

**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)

**OPENING COMMENTS OF THE  
COALITION OF CALIFORNIA UTILITY EMPLOYEES  
ON THE ENERGY STORAGE PHASE 2 INTERIM STAFF REPORT**

February 4, 2013

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Pursuant to Administrative Law Judge Yip-Kikugawa's Ruling entering Interim Staff Report Into Record and Seeking Comments issued January 18, 2013, the Coalition of California Utility Employees (CUE) offers these Opening Comments. Comments are numbered corresponding to the Energy Storage Phase 2 Interim Staff Report (Staff Report) questions where applicable and also refer to portions of the January 14, 2013 workshop.

**I. INTRODUCTION**

As SDG&E stated in the January 14, 2013 workshop, energy storage is a means to an end, not an end itself.<sup>1</sup> PG&E and SCE echoed this sentiment during the panel discussion on whether storage should be considered a preferred resource. As President Peevey said, storage is "a bridge" to complete renewable integration and reaching California's RPS goals.<sup>2</sup> Storage is not, itself, an RPS goal. However,

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<sup>1</sup> SDG&E Jan. 14, 2013 presentation, Slide 2; <http://www.cpuc.ca.gov/NR/rdonlyres/F49E3C71-BAFB-4403-B750-BE0D373C1364/0/SDGEProcurementPolicies.pdf>.

<sup>2</sup> President Peevey, Comments at Jan. 14, 2013 workshop. See Staff Notes at <http://www.cpuc.ca.gov/PUC/energy/electric/storage.htm>.

by proposing preferential treatment, procurement targets and carve-outs for this temporary solution, the Commission is in danger of making storage the end itself.

## II. STAFF REPORT COMMENTS

### 2. Energy Storage Should NOT be Considered a “Preferred Resource.”

AB 2514 made certain findings regarding the operational benefits of energy storage. These include integrating increased amounts of renewable energy resources into the grid, optimizing the use of generation from wind and solar energy, deferring the need for new fossil fuel-powered peaking plants, reducing the use of fossil fuel generation to meet peak load requirements on days with high electricity demands, and providing ancillary services otherwise provided by fossil-fueled generating facilities.<sup>3</sup> California should pursue storage to the extent that it provides these benefits. The Staff Report asks whether supply-side energy storage should be designated as a preferred resource. AB 2514 focused its findings on the benefits of using storage systems in integrating renewable resources onto the grid and reducing the use of fossil-fueled generation. It’s an integration tool, not a preferred resource.

Energy storage, as stated in AB 2514 “can assist...electric utilities in integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid in a manner that minimizes emissions of greenhouse gases.”<sup>4</sup> It should be noted, although implicit in the Staff Report and

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<sup>3</sup> AB 2514, Section 1(a)-(e).

<sup>4</sup> AB 2514 Section 1(a).

subsequent workshops, that energy storage *is not* a renewable energy resource. As articulated in AB 2514, storage is an assistant, not a direct energy resource.

Storage is a net consumer of energy, not a supplier.

Focusing solely on developing storage technologies will take attention away from California's stated goals. PG&E's presentation at the January 14<sup>th</sup> workshop noted that considering storage a preferred resource precludes studying other resources that can meet California's RPS needs. SCE noted that considering storage a preferred resource would create special treatment and ratepayer subsidies for storage developers.<sup>5</sup> Energy storage is not a special resource—it is a stepping stone that should be used to integrate renewables onto the grid while we learn to develop other resources which can meet our growing needs.

Energy storage is itself not a preferred resource because, if for no other reason, it could be used to increase imports of coal fired generation during the night, which is then used for system balancing during the day, thereby displacing gas fired generation. This would *increase* system GHG emissions. No resource that increases GHG emissions can be even remotely considered as a preferred resource.

If the Commission ultimately considers energy storage a preferred resource, it would need to define the term, change the current load order, and determine which types of storage will be considered preferred resources.<sup>6</sup> As the IOUs argued at the workshop, special treatment will disrupt current solicitations. Most

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<sup>5</sup> SCE January 14, 2013 presentation; Slide 9.

<sup>6</sup> *Id.*

importantly, storage is not an energy source, and should only be used to meet grid needs while California develops more renewable resources.

#### **4. Policy Options: Procurement Targets are not Appropriate**

The Staff Report asks whether procurement targets are appropriate for energy storage. The answer is simply no. As discussed above, storage should be used as a bridge to integrate renewables onto the grid and be used as a tool to meet California's RPS goals. Storage is a means unto an end, not an end in itself. Until we have a better quantification of the amount of storage that will have value greater than its cost, there should be no arbitrary procurement target.

### **III. CONCLUSION**

Energy storage is not the answer to meeting California's RPS goals—it is a tool that may be useful to meet those goals. The Commission should not consider energy storage a preferred resource, nor create procurement targets, because doing so will arbitrarily and prematurely make energy storage a favored technology. Utilities must look at all developing tools and technology in order to best meet RPS goals.

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Respectfully submitted,

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