information or questions regarding this filing. Thank you very much.

Sincerely,

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