

**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 (AYK)  
(Filed December 16, 2010)

**REPLY COMMENTS OF SIERRA CLUB CALIFORNIA  
ON PROPOSED DECISION ADOPTING PROPOSED FRAMEWORK  
FOR ANALYZING ENERGY STORAGE NEEDS**

WILLIAM B. ROSTOV  
Earthjustice  
50 California Street, Ste. 500  
San Francisco, CA 94111  
Tel: (415) 217-2000  
Fax: (415) 217-2040  
[wrostov@earthjustice.org](mailto:wrostov@earthjustice.org)

Attorney for  
SIERRA CLUB CALIFORNIA

Dated: July 30, 2012

**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 (AYK)  
(Filed December 16, 2010)

**REPLY COMMENTS OF SIERRA CLUB CALIFORNIA  
ON PROPOSED DECISION ADOPTING PROPOSED FRAMEWORK  
FOR ANALYZING ENERGY STORAGE NEEDS**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), Sierra Club California (“Sierra Club”) respectfully submits the following reply comments on the Proposed Decision of Commissioner Peevey (“PD”).

**ARGUMENT**

**I. The PD’s Statement Regarding Procurement Targets and Need Is Accurate and Should Not Be Changed.**

The PD correctly describes the Commission’s obligation to consider procurement targets. The PD explains that the scenario approach “will allow [the Commission] to determine the need for storage in relevant situations and set targets, if necessary, to meet this need.”<sup>1</sup> DRA, PG&E, and SCE take issue with this statement in the PD.<sup>2</sup> No changes should be made in response to their arguments because the PD’s statement is consistent with AB 2514. AB 2514 requires that:

---

<sup>1</sup> Pub. Util. Comm’n, Decision Adopting Proposed Framework for Analyzing Energy Storage Needs, 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 (July 2, 2012) (“PD”) p. 29.

<sup>2</sup> Comments of Division of Ratepayer Advocates on the Proposed Decision Adopting Proposed Framework for Analyzing Energy Storage Needs (“DRA Comments”) p. 1; Pacific Gas and Electric Company’s (U 39 E) Comments on the Proposed Decision of Commissioner Peevey Adopting a Proposed Framework for Analyzing Energy Storage Needs (“PG&E Comments”) p. 2–3; Comments of Southern California Edison Company (U 388-E) to the California Public Utilities Commission on the Proposed Decision of Commissioner Peevey Adopting Proposed Framework For Analyzing Energy Storage Needs (“SCE Comments”) p. 5–7.

“On or before March 1, 2012, the commission shall open a proceeding to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2015, and December 31, 2020.”<sup>3</sup> DRA requests that an additional sentence be added that emphasizes that the Commission is not obligated to consider procurement targets.<sup>4</sup> This sentence is superfluous. The PD’s statement already includes this concept with the phrase “if necessary,” which parallels AB 2514.<sup>5</sup>

PG&E, on the other hand, makes an argument that is contrary to the intent of AB 2514. PG&E argues that energy storage targets should be based on the LTPP process determination of system need.<sup>6</sup> SCE makes a similar argument.<sup>7</sup> PG&E’s and SCE’s approach would delay proactive policies that could promote the use of energy storage. Currently, the LTPP system track does not even consider energy storage in the planning assumptions.<sup>8</sup> The timing of the two proceedings do not link up. The Commission is required to “adopt the procurement targets, if determined to be appropriate . . . by October 1, 2013.”<sup>9</sup> The LTPP may not even have a decision on system need before the deadline in this proceeding. Moreover, the system need determination in that proceeding may not even address storage needs. The PD correctly presents the issue of energy storage need and procurement targets in this proceeding. The language in the PD should not be changed.

---

<sup>3</sup> Cal. Pub. Util. Code § 2836(a)(1).

<sup>4</sup> DRA Comments, p. 1.

<sup>5</sup> PD, p. 29.

<sup>6</sup> PG&E Comments, pp. 3–4.

