

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



FILED

05/17/24

04:59 PM

A2405020

In the Matter of the Application of Bear Valley Electric Service, Inc. (U 913 E) for a Certificate of Public Convenience and Necessity to Acquire, Own, and Operate the Bear Valley Solar Energy and Battery Storage Projects and Authorize Ratemaking Associated with the Projects' Capital Investment and Operating Expenses.

Application 24-

**APPLICATION OF BEAR VALLEY ELECTRIC SERVICE, INC. (U 913 E) FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ACQUIRE, OWN,
AND OPERATE THE BEAR VALLEY SOLAR ENERGY AND BATTERY STORAGE
PROJECTS AND AUTHORIZE RATEMAKING ASSOCIATED WITH THE STORAGE
AND SOLAR ENERGY PROJECTS' CAPITAL INVESTMENT AND OPERATING
EXPENSES**

(PUBLIC VERSION)

Katie Jorrie
Chasity Hendren
Davis Wright Tremaine LLP
50 California Street, 23rd Floor
San Francisco, CA 94111
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: katiejorrie@dwt.com
Email: chasityhendren@dwt.com

Attorneys for Bear Valley Electric
Service, Inc.

Dated: May 17, 2024

TABLE OF CONTENTS

	Page(s)
I. SUMMARY OF REQUEST	2
A. Solar Project Requests	2
B. Battery Project Requests	3
C. General Requests	3
II. ABOUT BEAR VALLEY ELECTRIC SERVICE, INC.....	4
III. OVERVIEW OF THE PROJECTS.....	6
A. The Solar Project.....	6
B. The Battery Project	10
IV. THE PROJECTS ARE DESIGNED AND INTENDED TO PROVIDE CUSTOMERS WITH MULTIPLE BENEFITS	12
A. Benefits From the Solar Project.....	12
B. Benefits from the Battery Project	18
V. THE PROJECTS WARRANT THE COMMISSION GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, IF APPLICABLE, AND APPROVING THE PROJECTS' PROPOSED RATE AND COST RECOVERY MECHANISMS	20
A. The Solar Project's Proposed Rate and Cost Recovery Mechanism Warrants Commission Approval	22
1. The Solar Project Meets all the Requirements for Commission Approval of, and Ratemaking for, UOG Projects Under Section 399.14	22
2. BVES's Estimated Capital Costs for the Solar Project Are Reasonable and Prudent and Warrant Commission Approval	26
3. Designation of the Reasonable Cost and Procedure to Request Rate Recovery for Solar Project Costs.....	27
B. The Battery Project's Proposed Rate and Cost Recovery Mechanism Warrants Commission Approval	29
1. The Battery Project Meets all the Requirements for Commission Approval of, and Ratemaking for, UOG Projects Under Section 399.14	30
2. BVES's Estimated Capital Costs for the Battery Project Are Reasonable and Prudent and Warrant Commission Approval.....	34
3. Designation of the Reasonable Cost and Procedure to Request Rate Recovery for Battery Project Costs.....	35
C. If the Commission Does Not Utilize Section 399.14 for the Battery Project, it Should Still Authorize the Battery Project's Proposed Rate and Cost Recovery Mechanism.....	36

1.	The Battery Project’s Size Exempts it from General Order 131-D	36
2.	If Not Deemed Exempt, the Battery Project Would Still Meet the Requirements of a CPCN under Section 1001 <i>et Seq.</i>	37
VI.	INFORMATION REQUIRED BY COMMISSION RULES	38
A.	Identification of Statutory Authority and Relief Sought (Rule 2.1).....	38
B.	Legal Name and Principal Place of Business (Rule 2.1(a)).....	38
C.	Correspondence or Communication Regarding this Application (Rule 2.1(b)).....	38
D.	Categorization; Hearings; Issues to be Considered; and Proposed Schedule (Rule 2.1(c)).....	39
1.	Proceeding Category	39
2.	Need for Hearings	39
3.	Issues to be Considered.....	39
4.	Proposed Schedule	40
E.	Relevant Safety Considerations – Rule 2.1(c)	41
F.	Organization and Qualification to Transact Business (Rule 2.2).....	41
G.	California Environmental Quality Act (“CEQA”) Compliance (Rule 2.4)	41
H.	Full Description and Map of the Proposed Construction (Rules 3.1(a)/(c)).....	42
I.	Competing Entities and Cities and Counties Within Which Service Will be Rendered (Rule 3.1(b))	42
J.	Required Franchises and Health and Safety Permits (Rule 3.1(d))	42
K.	Statement of Estimated Cost of the Project (Rule 3.1(f))	43
L.	Financial Ability to Render Proposed Service and Manner of Financing (Rule 3.1(g)).....	43
M.	Load and Resource Data and Existing Rated and Effective Operating Capacity (Rule 3.1(l))	43
VII.	EXHIBITS & TESTIMONY	44
VIII.	REQUEST FOR RELIEF	44

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

In the Matter of the Application of Bear Valley Electric Service, Inc. (U 913 E) for a Certificate of Public Convenience and Necessity to Acquire, Own, and Operate the Bear Valley Solar Energy and Battery Storage Projects and Authorize Ratemaking Associated with the Projects' Capital Investment and Operating Expenses.

Application 24-

**APPLICATION OF BEAR VALLEY ELECTRIC SERVICE, INC. (U 913 E) FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ACQUIRE, OWN,
AND OPERATE THE BEAR VALLEY SOLAR ENERGY AND BATTERY STORAGE
PROJECTS AND AUTHORIZE RATEMAKING ASSOCIATED WITH THE STORAGE
AND SOLAR ENERGY PROJECTS' CAPITAL INVESTMENT AND OPERATING
EXPENSES**

(PUBLIC VERSION)

In accordance with the California Public Utilities Commission ("Commission") Rules of Practice and Procedure ("Rules"), Bear Valley Electric Service, Inc. (U 913-E) ("BVES") files this Application ("Application") requesting a Certificate of Public Convenience and Necessity ("CPCN") to acquire, finance, own, operate, and maintain the Bear Valley Solar Energy Project ("Solar Project"), pursuant to Senate Bill ("SB") 350, SB 100, SB 1339, Assembly Bill ("AB") 32, AB 2514, Sections 380 and 1001 of the California Public Utilities Code,¹ and as explained further below, Section 399.14; and a CPCN to acquire, finance, own, operate, and maintain the Bear Valley Battery Energy Storage System ("Battery Project"), pursuant to Section 399.14. BVES also requests the Commission approve each Projects' engineering, procurement, and construction ("EPC") agreement and grant the proposed ratemaking procedures for BVES to recover the costs

¹ All subsequent statutory references are to the California Public Utilities Code unless otherwise indicated.

to acquire, own, and operate the Projects². Commission authorization to add these Projects to BVES's generation portfolio will:

- (i) contribute significantly to BVES supporting its customers' energy needs and local reliability;
- (ii) help BVES meet its Renewable Portfolio Standard ("RPS") and greenhouse gas ("GHG") emission reduction requirements;
- (iii) aid California's transition to carbon-free resources, as envisioned by SB 100; and
- (iv) support price stability for BVES customers.

I. SUMMARY OF REQUEST

As detailed below and in accompanying testimony, BVES seeks Commission authorization to acquire, own, and operate the Projects and to seek authorization of the proposed rate recovery for their associated costs. Specifically, BVES makes the following thirteen requests of the Commission:

A. Solar Project Requests

- (i) Approve BVES entering into an EPC agreement with EDF Renewables Distributed Solutions ("EDF") for development of the Solar Project (the "Solar EPC"),³
- (ii) Establish a "maximum cost determined to be reasonable and prudent" ("Reasonable Cost") for the Solar Project's construction and initial operation, pursuant to Sections 399.14;
- (iii) Authorize BVES to include in its adjusted revenue requirement the annual and incremental costs associated with the Solar Project's operation, including:
 - a) Operations and maintenance costs ("O&M Costs") of the Solar Project;
 - b) Administrative and general costs associated with operations ("A&G Costs") of the Solar Project; and,

² The Solar Project and Battery Project are collectively referred to as the "Projects."

³ The executed version of the Solar EPC is attached to this Application as Confidential Exh. BVES-2.

- c) State and federal income taxes, property taxes, and depreciation costs associated with ownership and operations (“T&D Costs”) of the Solar Project (collectively, “Solar Operating Expenses”);
- (iv) Authorize BVES to file a Tier 1 advice letter within 30 days of the completion of Solar Project construction, to initiate cost recovery for its investment in and the costs to operate the Solar Project, as a utility-owned generation (“UOG”) asset, throughout the life of the Solar Project, plus any Allowance for Funds Used During Construction (“AFUDC”);
- (v) Authorize BVES to file a Tier 1 advice letter, to establish a Solar and Battery Tax Memorandum Account (“SBTMA”) to track differences between the Solar Project’s forecasts and actual tax credits achieved, once the Solar Project is placed into service.

B. Battery Project Requests

- (i) Approve BVES entering into an EPC agreement with EDF for development of the Battery Project (“Battery EPC”);⁴
- (ii) Establish a maximum Reasonable Cost for the Battery Project’s construction and initial operation, pursuant to Section 399.14 and/or 1001 *et seq.*;
- (iii) Authorize BVES to include in its adjusted revenue requirement the annual and incremental costs associated with the Battery Project operation, including:
 - a) O&M Costs of the Battery Project;
 - b) A&G Costs with operations of the Battery Project; and
 - c) T&D Costs of the Battery Project (collectively, “Battery Operating Expenses”);
- (iv) Authorize BVES to file a Tier 1 advice letter within 30 days of the completion of Battery Project construction to initiate cost recovery for its investment in and the costs to operate the Battery Project as a UOG asset throughout the life of the Battery Project, plus any AFUDC; and
- (v) Authorize BVES to file a Tier 1 advice letter to establish a SBTMA to track between the Battery Project’s actual tax credits achieved, once the Battery Project is placed into service.

C. General Requests

- (i) Grant such other relief as is necessary to effectuate the Application, issuance of CPCNs, and authorization of rate recovery for the Projects’ associated costs;

⁴ The executed version of the Battery EPC is attached to this Application as Confidential Exh. BVES-3.

- (ii) Approve this Application and grant the requested authorizations in a final decision;
- (iii) Grant BVES's motion for confidentiality, filed concurrently with this Application.

