

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

Order Instituting Rulemaking to Oversee the Resource
Adequacy Program, Consider Program Refinements, and
Establish Annual Local Procurement Obligations.

R.11-10-023
Filed October 20, 2011

**COMMENTS OF THE
CALIFORNIA ENERGY STORAGE ALLIANCE**

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April 11, 2012

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In accordance with the *Administrative Law Judge's Ruling Seeking Comment*, issued March 23, 2012, as supplemented by Administrative Law Judge David Gamson's e-mail message to the parties in this proceeding on March 30, 2012, granting an extension of time to submit comments until April 11, 2012, the California Energy Storage Alliance ("CESA")¹ submits these comments on the *Energy Division Report Resource Adequacy Workshop January 26-27, 2012*, issued March 23, 2012 ("Workshop Report").²

I. INTRODUCTION.

CESA urges the Commission to clearly state, and spell out in some detail, a specific process and timeline for coordinating this proceeding with the Energy Storage Rulemaking.³ CESA's sole substantive emphasis in these comments is to strongly urge the Commission to

¹ The California Energy Storage Alliance consists of 4R Energy, A123 Systems, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Deeya Energy, East Penn Manufacturing Co., Inc., EnerVault, Fluidic Energy, GE Energy Storage, Greensmith Energy Management Systems, HDR Engineering, Inc., Ice Energy, LG Chem, LightSail Energy, Inc., Powergetics, Primus Power, Prudent Energy, RedFlow Technologies Ltd., RES Americas, Saft America, Inc., Samsung SDI, SANYO Energy Corporation, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, SunEdison, SunVerge, TAS Energy, and Xtreme Power. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. <http://www.storagealliance.org>.

² The Workshop Report includes a revised Energy Division ("ED") proposal for modifying the current Maximum Cumulative Capability ("MCC") buckets to account for flexibility requirements ("ED MCC Proposal"),² and (2) the California Independent System Operator Corporation's ("CAISO's") March 2, 2012 *2013 Flexible Capacity Procurement Requirement Supplemental Information to Proposal* ("CAISO FCP Supplement").

³ *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 ("Energy Storage OIR").

directly address and adopt, or at least begin to adopt, multi-year (*i.e.*, long-term) contracting for resource adequacy (“RA”) capacity provided, enabled, or enhanced by energy storage technology. In broad concept, CESA supports the objectives of both the Energy Division’s Workshop Report⁴ and the CAISO’s Flexible Procurement Proposal.⁵ CESA also advocates for greater emphasis on deliverability of distributed generation integrated with energy storage technology, which should be a key beneficiary of the Commission’s focus on the important role energy storage in this proceeding.

II. THE COMMISSION SHOULD EXPLAIN HOW IT PLANS TO COORDINATE THIS PROCEEDING WITH THE ENERGY STORAGE RULEMAKING.

An “Energy Staff Framework Proposal”⁶ was published informally to the Energy Storage Rulemaking Service List on April 3, 2012 that included the following recommendation to the Commission: “CPUC Staff expects to coordinate with other on-going efforts in Resource Adequacy, Long-Term Procurement, and activities at the CAISO to ensure that storage is being considered in those efforts.”⁷ Given that the subject of energy storage *per se* is being deferred to Phase 2 of this proceeding,⁸ it is critical to determine and to explain the way in which this proceeding and the Energy Storage OIR will be coordinated in real time.

⁴ CESA specifically supports the statement that: “Bucket 2 would consist of resources that are dispatchable but limited in hours of consistent operation. This bucket would include resources like peaker plants, dispatchable Demand Response, and energy storage used as a stand-alone.” (Att., p. 7).

⁵ CESA specifically supports the statement that: “ If a demand response resource or storage device is dispatchable in the ISO market, and is capable of providing one or more of the flexible capacity requirements, then, subject to the rules of the CPUC and other local regulatory authorities, as applicable, these resources would be eligible to provide flexible capacity.” (p. 22).

⁶ *Energy Division Staff Storage Framework Proposal*, published April 3, 2012.

⁷ *Energy Division Staff Storage Framework Proposal Cover Letter*, issued April 3, 2012, page 3.

⁸ *Phase 1 Scoping Memo and Ruling*, December 27, 2012, p. 7. CESA supports parties in the LTPP proceeding (R.12-03-014) that filed comments on April 6, 2012, recommending that the topic should best be addressed in this proceeding.

III. THE COMMISSION SHOULD IMMEDIATELY ADDRESS MULTI-YEAR CONTRACTING FOR STANDALONE ENERGY STORAGE, ENERGY STORAGE COMBINED WITH GENERATION, AND DEMAND RESPONSE INTEGRATED WITH ENERGY STORAGE IN THIS PROCEEDING.

At the Workshop, the CAISO's representatives stated that its Flexible Procurement Proposal need not be implemented until 2013,⁹ but the CAISO hopes to actively collaborate with parties and the Commission to "advance the discussion" of multi-year procurement at the Commission immediately. Administrative Law Judge Gamson asked that parties express their views in their comments on the Workshop Report as to whether the CAISO and Energy Division proposals to modify the Commission's RA program are mutually exclusive, or whether elements of the two proposals could be combined to produce a new "more robust" proposal. As noted above, CESA is broadly supportive of the objectives of both the CAISO and the Energy Division, but takes no position on the specific merits of either proposal at this time, or the specific merits of combining elements.

IV. THE COMMISSION SHOULD ADDRESS DISTRIBUTED GENERATION DELIVERABILITY.

At the Workshop the subject of Deliverability for DG was on the Agenda, but unfortunately it was not discussed at all. CESA supports strong emphasis on deliverability of distributed generation integrated with energy storage and urges the Commission to begin focus on the subject as soon as possible, preferably in active collaboration with the stakeholder process underway at the CAISO. The Commission should support the CAISO's proposed new annual assessment methodology for determining and allocating RA deliverability for DG resources, and

⁹ The CAISO published a Market Notice on April 3, 2012, announcing a decision to recommend deferring implementation of its Flexible Procurement Proposal.

deliverability for distribution interconnected generation available to local regulatory authorities (including the Commission) under a process similar to how RA import capacity is allocated.¹⁰

V. CONCLUSION.

CESA appreciates the opportunity to submit these comments, and looks forward to working with the Commission and other stakeholders in this proceeding going forward.

Respectfully submitted,



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Date: April 11, 2012

¹⁰ See, *Resource Adequacy Deliverability for Distributed Generation Draft Final Proposal*, March 29, 2012.