<sup>7</sup> SCE Comments, pp. 5–7.

<sup>8</sup> Pub. Util. Comm’n, Assigned Commissioner’s Ruling on Standardized Planning Assumptions, Rulemaking 12-03-014 (June 27, 2012).

<sup>9</sup> Cal. Pub. Util. Code § 2836(a)(2).

## **II. The Commission Should Coordinate Proceedings that Address Energy Storage.**

Sierra Club agrees with the parties that advocate that energy storage proceedings be coordinated with related proceedings such as Long-Term Procurement and Resource Adequacy.<sup>10</sup> Without coordination, the Commission may face a situation where energy storage falls through the cracks because each proceeding fails to adequately address energy storage. Even with coordination, storage “need” and procurement targets should be considered in this proceeding. This proceeding should be the omnibus proceeding that ensures energy storage and all of its facets are thoroughly addressed. Sierra Club supports the California Energy Storage Alliance’s recommendation that the “Commission consider issuing an Assigned Commissioner’s Ruling providing guidance to parties and Energy Division Staff regarding coordinated near term steps to be undertaken in the RPS, LTPP, RA, and Energy Storage Rulemaking proceedings by dates certain.”<sup>11</sup> Sierra Club also supports its request for a quick start to Phase 2 of the proceeding.<sup>12</sup>

## **III. The Parties Should Have the Opportunity to Develop and Address the Cost-Effectiveness Framework in Phase 2.**

Sierra Club agrees with CESA that the cost-effectiveness framework should fully consider the benefits of energy storage.<sup>13</sup> To achieve this goal, Sierra Club recommends that the Commission adopt the Division of Ratepayer’s point regarding the cost-effective evaluation method section of the PD, section 4.2.5. DRA recommends that the section “include a note making clear that the parties will have ample opportunity to comment on any substantive cost-

---

<sup>10</sup> See, e.g., Opening Comments of the California Energy Storage Alliance on Proposed Decision Adopting Proposed Framework for Analyzing Energy Storage Needs, pp. 1–2.

<sup>11</sup> *Id.* p. 2.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* pp. 4–6.

effectiveness proposal.”<sup>14</sup> Sierra Club disagrees with PG&E in so far as it is recommending rigid adherence to existing cost-effective methodologies and limiting the consideration of the benefits of energy storage.<sup>15</sup>

#### **IV. PG&E’s Call for More Demonstration Projects Is Inconsistent with the Intent of AB 2514.**

If PG&E is requesting that the outcome of this proceeding result in more demonstration projects, that recommendation should be rejected as inconsistent with AB 2514.<sup>16</sup> The statute requires the Commission to consider information from existing pilot programs; it does not require additional study. Section 2836.2 states: “In adopting and reevaluating appropriate energy storage system procurement targets and policies pursuant to subdivision (a) of Section 2836, the commission shall do all of the following: (a) Consider existing operational data and results of testing and trial pilot projects from *existing* energy storage facilities.”<sup>17</sup> The legislature adopted AB 2514 to spur action; it wants the Commission to promote policies that result in the commercialization and widespread use of energy storage.

### **CONCLUSION**

For foregoing reasons, Sierra Club requests that the Commission adopt its recommendations described above.

Dated: July 30, 2012

Respectfully submitted,

/s/ WILLIAM B. ROSTOV  
By: William B. Rostov

WILLIAM B. ROSTOV  
Earthjustice

---

<sup>14</sup> DRA Comments, p. 2.

<sup>15</sup> PG&E Comments, p. 4.

<sup>16</sup> See Cal. Pub. Util. Code § 2836.2.

<sup>17</sup> *Id.* (emphasis added).

50 California Street, Ste. 500  
San Francisco, CA 94111  
Tel: (415) 217-2000  
Fax: (415) 217-2040  
[wrostov@earthjustice.org](mailto:wrostov@earthjustice.org)

Attorney for  
SIERRA CLUB CALIFORNIA