BVES requests confidential treatment, pursuant to Section 583, of certain material that contains confidential information, such as contract terms, contract analysis, and other information specifically protected by Section 454.5(g) and Decision ("D.") 06-06-066, D.08-04-023, D.21-11-029, and as modified by subsequent decisions ("Confidentiality Decisions"). The confidential material has been redacted in the public version of the Application. Pursuant to Rule 11.4, confidential treatment is supported by BVES's Motion for Leave to File Confidential Material Under Seal and the accompanying Declaration of Mr. Paul Marconi, filed concurrently with this Application.

II. ABOUT BEAR VALLEY ELECTRIC SERVICE, INC.

BVES is a small investor-owned utility ("IOU") that has been providing retail electric service in the mountainous area and resort communities of Big Bear Valley since 1929. BVES currently provides approximately [REDACTED] megawatt-hours ("MWhs") of retail sales for electric service to approximately 23,000 customers. The California Energy Commission's ("CEC's") most recent Integrated Energy Policy Report ("IEPR") forecasts a steady 10,000 MWh increase in BVES's load and energy demand through 2035.⁵

Being that Big Bear Valley is primarily a summer and winter resort and recreation destination, approximately 22,700 of BVES customers are residential – approximately 34 percent full-time and 66 percent part-time and approximately 1,500 of BVES customers are commercial, industrial and public authority customers. Approximately 40 percent of BVES's system serves

⁵ Bear Valley Electric Service, Inc. 2022 Integrated Resource Plan ("BVES 2022 IRP Plan"), R.20-05-003 (Oct. 18, 2023) at 12, Table 3. Available at: [Microsoft Word - WEST-#1892668-v1-231017_BVES_IRP_Pleading.docx \(ca.gov\)](#).

commercial and industrial demand.⁶ BVES experiences its peak loads during the winter months when people visit the area for vacation and recreation. BVES's historical annual coincident peak load, including behind the California Independent System Operator ("CAISO") meter generation, ranges from approximately 40-45 MWs during winter.

BVES purchases wholesale power to meet the majority of its energy requirements from outside its service territory and imports resources to the BVES service territory through Southern California Edison Company's ("SCE") 33 kilovolt ("kV") distribution system. BVES's distribution service territory is indirectly connected to the CAISO-controlled grid via wholesale distribution access facilities owned, controlled, and operated by SCE. To aid in meeting peak electric demand, BVES installed and now operates the Bear Valley Power Plant ("BVPP") – a natural gas-fired, 8.4 MW generation plant. The BVPP is located in the BVES service territory and began commercial operation in 2005. Other than the BVPP, BVES owns no other generation resources.

BVES is subject to the same overall RPS compliance requirements as all other retail sellers; however, BVES may meet its RPS requirements without consideration of the portfolio content category ("PCC") obligations, pursuant to D.11-12-052.⁷ As a result, BVES has complied with the majority of its past RPS requirements through the purchase of unbundled ("PCC 3") renewable energy credits ("RECs") from generation sources located outside the BVES service territory because it is the least expensive option of the RPS-eligible products. Since 2018, in its RPS Procurement Plan⁸ and Integrated Resource Plan ("IRP"),⁹ BVES has described its intention to

⁶ See *Id.* at 12.

⁷ See D.11-12-052, mimeo at 82 (Ordering Paragraph 16).

⁸ See e.g. Renewables Portfolio Standard Procurement Plan of Bear Valley Electric Service, Inc. (U-913-E) ("BVES 2022 RPS Plan"), Rulemaking ("R.") 18-07-003 (December 13, 2023) at 7-8. Available at: [*Microsoft Word - 231213_BVES_RPS_Procurement_Plan_Draft_Final\(4016563.1\) \(ca.gov\)](#).

⁹ See e.g. BVES 2022 IRP Plan at 7-8.

meet its future RPS, IRP procurement, and GHG emissions reduction requirements, in part, through retirement of RECs generated by an *on-mountain*¹⁰ renewable resource. (Emphasis added.)

To that end, BVES previously filed Application (“A.”) 19-03-008 to acquire, own, and operate a solar project in BVES’s service territory developed by a subsidiary of General Electric International, Inc. (“GE”).¹¹ Unfortunately, while that application was pending, the GE subsidiary provided notice it was terminating its agreement with BVES and no longer intended to build that project. As a result, BVES sought to withdraw A.19-03-008 on September 3, 2020,¹² and the Commission authorized the withdrawal in D.20-11-005, issued on November 6, 2020, and encouraged BVES to file a new application when ready.¹³

BVES continues to maintain that an on-mountain renewable resource would provide its customers with multiple critical benefits and now comes back to the Commission with new projects in the instant Application following a completely new procurement process that is unconnected to the prior solicitation or application.

III. OVERVIEW OF THE PROJECTS

A. The Solar Project

BVES has long contemplated and actively worked towards identifying a project in its service territory that could timely and reliably deliver competitively priced renewable energy to BVES customers. To that end, BVES has now run two separate solicitation processes. In 2017, BVES began its initial outreach and solicitation efforts, which culminated in the previous filing of

¹⁰ “On-mountain” will refer to a geographical location in the San Bernardino Mountains that is within BVES service territory.

¹¹ Application of Golden State Water Company, on behalf of its Bear Valley Electric Service Division (U 913 E), for Approval to Acquire, Own, and Operate the Bear Valley Solar Energy Project, Authorize Ratemaking Associated with the Project, Authorize a Deviation from Its Tariff, and Issue an Expedited Decision Granting Such Relief, A.19-03-008 (Mar. 11, 2019). Available at: [272264701.PDF \(ca.gov\)](#).

¹² See Motion of Bear Valley Electric Service, Inc. to Withdraw Application, A.19-03-008 (Sept. 3, 2020).

¹³ See Decision Granting Application’s Motion to Withdraw Its Application, A.19-03-008 (Nov. 6, 2020).

A.19-03-008. Due to project site complications that left the project without a developer, BVES withdrew A.19-03-008 with the intent to file a new application if and when project details were resolved.

BVES Witness, Sean Matlock (“Matlock”), describes the extensive outreach and solicitation process BVES employed to identify a project and developer.¹⁴ Taking the lessons learned from its prior solicitation process, BVES secured a new site and utilized a consulting firm to help with the second round of outreach and solicitations. Working with consulting firm Fractal Energy Storage Consultants, BVES issued a Request for Proposal (“RFP”) on June 8, 2022, to identify potential stand-alone solar photovoltaic (“PV”) system projects (“Solar RFP”). Due to land availability restricting larger solar PV projects, including the option to co-locate a solar PV and battery energy storage system (“BESS”), the Solar RFP requested proposals for an estimated project size of 6.5 MW direct current (“DC”) / 5.7 MW AC. BVES disseminated the Solar RFP via email to more than 38 interested parties, including solar project developers, consultants, and solar power associations.

In response to the Solar RFP, one bidder submitted a timely and qualified bid.¹⁵ BVES evaluated the project bid based on its pricing as well as a number of factors developed to best assess the project’s overall viability. BVES utilized the Commission’s least-cost best-fit (“LCBF”) methodology as a guidepost for designing the project bid evaluation criteria and rankings. BVES’s LCBF methodology takes into account both quantitative and qualitative attributes of each bid offer that meet identified energy and compliance needs to arrive at the best and most cost-effective

¹⁴ See Exh. BVES-1, Project Evaluation, Selection, and Negotiation Process Testimony of Sean Matlock, Chapter 2 (“Ch. 2 Testimony of Sean Matlock”) at Sections II - III.

¹⁵ No affiliates of BVES submitted a bid.

solution for customers. While cost was a primary determining factor for bid analysis, the major qualitative factors BVES considered in its bid selection process were:

- Track record of proposed generation technology;
- Track record of Bidder in successfully and timely developing projects;
- Project generation capacity and projected energy output;
- Equipment selection;
- Ability, cost, and likely schedule to construct interconnection facilities to the BVES system;
- Financial viability of Bidder; and
- References/experience of Bidder.¹⁶

While BVES received only one bid, the potential list of bidders and the Solar RFP process were robust, ensuring the Solar Project's price is reasonable. However, competing with other load serving entities during this period has proven challenging. It is likely and probable that the reason BVES received only one bid is that developers are prioritizing larger-scale projects in the current market and are thus less interested in a project the size of the Solar Project.

The Solar Project will be constructed by EDF. EDF is a market-leading independent power producer and service provider delivering grid-scale power, wind, solar photovoltaic, and storage projects. EDF has developed over 3,500 MWs of large scale solar throughout North America. EDF's North American portfolio consists of 20 gigawatts ("GWs") of developed projects and 13 GW of under service contracts.

The Solar Project is expected to utilize Bi-Facial Solar Modules, a Single Axis Tracking System, and Chint Power Systems inverters (or equivalent technologies). It is a 5 MW AC / 6.10 MW DC solar PV project, with an estimated annual average net capacity factor of approximately

¹⁶ See Ch. 2 Testimony of Sean Matlock at 2-13—2-14.

██████ percent and a projected energy production of 14,044 MWh per year. The Solar Project is expected to reduce BVES annual CAISO load by approximately 9 percent¹⁷ and supply approximately 10 percent of its annual retail sales.¹⁸

BVES Witness, Matlock, presents a detailed description of the Solar Project's site, permitting, and development process.¹⁹ The Solar Project will be constructed and operated at 2151 Erwin Ranch Rd, Big Bear City, California 92314, and will occupy about 21 acres near Big Bear City in San Bernardino County. BVES currently has an option to purchase the Solar Project's site that expires in ██████ Commission approval of the Solar Project is necessary prior to BVES exercising its option to purchase the site. Given the currently proposed schedule, BVES does not anticipate any issues with obtaining final Commission approval of the Solar Project, prior to the expiration of its option.

BVES hired POWER Engineers, Inc., a consulting firm comprised of engineers, scientists, and consultants who specialize in integrated solutions around power generation, transmission and distribution engineering needs to conduct an interconnection feasibility study for the Solar Project's site. POWER Engineers analyzed and scored three options, based on costs and equipment capabilities, for installing a 5 MW PV facility on the Erwin Lake feeder which is part of BVES's local sub-transmission system. Based on the analysis and recommendations from POWER Engineers, BVES plans to connect the output from the solar facility to the nearest existing 34.5 kV circuit.²⁰ The point of interconnection will be at BVES's existing sub-transmission system, approximately 1.8 circuit miles away from the Solar Project's site. Construction of the

¹⁷ Usage does not include the Bear Valley Power Plant output.

¹⁸ 2023 BVES annual retail sales, not including company use, is ██████ MWh.

¹⁹ See Exh. BVES-1, Description of the Bear Valley Solar Energy and Battery Storage Projects and Benefits Testimony of Sean Matlock, Chapter 1 ("Ch. 1 Testimony of Sean Matlock") at Section IV.

