

**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 12, 2012

**LATE-FILED NOTICE OF EX PARTE COMMUNICATIONS OF THE
CALIFORNIA ENERGY STORAGE ALLIANCE**

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Attorneys for the
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February 8, 2013

**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

**LATE-FILED NOTICE OF EX PARTE COMMUNICATIONS OF THE
CALIFORNIA ENERGY STORAGE ALLIANCE**

Pursuant to Rule 8.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”)¹ hereby gives notice of the attached written *ex parte* communications in the above-referenced proceeding.

On February 4, 2013, Don Liddell, of Douglass & Liddell, sent an e-mail message addressed to Mathew Tisdale, Energy Advisor to Commissioner Michel Peter Florio requesting a telephone conference, together with an attached presentation, copies of which are both attached to this Notice of Ex Parte Communication. The meeting referred to in the attached e-mail message did not occur.

¹ The California Energy Storage Alliance consists of A123 Systems, Beacon Power, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Christenson Electric, Inc., Clean Energy Systems, Inc., Decya Energy, DN Tanks, East Penn Manufacturing Co., Energy Cache, EnerVault, Flextronics, Fluidic Energy, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Growing Energy Labs, HDR Engineering, Ice Energy, Innovation Core SEI, Kelvin Storage Technologies, LG Chem, LightSail Energy, NextEra Energy Resources, Panasonic, Primus Power, Prudent Energy, RedFlow Technologies, RES Americas, Saft America, Samsung SDI, Seo, Sharp Labs of America, Silent Power, SolarCity, Stem, Sumitomo Corporation of America, SunEdison, SunVerge, TAS Energy, UniEnergy Technologies, and Xtreme Power. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. <http://storagealliance.org>

To receive a copy of this *ex parte* notice please contact Michelle Dangott, at 818.961.3003 or e-mail, mdangott@energyattorney.com.

Respectfully submitted,



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DOUGLASS & LIDDELL

Attorneys for the
CALIFORNIA ENERGY STORAGE ALLIANCE

February 8, 2013

Energy Storage Value

The California Energy Storage Alliance (CESA)

Janice Finn | C E S Executive Director and Managing Partner of Strategic Consulting

Don Fiddell | C E S General Counsel and Principal of Douglas & Fiddell

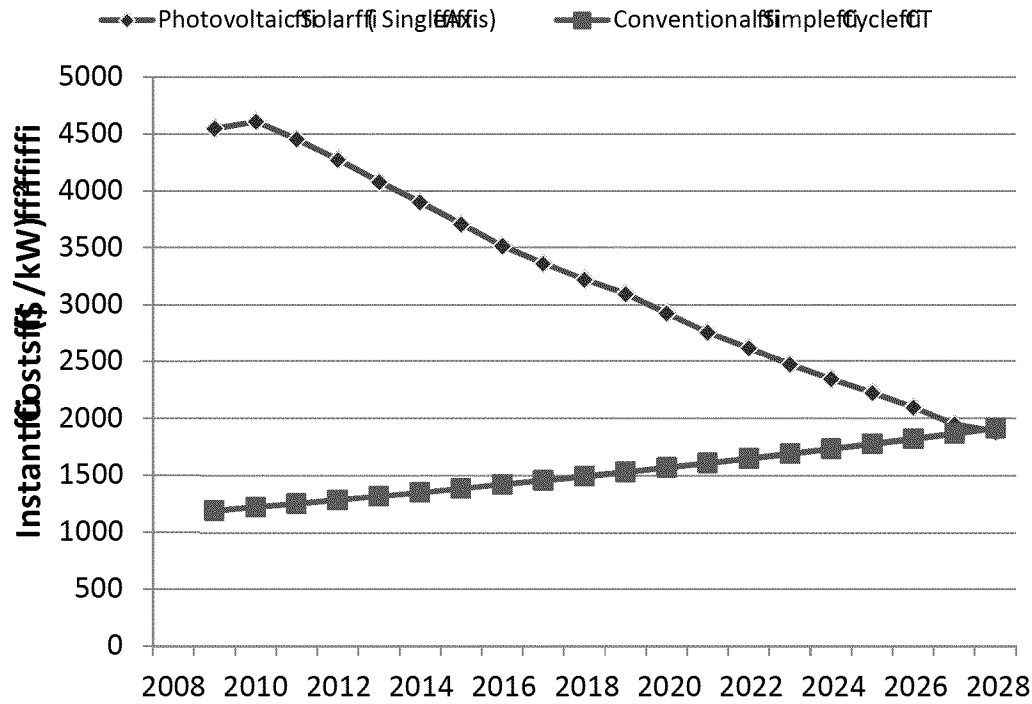
Cedric Christensen | C E S Director of Operations & Development

