

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 10-12-007
(Filed December 16, 2010)

**CLEAN COALITION'S COMMENTS ON THE PROPOSED DECISION ADOPTING
PROPOSED FRAMEWORK FOR ANALYZING
ENERGY STORAGE NEEDS**

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The Clean Coalition respectfully submits its comments on the Proposed Decision Adopting Proposed Framework for Analyzing Energy Storage Needs. We support the Commission's approval of the Energy Storage Framework Proposal submitted by the Energy Division. However, there are aspects of the Framework Proposal that we believe are lacking.

The Clean Coalition is a California-based group that advocates for vigorous expansion of the Wholesale Distributed Generation (WDG) market segment, which is comprised of renewable energy generation that connects to the distribution grid and serves local load. Since penetrations of WDG above about 20% require local balancing of supply and demand of energy, the Clean Coalition not only drives policy innovation that removes the top barriers to WDG (procurement and interconnection), but also drives policy innovations that will allow private capital to deploy Intelligent Grid (IG) solutions like demand response and energy storage. The Clean Coalition is active in proceedings at the California Public Utilities Commission, the Federal Energy Regulatory Commission, and related federal and state agencies throughout the United States.

The Clean Coalition also designs and implements WDG and IG programs for local utilities and governments around the country.

The Framework Proposal does an admirable job of illustrating the problem of a lack of regulatory cohesion and identifying the myriad proceedings which affect energy storage, yet lacks any indication of how these proceedings might be integrated. This is especially relevant for the proceedings identified in the roadmap (figure 5 of the proposal) which are meant to conclude in the next few months, well before further Decisions in this proceeding would be able to provide any additional guidance.

We therefore recommend the Proposed Decision be amended to provide clarification on how phase two of this proceeding will coordinate with the Long Term Procurement Policy (LTPP) and phase two of the Resource Adequacy proceedings. The proposal anticipates ‘close coordination¹’ with those proceedings, and clear details should be provided to ensure such coordination occurs. The energy storage proceeding should produce an integrated understanding of the value and role of energy storage in procurement policy. In particular, we recommend clarification on:

1. How the cost effectiveness and valuation methodologies which emerge from phase two of this proceeding will be incorporated into the Resource Adequacy value of energy storage, and
2. The relationship to energy storage procurement planning in the LTPP proceeding.

We ask the Commission to not simply state the responsibilities of different proceedings but to indicate how they will be integrated.

¹ Energy Storage Framework Staff Proposal, page 8

Many energy issues, as recognized by the Framework Proposal, cannot be effectively addressed if siloed in their own dockets. We recognize both the challenge the Commission faces in addressing cross-cutting issues and the vital importance of doing so.

We support the Framework Proposal's categorization of the end uses of energy storage into four different 'scenarios'. As an organization whose goal is the vigorous expansion of cost-effective, local clean energy supplies, particularly through the virtually untapped wholesale distributed generation market segment, we recommend that the Commission prioritize attention on clarifying the policy related to the end uses described in scenarios A and B, which focus on renewable support and dispatchability and storage located at the distribution level. Prioritizing these two areas will help the state meet the Governor's 12,000 MW by 2020 goal for local renewable energy. Not only will the use of energy storage in these scenarios improve the ability of the distribution grid to incorporate larger amounts of distributed generation, but energy storage located on the distribution grid has the most opportunity to provide reliability benefits at a local scale. We also believe this is the most appropriate role for the Commission, as CAISO and FERC have authority over transmission level energy sources, and the utility and Self-Generation Incentive Program program managers can best find ways for customers to integrate the energy storage behind their meters.

Lastly, we respectfully suggest that phase two of this proceeding directly address the practical ability of energy storage to provide a full range of services and access funding from multiple value streams. Clarification would also be welcomed regarding how the cost-effectiveness methodology for energy storage will be determined in the next phase of the proceeding and how parties will be able to participate.

Energy storage facilities can provide a wide variety of associated services. It is essential that ratepayers optimize use of deployed resources such as Energy Storage, and that compensation for multiple services be fully accessible, thus reducing the cost of providing each service. For example, once energy storage has been procured, priority might be given to its participation in the markets for the other benefits that it can provide at its location. This would ensure that there is a continuing value proposition for energy storage and that access to the range of related benefits is reached in a more cost-effective manner. This may require greater integration between the agencies that govern the different functions of energy storage, and this integration should be one of the main goals of this proceeding.

Respectfully submitted,

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