

COMMONWEALTH OF PENNSYLVANIA



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November 7, 2023

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Policy Proceeding- Utilization of Storage
Resources as Electric Distribution Assets
Docket No. M-2020-3022877

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply
Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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Certificate of Service
4853-9255-1566

CERTIFICATE OF SERVICE

Policy Proceeding- Utilization of Storage :
: Docket No. M-2020-3022877
Resources as Electric Distribution Assets :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 7th day of November 2023.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Policy Proceeding- Utilization of Storage : Docket No. M-2020-3022877
Resources as Electric Distribution Assets :

REPLY COMMENTS OF THE OFFICE
OF CONSUMER ADVOCATE

Pursuant to the *Proposed Policy Statement Order*, M-2020-3022877 (Entered Aug. 24th, 2023 (*2023 Order*)), the Office of Consumer Advocate (OCA) submits these Reply Comments¹ regarding the definitions proposed by the Commission in its Proposed Policy Statement as to the utilization of storage resources as electric distribution assets. The OCA appreciates the Commission's willingness to offer the opportunity for the OCA and other interested parties to provide additional comments on these important issues.

I. PROCEDURAL HISTORY

In response to the *2023 Order*, the OCA filed comments. (OCA Comments). Eight other parties filed comments, including the Energy Association of Pennsylvania (EAP), PPL Electric Utilities Corporation (PPL), Duquesne Light Company (Duquesne), Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power (collectively, FirstEnergy), Advanced Energy United, Clean Energy Advocates, the Pennsylvania

¹ The OCA was aided in the preparation of these Reply Comments by Rakon Energy, LLC. Rakon Energy, LLC is led by Rao Konidena. Mr. Konidena is an independent consultant focused on providing policy and testimony support, business development, and training in wholesale energy markets. Mr. Konidena was formerly a principal advisor for policy studies with Midcontinent ISO where he worked on energy storage and distributed energy resources.

Utility Law Project (PULP), and PJM Power Providers (P3). The OCA submits these Reply Comments in order to respond to some of the issues that have been raised by the other parties.

II. REPLY COMMENTS

The OCA has reviewed the Comments filed by other Commenters in this proceeding, and based on those comments, the OCA is providing the following additional comments.

A. The Commission Should Adopt the OCA’s Proposed Changes to the Definition of Non-wires Solution.

As stated in the OCA Comments in this proceeding filed on Oct. 23, 2023, the Commission agreed with parties that a narrow definition of Electricity-Storage should be avoided. *2023 Order* at 8, (“Nearly all commenters agreed that the Commission should avoid narrow definitions of electricity-storage . . . The Commission agrees with these comments . . .”); OCA Comments at 8. Therefore, the suggestions regarding the definition of “Non-wires Solution” by EAP, PPL, Duquesne, and FirstEnergy, which all either imply or directly state Electric Distribution Company (EDC) ownership of Non-wires Solutions as the preferred ownership model, should not be implemented.

In the 2023 Order, The Commission defined Non-wires solution as:

An Electric Distribution Company (EDC) investment and operating practice that can defer or replace the need for specific transmission and/or distribution projects, at lower total resource cost, by reliably reducing transmission congestion or distribution system constraints at times of maximum demand in specific grid areas. This term is synonymous with “non-transmission alternative” or “NTA” which is the term used by the National Regulatory Research Institution (NRRI).

2023 Order, Annex A

The OCA proposed modifications to this definition, that it believes will remove the unnecessarily narrow aspects of the definition. The OCA’s proposed definition of Non-wires Solution is:

A non-wires solution is any combination of equipment and operating practices that can defer or replace the need for specific transmission and/or distribution projects at lower total resource cost, by reliably reducing transmission congestion or distribution system constraints at times of maximum demand in specific grid areas.

OCA Comments at 8.

The OCA submits that its modifications are preferable policy positions to those suggested by some of the other commenters to this proceeding. In its comments, EAP, PPL, and Duquesne all suggest modifications to the Commission's proposed definition of Non-wires Solution that would in various ways continue to imply that the Commission should view EDC ownership as the preferred ownership model for Non-wires solutions and would remove the "lower total resource cost" language. *See* EAP Comments at 5-6; PPL Comments at 7; Duquesne Comments at 4.

Given the Commission's agreement that a narrow definition of electricity-storage asset should be avoided, this definition as proposed by these parties should not be implemented as it unnecessarily narrows the ownership of non-wires solution to that of an EDC. Non-wires solutions and electricity-storage assets should be open to third parties and customers and any implication of EDC ownership as the preference should be removed in order to allow the potential for a broad ownership of the assets to maximize the feasibility and benefits of these assets.

For its part, FirstEnergy also proposed a minor revision to the definition of Non-wires Solution. This revision results in a proposed definition as follows:

An Electric Distribution Company (EDC) investment and operating practice that can defer or replace the need for specific transmission and/or distribution projects, at lower total resource cost, by reliably reducing transmission congestion or distribution system constraints in specific grid areas. This term is synonymous with "non-transmission alternative" or "NTA" which is the term used by the National Regulatory Research Institution (NRRI).

FirstEnergy Comment at 4.

This comment removes the "at times of maximum demand" language from the Commission's and the OCA's proposed definitions. The OCA recommends that this

proposed definition not be implemented as it implies that EDC ownership is the preferred ownership model of Non-wires Solutions and it also removes the maximum demand language, which is a key point in considering whether a Non-wires Solution should be implemented.

The OCA submits that the Commission should adopt the definition proposed by the OCA, which does not limit the ownership of any Non-wires Solution to only EDCs.

B. The Commission Should Not Adopt Changes to the Definition of Electricity-Storage Asset Which Creates A Rift Between the Commission's Definition and FERC's.

The definition of Electricity-Storage Asset, as proposed by PPL, would create a rift between the Commission's definition of Electricity-Storage Asset and FERC's definition of an "electric storage resource." Order No. 841, 162 FERC ¶61,137 at 29. As stated in the OCA's Comments, FERC Defines an electric storage resource as "A resource capable of receiving electric energy from the grid and storing it for later injection of electric energy back to the grid." OCA Comments at 6-7. This notably differs from the definition of Electricity-Storage asset proposed by PPL. First, PPL proposes to change the term from Electricity-storage Asset to "Energy-storage asset" and then define the term as "A resource that captures energy for use at a later time. Uses include improving system reliability, reducing system constraints, and balancing supply and demand." PPL Comment at 5.

The OCA believes that adopting a definition that differs so greatly from the FERC definition of Electric Storage Resource is inadvisable. Furthermore, PPL's proposed definition is overly broad. While the OCA agrees that a narrow definition should be avoided, as proposed by PPL, the Definition includes all forms of energy, not just electricity and as such misses the point of the proposed policy order.

The OCA submits that the Commission should adopt the definition of Electricity-Storage Asset proposed by the OCA in its Comments as follows, “Electricity-storage asset: A resource capable of receiving electric energy from the grid and storing it for later injection of electric energy back to the grid.” OCA Comment at 7.

III. CONCLUSION

The OCA thanks the Commission for the opportunity to file these Reply Comments. The OCA respectfully requests that the Commission adopt the definitions as outlined in the OCA’s Comments filed on October 23, 2023.

Respectfully submitted,

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