

**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)

**REPLY OF THE
ALLIANCE FOR RETAIL ENERGY MARKETS
TO COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
ENTERING DOCUMENTS INTO THE RECORD
AND SEEKING COMMENTS**

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Consultant to
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Date: September 16, 2011

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The Alliance for Retail Energy Markets (“AReM”)¹ submits this reply to comments filed August 29, 2011 in response to the ruling of Administrative Law Judge (“ALJ”) Amy C. Yip - Kikugawa, entitled *Administrative Law Judges’ Ruling Entering Documents into Record and Seeking Comments*, dated July 21, 2011, which set this date for submittal of reply. AReM is a regulatory alliance of electric service providers (“ESPs”) that are active in the California retail direct access market as load-serving entities (“LSEs”). While ESPs are not identified as respondents to the proceeding, the Order Instituting Rulemaking states that the Commission may decide to apply any decision in this proceeding to all LSEs. Accordingly, AReM has been participating in this proceeding..

As AReM has previously stated in this proceeding, because energy storage technologies are at the nascent stages of development, with unproven benefits and high cost of

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

implementation, an obligation for LSEs to procure from such systems may not be warranted at this time.² A number of parties have expressed similar concerns throughout this proceeding.

On August 29, 2011, the three investor -owner utilities (“IOUs”) and the Division of Ratepayer Advocates (“DRA”) filed comments opposing the adoption of energy storage procurement targets for LSEs. AReM fully supports these comments. In particular, AReM points to the comments of Southern California Edison (“SCE”), which ask the Commission to:

“reject certain parties’ requests that these and other fictitious ‘barriers’ be removed through means such as mandated energy storage procurement targets, as such mandates would violate [Assembly Bill] 2514’s requirement to consider cost-effectiveness, prematurely pick technology ‘winners’ and ‘losers,’ and ultimately harm ratepayers.”³

Pacific Gas and Electric Company (“PG&E”) also expresses concern about potentially high consumer costs from a procurement mandate and urges the Commission to “instead focus on creating an environment that allows energy storage technologies to compete on equal footing with other technology alternatives.”⁴ AReM strongly concurs. In addition, both DRA⁵ and San Diego Gas & Electric Company (“SDG&E”)⁶ oppose adopting procurement targets at this time.

In fact, only two parties filed comments requesting the immediate adoption of LSE procurement targets.⁷ AReM urges the Commission to reject these requests and continue its

² *Comments of the Alliance for Retail Energy Markets on Order Instituting Rulemaking*, R.10-12-007, January 21, 2011, pp. 1-2.

³ SCE Comments, R.10-12-007, August 29, 2011, p. 2.

⁴ PG&E Comments, R.10-12-007, August 29, 2011, p. 2.

⁵ DRA Comments, R.10-12-007, August 29, 2011, p. 1.

⁶ SDG&E Comments, R.10-12-007, August 29, 2011, p. 3.

⁷ See MegaWatt Storage Farms, Inc. Comments p. 1-2 and Sierra Club California Comments, pp. 2 and 6-7.

current deliberate approach to evaluate energy storage technologies and assess whether expected costs outweigh quantifiable benefits, especially in comparison to other market -ready products or services available to integrate renewable resources.

Respectfully submitted,

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