

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

Order Instituting Rulemaking Pursuant to Assembly
Bill 2514 to Consider the Adoption of Procurement
Targets for Viable and Cost-Effective Energy
Storage Systems.

R.10-12-007
Filed December 16, 2010

**COMMENTS OF WALMART STORES, INC.
AND SAM'S WEST, INC. TO ORDER INSTITUTING RULEMAKING
PURSUANT TO ASSEMBLY BILL 2514 TO CONSIDER THE
ADOPTION OF PROCUREMENT TARGETS FOR VIABLE AND COST-
EFFECTIVE ENERGY STORAGE SYSTEMS**

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January 21, 2011

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Pursuant Rules 1.4(a) and 6.2 of the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, and Ordering Paragraph Number 5 of *Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems* (“OIR”) Walmart Stores, Inc. and Sam’s West, Inc. (together “Walmart”) hereby submit these comment to the OIR.

I. INTRODUCTION.

The Commission is to be commended for initiating the first comprehensive proceeding in the nation to establish policy for utilities to consider the procurement of viable and cost-effective energy storage systems well in advance of the date required by AB 2514.¹ Walmart agrees with the Commission’s guidance in the OIR and its Attachment A² regarding the scope of the

¹ “We also open this proceeding on our own motion to initiate policy for California utilities to consider the procurement of viable and cost-effective energy storage systems.” (p. 1).

² *Electric Energy Storage: an Assessment of Potential Barriers and Opportunities*, July 9, 2010 (“White Paper”).

proceeding: “Because AB 2514 provides broad discretion to the Commission, we request parties provide us with their views of the issues to be addressed in this proceeding before we establish a precise scope.” (p. 5). Recognizing that the scope of this proceeding is an inchoate state at this initial stage, Walmart wishes to offer its general perspective early on.

II. WALMART ENCOURAGES THE COMMISSION TO CONSIDER POLICIES THAT INCENT CUSTOMERS TO EMPLOY ENERGY STORAGE TECHNOLOGY IN WAYS THAT ALLOW CUSTOMERS TO PARTICIPATE AND MAXIMIZE NEW TECHNOLOGICAL OPPORTUNITIES.

Two illustrative examples of how on-site deployment of energy storage technology will impact customer interaction with existing policies and programs in very immediate and direct ways arise in the context of the California Independent System Operator’ (“CAISO’s”) ancillary services or utility-administered demand response programs and efficient use of back-up power supply capability.

First, taking advantage of the peak load reduction capabilities of energy storage should not be allowed to reduce customer incentive to participate in demand response programs. In other words, customers that voluntarily elect to participate in available demand response programs through the CAISO’s ancillary service or other demand response programs should be able to evaluate the decision whether or not to deploy energy storage technology as an additive economic benefit, or at least a neutral factor.

Second, customer deployment of energy storage technology to mitigate the intermittency of renewable generation, or for back-up reliability purposes or just to mitigate greenhouse gas emissions, could be encouraged by compensating the customer for any modest amount of on-site generation that exceeds the customers immediate need to manage transient interruptions in utility service.³ Customers should not be required to either size their energy storage system in an unrealistically precise or uneconomic way or provide the local utility with a windfall by not requiring compensation for all electricity that may flow to the benefit of the utility.

³ “EES technologies can provide customers with electricity for a period of hours when utility power is not available. While economics prevent EES being used as a long-term backup (i.e., for multiple days at once), EES can provide a source of back-up power for shorter outages.” (White Paper, p. 6).

III. CONCLUSION.

Walmart appreciates this opportunity to respond to the OIR with these comments, and looks forward to working with the Commission and other stakeholders to achieve the Commission's goals for the OIR.

Respectfully submitted,



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DOUGLASS & LIDDELL

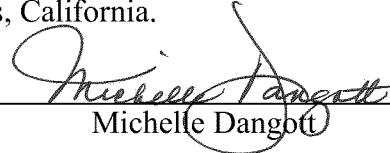
Counsel for
**WALMART STORES, INC. AND
SAM'S WEST, INC.**

Date: January 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Comments of Walmart Stores, Inc. and Sam's West, Inc. to Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems* on all parties of record in proceeding *R.10-12-007* by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on January 21, 2011, at Woodland Hills, California.


Michelle Dangott

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