

**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.

R. 12-03-014
(Filed March 22, 2012)

**RESPONSE OF CALPINE CORPORATION TO
MOTION OF MEGAWATT STORAGE FARMS**

Matthew Barmack
Director, Market and Regulatory Analysis
CALPINE CORPORATION
4160 Dublin Blvd.
Dublin, CA 94568
Tel. (925) 557-2267
Email: barmackm@calpine.com

Jeffrey P. Gray
Vidhya Prabhakaran
DAVIS WRIGHT TREMAINE LLP
505 Montgomery Street, Suite 800
San Francisco, CA 94111-6533
Tel. (415) 276-6500
Fax. (415) 276-6599
Email: jeffgray@dwt.com
vidhyaprabhakaran@dwt.com

Attorneys for Calpine Corporation

October 19, 2012

**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.

R. 12-03-014
(Filed March 22, 2012)

**RESPONSE OF CALPINE CORPORATION TO
MOTION OF MEGAWATT STORAGE FARMS**

Pursuant to Rule 11.1 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Calpine Corporation (“Calpine”) submits this opposition to the motion of Megawatt Storage Farms, Inc. (“Megawatt Farms”) requesting that the Commission adopt a procurement preference for energy storage. Specifically, Calpine opposes Megawatt Farms’ request that storage “be ranked first in Loading Order priority.”¹

Megawatt Farms asserts that there is a need for the Commission to determine “storage’s position in the Loading Order.”² According to Megawatt Farms, such a determination is necessary under AB 2514 and is needed to allow the Commission to properly assess “which portfolio of resources should be procured” as part of the long-term procurement planning (“LTPP”) proceeding.³ In addition, Megawatt Farms argues that “[s]torage’s characteristics and capabilities clearly position it in the first category of the Loading Order”⁴ because storage is comparable to energy efficiency. Megawatt Farms is wrong on all points.

As an initial matter, AB 2514 does not provide that storage should be considered a preferred resource within the Loading Order - much less direct the Commission to rank storage at the top of the order. Moreover, modifying the Loading Order to accommodate storage as Megawatt Farms requests is not a necessary component of the LTPP proceeding. The

¹ Megawatt Farms, Motion at 7.

² Megawatt Farms, Motion at 3.

³ Megawatt Farms Motion, at 7.

⁴ Megawatt Farms Motion, at 7.

Commission is currently considering storage-related issues in R.10-12-007. Once R.10-12-007 is completed, the Commission will then be in a position to determine what, if any, actions should be undertaken to address storage specific procurement issues.

With respect to the assertion that storage should be ranked first in Loading Order priority, Megawatt Farms itself acknowledges that the Loading Order does not specifically refer to storage. Furthermore, the notion that storage should be treated comparably to energy efficiency because adding storage “reduces natural gas demand for integration of renewables by providing a means to handle the intermittency of wind and solar without needing to burn fossil fuels”⁵ is based on faulty logic. Indeed, applying this same logic to existing conventional generation resources would result in every upgrade that increases efficiency being considered equivalent to energy efficiency and placed first in the Loading Order. As defined in the Energy Action Plan, “energy efficiency” was not meant to include either of the above scenarios. Specifically, the initial EAP adopted by the Commission in 2003 (“EAP I”) defines energy efficiency in terms of the reduction in *consumption* as opposed to more efficient *production*.⁶

For the above stated reasons, the Commission should deny the motion of Megawatt Farms.

Matthew Barmack
Director, Market and Regulatory Analysis
CALPINE CORPORATION
4160 Dublin Blvd.
Dublin, CA 94568
Tel. (925) 557-2267
Email: barmackm@calpine.com

By: /s/
Jeffrey P. Gray
Vidhya Prabhakaran
DAVIS WRIGHT TREMAINE LLP
505 Montgomery Street, Suite 800
San Francisco, CA 94111-6533
Tel. (415) 276-6500
Fax. (415) 276-6599
Email: jeffgray@dwt.com
vidhyaprabhakaran@dwt.com

Dated: October 19, 2012

Attorneys for Calpine Corporation

⁵ Megawatt Farms Motion, at 5.

⁶ EAP I, at 5. EAP I can be found at: http://docs.cpuc.ca.gov/word_pdf/REPORT/28715.pdf.