January 31st 2013

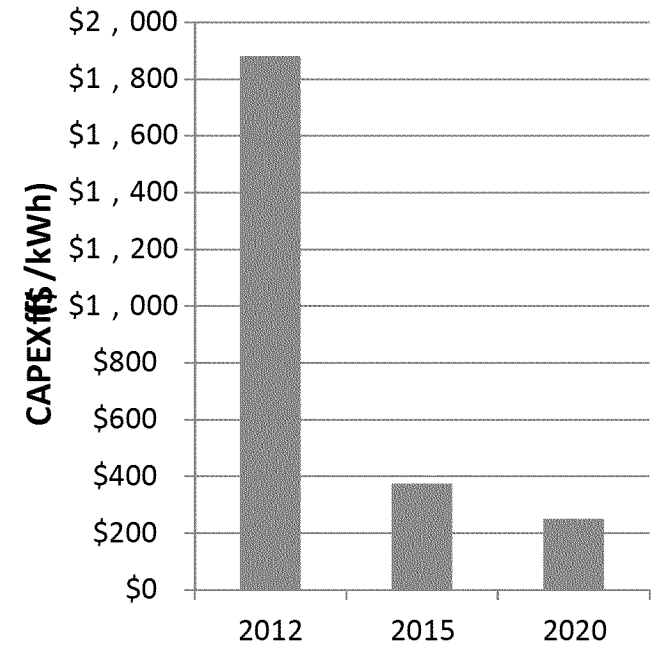


Upfront costs: traditional generators, solar, storage

Upfront costs of solar vs. traditional generators¹



NEDO/DOE 2010 10-year cost projections



Key trends

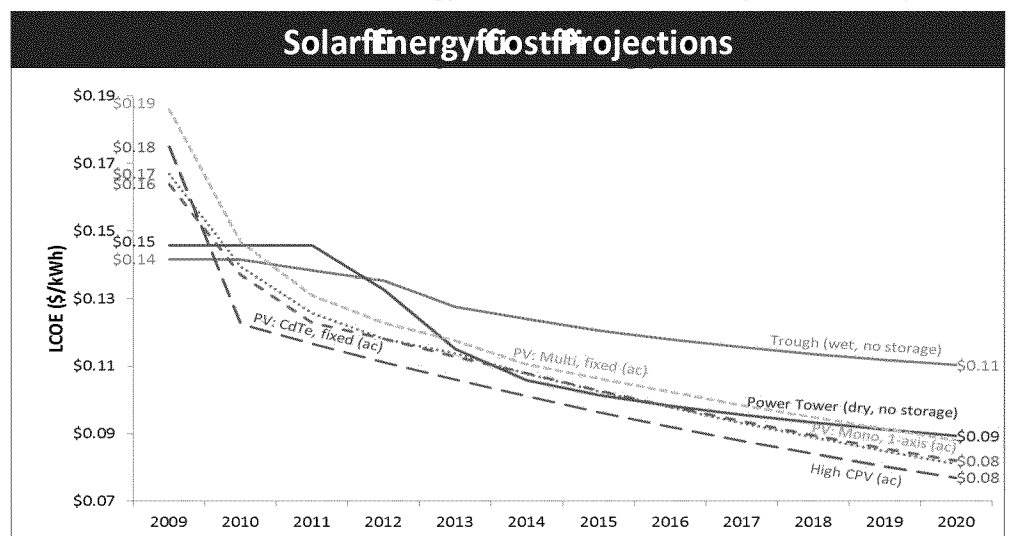
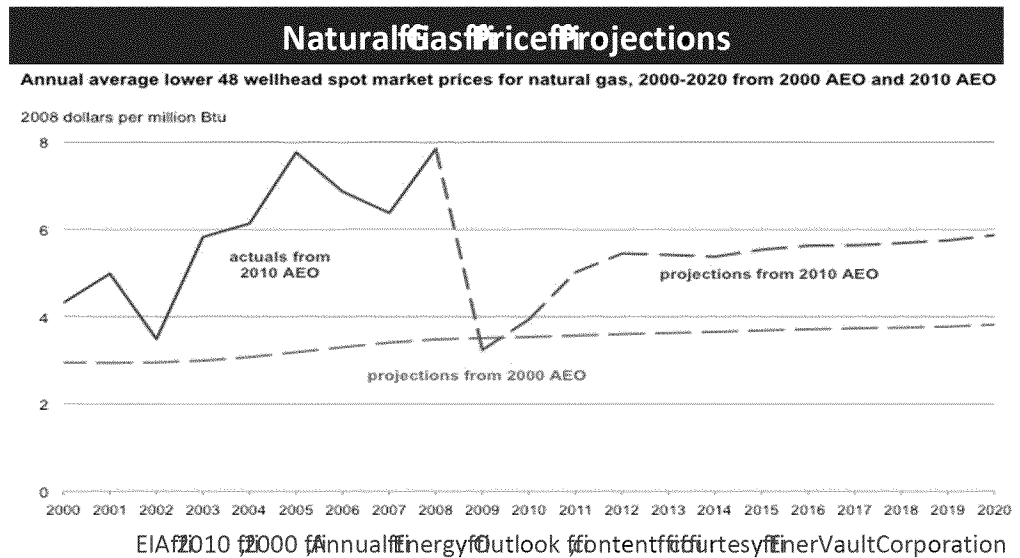
- » Industry tracking DOE & NEDO cost reductions for EQ (10% improvement in 10 years)
- » Upfront costs for traditional generators are increasing
- » Renewable costs are decreasing, reducing the charging costs for energy storage

