

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.

Rulemaking R.10-12-007 (AYK)
(Filed December 16, 2010)

COMMENTS OF MEGAWATT STORAGE FARMS, INC. ON THE
ENERGY STORAGE FRAMEWORK STAFF PROPOSAL

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Tendered by:
David MacMillan
President
MegaWatt Storage Farms, Inc.
(650) 365-3392
david@megawattsf.com

Service Information:
Edward Cazalet
Vice President and Co-Founder
MegaWatt Storage Farms, Inc.
101 First Street, Suite 552
Los Altos, CA 94022
(650) 949-5274
email: ed@megawattsf.com

MegaWatt Storage Farms, Inc. (MegaWatt) is an independent, technology agnostic, storage services provider. MegaWatt appreciates the work of the CPUC Staff in framing the storage issues.

The first conclusion of the Staff Proposal is that an RA value and a LTPP process be developed for storage to participate in utility procurements. While MegaWatt strongly supports the procurement of storage services by the utilities, without procurement targets, storage cannot be properly evaluated in a LTPP process designed for fossil, renewables, efficiency and DR projects. Storage does not yet have an explicit position in the loading order and the fast response and two-way dispatchability of storage is unique. Other non-fossil technologies have an explicit procurement standard, whereas storage does not. This is not a level playing field for storage procurement. MegaWatt has previously identified (Attachment A) multiple barriers to storage, only a few of which the staff proposal addresses at all.¹ Effectively, on storage the CPUC is

¹ MegaWatt has previously submitted comments directly related to this Staff Proposal that have not yet appeared in the public record of this proceeding. These comments were distributed to the service list three times, but not accepted by the CPUC into the proceedings. Other comments in the public record cite these previous comments of MegaWatt - for example, "REPLY COMMENTS OF SIERRA CLUB CALIFORNIA ON ADMINISTRATIVE LAW JUDGE'S JULY 21, 2011 RULING ENTERING DOCUMENTS INTO RECORD AND SEEKING COMMENTS, filed Sept. 16, 2011"; REPLY OF THE ALLIANCE FOR RETAIL ENERGY MARKETS TO COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING ENTERING DOCUMENTS INTO THE RECORD AND SEEKING COMMENTS", filed Sept. 16, 2011; and "REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON ADMINISTRATIVE LAW JUDGE'S RULING ENTERING DOCUMENTS INTO RECORD AND SEEKING COMMENTS IN R.10-12-007", filed Sept. 16, 2011. MegaWatt's earlier comments are attached herein as Appendix A because they are directly relevant to the overall Proceedings, including being relevant to the prior comments of others that were presumably considered by Staff in preparing the Staff Report, as well as relevant to MegaWatt's above comments on the Staff Report.

"kicking the can down the road" to LTPP by proposing an LTPP process for storage without a concurrent procurement target for storage.

A second conclusion of the Staff Proposal is that there are many barriers and gaps to adoption of storage, so many, in fact, that Staff recommends a roadmap that focuses on much more analysis.

MegaWatt believes the Staff's proposed "end use" analysis is complex, expensive, time consuming and is unlikely to be reliable or conclusive. Storage is a grid resource no matter where it is located or who owns it. For example, storage on the distribution grid and the customer side of the meter can provide frequency regulation services to the ISO in the same way that transmission grid storage can. Because the analysis of storage is complex, and the barriers to be overcome to deploy it are complex (see Appendix A), MegaWatt believes procurement targets are the only feasible way to avoid paralysis-by-analysis. Unless storage procurement targets are defined quickly, fossil fuel plants will be deployed for renewables integration and storage will not contribute its unique services of fast response, locations close to the load, low environment impact and increased local reliability at a lower cost when considered as an element of the overall fossil, DR, efficiency and renewable portfolio. As noted in Appendix A, the 33% RPS goal is waived to the extent that curtailment of renewables makes its achievement impractical - without deployment of storage, curtailment is highly likely, as is failure to achieve the 33% RPS goal.

MegaWatt therefore proposes that ten-year procurement targets be defined during early 2012 for immediate use in the LTPP, with the targets made firm for at least three years and updated every three years. The feedback from the deployments will provide much better real-

world information on storage on the California grid than “end use” analysis ever can and will avoid “paralysis by analysis”.

In summary, the Staff Proposal will further delay the development of cost-effective storage needed in California in support of 33% renewables and GHG policy. The Staff Proposal should be rejected as it frustrates the clear intent of the Governor and the Legislature, as expressed in AB 2514, to make storage an integral part of California's grid, just as renewables are today.

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Respectfully submitted,

_____/s/_____

David MacMillan
President
MegaWatt Storage Farms, Inc.
3931 Jefferson Avenue
Woodside, CA 94062
(650) 365-3392
email: david@megawattsf.com

Service Information:

Edward Cazalet
Vice President and Co-Founder
MegaWatt Storage Farms, Inc.
101 First Street, Suite 552
Los Altos, CA 94022
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List of Attachments:

Previous MegaWatt Comments (Attachment A - Previous MegaWatt Comments.pdf)