²⁰ Ch. 1 Testimony of Sean Matlock at 1-8.

Solar Project is estimated to take approximately six to nine months and will commence after all necessary approvals and permits have been obtained, including the Commission's approval of this Application. The Solar Project's target commercial operation date ("COD") is year-end 2026.

B. The Battery Project

BVES Witness, Matlock, describes the extensive outreach and solicitation process BVES employed to identify a developer that could timely and reliably deliver competitively priced battery energy storage solution to BVES customers.²¹

Working with Fractal Energy Storage Consultants, BVES developed and conducted a competitive procurement process for evaluation and selection of proposals for the development of a turnkey stand-alone BESS project. On June 24, 2021, BVES issued an RFP to identify potential stand-alone battery energy storage systems that met its specified criteria ("Battery RFP"). The Battery RFP process requested proposals for procurement of two sizing options, 5 MW / 20 MWh and 8 MW / 32 MWh, with 20 years of design life capable of operating at 365 cycles per year. BVES disseminated the Battery RFP via email to 39 interested parties, including battery project developers, consultants, and battery storage associations.

Four bidders submitted timely and qualified bids for the Battery RFP.²² BVES evaluated each bid based on project pricing as well as a number of factors developed to best assess each bid's overall viability. BVES utilized the Commission's LCBF methodology as a guidepost for designing its project evaluation criteria and rankings. BVES's LCBF methodology takes into account both quantitative and qualitative attributes of each bid offer to arrive at the best and most cost-effective solution for customers that meet identified energy and compliance needs. While

²¹ See Ch. 2 Testimony of Sean Matlock at Section III.

²² No affiliates of BVES submitted a bid.

cost was a primary determining factor used for bid evaluations, the major qualitative factors BVES considered in its bid selection process were:

- Track record of proposed generation technology;
- Track record of Bidder in successfully and timely developing projects;
- Project generation capacity and projected energy output;
- Equipment selection;
- Ability, cost, and likely schedule to construct interconnection facilities to the BVES system;
- Financial viability of Bidder; and
- References/experience of Bidder.²³

In general, considering economies of scale, land availability, and the corresponding ability to spread costs over a larger number of megawatt-hours, costs were lower for the procurement of BESS projects on the larger end of the 6-8 MW scale. As BVES Witness, Matlock, further describes, BVES determined the bid that best satisfied the Battery RFP's criteria and, on that basis, decided to proceed to negotiate the Battery EPC.²⁴

EDF will also construct the Battery Project. EDF's knowledge of energy storage systems encompass over 330 MW of operating batteries in the United States and Europe, collectively. EDF is currently developing 10 BESS paired with a solar PV system, equating to over 600 MWs of battery storage capable of providing capacity, energy shifting, or grid ancillary services.

The Battery Project is a 5 MW / 20 MWh BESS consisting of six Tesla Megapack XL Lithium-ion ("Megapack") units (or equivalent technologies) designed to support a range of AC power and energy. The Project will be rated with a minimum nameplate energy capacity of 20,000

²³ See Ch. 2 Testimony of Sean Matlock at 2-13 – 2-14.

²⁴ See Ch. 2 Testimony of Sean Matlock at Sections III - IV.

kWh and minimum nameplate power capacity of 5,000 kW. The Battery Project will provide an average of approximately 7.3 GWh of energy capacity each year. Each Megapack unit includes safety features such as hydrogen detection and active ventilation, heating and cooling, fire detection, and fireproofed insulation. The Megapack units also come under a long-term service agreement for preventative maintenance and support of safety features, software systems, and various equipment segments.

BVES Witness, Matlock, presents a detailed description of the Battery Project's site, permitting, and development process.²⁵ The Project will be operated at 42020 Garstin Drive, Big Bear Lake, CA 92315, adjacent to the BVES Headquarters and inside the Meadow Substation fence line. The Project will occupy about 400' x 120' of the northwest corner of the existing BVPP maintenance yard, parallel to BVPP, and will interconnect at the nearest 34.5 kV circuit. The Battery Project's site was intentional, as it is BVES's central hub for all distribution connections. Construction is estimated to take approximately six months and will commence after EDF and BVES have obtained all necessary permits, including the Commission's approval of this Application. The Battery Project's target COD is year-end 2026.

IV. THE PROJECTS ARE DESIGNED AND INTENDED TO PROVIDE CUSTOMERS WITH MULTIPLE BENEFITS

A. Benefits From the Solar Project

Energy and Capacity. BVES, as the owner, will use the Solar Project to generate and use energy on behalf of its bundled service customers. The output from the Solar Project will serve BVES customers, support peak winter demand, and will not be exported from the local distribution system. The Solar Project will allow BVES to better control and meet its energy and capacity demands through self-supply from a local generation resource. If the BVES service territory

²⁵ See Ch. 1 Testimony of Sean Matlock at Section IV(B).

experiences power losses due to circuit outages or preemptive de-energization (i.e., “Public Safety Power Shutoffs” or “PSPS”) of transmission lines, by SCE, as witnessed during the June 2016 Holcomb and the September 2022 Radford wildfires, the ability to self-supply energy can help mitigate such events. The Solar Project will support grid reliability and mitigate interruptions from emergency or capacity-constraining situations like wildfires or other situations that may result in a complete or significant loss of power from off-mountain resources.

Price Affordability and Stability. Over its operating life, the Solar Project will generate energy at a reasonable cost compared to alternatives. The overall impact on supply rates starts at approximately an [REDACTED] percent increase in year 2026 and [REDACTED] percent in year 2055, indicating that over the life-cycle of the Solar Project, the facility will produce power at a reasonable cost once the initial capital investment is recovered.²⁶ There are also additional savings that will be realized in CAISO settlements because BVES will not be importing equivalent solar production energy on a daily basis. BVES’s current CAISO Transmission Access Charge is [REDACTED] MWh, a savings of approximately [REDACTED] per year.²⁷ Also, the Solar Project will produce PCC 1 RECs, once the facility is certified and tracked in the Western Renewable Energy Generation Information System (“WREGIS”). These RECs will help BVES meet its RPS and GHG reduction targets and further reduce BVES costs. Using the approved BVES long-term PCC 1 REC contract as a market indicator, at [REDACTED] / REC, the solar facility will save approximately [REDACTED] / year in REC procurement costs.²⁸

California’s PCC 1 RECs are anticipated to be approximately \$30 / REC in 2026 and steadily decline in value across the forecast horizon.²⁹ The Solar Project will realize additional

²⁶ See Exh. BVES-1, Appendix B.

²⁷ See <https://www.caiso.com/Documents/HighVoltageAccessChargeRatesEffectiveJan012024R1.pdf>

²⁸ Resolution E-5275 (June 29, 2023) (approving BVES Advice Letter 470-E).

²⁹ See Exh. BVES-1, Appendix L.

savings, when comparing the solar energy output to the same quantity that BVES might otherwise procure in the CAISO day-ahead market. For example, using a year 2026-2028 market and forecast sample, the Solar Project will reduce on-peak CAISO grid demand and save ratepayers money in spot market transactions. During on-peak hours, the average hourly demand per month will be reduced from [REDACTED] MWh to [REDACTED] MWh which is significant for cost savings. Using the forward curve pricing data from Standard & Poor (“S&P”) Global Commodity Insights, we find that ratepayers will offset approximately [REDACTED] million in supply costs over 3 years, if the Solar Project is developed. This substantial savings is derived from the fact that BVES will be less reliant on the day-ahead market during on-peak hours, replacing spot market transactions with local and reliable renewable energy.³⁰

Further, BVES ran a comprehensive and competitive RFP which ensured the Solar Project is cost-competitive and highly viable. The site location of the Solar Project also ensures costs are prudent by avoiding the need for costly transmission expansion projects and distribution upgrades.

The Solar Project will better enable BVES to control its energy and energy-related costs. BVES currently purchases wholesale power to meet the majority of its energy and capacity requirements. With the many factors affecting wholesale power markets, BVES’s reliance on wholesale energy increases its vulnerability to attendant price spikes and capacity constraints. The volatility of California’s wholesale energy market is widely recognized by stakeholders in a variety of Commission proceedings. The Commission itself recently ordered the investigation into the causes and impacts of high natural gas prices on gas and electric prices during the 2022-2023 winter and the potential recurrence of such price spikes.³¹ The Solar Project will avoid variable

³⁰ See Exh. BVES-1, Appendix D.

³¹ See Investigation (“I.”) 23-03-008, Order Instituting Investigation on the Commission’s Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets (Mar. 26, 2023).

costs and fees associated with the wholesale procurement and transportation of natural gas and electric energy.

BVES's ability to displace its other purchases of energy, including renewable energy and RECs for RPS requirements, through self-supply from the Solar Project, will also provide price stability because:

- the Solar Project's capital costs will be fixed;
- there is no fuel cost and no fuel cost escalation risk associated with solar generation;
- elements of the Solar Project's O&M costs are expected to be relatively predictable; and
- rate base accounting enables the cost for the Solar Project's RPS energy to be based on actual production costs rather than "market" prices that have often exhibited volatility.

Energy and Environmental Goals. The Solar Project aligns with local community policies aimed to encourage the use of clean alternative energy sources. For example, the City of Big Bear Lake adopted policies and programs that broadly support energy efficiency and sustainability through the use of renewable energy and solar installation.³² Moreover, the Solar Project will support California's increased RPS Program goals. In 2018, SB 100 increased the percentage amount of electricity retail sales that must be served by renewable resource from 50 percent to 60 percent by 2030.³³ This set interim RPS procurement targets to 44 percent by 2024, and 52 percent by 2027.³⁴ California's RPS targets obligate BVES to procure approximately 60 percent of its

³² See City of Big Bear Lake General Plan, Environmental Resources/Energy and Minerals (Aug. 23, 1999) at ER-50 – ER-60.

³³ SB 100 (De León, Chapter 312, Statutes of 2018) sets the following RPS Program compliance period targets: 40 percent by December 31, 2024; 52 percent by December 31, 2027; and 60 percent by December 31, 2030. SB 1020 (The Clean Energy, Jobs, and Affordability Act of 2022) added interim targets to the existing policy framework established by SB 100 by requiring renewable energy and zero-carbon resources to supply 90 percent of all electric retail sales by 2035 and 95 percent by 2040.

³⁴ *Id.*

electricity portfolio from eligible renewable resources by 2030 and meet the multi-year RPS compliance period requirements. The Solar Project's RPS-eligible renewable energy is a critical component in BVES's plan to cost-effectively meet its future RPS goals.