1. Source California Energy Commission

2. 2009 starting dollars, escalated at 2.5% per year

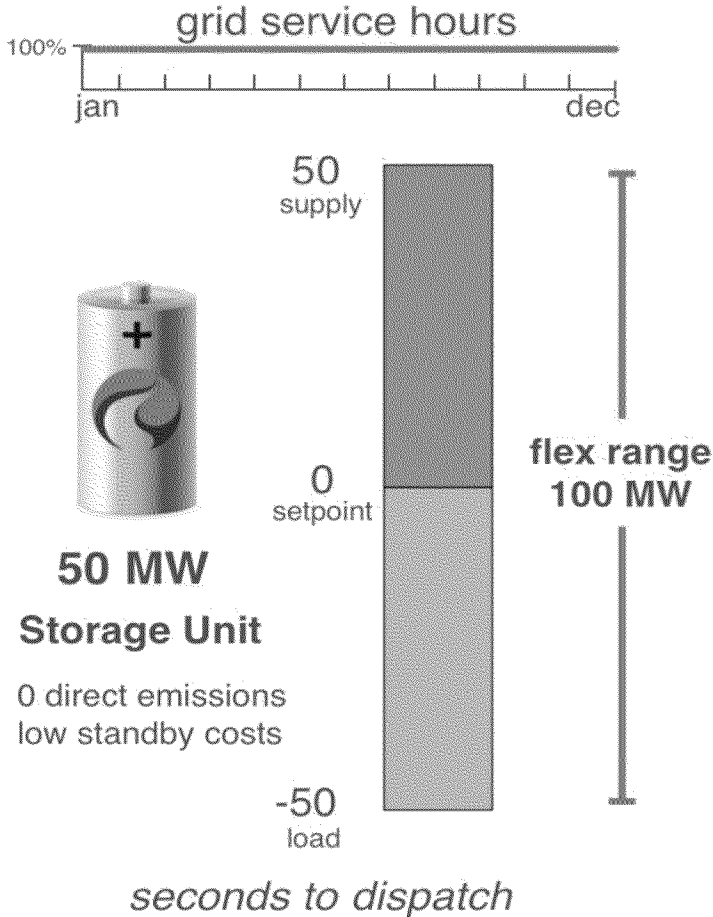
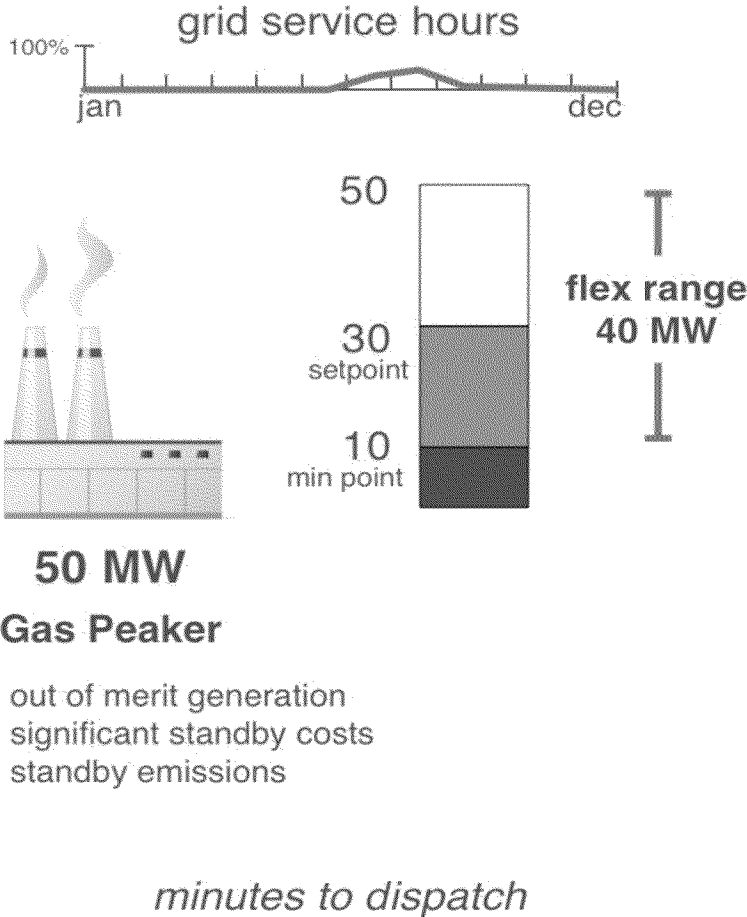
Operating Costs: Natural Gas vs. Renewable Energy

