

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 OPENING COMMENTS TO THE ASSIGNED
COMMISSIONER’S RULING PROPOSING STORAGE PROCUREMENT
TARGETS AND MECHANISMS AND NOTICING ALL-PARTY
MEETING.**

The Consumer Federation of California (“CFC”) is a non-profit federation of several organizations, as well as individual members including consumer groups, senior citizen groups, labor organizations and other organizations that are composed of California consumers and approximately 30 to 40 other organizational members and over 400 individual members who reside throughout the state; all of whom are residential customers of California public utilities. Naturally, therefore, CFC takes a broad view of consumer issues, considering the impact of public policy on the quality and cost of goods and services as well as its effects on working Californians, their families, and their communities.

CFC submits the following reply comments in response to opening comments on the Assigned Commissioner’s Ruling Proposing Storage Procurement Targets and Mechanisms and Noticing All-Party Meeting, issued on June 10, 2013 (hereafter, Ruling). CFC appreciates the Commission’s commitment to move forward in identifying and helping to resolve issues related to Energy Storage.

I. REPLY COMMENTS

It is agreed, electrical energy storage (EES) has the potential to be “more cost effective than procuring entirely new generation” but the Commission must be careful not to make these advantages moot by requiring technologies and systems which are not market ready or economically viable.¹ Development of cost effective, widely applicable EES will take time; time before all market players are familiar enough and convinced enough of the pricing structures of these products to invest in them heavily.

YOUNG TECHNOLOGIES

In the present, most EES technologies and their markets are still in their infancy, exhibiting problems such as lack of uniformity, proprietary barriers, and inconsistent application.² Often EES technologies prove to be too expensive, inefficient, or impractical leading to an economically unworkable procurement which is never deployed.³ As a result, not all EES resources acquired are actually installed.⁴ In fact, because of the technology itself, regulatory uncertainties, leadership changes, IOU studies, or contracting delays, procured energy storage may never come online.

AUCTIONS

Some argue auctions and a mandate are needed to avoid this “time delay” in implementation of storage technologies; a delay which California can not afford especially given the immanent San Onofre Nuclear Generation Station (SONGS) retirement and forthcoming once through cooling (OTC) power

¹ TAS Energy opening comments p.2

² TAS Energy Opening comments p.2

³ California Public Utilities Commission, Policy and Planning Division. Staff White Paper. *Electric Energy Storage: An Assessment of Potential Barriers and Opportunities*. 2010

⁴ TAS Energy Opening comments p.2

plant technology update retirements.⁵ However, CFC agrees with Marin Energy Authority in that there is “currently little appropriate data to determine performance and cost-effectiveness on *all* identified ‘use cases’ for ES, [and] any procurement targets established at this time would result in ‘storage for storage’s sake’ requirements, rather than storage procurement goals based in cost-effective, performance-based facts.”⁶ Therefore, the PUC target should perhaps not focus on procurement but the installation and use of viable EES. Targets for procurement may be adopted and applied at a later date to technology which has been proven viable and effective.

REQUEST FOR OFFERS (RFOs), TOLLING ARRANGEMENTS, FIXED STORAGE PAYMENTS

In the meantime, Energy Storage RFOs and Tolling Arrangements with Fixed Storage Payments may be better alternatives as they allow for adequate comparison among technologies and system needs for storage procurement and help avoid some of the pitfalls of investing in a new, developing market.⁷ Here, we define a tolling agreement as simply: any temporary contract between the permanent owner of an asset and another agent that allows that agent to claim ownership and management of the output, allowing the agent to ‘rent’ the asset from the owner. This type of arrangement permits the owner to concentrate on maintenance and development while allowing the agent flexibility in dealing with EES markets. Likewise, fixed payments allow for the stimulation of growth and innovation by making potentially volatile energy storage projects attractive for financing and investment. Each contract can be tailored to the participants’ needs, provide the flexibility sought by other parties, and encourage the industry growth desired by the Commission.

II. CONCLUSION

⁵ TAS Energy Opening comments p.2; *California Water Quality Control Policy (CWA) Section 316(b); Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling*. May 4, 2010.

⁶ Marin Energy Authority Opening Comments p.3

⁷ The Request for Offers process is also recommended by the Independent Energy Producer’s Association, Marin Energy Authority, and TAS Energy.

CFC takes a broad view of consumer issues, considering the impact of public policy on the quality and cost of goods and services as well as its effects on working Californians, their families and their communities. There is no question electric energy storage (ES) can and will, in the future, be an integral element of the electricity infrastructure and have a large impact on the cost of energy to ratepayers. Storage opportunities are many, each multifaceted, involving numerous stakeholders and interests. There are various “potentially complementary and significant benefits associated with” proven storage technologies in use today and with future storage technologies which are expected to have improved performance and lower cost. To make the most of this opportunity for the benefit of ratepayers, it is essential the CPUC promote energy efficiency and develop energy storage policy in a thoughtful manner keeping in mind the impacts deployment of these technologies will have on the ratepayers.

CFC thanks the Commission for consideration of these Reply Comments and looks forward to collaborating further in this Proceeding to help facilitate a timely and meaningful framework for the successful implementation of a long-term energy storage opportunity which best benefits the California ratepayers.

Dated July 19, 2013 Respectfully Submitted,

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