Currently, BVES projects that it will not meet its procurement obligations for future RPS compliance periods unless additional resources are added to its portfolio. BVES has only contracted [REDACTED] of bundled renewable energy around the clock, starting on November 1, 2024, and ending December 31, 2035.³⁵ While BVES had a ten-year contract for PCC 3 RECs that ran through 2023, the contract was only intended to satisfy BVES's RPS requirements through 2023.³⁶ Non-compliance with the RPS Program could result in monetary sanctions imposed on BVES.³⁷ BVES may request flexibility regarding non-compliance with the RPS Program goals, but in making such determinations whether to grant flexibility, "[the Commission] will take into account whether or not each electrical corporation undertook all reasonable actions to comply. One of those actions is building, then owning and operating, the resource itself."³⁸

The Solar Project will support BVES's compliance with its RPS Program renewable energy procurement goals, as envisioned in its 2022 IRP preferred portfolio.³⁹ With the Solar Project, BVES seeks to generate PCC 1 RECs for future RPS Program compliance periods. Based on the specific yield figures and modeling verification EDF provided, the Solar Project will produce an average of approximately 14 GWh of renewable energy each year and the generation from the

³⁵ Resolution E-5275 approved BVES Advice Letter 470-E requesting approval of a power purchase agreement for bundled energy and PCC 1 RECs with Shell Energy North America.

³⁶ Commission Resolution E-4604 approved BVES's Advice Letter 277-E requesting approval of a ten-year REC-only contract with Avangrid Renewables, LLC ("Avangrid"), commencing in 2013 through 2023.

³⁷ See BVES 2022 RPS Plan at 8.

³⁸ See D.06-05-039, mimeo at 34.

³⁹ See BVES 2022 IRP Plan at 7-11.

Solar Project will satisfy a reasonable portion of approximately [REDACTED] percent of BVES's RPS requirements in 2030 with PCC 1 RECs.

Moreover, the Commission has historically encouraged utilities to develop utility-owned solar PV facilities to help provide their customers with a stable source of renewable energy.⁴⁰ The Commission has recognized that one of the “particular benefit[s] of UOG [i.e., utility-owned generation]” is that the UOG resource is “dedicated to the ratepayers throughout the useful life of the facility.”⁴¹ The Commission emphasized that “[a]s we move toward reducing greenhouse gas emissions in the energy sector, renewable UOG will continue to play an important role in meeting California’s energy needs with alternative clean energy.”⁴² By approving BVES’s ownership and operation of, and ratemaking for, the Solar Project, the Commission will continue its encouragement of UOG and best ensure that BVES’s customers have cost-competitive and stable sources of RPS energy for years to come.

Reduced GHG Emissions. California’s GHG emissions reduction goals support the increased use of solar generation. Statutory goals for reducing GHG emissions require statewide emissions to be limited to at least 40 percent below the 1990 level by year 2030.⁴³ AB 1279 extends the limitation to 85 percent below the 1990 levels by year 2045.⁴⁴ The operation of the Solar Project may allow BVES to reduce the amount of hours that it must run its BVPP gas-fired generator to provide local area power. Since PCC 2 and PCC 3 RECs are ineligible for the

⁴⁰ D.10-04-052, mimeo at 2 (“Under the UOG portion of the PV Program, PG&E is authorized to install up to 250 MWs of UOG PV facilities from 1 to 20 MW in size in its service territory at a rate of 50 MW per year, subject to cost of service ratemaking treatment and carryover provisions”); *see* D.09-06-049 (establishing a Solar PV Program for SCE); D.10-09-016 (adopting a Solar PV Program for SDG&E).

⁴¹ D.09-06-049, mimeo at 16.

⁴² D.09-06-049, mimeo at 16.

⁴³ *See* AB 32 (Nunez, Chapter 488, Statutes of 2006); AB 398 (E. Garcia, Chapter 138, Statutes of 2017); SB 32 (Pavley, Chapter 249, Statutes of 2016).

⁴⁴ AB 1279 (Muratsuchi, Chapter 337, Statutes of 2022).

purposes of meeting GHG emissions reduction targets, the Solar Project will allow BVES to produce PCC 1 RECs to meet applicable GHG targets. Moreover, while the City of Bear Big Lake has no specified GHG emissions reduction measure, policies in its General Plan support GHG reduction measures and sustainable practices, like the Solar Project, in the City.⁴⁵

B. Benefits from the Battery Project

Capacity. The Battery Project will allow BVES to self-supply capacity locally and long-term. BVES, as the owner, will use the Battery Project to store or use energy solely on the behalf of its customers. The Battery Project will contribute significantly to BVES meeting local area reliability needs, including ensuring adequate Resource Adequacy (“RA”) capacity. Under certain high loading scenarios, BVES may experience capacity deficiency, specifically during winter when the local system peak due to tourism and snowmaking. The fact that BVES imports power, and is indirectly connected to the CAISO, through SCE’s distribution systems, has the potential to create significant capacity constraints if SCE distribution facilities experienced an outage or were subject to a PSPS event. Although SCE has never proactively de-energized BVES’s service territory due to a PSPS event, SCE has informed BVES that a PSPS affecting the BVES service territory was within scope on several occasions. Other direct SCE outages have resulted in 23,089,757 customer minutes out and a total system average interruption duration index (“SAIDI”) of 981.6 minutes. This represents more than about 15 percent of total SAIDI from 2001 to 2024.⁴⁶ Access to local energy resources, like the Battery Project, improve grid reliability in the case of emergency situations such as wildfires, earthquakes, rain and mudslides, or severe storms that may otherwise result in a complete or significant loss of power from off-mountain resources. Thus, the

⁴⁵ See City of Big Bear Lake General Plan, Environmental Resources/Energy and Minerals (Aug. 23, 1999) at ER-50 – ER-60.

⁴⁶ Exh. BVES-1, Appendix E.

locally stored energy will provide significant uninterruptible energy and capacity to the BVES service territory.

Price Affordability and Stability. The Battery Project will enable BVES to offer energy to its customers at a reasonable cost. BVES ran a comprehensive and competitive RFP which ensures that the Battery Project is cost-competitive and viable. The Battery Project will avoid costly transmission and distribution upgrades due to its site location requiring a minimum amount of interconnection to the existing system. The Battery Project will enable purchases and imports of cheaper energy onto the BVES distribution system, with excess energy to be stored and used at a later time when energy costs may be higher. In March 2024, BVES sent RA capacity proposals to approximately 100 reputable bidders seeking any amount and type of capacity. BVES received one bid for 25 MW of system capacity for 6 months at [REDACTED] kw per month, MCC 4 and not a 24/7 product. This equates to [REDACTED] for six months of RA capacity. On an annual basis, this product alone would nearly double BVES's total power supply budget of approximately [REDACTED] per year.⁴⁷ When comparing the Battery Project increase in supply rates per kWh, the Battery Project starts at approximately an [REDACTED] percent increase in energy costs per kWh in 2026 and a decrease of [REDACTED] percent annually by the end of the Battery Project's life.⁴⁸

The Battery Project will support price stability for BVES and, ultimately, customer rates by better enabling BVES to control its energy and energy-related costs. The Battery Project will reduce BVES's reliance on wholesale market prices because of the ability to procure and import cheaper energy onto the BVES distribution system, with excess energy to be stored and used at a later time when energy costs may be higher.

⁴⁷ Total supply cost for BVES includes energy, capacity, RECs, and grid access.

⁴⁸ See Exh. BVES-1, Appendix C.

Renewable Energy. The Battery Project aligns with and supports the local community policies and stated clean energy goals outlined above for the Solar Project. Indeed, battery storage projects play a critical role in increasing the amount of renewable energy on the grid. The Battery Project will help maintain flexibility and grid resiliency while California switches from fossil fuels to intermittent renewable resources. Specifically, the Battery Project will allow BVES to purchase and import additional renewable energy onto the BVES distribution system during times of surplus, with excess energy stored for use later when renewable energy may not be available.

Moreover, although the Battery Project will not be co-located with the Solar Project, the Battery Project will be charged during peak times when renewable energy output is available. Further, there is no other load on the 34 kV line shared by the Battery Project and the Solar Project. Such a configuration will effectively ensure solar-generated energy will physically charge the Battery Project.

Reduced GHG Emissions. The Battery Project will also contribute significantly to BVES meeting California's ambitious decarbonization goals by supporting the integration of renewable energy resources onto the State's grid. The Battery Project will allow BVES to further displace its reliance on fossil fuels, like the BVPP, to meet peak energy demands because of its abilities to charge during times when renewable resources are abundant on the grid and quickly discharge during times when renewable resources are unavailable.

V. THE PROJECTS WARRANT THE COMMISSION GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, IF APPLICABLE, AND APPROVING THE PROJECTS' PROPOSED RATE AND COST RECOVERY MECHANISMS

Utilities are required to obtain a CPCN from the Commission, authorizing the construction and operation of new major capital assets, to ensure new capital expenditures are in the public interest. As further detailed in the following sections, BVES specifically requests that the Projects

be evaluated and granted a CPCN, pursuant to Section 399.14 mechanics. To the extent the Commission decides not to grant the Battery Project a CPCN pursuant to Section 399.14, the Commission, alternatively, can and should grant BVES the requested CPCN for the Battery Project under Section 1001 *et seq.* or find the Battery Project exempt from the requirement of a CPCN.

Generally, issuance of a CPCN requires a Commission determination that the project is necessary and for public convenience. In determining whether a proposed project's construction is "necessary," the Commission has traditionally considered such factors as the adequacy of existing service, the ability of the proposed project to meet any identified need, and the impact of the proposed project on rates.⁴⁹ Ultimately, the question for the Commission in any CPCN proceeding is whether the "rights and interests of the general public will be advanced" by the granting of the certificate.⁵⁰

Treatment and issuance of a CPCN, under Section 399.14, additionally requires the project to qualify according to the following specified criteria. Specifically, Section 399.14 allows utilities to apply for a CPCN to acquire, own, and operate an "eligible renewable energy resource."⁵¹ Generally defined, an eligible renewable energy resource must be a renewable electrical generation facility or an addition or enhancement to a listed facility that is located in California or meets other locational requirements.⁵² As detailed below, the Solar Project qualifies for treatment as an eligible

⁴⁹ See, e.g., D.14-06-051, mimeo at 87 (explaining "that the Commission has a duty to consider the economic impact of its decisions"); see also, 53 Cal. Jur. 3d Pub. Util. § 41 (2024) (explaining that in assessing a CPCN application, "[t]he Commission may, and should, on its own motion, consider every element of public interest affected by the facilities that the Commission is called on to approve.").