- » DOE's natural gas price projections cannot forecast market disruptions and historically have underestimated trends.
- » Excessive expansion of natural gas fueled generation bears risks associated with natural gas availability and pipeline and gas storage capacity.
- » Uncertainties include:
 - » AB 32 fuel prices
 - » OTC retirement
 - » SONGS starting



Compare benefits, not MW

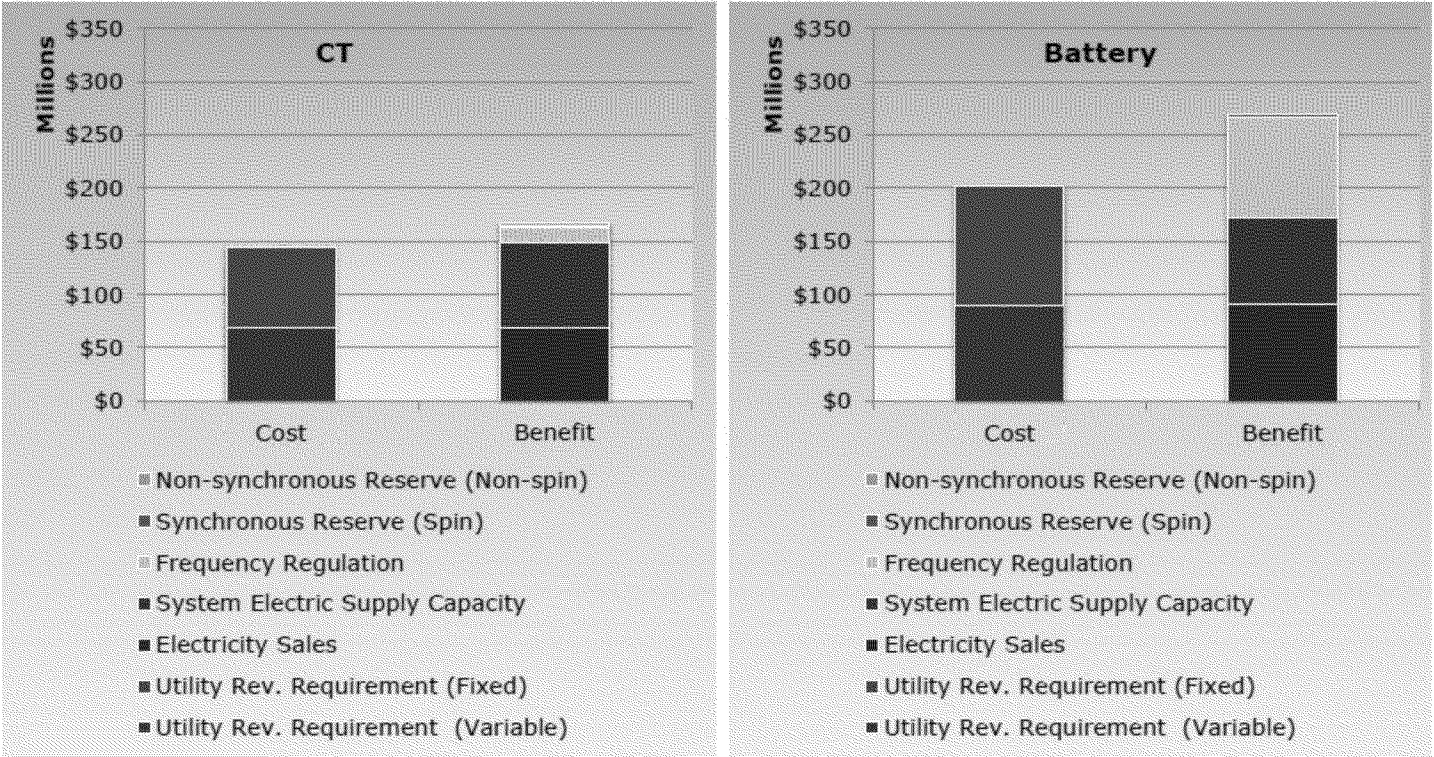
Energy storage has doubled the bandwidth for new gas UT simultaneously with far more service hours and less waste



