

**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 (AYK)  
(Filed December 16, 2010)

**OPENING COMMENTS OF SIERRA CLUB CALIFORNIA AND THE CALIFORNIA  
ENVIRONMENTAL JUSTICE ALLIANCE ON PROPOSED DECISION ADOPTING  
ENERGY STORAGE PROCUREMENT FRAMEWORK AND DESIGN PROGRAM**

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JUSTICE ALLIANCE

Dated: September 23, 2013

**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.

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**OPENING COMMENTS OF SIERRA CLUB CALIFORNIA AND THE CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE ON PROPOSED DECISION ADOPTIONG ENERGY STORAGE PROCUREMENT FRAMEWORK AND DESIGN PROGRAM**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), Sierra Club California (“Sierra Club”) and the California Environmental Justice Alliance (“CEJA”) respectfully submit the following comments on the Proposed Decision Adopting Energy Storage Procurement Framework and Design Program (“Proposed Decision” or “PD”). Rule 14.3(c) provides that comments “shall focus on factual, legal or technical errors” in the Proposed Decision. The Proposed Decision is generally well-reasoned. Sierra Club California’s (“Sierra Club”) and the California Environmental Justice Alliance’s (“CEJA”) comments thus are limited to only a few issues in the Proposed Decision that require clarification.

**DISCUSSION**

Sierra Club and CEJA support the Commission decision to adopt energy storage procurement targets and a framework and program for procurement of energy storage. The cumulative 1,325 Megawatt target for the Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Edison Company will transform the California energy landscape, as well as the nation’s. This amount of energy storage will more than double

the amount energy storage resources, not including pumped hydro, in the United States.<sup>1</sup> A key to this transformation is the successful implementation of the program based on the guiding principles articulated in the Proposed Decision and the Framework.<sup>2</sup> These principles are included in the Proposed Decision and the Framework, but are not included in the Findings of Fact. Sierra Club and CEJA recommend that the Findings of Fact make an explicit finding regarding the guiding principles. (See Appendix for proposed language.)

Similarly, the Findings of Fact should include additional findings based on the conclusions made in the Proposed Decision. The Proposed Decision finds “that it is reasonable to establish procurement targets to encourage the development and deployment of new energy storage technologies,”<sup>3</sup> and the proposed targets “would allow for procurement of technologically viable and cost effective energy storage projects.”<sup>4</sup> The Proposed Decision “adopt[s] the targets presented in Table 2, since they strike a balance between both achieving realistic targets in fulfillment of approved principles and minimizing costs with proper planning and safeguards.”<sup>5</sup> Each of these conclusions should be included in the Findings of Fact. (See Appendix for proposed language.)

If an IOU is allowed to adjust its targets, information regarding the adjustment should be made publicly available. The Proposed Decision allows a target to be pushed back to a different

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<sup>1</sup> The U.S. Department of Energy’s Energy Storage Database contains a list of 1,223 MW of verified and unverified energy storage projects that exclude pumped hydro. ([http://www.energystorageexchange.org/projects?utf8=%E2%9C%93&technology\\_type\\_sort\\_eq=&country\\_sort\\_eq=United+States&state\\_sort\\_eq=&kW=&kWh=&benefit\\_stream\\_inf=&ownership\\_model\\_eq=&status\\_eq=&siting\\_eq=&show\\_unapproved=%7B%7D&order\\_by=&sort\\_order=&search\\_page=1&size\\_kw\\_ll=&size\\_kw\\_ul=&size\\_kwh\\_ll=&size\\_kwh\\_ul=](http://www.energystorageexchange.org/projects?utf8=%E2%9C%93&technology_type_sort_eq=&country_sort_eq=United+States&state_sort_eq=&kW=&kWh=&benefit_stream_inf=&ownership_model_eq=&status_eq=&siting_eq=&show_unapproved=%7B%7D&order_by=&sort_order=&search_page=1&size_kw_ll=&size_kw_ul=&size_kwh_ll=&size_kwh_ul=)) The US market may not actually double if energy storage continues to grow in other states which it most likely will because of the important role that energy storage will play on grids with significant amount of renewable energy. Even if the targets do not ultimately double the U.S. total, the procurement resulting from this proceeding will be very significant and transformative.

<sup>2</sup> PD, p. 9-10 and Appendix A, p. 1.

<sup>3</sup> PD, pp. 22-23.

<sup>4</sup> PD, p. 25

<sup>5</sup> *Id.*

time period based on a showing by an IOU.<sup>6</sup> Based on confidentiality grounds much of this information may be kept secret from the public.<sup>7</sup> If the Commission grants a showing to push back a target, Sierra Club and CEJA request that the Commission inform the public regarding the amount of procurement that was delayed and provide a summary of the basis for the delay. Sierra Club and CEJA recognize that the PD has created a mechanism for program evaluation and a mechanism to fund it.<sup>8</sup> Although this process will provide important information, it would be beneficial if the public could have access to program developments on an on-going basis.

The costs of energy storage projects should be evaluated based on the net cost to ratepayers. Sierra Club and CEJA agree with the PD proposition that “[w]here an energy storage system has been funded in part by a local, state, or federal public program, only the expenditures not publicly funded may be proposed for rate recovery by the IOUs.”<sup>9</sup> However, the PD then states that “the project will be bid in and evaluated based upon its full cost.” This approach does not provide the most benefit to California ratepayers. These projects should be evaluated on the net cost to ratepayers. If there are subsidies from public funds for a specific project that the ratepayers did not fund, that cost should not be considered in determining cost-effectiveness. Sierra Club and CEJA recommend that this section of Appendix A be amended to read “the project will be bid in and evaluated based upon its net cost to ratepayers.”<sup>10</sup>

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<sup>6</sup> PD, p. 40.

<sup>7</sup> PD, pp. 61-62.

<sup>8</sup> PD, pp. 62-63.

<sup>9</sup> PD, Appendix A, p. 5; see also PD, p. 53

<sup>10</sup> Similarly, the following sentence on p. 53 of the PD should read: “Finally, a project will be bid in and evaluated based on its ~~full cost~~ net cost to ratepayers.”

## CONCLUSION

Sierra Club and CEJA respectfully request that their proposed changes to the PD be adopted in the final decision.

Dated: September 23, 2013

Respectfully submitted,

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## **APPENDIX: FINDINGS OF FACT**

Sierra Club and CEJA recommend that the following Findings of Fact be inserted in the decision, after Finding of Fact number 7.

### **New Finding of Fact:**

It is reasonable to adopt the following guiding principles for the Commission's energy storage procurement policy that are consistent with AB 2514:

- 1) The optimization of the grid, including peak reduction, contribution to reliability needs, or deferment of transmission and distribution upgrade investments;
- 2) The integration of renewable energy; and
- 3) The reduction of greenhouse gas emissions to 80 percent below 1990 levels by 2050, per California goals.

### **New Finding of Fact:**

Established procurement targets will encourage the development and deployment of new energy storage technologies.

### **New Finding of Fact:**

The proposed procurement targets will allow for procurement of technologically viable and cost-effective storage projects.

### **New Finding of Fact:**

The procurement targets adopted in Table 2 strike a balance between both achieving realistic targets in fulfillment of approved principles and minimizing costs with proper planning standards.