⁵⁰ See 53 Cal. Jur. 3d Pub. Util. § 41.

⁵¹ Pub. Util. Code § 399.12(e) (defines "Eligible Renewable Energy Resource" as an electrical generating facility meeting the definition of "renewable electrical generation facility" in Section 25741 of the Public Resource Code.)

⁵² Pub. Res. Code § 25741(a)(1) (defines "Renewable Electrical Generation Facility" as a facility using "biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using

renewable energy resource. BVES believes the Battery Project should also be considered an “eligible renewable energy resource” despite not being a generating resource given its critical role in addressing renewable energy’s intermittency problem. As further detailed below, the Commission should evaluate and afford the Battery Project the same treatment detailed in Section 399.14.

**A. The Solar Project’s Proposed Rate and Cost Recovery Mechanism
Warrants Commission Approval**

**1. The Solar Project Meets all the Requirements for Commission
Approval of, and Ratemaking for, UOG Projects Under Section 399.14**

Section 399.14 requires that a utility-owned, eligible renewable energy resource: (1) use a “viable technology at a reasonable cost” and (2) provide “comparable or superior value to ratepayers when compared to then recent [renewable energy PPAs].”⁵³ If these two conditions are satisfied, Section 399.14 authorizes utilities to “apply to the [C]ommission for approval to construct, own, and operate an eligible renewable energy resource.” Section 399.14(a)(2) offers preferential treatment for the approval of qualifying utility-owned projects that are expected to provide up to “8.25 percent of the electrical corporation’s anticipated retail sales by December 31, 2020, and thereafter.”

The Commission has discretionary authority to approve a utility application to purchase and operate eligible renewable resources, even if the project’s generation would contribute more than 8.25 percent of the utility’s retail sales.⁵⁴ Accordingly, Section 399.14 vests the Commission with the discretion to approve utility ownership of all qualifying renewable energy projects regardless of size.

that technology.”; *see also* CEC Commission Guidebook RPS Eligibility, Ninth Edition Revised (Apr. 2017) (“CEC RPS Guidebook”) at 40.

⁵³ Pub. Util. Code § 399.14.

⁵⁴ Pub. Util. Code § 399.14 (a)(3).

Upon authorizing a CPCN, pursuant to Section 399.14, “the [C]ommission shall apply [the] traditional cost-of-service ratemaking [through which the Commission] shall specify the maximum cost[s] determined to be reasonable and prudent for the construction [and initial operation] of the facility.”⁵⁵ If the costs of the project ultimately exceed these maximum costs, the Commission has the authority to permit rate recovery reflecting costs in excess of the Reasonable Cost, if it determines that (a) the costs have in fact increased; (b) the incremental cost is “reasonable and prudent”; and (c) “present or future public convenience or necessity require[s] construction of the project at the increased cost.”⁵⁶

a. The Solar Project Utilizes a Viable Technology at a Reasonable Cost

The Solar Project utilizes a viable technology at a reasonable cost. In addition to using solar PV technology, demonstrated to be commercially viable, other aspects of the Solar Project are viable. As further detailed in Chapter 1, the Solar Project had high viability scores for the following reasons:

- (a) EDF is a seasoned developer, constructor, and operator of solar energy generation with a proven track record of completing projects successfully and timely;
- (b) the Solar Project is located in an area with minimal risk of environmental issues that could impact the Solar Project’s size, location, or schedule; and
- (c) the Solar Project is located in an area that is well-suited for solar development with respect to access to sunlight and good soil conditions.⁵⁷

The Solar EPC protects BVES customers from permitting, development, and construction risks, which ensures the project utilizes a viable technology at a reasonable cost.⁵⁸ Importantly, the Solar EPC protects BVES customers from development, permitting, and construction risks by

⁵⁵ Pub. Util. Code § 399.14 (c).

⁵⁶ Pub. Util. Code § 399.14 (c).

⁵⁷ See Ch. 1 Testimony of Sean Matlock at 1-3—1-12.

⁵⁸ See Ch. 2 Testimony of Sean Matlock at 2-17—2-21.

allowing BVES to terminate the agreement prior to purchasing the Solar Project, if a number of unforeseen conditions occur (*e.g.*, the land is not acquired, certain pre-development work related to permitting and zoning is not completed).⁵⁹

The Solar EPC contains performance guarantees which require the Solar Project to meet certain performance obligations.⁶⁰ If the Solar Project fails to meet the guaranteed performance levels, the agreement contains a mechanism to automatically reduce BVES's payment obligations to account for the reduction in performance. The Solar Project's EPC also requires minimum guarantee levels (*i.e.*, performance floors) to meet certain project milestones, and their related payments. If such minimum guarantees are not met, BVES will not be obligated to move forward with the Solar Project. The payment structure is also designed to limit BVES customer cost exposure, with nearly ■ percent of the total payment being held until after "Substantial Completion." To reach Substantial Completion under the Solar EPC, the Solar Project must, among other requirements, (a) achieve "Mechanical Completion"; (b) achieve the guaranteed capacity or the minimum capacity, if EDF pays certain damages; (c) be fully and properly interconnected and capable of producing electricity; and (d) provide BVES the "full and unrestricted use and benefit of the [Solar] Project." These protections all ensure that BVES will only pursue the Solar Project if it utilizes a viable technology at a reasonable cost, pursuant to Section 399.14.

b. The Solar Project Offers a Cost-Competitive and Value-Added Source of Renewable Energy Compared to Other Alternatives

The Solar Project is valuable and cost-competitive, qualifying it for Commission approval and ratemaking under Section 399.14. Foremost, the Solar Project was selected only after BVES

⁵⁹ See Ch. 2 Testimony of Sean Matlock at 2-17—2-21.

⁶⁰ See Ch. 2 Testimony of Sean Matlock at 2-21.

conducted its comprehensive RFP. BVES reviewed all project bids and selected the Solar Project as the least-cost, best-fit option. Moreover, as demonstrated throughout this Application and accompanying testimony, the locational, synergistic, and RPS attributes of the Solar Project offer electric customers value “comparable or superior” to other possible alternatives that would not bring local reliable power and capacity, RECs, and long-term price stability.

The Solar Project offers a low-cost price option for renewable energy, located in Big Bear Valley. The Solar Project, over the life of the project, is comparable to BVES’s recently approved bundled renewable energy product.⁶¹ Since cost was a primary driver for Solar Project selection, prices compare favorably with both: (1) prices of other projects the Commission has approved, and (2) other non-UOG options available in the market, such as power purchase agreements for bundled renewable energy delivered to BVES service territory.⁶² When comparing the Solar Project’s costs to other options, it is critical to remember that BVES needs to develop renewable generation and storage options within its mountainous service territory to improve the reliability of the local grid and ensure that its customers have consistent access to energy. Further, one of the principal purposes for the Solar Project is development of *local* renewable resources. Under certain high loading scenarios, BVES will likely experience capacity deficiencies that could lead to service outages.⁶³ The Solar Project’s energy will provide BVES with local resources that can help it minimize service interruptions for its customers.

Additionally, the Solar Project is cost-competitive, in part due to BVES utilizing the 30 percent ITC.⁶⁴ The use of the tax credits enables BVES to significantly offset its customers’

⁶¹ See BVES Advice Letter 470-E; *see also* Resolution E-5275.

⁶² See Ch. 1 Testimony of Sean Matlock at 1-22—1-25.

⁶³ See Ch. 1 Testimony of Sean Matlock at 1-24—1-25.

⁶⁴ See Exh. BVES-1, Ratemaking Testimony of Jeff Linam, Chapter 3 (“Ch. 3 Testimony of Jeff Linam”) at 3-15 – 3-18.

responsibility for the capital costs necessary to construct and own the Solar Project, which provides lower costs throughout the Solar Project's operating life. Accordingly, BVES has structured the Solar Project with the objective to provide its customers with the largest possible benefits the Internal Revenue Service ("IRS") regulations allow.

2. BVES's Estimated Capital Costs for the Solar Project Are Reasonable and Prudent and Warrant Commission Approval

As described above, the Commission may approve a utility application to purchase and operate eligible renewable resources that prove valuable and cost-competitive, even if the project's generation would contribute more than 8.25 percent of the utility's retail sales, so long as costs are determined reasonable and prudent. Although generation from the Solar Project would contribute to approximately 10 percent of the BVES's retail sales, the Commission may approve BVES's application because the Solar Project's estimated costs are reasonable and prudent. BVES Witness, Jeff Linam ("Linam"), explains that the estimated aggregated development costs for the Solar Project is [REDACTED] (in 2024 dollars), plus an AFUDC.⁶⁵ BVES accordingly requests that, pursuant to Section 399.14, the Commission approve a Reasonable Cost for the Solar Project in the amount equal to BVES's anticipated development costs for the Solar Project, plus an AFUDC.

BVES Witness, Linam, explains that the overall revenue requirement in the first year after the completion of the Solar Project is estimated to be approximately \$2,443,065 (in 2024 dollars).⁶⁶ The Solar Project is eligible for tax credit benefits, which will further ensure costs are reasonable to BVES and its customers. BVES estimates to receive a total tax credit adjustment of approximately [REDACTED] over the next 30 years, assuming receipt of the maximum available 30 percent investment tax credit ("ITC").⁶⁷ Solar projects are eligible for federal income tax credits

⁶⁵ See Ch. 3 Testimony of Jeff Linam at 3-2.

⁶⁶ See Ch. 3 Testimony of Jeff Linam at 3-7.

⁶⁷ See Ch. 3 Testimony of Jeff Linam at 3-16—3-17.

enacted to promote the development of solar energy in the United States. Qualifying commercial solar generation facilities are generally eligible for a 30 percent ITC, based on the acquisition and construction cost of the facility, or a production tax credit (“PTC”) based on the amount of electricity generated and sold to unrelated parties during the first 10 years of operations. Currently, the tax credits will be available for solar and battery projects that commence construction by December 31, 2032.⁶⁸ The Solar Project will also be eligible for accelerated depreciation. As further detailed in Chapter 3 Testimony, to track actual tax credits achieved for the Solar Project, BVES requests Commission authorization to establish the SBTMA through a Tier 1 advice letter filing.⁶⁹

In decisions approving utility ownership of renewable energy facilities, the Commission has required that California utilities seek to maximize the availability of existing tax incentives for the benefit of their customers. For instance, in adopting a solar PV utility ownership program, the Commission mandated that Pacific Gas and Electric Company (“PG&E”) “seek to maximize the use of tax benefits available [...] including the [ITC] and [accelerated depreciation]” and that “[t]hese benefits should accrue to ratepayers to the extent practicable.”⁷⁰ As detailed further in Chapter 3, BVES will do the same to ensure costs are reasonable and prudent.⁷¹

3. Designation of the Reasonable Cost and Procedure to Request Rate Recovery for Solar Project Costs

BVES anticipates that the Solar Project will become operational in year-end 2026, depending upon the Commission’s schedule for review of this Application and the timing of other permitting approvals. Accordingly, BVES is not requesting in this Application that the

⁶⁸ See 26 U.S.C. §§ 45, 45(Y), 48 and 48(E).

