

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 REPLY COMMENTS ON THE PROPOSED
DECISION ADOPTING
PROPOSED FRAMEWORK FOR ANALYZING
ENERGY STORAGE NEEDS**

Whitney Richardson
Kenneth Sahm White
Clean Coalition
2 Palo Alto Square
3000 El Camino Real, Suite 500
Palo Alto, CA 94306
831-425-5866
510-334-5890
209-658-5837
whitney@clean-coalition.org
sahm@clean-coalition.org

July 30, 2012

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The Clean Coalition respectfully submits its reply comments on the Proposed Decision Adopting Proposed Framework for Analyzing Energy Storage Needs. The assertion of some parties that targets for energy storage should not be considered by the Commission is not in line with the intentions of AB2514. PG&E, SCE and DRA are suggesting that targets be dismissed without consideration and this directly contradicts the approach to targets made by AB 2514.¹ Even if procurement targets are not ultimately adopted, it is far too early to dismiss one policy option entirely. While PG&E and SCE make reasonable comments about determining system needs from the Long Term Procurement Plan proceeding, the two proceedings are, as of this filing, not connected in any substantive way. We recommend the Commission ignore any calls to remove

¹ California Public Utilities Code Sec. 2836 (a) (1)“~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 ~”

language regarding targets from the proposed decision and instead clarify in the proposed decision how the various proceedings that affect energy storage will be integrated.

While we agree that the actual needs are for services that can be provided by storage rather than for storage per se, storage will not be able to offer those services if it is not present in the market. Storage technology has reached commercial maturity, but the lack of a current clear value stream for the multiple services it provides inhibits its entry into the individual markets. Important experience can be gained through initial deployments supported by modest procurement targets. Since the legislation specifically calls for consideration of procurement targets, the value of such targets should be formally considered, and the proceeding should consider the need for procurement targets for storage in order to develop its market participation. One such approach would be to target a modest but meaningful portion of procurement for each of the services identified in the Framework Proposal to be met from storage based sources if available at or near the market rate for each service, ensuring that such technologies have a market for their services. We are not recommending this approach, but merely illustrating that a variety of approaches to targets are available and the concept deserves further consideration.

The Clean Coalition supports consideration of GPI's suggestion that any targets differentiate between storage installed at the site of intermittent generation and grid connected storage. Storage installed at the site of intermittent generation is desirable, and we recommend the Commission clearly discuss whether and how energy storage connected to an intermittent generator may participate in the markets for other energy services.

The Clean Coalition agrees with the suggestion of CESA that the Commission should quickly issue a scoping memo to determine the best course for the second phase of the proceeding.

Among the things which we believe should be explicitly discussed in the scoping memo is the granting of resource adequacy benefits for energy storage, which was discussed by several parties, including Beacon and PG&E. We also suggest that the Commission include a prioritization of end uses for energy storage in the scoping memo.

We respectfully request that the Commission adopt these recommendations into the proposed decision.

Respectfully submitted,

/s/ Kenneth Sahn White
Kenneth Sahn White

/s/ Whitney Richardson
Whitney Richardson

Clean Coalition
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Palo Alto, CA 94306
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