

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)

REPLY COMMENTS OF THE CONSUMER FEDERATION OF CALIFORNIA ON THE COMMENTS TO THE ENERGY DIVISION STAFF INTERIM REPORT (PHASE 2) ON ENERGY STORAGE IN RULEMAKING R.10-12-007.

1) INTRODUCTION

The Consumer Federation of California (“CFC”) submits the following reply comments in response to the Parties’ comments on the “CPUC Energy Storage Proceeding R.10-12-007 Energy Storage Phase 2 Interim Staff Report,” issued on January 4, 2013 (hereafter, Staff Report). CFC commends the parties on their comprehensive and thoughtful responses on the electrical energy storage (EES) staff report.

The CFC reiterates that it is essential for the State to promote energy efficiency and to develop energy storage policy and that customers will benefit, in the long term, if the State is able to create a framework early but only if that framework is based on concrete data not only Use Cases.

2) SUMMARY OF POSITION

The CFC respectfully replies to the Commission’s request for comments, focusing on the issues summarized below:

- a) Preferred Resources: Electric Energy Storage, or any energy storage, is not in and of itself a preferred resource. It should not be classified as such nor included in the loading order.
- b) Cost-Effectiveness Methodologies: These should include taking into consideration those proceedings that have already allocated monies to the purchase and/or development of energy storage technologies.

- c) Procurement Targets: The commission is not yet at a place in its analysis to make an informed decision on procurement targets.

3) DISCUSSION

Preferred Resources

As stated in its earlier comments, The CFC does not support the designation of EES as a Preferred Resource within the Loading Order. The implications of treating EES as a preferred resource are varied but, at a minimum, it would mean overlooking its inclusion in the definitions of the existing Loading Order and that use of EES technologies would be required above other resources with similar impacts. Even EES producers have, in their comments, defined energy storage as “ancillary services,” a “component,” and a “complement,” in other words, services that support all the elements of the loading order and should not be considered as one separate and above.¹ For example, EES is already included within the definition of many of the Preferred Resources within the Loading Order; and, within the definition of energy efficiency is equipment used to decrease California’s per capita electricity consumption, reducing the state’s need for new power plants and the associated environmental impacts, reducing the state’s dependence on fossil fuel, and increasing the reliability of the electricity system. EES, like other resources, spans the loading order as an adjunct service to make the preferred resources more efficient and effective, it does not stand-alone. To make EES a preferred resource is to promote that one resource to the detriment of others.

Cost-Effectiveness Methodologies:

CFC reiterates, to determine whether energy storage is cost-effective, the Commission should not run each of the individual use cases. Whatever Use Cases the Commission decides to use, it should determine: (1) whether other resources can fulfill the need at a lower cost, (2) if storage would indeed be cost-effective, and if not, (3) whether it is beneficial from a policy perspective to encourage the development of storage technologies in this case. The Commission must consider other technologies and determine whether or not storage is cost-effective compared to them.

Any cost-effectiveness analysis and cost allocation must also include in all existing proceedings that are *currently* allocating ratepayer money toward energy storage projects. CFC feels that including proceedings that are already funding energy storage projects is essential to analyzing energy storage needs and developing a complete regulatory framework. It increases transparency and coordination and reduces the potential for multiple cost-recoveries and double counting.

Procurement Targets

Both Staff in its report and the parties at the January 4, 2013 workshop have posited a variety of

¹ Comments of the Electricity Storage Association on the Administrative Law Judge’s Ruling Entering Interim Staff Report Into Record and Seeking Comments. P.5

proposals on how procurement targets for energy storage should be structured.² CFC, however, holds that procurement targets are inappropriate at this time. Specific energy storage targets should be adopted only if and when those resources are demonstrated to produce benefits that are commensurate with other supply-side resources. It is not clear that GHG reduction is an inherent property of energy storage, what the costs will be, or what the benefits will be. The Use Cases will provide an idea but, currently, a complete range of data is unavailable. Any fixed target will affect rate decisions and rate decisions will impact the ratepayer. CFC is concerned that approved ratepayer fees based on theoretical scenarios will be duplicative and adversely affects ratepayers.

AB 2514 clearly permits the Commission to determine that “no target level is appropriate”³ should that prove to be the case. CFC asserts that this is currently true since the record in this proceeding does not demonstrate, as required by AB 2514, that LSE procurement targets are appropriate at this time.⁴⁵ The Commission, therefore, should not set EES procurement targets.

Should the Commission choose to set procurement targets at this time, it should not be a one-time act. If Procurement targets are set now, in light of the needs of the industry and the fledgling state of technology, they should be revisited later to adjust for positive or negative results.⁶

4) Conclusion

CFC continues to support an outcome of this proceeding where all EES and similar resources can compete on a level playing field. Regardless of the approach determined by the Commission to achieve this goal, CFC requests that the needs of ratepayers be taken into account so they may not be saddled with duplicative nor excessive costs and fees based on incomplete data, duplicate rulings granting funding, and the favoring of one type of technology over another in the loading order. CFC appreciates the opportunity to submit these comments and looks forward to working with the Commission and parties throughout the remainder of this proceeding.

Dated February 21, 2013 Respectfully Submitted,

_____/s/_____,

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² Interim Staff Report, p. 19. And summarized in COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION ON THE ENERGY STORAGE PHASE 2 INTERIM STAFF REPORT, p.4.

³ Staff Report Implementing California’s Loading Order for Electricity Resources. CEC. July 2005. CEC-400-2005-043. P.19

⁴ Also, note that the P.U. Code § 2836 (a) (3) requires the Commission to reevaluate its determinations every three years.

⁵ COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS AND THE MARIN ENERGY AUTHORITY. P.4.

⁶ Clean Coalition Comments on Interim Staff Report and Energy Storage Workshops. January 4, 2013. P.1-2

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