⁶⁹ See Ch.3 Testimony of Jeff Linam at 3-2 & 3-18.

⁷⁰ See D.10-04-052, mimeo at 80 (Ordering Paragraph 6).

⁷¹ See Ch. 3 Testimony of Jeff Linam at 3-16—3-17.

Commission authorize BVES to increase rates. Rather, BVES asks that the Commission make three findings with respect to the rate recovery for the Solar Project.

First, in accordance with Sections 399.14 and/or 1001 et seq., the Commission should approve a Reasonable Cost for Solar Project, plus an AFUDC.

Second, the Commission should authorize BVES to file a Tier 1 advice letter after the Solar Project reaches Substantial Completion to recover its investment in and the costs to operate the Projects, as UOG assets, throughout the Solar Project's useful life, plus an AFUDC.

As detailed above, the Solar EPC's payment structure is designed to limit BVES customer cost exposure, with nearly [REDACTED] percent of the total payment being held until after "Substantial Completion." To reach Substantial Completion under the Solar Project's EPC, the Solar Project must, among other requirements, (a) achieve "Mechanical Completion"; (b) achieve the guaranteed capacity or the minimum capacity, if EDF pays certain damages; (c) be fully and properly interconnected and capable of producing electricity; and (d) provide BVES the "full and unrestricted use and benefit of the [Solar] Project."

Third, the Commission should authorize BVES to include the Solar Operating Expenses in its adjusted revenue requirement, which represent the annual and incremental costs associated with operating the Solar Project over its useful life. As detailed by BVES Witness, Linam, the Solar Operating Expenses are estimated to be [REDACTED] (in 2024 dollars) in the first year.⁷²

Pursuant to Section 399.14(c), if the amount of BVES's capital investment required for the Solar Project ultimately exceeds the Reasonable Cost, BVES will request that the Commission permit rate recovery reflecting costs in excess of the Reasonable Cost through a Tier 2 Advice Letter. In requesting such authority BVES will have to demonstrate under Section 399.14(c) that:

⁷² Ch. 3 Testimony of Jeff Linam at 3-9, Table 1.

(i) the costs have in fact increased; (ii) the incremental cost is “reasonable and prudent”; and (iii) “present or future public convenience or necessity require construction of the project at the increased cost.”

**B. The Battery Project’s Proposed Rate and Cost Recovery Mechanism
Warrants Commission Approval**

The Commission should evaluate the Battery Project under the same Section 399.14 requirements as the Solar Project. Section 399.14 was enacted by the California legislature through SB 2. SB 2’s intent was to increase the procurement of various electricity products that provide nine unique benefits to California, each of which “independently justifies the program”.⁷³ A few of these benefits include (1) “Displacing fossil fuel consumption within the state”; (2) “Reducing air pollution, particularly criteria pollutant emissions and toxic air contaminants, in the state”; (3) Promoting stable retail rates for electric service; (4) Assisting with meeting the state’s resource adequacy requirements; and (5) “Contributing to the safe and reliable operation of the electrical grid, including providing predictable electrical supply, voltage support, lower line losses, and congestion relief.” As detailed in Section V.B above, the Battery Project provides all of these benefits.

Approval of the Battery Project will support California’s increased goals and targets to reduce GHG emissions, meet air quality standards, and achieve a carbon free grid. The Battery Project aligns with the spirit of California legislation and Commission regulations aimed at advancing the procurement of viable and cost-effective energy storage systems to support grid reliability.⁷⁴

⁷³ See SB 2 (1X) (Simitian, 2011); *see also* Pub. Util. Code § 399.11(b).

⁷⁴ See Assembly Bill (“AB”) 2514 (Skinner, Chapter 469, Statutes of 2010) (authorizing the Commission to evaluate and determine procurement targets, if any, for load serving entities of viable and cost-effective energy storage systems); AB 2868 (Gatto, Chapter 681, Statutes of 2016) (requiring specific investor-

As the California Legislature found in AB 2514, energy storage use can:

- (1) assist in “integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid in a manner that minimizes emissions of greenhouse gases;”
- (2) “optimize the use of the significant additional amounts of variable, intermittent, and off-peak electrical generation from wind and solar energy that will be entering the California power mix on an accelerated basis;”
- (3) “reduce costs to ratepayers by avoiding or deferring the need for new fossil fuel-powered peaking powerplants and avoiding or deferring distribution and transmission system upgrades and expansion of the grid;”
- (4) “reduce the use of electricity generated from fossil fuels to meet peak load requirements on days with high electricity demand and can avoid or reduce the use of electricity generated by high carbon-emitting electrical generating facilities during those high electricity demand periods;” and
- (5) “provide the ancillary services otherwise provided by fossil-fueled generating facilities will reduce emissions of carbon dioxide and criteria pollutants.”⁷⁵

To support California’s renewable energy goals, including the stated intent of SB 2 and AB 2514, among other policies,⁷⁶ the Commission should evaluate and afford the Battery Project the same treatment detailed in Section 399.14.

1. The Battery Project Meets all the Requirements for Commission Approval of, and Ratemaking for, UOG Projects Under Section 399.14

As detailed above, Section 399.14, requires that a utility-owned, eligible renewable energy resource: (1) use a “viable technology at a reasonable cost” and (2) provide “comparable or superior value to ratepayers when compared to then recent [renewable energy PPAs].”⁷⁷ If these

owned utilities to propose programs and investments to accelerate the deployment of distributed energy storage systems); Senate Bill (“SB”) 801 (Stern, Chapter 814, Statutes of 2017) (requesting the Los Angeles Department of Water and Power to consider cost-effective and feasible solutions to procure energy storage to address the electric system limitations from reduced gas deliverability at the Aliso Canyon natural gas storage facility); *see also* Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems, Rulemaking (“R.”) 10-12-007 (Dec. 16, 2010).

⁷⁵ AB 2514, Section 1.

⁷⁶ Such action will also support the goals of SB 100, SB 350, SB 1339, AB 32, and resource adequacy goals under Section 380.

⁷⁷ Pub. Util. Code § 399.14 (b).

two conditions are satisfied, Section 399.14 authorizes utilities to “apply to the [C]ommission for approval to construct, own, and operate an eligible renewable energy resource.”

Upon authorizing a CPCN, pursuant to Section 399.14, “the [C]ommission shall apply [the] traditional cost-of-service ratemaking [through which the Commission] shall specify the maximum cost[s] determined to be reasonable and prudent for the construction [and initial operation] of the facility.”⁷⁸ If the costs of the project ultimately exceed these maximum costs, the Commission has the authority to permit rate recovery reflecting costs in excess of the Reasonable Cost, if it determines that (a) the costs have in fact increased; (b) the incremental cost is “reasonable and prudent;” and (c) “present or future public convenience or necessity require[s] construction of the project at the increased cost.”⁷⁹

a. The Battery Project Utilizes a Viable Technology at a Reasonable Cost

The Battery Project satisfies the Section 399.14 requirement that the sponsored project “utilizes a viable technology at a reasonable cost.” In addition to using a battery energy storage system with demonstrated commercial viability, other aspects of the Battery Project are viable. As detailed in Chapter 2, the Battery Project received the highest overall viability scores among participants in the RFP for the following reasons:

- (a) EDF is a seasoned developer, constructor, and operator of battery energy storage systems with a proven track record of completing projects successfully and timely;
- (b) the Battery Project is located in an area with minimal risk of environmental disturbances or issues that could impact the Battery Project’s size, location, or schedule; and
- (c) Pricing required the least up-front capital and lowest 20-year cost of ownership.⁸⁰

⁷⁸ Pub. Util. Code § 399.14 (c).

⁷⁹ Pub. Util. Code § 399.14 (c).

⁸⁰ See Ch. 2 Testimony of Sean Matlock at 2-13 – 2-17.

The Battery EPC protects BVES customers from permitting, development, and construction risks which ensures the project utilizes a viable technology at a reasonable cost.⁸¹ Importantly, the Battery EPC contains performance guarantees which require certain performance obligations to be met. If the Battery Project fails to meet the guaranteed performance levels, the agreement contains a mechanism to automatically reduce BVES's payment obligations to account for the reduction in performance. The Battery EPC also requires minimum guarantee levels (i.e., performance floors) to meet certain project milestones, and their related payments. If such minimum guarantees are not met, BVES will not be obligated to move forward with the Battery Project. The payment structure is also designed to limit BVES customer cost exposure, with nearly [REDACTED] percent of the total payment being held until after Substantial Completion. To reach Substantial Completion under the Battery EPC, the Battery Project must, among other requirements, (a) achieve Mechanical Completion; (b) achieve the guaranteed capacity or the minimum capacity, if EDF pays certain damages; (c) be fully and properly interconnected and capable of producing electricity; and (d) provide BVES the "full and unrestricted use and benefit of the [Battery] Project." These protections all ensure that BVES will only pursue the Battery Project if it utilizes a viable technology at a reasonable cost, pursuant to Section 399.14.

b. Offers a Cost-Competitive and Value-Added Source of Energy Compared to Other Alternatives

As detailed in Chapter 2, the Battery Project satisfies the cost-competitive requirement, for Commission approval under and ratemaking treatment, under Section 399.14.⁸² Most importantly, the Battery Project was selected only after BVES conducted its competitive and comprehensive RFP. BVES reviewed all project bids and selected the Battery Project as the least-cost, best-fit

⁸¹ See Ch. 2 Testimony of Sean Matlock at 2-21—2-25.

⁸² See Ch. 2 Testimony of Sean Matlock at 2-12—2-25.

option. Moreover, as demonstrated throughout this Application and accompanying testimony, the locational, synergistic, and capacity attributes of the Battery Project offer the electric customers of BVES value “comparable or superior” to other possible alternatives that do not allow for local, reliable energy and capacity resources.