Content courtesy of AES Corporation. All rights reserved.



Compare benefits, not cost



Storage has a higher utilization factor

And earns more revenues in energy and AS markets

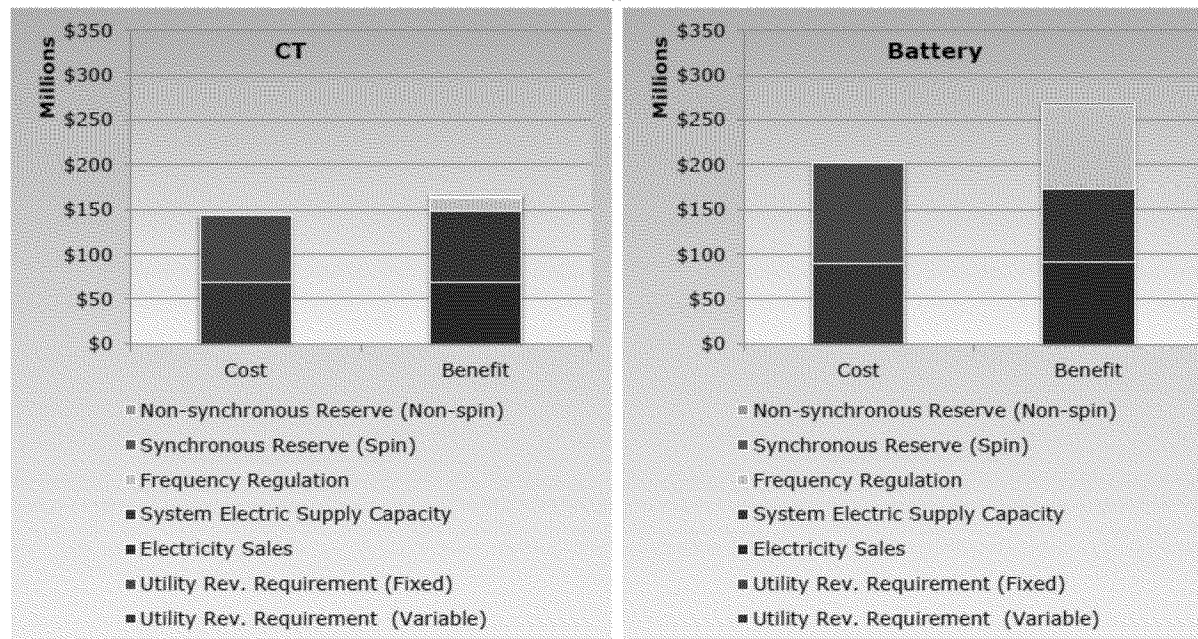
According to EBA analysis, each dollar invested in CT provides \$0.13 in benefits
 Each dollar invested in battery provides \$0.36 in benefits

Source: EBA and EPRIC comments to storage IIR



Additional factors

Cost effectiveness evaluation will consider benefits and costs beyond the present day



Storage benefits will increase

- » Pay for performance will increase regulation pricing by 1.5x-2.5x
- » New products like ramping are ideal for fast response storage
- » Increased renewable generation will increase the need for regulation and ramping

Traditional generator costs will increase

- » Fuel prices are trending upward
- » GHG auction prices are likely to increase over time

Source: EBR and EPRIC comments to Storage IIR

