

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

Order Instituting Rulemaking to Integrate and Refine
Procurement Policies and Consider Long-Term
Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**RESPONSE OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION TO MEGAWATT STORAGE
FARMS' MOTION REGARDING THE LOADING ORDER
AND STORAGE**

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On October 5, 2012, Megawatt Storage Farms, Inc., filed a motion asking the Commission to rule that energy storage should be ranked first in priority in the resource loading order. The Independent Energy Producers Association (IEP) urges the Commission to deny Megawatt Storage Farms' motion for the following reasons .

The Motion Misconstrues Statutory Direction. The motion suggests that AB 2514 (Skinner), approved by the Governor on September 29, 2010, directs the Commission to decide on storage targets within the context of the loading order of the energy agencies' Energy Action Plan (EAP) . However, AB 2514 is silent on whether or not storage is to be considered a "preferred resource" within the loading order of the EAP, let alone given the highest priority within the loading order. Rather, AB 2514 merely directs the Commission to consider whether or not specific procurement targets should be adopted for energy storage. In that respect, the legislative directive is similar to the process in the Long-Term Procurement Plan (LTPP) proceeding, where the Commission authorizes the investor-owned utilities to procure certain

amounts of resources. The existing loading order does not need to be disturbed to accomplish this outcome.

The Motion Is Untimely. The motion requests the Commission to take action now to add storage resources to the loading order as the highest priority resource. In fact, AB 2514 merely directs the Commission to “open a proceeding to determine appropriate [storage] targets, *if any*, for each load-serving entity to procure viable and cost-effective energy storage systems” by 2015 and 2020 (emphasis added).¹ The Commission has opened the required proceeding (R.10-12-007), and in that proceeding the Commission may establish procurement targets for storage, but it is not required to do so. Importantly, AB 2514 directs the Commission to consider any such target in the context of other resources and needs. For example, AB 2514 states that an energy storage system “shall be cost effective”² and that energy storage targets and policies must be technically viable and cost-effective.³ These standards require consideration of storage (a) in the context of a specified need as determined by the Commission, and (b) in comparison to other resources that may serve that same need. Nothing has yet occurred to compel the Commission to determine that storage requires a procurement set-aside outside the general LTPP procurement rules and practices, much less given the highest priority in the EAP loading order.

Necessary Studies and Evaluation Have Begun. The Commission has an ongoing proceeding (R.10-12-007) to implement AB 2514 and consider other issues related to energy storage. In addition, as recently as October 9, 2012, Pacific Gas and Electric Company (PG&E) began the process of assessing the value and characteristics of storage. PG&E revealed its plans to issue an Energy Storage Request for Information (RFI or Solicitation) to obtain

¹ Public Utilities Code § 2836(a)(1).

² Public Utilities Code § 2835(a)(3).

³ Public Utilities Code § 2836.2(d).

information on utility-scale, dispatchable, and operationally flexible storage resources from technology providers, owners, and developers of energy storage resources. This process can help inform the Commission as it addresses the requirements of AB 2514, and IEP suggests that this analysis is a prerequisite to determine what, if any, procurement targets should be established for storage. There is no need to revise the loading order until the Commission has completed this process.

The Commission Should Not Act Unilaterally. Megawatt Storage Farms' motion ignores the fact that the EAP was a document that was developed collaboratively by several energy agencies. The most recent revisions to the EAP were developed jointly by the Commission and the California Energy Commission (CEC). Any modifications to the loading order would likewise require consultation and collaboration between the Commission and the CEC. In short, the Commission should grant the motion unilaterally, without consultation with the other agencies that have been part of the development of the EAP.

For all these reasons, IEP respectfully urges the Commission to deny Megawatt Storage Farms' motion.

Respectfully submitted this 16th day of October, 2012 at San Francisco, California.

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