As a result, the Battery Project offers a low-cost price option for renewable energy located in Big Bear Valley. The Battery Project was the most cost-competitive, differing by \$100-\$200 per kWh, when compared to other bid proposals.⁸³ Since local reliable capacity and cost was a primary driver for BVES’s selection of the Battery Project, prices compare favorably with both: (1) prices of other Commission approved projects, and (2) alternative energy options available in the market and imported into BVES service territory.⁸⁴

When comparing the Battery Project’s costs to other options, it is critical to remember that BVES needs to develop storage options within its mountainous service territory to improve the reliability of the local grid and ensure that its customers have consistent access to energy.⁸⁵ Under certain high-loading scenarios, BVES will likely experience capacity deficiencies that could lead to service outages. The Battery Project’s energy shifting capabilities will provide BVES with local resources that can help it minimize service interruptions for its customers.

Additionally, the Battery Project is cost-competitive, in part, due to BVES utilizing the 30 percent ITC. Its use of the tax credits enables BVES to significantly offset its customers’ responsibility for the capital costs necessary to construct and own the Battery Project, which results in lower costs throughout the Battery Project’s operating life. Accordingly, BVES has structured

⁸³ Ch. 2 Testimony of Sean Matlock at 2-15, Table 3.

⁸⁴ See Ch. 2 Testimony of Sean Matlock at 2-13—2-15; See also Ch. 1 Testimony of Sean Matlock at 1-27—1-28.

⁸⁵ See Ch. 1 Testimony of Sean Matlock at 1-26—1-30.

the Battery Project with the objective to provide its customers with the largest possible benefits the IRS regulations allow.

2. BVES's Estimated Capital Costs for the Battery Project Are Reasonable and Prudent and Warrant Commission Approval

As detailed throughout this Application and accompanying testimony, the Battery Project's estimated costs are reasonable and prudent. BVES Witness, Linam, explains that the estimated aggregated development cost for the Battery Project is [REDACTED] (in 2024 dollars), plus an AFUDC.⁸⁶ BVES accordingly requests that the Commission approve a Reasonable Cost for the Battery Project in the amount equal to BVES's anticipated development costs for the Battery Project, plus an AFUDC.

BVES Witness, Linam, explains that the overall revenue requirement in the first year after the completion of the Battery Project is estimated to be approximately \$1,884,522 (in 2024 dollars).⁸⁷ Additionally, the Battery Project is eligible for tax credit benefits, which will further ensure costs are reasonable to BVES and its customers. The Battery Project is estimated to provide a tax credit adjustment of approximately [REDACTED] (in 2024 dollars) over the next 20 years, assuming receipt of the maximum 30 percent ITC.⁸⁸ Battery projects are eligible for federal income tax credits enacted to promote the development of solar energy and battery storage in the United States. Battery storage systems are generally eligible for a 30 percent ITC. Currently, the tax credits will be available for battery projects that commence construction by December 31, 2032.⁸⁹ The Battery Project will also be eligible for accelerated depreciation. As further detailed

⁸⁶ Ch. 3 Testimony of Jeff Linam at 3-3 & 3-11—3-12.

⁸⁷ Ch. 3 Testimony of Jeff Linam at 3-12.

⁸⁸ Ch. 3 Testimony of Jeff Linam at 3-17.

⁸⁹ See 26 U.S. C. §§ 45, 45(Y), 48 and 48(E).

in Chapter 3 Testimony, to track actual tax credits achieved for the Battery Project, BVES requests Commission authorization to establish the SBTMA through a Tier 1 advice letter filing.⁹⁰

As detailed above, the Commission has historically required that California utilities seek to maximize the availability of existing tax incentives for the benefit of their customers. As detailed further in Chapter 3, BVES will do the same to ensure costs are reasonable and prudent.⁹¹

3. Designation of the Reasonable Cost and Procedure to Request Rate Recovery for Battery Project Costs

BVES anticipates that the Battery Project will become operational in year-end 2026, depending upon the Commission's schedule for review of this Application. Accordingly, BVES is not requesting in this Application that the Commission authorize BVES to increase rates. Rather, BVES asks that the Commission make three findings with respect to the rate recovery for the Battery Project.

First, in accordance with Sections 399.14 and/or 1001 *et Seq.*, the Commission should designate a Reasonable Cost for the Battery Project.

Second, the Commission should authorize BVES to file a Tier 1 advice letter after the Battery Project reaches Substantial Completion to recover its investment in and the costs to operate the Battery Project, as a UOG asset, throughout the Battery Project's useful life, including AFUDC.

The Battery Project EPC's payment structure is designed to limit BVES customer cost exposure, with nearly [REDACTED] percent of the total payment being held until after "Substantial Completion." To reach Substantial Completion under the Battery Project's EPC, the Battery Project must, among other requirements, (a) achieve "Mechanical Completion"; (b) achieve the guaranteed capacity or the minimum capacity, if EDF pays certain damages; (c) be fully and

⁹⁰ Ch. 3 Testimony of Jeff Linam at 3-18.

⁹¹ See Ch. 3 Testimony of Jeff Linam at 3-15 – 3-18.

properly interconnected and capable of producing electricity; and (d) provide BVES the “full and unrestricted use and benefit of the [Battery] Project.”

Third, the Commission should authorize BVES to include the Battery Operating Expenses in its adjusted revenue requirement, which represent the annual and incremental costs associated with operating the Battery Project over its useful life. As detailed by BVES Witness, Linam, the Battery Operating Expenses are estimated to be [REDACTED] (in 2024 dollars) in the first year.⁹²

Pursuant to Section 399.14(c), if the amount of BVES’s capital investment required for the Battery Project ultimately exceeds the Reasonable Cost, BVES will request that the Commission permit rate recovery reflecting costs in excess of the Reasonable Cost through a Tier 2 Advice Letter. In requesting such authority BVES will have to demonstrate under Section 399.14(c) that: (i) the costs have in fact increased; (ii) the incremental cost is “reasonable and prudent”; and (iii) “present or future public convenience or necessity require construction of the project at the increased cost.”⁹³

C. If the Commission Does Not Utilize Section 399.14 for the Battery Project, it Should Still Authorize the Battery Project’s Proposed Rate and Cost Recovery Mechanism

To the extent the Commission decides not to authorize the Battery Project pursuant to Section 399.14, the Commission should either (1) find that the Battery Project is exempt from the requirement of obtaining a CPCN or (2) authorize the Battery Project, under Section 1001 *et seq.*, as well as authorize the proposed ratemaking procedures.

1. The Battery Project’s Size Exempts it from General Order 131-D

Pursuant to Section 1001 *et seq.*, General Order (“GO”) 131-D sets forth the Commission’s rules relating to the construction of electric generation, transmission, and distribution lines,

⁹² Ch. 3 Testimony of Jeff Linam at 3-13, Table 2.

⁹³ Pub. Util. Code § 399.14.

including the issuance of appropriate CPCNs. General Order 131-D, Section III provides that projects in excess of 50 MW are required to obtain a CPCN. Thus, the Commission has exempted projects from the requirement of obtaining a CPCN that do not exceed the 50 MW threshold.⁹⁴ The Battery Project, as a 5 MW facility, should similarly be exempt from the requirement to obtain a CPCN, under Commission General Order 131-D.

2. If Not Deemed Exempt, the Battery Project Would Still Meet the Requirements of a CPCN under Section 1001 *et Seq.*

Even if the Commission does not evaluate the Battery Project under Section 399.14 or find that it is exempt from a CPCN, the Commission should still approve the Battery Project as it also meets the specific requirements contained in Sections 1001 *et seq.* for Commission approval.⁹⁵ In determining whether a project will ultimately be in the public interest, Section 1002(a) identifies three factors the Commission must also consider in connection with its decision whether to grant a CPCN: (1) community values; (2) recreational and park areas; and (3) historical and aesthetic value.

As detailed throughout this Application, approval of the Battery Project will advance the public interest. The Battery Project aligns with State and local community policies aimed at encouraging the use of renewable energy resources and reducing GHG emissions. The Project will contribute to California meeting its decarbonization goals and energy demand by reducing the reliance on fossil fuel resources and supporting the integration of intermittent renewable resources on the CAISO-grid through its energy shifting capabilities. Since Big Bear Valley is a widely known recreational and resort community, the Battery Project will support customer, tourism, and

⁹⁴ See D.17-12-008 (exempting a 10 MW solar generation project from needing a CPCN).

⁹⁵ Section 1001 provides that “electrical corporation . . . shall not begin the construction . . . of a line, [generating] plant, or system . . . without having first obtained from the [C]ommission a certificate that the present or future public convenience and necessity require or will require [such] construction.”

industry needs by providing a local and reliable source of energy to meet peak demands. It will also be located on land already owned by BVES and has limited potential to be used as a recreational or park area. The site, which is largely a paved parking lot, also does not have any historical or aesthetic value to the community.

The Battery Project will also contribute significantly to alleviating transmission constraints and outages as well as alleviating market price volatility because of it being locally controlled and accessible to BVES. The Battery Project is a highly viable and cost-effective energy resource intended to be operational before the year-end 2026, and thus, maximizes the advantages of the currently available 30 percent ITC. For all the reasons set forth above, the Battery Project meets the specific requirements contained in Sections 1001 *et seq.* for Commission approval and the Commission should approve the requested ratemaking and cost recovery mechanism proposed by BVES for the Battery Project.

VI. INFORMATION REQUIRED BY COMMISSION RULES

This Application has been verified by a BVES officer as provided in Rules 1.11 and 2.1.

A. Identification of Statutory Authority and Relief Sought (Rule 2.1)

Pursuant to Rule 2.1, BVES files this Application pursuant to Section 399.14. The relief being sought is summarized in Sections I (Summary of Request) and VII (Request for Relief).

B. Legal Name and Principal Place of Business (Rule 2.1(a))

The applicant's legal name is Bear Valley Electric Service, Inc. BVES's principal place of business is 42020 Garstin Drive Big Bear Lake, California, 92315.

C. Correspondence or Communication Regarding this Application (Rule 2.1(b))

All correspondence and communications regarding this Application should be addressed or directed as follows:

Sean Matlock
Energy Resource Manager
Bear Valley Electric Service, Inc.
42020 Garstin Drive
P.O. Box 1547
Big Bear Lake, CA 92315
Telephone: (909) 866-4678
Email: sean.matlock@bvesinc.com

Katie Jorrie
Chasity Hendren
Davis Wright Tremaine LLP
50 California Street, Suite 2300
San Francisco, California 94111
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: katiejorrie@dwt.com
Email: chasityhendren@dwt.com

D. Categorization; Hearings; Issues to be Considered; and Proposed Schedule (Rule 2.1(c))

Pursuant to Rule 2.1(c), BVES proposes the following categorization, need for hearings, issues to be considered, and proposed schedule.

1. Proceeding Category

In accordance with Rules 1.3(f), 2.1(c) and 7.1(e)(2), BVES requests that this Application be categorized as a “rate setting” proceeding. In this Application, BVES requests that the Commission establish mechanisms for it to seek recovery for certain costs it will incur to purchase and operate the Projects. This Application does not raise questions of policy or rules of general applicability or adjudicate any allegations or violations of law.

2. Need for Hearings

BVES does not believe that approval of this Application will require hearings. BVES has provided ample information, analysis, and documentation that provides the Commission with a sufficient record upon which to grant the relief requested.

3. Issues to be Considered

BVES proposes that the following issues be considered in this proceeding:

- Should the Commission find that the Solar Project is consistent with BVES’s RPS Procurement Plan and Integrated Resources Plan?
- Should the Commission find that the Battery Project is consistent with BVES’s RPS Procurement Plan and Integrated Resources Plan?

- Should the Commission authorize BVES to enter into the Solar EPC?
- Should the Commission authorize BVES to enter into the Battery EPC?
- Should the Commission approve BVES's proposals to recover through rates its costs to acquire, own, and operate the Solar Project, pursuant to Sections 399.14?
- Should the Commission approve BVES's proposals to recover through rates its costs to acquire, own, and operate the Battery Project, pursuant to Sections 399.14 and/or 1001 et seq.?
- Should the Commission authorize BVES to establish the SBTMA to track actual tax credits achieved for the Solar Project?
- Should the Commission authorize BVES to establish the SBTMA to track actual tax credits achieved for the Battery Project?

4. Proposed Schedule

BVES requests that the Commission approve the proposed schedule below. However, BVES reserves the right to file a motion requesting a separate track for approval of each of the Projects.

Date	Action Item
May 17, 2024	Application filed
May 22, 2024	Application Notice on Daily Calendar
June 21, 2024	Responses/Protests
July 1, 2024	Reply to Protests
July 17, 2024	Prehearing Conference
July 29, 2024	Scoping Memo
November 2024	Proposed Decision
December 2024	Final Decision

E. Relevant Safety Considerations – Rule 2.1(c)

Safety of our customers, employees, contractors, and the communities BVES serves is the top priority of BVES. In this Application, BVES proposes UOG projects that will enhance BVES's ability to deliver safe and reliable service to our customers, especially during emergency situations where on-mountain generation will be critical.

F. Organization and Qualification to Transact Business (Rule 2.2)

BVES is a corporation duly organized and existing under and by virtue of the laws of the State of California and represents the consolidation, effective on December 31, 1929, upon the order of the Commission, of some twenty corporations which were formerly operated under the jurisdiction of the Commission as public utilities, together with subsequent acquisitions and additions. BVES is a public utility rendering electric service in the vicinity of Big Bear Lake in San Bernardino County.

A copy of BVES's Restated Articles of Incorporation, certified by the California Secretary of State on December 12, 2018, was filed with the Commission in connection with BVES's Application 18-12-019, and is by reference made a part hereof.

G. California Environmental Quality Act ("CEQA") Compliance (Rule 2.4)

With respect to the Solar Project Site, the County of San Bernadino will be the lead agency administering CEQA for this project and for any associated land use changes. The Commission will have an opportunity to engage in that process as a participating agency. BVES has authorized EDF to proceed with a Proponent's Environmental Assessment ("Environmental Assessment") detailing all information and studies required by the CEQA process and other applicable rules of the County of San Bernardino and other agencies. EDF will complete the CEQA documentation and submit it to the County of San Bernardino.

With respect to the Battery Project Site, the project is exempt from CEQA as it can be seen with certainty that the activity in question may not have a significant effect on the environment. CEQA Guidelines sections 15061(b)(3).

H. Full Description and Map of the Proposed Construction (Rules 3.1(a)/(c))

Pursuant to Rule 3.1(a) and (c), BVES offers the following information. Chapter 1 of the Testimony contains maps of the proposed construction as well as timetables identifying the design, construction, completion, and operation dates for each major component of the Projects.

I. Competing Entities and Cities and Counties Within Which Service Will be Rendered (Rule 3.1(b))

Rule 3.1(b) requires a list of the names and addresses of all utilities, corporations, persons or other entities with which the proposed construction is likely to compete. The proposed Projects will be owned and operated by BVES at all times.

In constructing the Projects, neither BVES nor EDF will compete with any other entity. As explained previously, EDF did compete with other developers in the Battery RFP BVES conducted. EDF was the sole developer to submit a bid to the Solar RFP. However, upon BVES executing each EPC with EDF, such competition ceased. Additionally, BVES will use the energy generated and stored to serve its customers within its service territory in which it has the exclusive rights to provide retail electric service.

J. Required Franchises and Health and Safety Permits (Rule 3.1(d))

Pursuant to Rule 3.1(d), a list of agencies from which approvals for the proposed Projects have been or must be obtained, and the franchises and such health and safety permits that public authorities have required or may require for the proposed Projects' construction are set forth in Chapter 2 of the Testimony.

K. Statement of Estimated Cost of the Project (Rule 3.1(f))

Pursuant to Rule 3.1(f) and (l)(3), Chapters 1 and 3 explain that the estimated total collective initial capital cost for the Solar Project is approximately [REDACTED] (in 2024 dollars).⁹⁶ The Solar Project's estimated annual Operations and Maintenance Expenses are [REDACTED] on average.⁹⁷ The estimated total collective initial capital cost for the Battery Project is approximately [REDACTED] (in 2024 dollars).⁹⁸ The Battery Project's estimated annual Operations and Maintenance Expenses are [REDACTED] on average.⁹⁹

L. Financial Ability to Render Proposed Service and Manner of Financing (Rule 3.1(g))

BVES has the financial ability to acquire, own, and operate the Projects. BVES will finance the acquisition, ownership, and operation of the Projects through its normal means of funding utility operations.

M. Load and Resource Data and Existing Rated and Effective Operating Capacity (Rule 3.1(l))

The nominal output for the Solar Project is 5 MW CEC AC / 6.10 MW DC. The estimated annual net capacity factor of the Solar Project is approximately [REDACTED] percent.

The Battery Project can provide energy capacity at real power capability when discharged from 100 percent state of energy ("SOE") at standard test conditions ("STC"). Tesla's Megapack unit is also capable of storing energy at real power capability when charged from 0 percent SOE at STC. A Megapack unit is capable of charging and discharging at real power capability for the life of the Megapack. The amount of energy a Megapack unit can store will decrease over time.

⁹⁶ See Ch. 1 Testimony of Sean Matlock at 1-18; Ch. 3 Testimony of Jeff Linam at 3-2.

⁹⁷ Exh. BVES-1, Appendix B.

⁹⁸ See Ch. 1 Testimony of Sean Matlock at 1-20; Ch. 3 Testimony of Jeff Linam at 3-3.

⁹⁹ Exh. BVES-1, Appendix C.

VII. EXHIBITS & TESTIMONY

The following Testimony and documents are submitted as Exhibits in support of the requests in this Application:

Exhibit(s)	Testimony Chapter(s)	Subject(s)	Witness
Exh. BVES-1 (Confidential)	Chapter 1	Description of the Bear Valley Solar Energy and Battery Storage Projects and Benefits	Sean Matlock
	Chapter 2	Bid Evaluation, Selection, and Negotiation Process	Sean Matlock
	Chapter 3	Ratemaking	Jeff Linam
Exh. BVES-2 (Confidential)		Solar EPC	
Exh. BVES-3 (Confidential)		Battery EPC	

VIII. REQUEST FOR RELIEF

BVES requests that the Commission grant the following relief:

- Approve BVES entering into the Solar EPC with EDF for development of the Solar Project.
- Approve BVES entering into the Battery EPC with EDF for development of the Battery Project.
- Approve the Reasonable Cost for the Solar Project pursuant to Sections 399.14, plus an AFUDC.
- Approve the Reasonable Cost for the Battery Project pursuant to Sections 399.14 and/or 1001 et seq., plus an AFUDC.
- Authorize BVES to file a Tier 1 advice letter at the completion of the Solar Project's construction to initiate cost recovery for its investment in and the costs to operate the Solar Project, as a UOG asset, plus and AFUDC.
- Authorize BVES to file a Tier 1 advice letter at the completion of the Battery Project's construction to initiate cost recovery for its investment in and the costs to operate the Battery Project, as a UOG asset, plus an AFUDC.
- Authorize BVES to include in its adjusted revenue requirement the annual and incremental costs associated with the Solar Operating Expenses.

- Authorize BVES to include in its adjusted revenue requirement the annual and incremental costs associated with the Battery Operating Expenses.
- Authorize BVES to establish the SBTMA through a Tier 1 advice letter to track actual tax benefits received for the Solar Project.
- Authorize BVES to establish the SBTMA through a Tier 1 advice letter to track actual tax benefits for the Battery Project.
- Grant BVES's motion for confidentiality, filed concurrently with this Application.
- Approve this Application and grant the authorizations requested in a final decision.
- Grant such other relief as is necessary to effectuate the Application and authorization of rate recovery for the associated costs.

Respectfully submitted,

/s/

Katie Jorrie
Chasity Hendren
Davis Wright Tremaine LLP
50 California Street, 23rd Floor
San Francisco, CA 94111
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: katiejorrie@dwt.com
Email: chasityhendren@dwt.com

Dated: May 17, 2024

Attorneys for Bear Valley Electric
Service, Inc.

VERIFICATION

I, Paul Marconi, hereby declare that I am the President at Bear Valley Electric Service, Inc., and that I have read the foregoing Application; and that the information set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the forgoing is true and correct.

Executed this 17th day of May 2024, at Big Bear Lake, California.

Paul Marconi
Digitally signed by Paul
Marconi
Date: 2024.05.17 15:21:35
-07'00'

Paul Marconi
President, Bear Valley Electric Service, Inc.

Exhibit BVES-1

Chapters 1-3 Testimonies

(Public and Confidential Versions Submitted Separately)

Exhibit BVES-2

Solar EPC Agreement

(Entire Appendix is Filed Under Seal)

Exhibit BVES-3

Battery EPC Agreement

(Entire Appendix is Filed Under Seal)