

**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

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
TO SOUTHERN CALIFORNIA EDISON'S MOTION TO STRIKE OPENING
COMMENTS OF CALIFORNIA ENERGY STORAGE ALLIANCE**

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Pursuant to Rule 11.1 of the of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”)¹ respectfully responds to, and requests that the Commission deny, the *Southern California Edison Company’s Motion to Strike Opening Comments of California Energy Storage Alliance*, filed October 8, 2013 (“Motion to Strike”).

I. INTRODUCTION.

Southern California Edison (“SCE”) correctly begins its Motion to Strike by stating that *The Assigned Commissioner’s and Administrative Law Judge’s Revised Scoping Ruling and Memo*, dated May 21, 2013 (“Revised Scoping Memo”) clearly defined the scope of Track 4 of

¹ The California Energy Storage Alliance consists of 1 Energy Systems, A123 Systems, AES Energy Storage, Alton Energy, American Vanadium, AU Optronics, Beacon Power, Bright Energy Storage, BrightSource Energy, CALMAC, Chevron Energy Solutions, Christenson Electric Inc., Clean Energy Systems Inc., CODA Energy, Deeya Energy, Demand Energy, DN Tanks, Eagle Crest Energy, East Penn Manufacturing Co., Ecoult, Energy Cache, EnerVault, FAFCO Thermal Storage Systems, FIAMM Group, FIAMM Energy Storage Solutions, Flextronics, Foresight Renewable Systems, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Growing Energy Labs, Gridtential Energy, Halotechnics, Hecate Energy LLC, Hydrogenics, Ice Energy, Innovation Core SEI, Invenergy, K&L Gates LLP, KYOCERA Solar, LightSail Energy, LG Chem Ltd., NextEra Energy Resources, OCI Company Ltd., Panasonic, Paramount Energy West, Parker Hannifin, PDE Total Energy Solutions, Powertree Services, Primus Power, RedFlow Technologies, RES Americas, S&C Electric Co., Saft America, Samsung SDI, Sharp Labs of America, Silent Power, SolarCity, Stem, Sovereign Energy Storage LLC, Sumitomo Corporation of America, 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>

this proceeding. The Revised Scoping Memo stated that both Track 4 and Track 2 are within scope because both are generally related to building resources to meet local capacity and system wide operational flexibility needs.²

The *Assigned Commissioner's and Administrative Law Judge's Ruling Regarding Track 2 and Track 4 Schedules*, issued on September 16, 2013 ("Schedule Ruling"), invited parties to file comments on policy-related issues outlined at the Prehearing Conference held on September 3, 2013.³ At the Prehearing Conference Administrative Law Judge ("ALJ") Gamson listed seven topics on the record that he deemed to be potentially relevant to the scope of the Revised Scoping Memo. The second issue was the subject of CESA's Comments that SCE now moves to strike, namely: "The Storage PD issued yesterday; should *anything* in that proceeding be considered with regard to Track 4 procurement? [Emphasis added]." As implied by ALJ Gamson's question, CESA submits that the ultimate procurement outcomes resulting from the Proposed Decision and Track 4 procurement are *necessarily* interrelated.

CESA's Opening Comments identify the nine issues raised by the Proposed Decision that may have a bearing on procurement-related inputs to the stochastic modeling work presently underway in this proceeding.⁴ In sum, CESA's Comments generally relate to numerous ways procurement of the 1.3 Gigawatts of energy storage specifically ordered by the Proposed

² The Track 4 inquiry can help inform the magnitude of local capacity requirements with and without SONGS. There also may be some interaction between any needs identified in the incipient Track 4 of this proceeding and any residual operational flexibility needs identified in Track 2 of this proceeding. Similar to Track 1, building resources to meet local capacity needs is likely to help address system wide flexibility needs." (Revised Scoping Memo, pp. 4-5).

³ "At the PHC, ALJ Gamson delineated a number of details parties may wish to elaborate on in Track 4 testimony. As noted in comments, these issues are policy-related and not expected to involve disputed, material facts. Therefore, parties may file comments on the detailed issues from the September 4 PHC in lieu of testimony per the schedule below." (Schedule Ruling, p. 4).

⁴ On the same date, CESA filed substantially comparable Reply Comments on the Proposed Decision in the Energy Storage Rulemaking, and also served Opening Testimony regarding factual issues related to the same procurement policy issues.

Decision must inevitably impact the Commission's resource need analysis in Track 4. CESA's view is that unduly restrictive performance specifications in SCE's LCR RFO will suppress procurement of the minimum of 50 Megawatts, and as much as 650 Megawatts, of energy storage authorized by D.13-02-050.⁵ The amount of energy storage procured under the *aegis* of D.13-02-050 will have a direct bearing on the amount of energy storage ultimately procured pursuant to the Proposed Decision.

As discussed below, CESA's Opening Comments responded directly to the ALJ's deliberately open-ended question regarding the relationship between the Proposed Decision in the Energy Storage Rulemaking,⁶ CESA's Opening Comments are therefore demonstrably relevant to the scope of Track 4 of this proceeding, and SCE's Motion to Strike should accordingly be denied.⁷

⁵ "In its current solicitation of energy storage resources, Southern California Edison Company ("SCE") uses unreasonably restrictive discharge duration requirements and arbitrary operational lifetime performance specifications. The Commission should in no way consider SCE's solicitation as a standard template for energy storage procurement to be designed and implemented pursuant to the Storage Framework. While suitable for some applications, blind use of those requirements will lead to a potentially sub-optimal resource mix through the exclusion of cost effective resources with shorter durations or operational lifetimes, especially for energy storage procured for non-LCR applications [Footnote deleted]." (CESA's Opening Comments, p. 2).

⁶ *Proposed Decision Adopting Energy Storage Procurement Framework and Design Program*, issued September 3, 2013, in R.10-12-007 ("Energy Storage Rulemaking").

⁷ Alternatively, the Commission may chose the procedural option supported by SCE in its *Motion to Strike Portions of the Comments of the City of Redondo Beach*, filed October 10, 2013 ("Redondo Beach Motion"), and require CESA to augment its Opening Testimony with the points it made in its Opening Comments, *viz*: "In the alternative, the Commission should require that evidence to be resubmitted as testimony no later than October 16, 2013 so that the parties can respond to and test the evidence during cross examination." (Redondo Beach Motion, pp. 1-2).

II. THE PROPOSED DECISION IN THE ENERGY STORAGE RULEMAKING IS EXPRESSLY INTERRELATED WITH AND RELEVANT TO TRACK 4 PROCUREMENT POLICY ISSUES WITHIN THE SCOPE OF THIS PROCEEDING.

The Proposed Decision states the following regarding the relationship between the Energy Storage Rulemaking and Track 4 procurement:

“Within the LTPP proceeding, the Commission is presently conducting an evaluation of system need, which is anticipated to be completed in early 2014, and has added a new track, to consider the local reliability impacts of a potential long-term outage at the San Onofre Nuclear Power Station (SONGS). The procurement targets and the schedule for solicitations proposed here are not presently tied to need determinations within the LTPP proceeding. Instead, in the near term, we view the Storage Framework adopted herein as moving in parallel with the ongoing LTPP evaluations of need – system and local, and with the new consideration of the outage at SONGS. In the longer term, we expect that any procurement of energy storage will be increasingly tied to need determinations within the LTPP proceeding.

The developments underway in the RA and LTPP proceedings alone suggest that there will be procurement of energy storage projects outside of the Storage Framework. We will allow these projects to count towards the procurements targets after they have been operational for one year.” [Footnotes deleted]. (Proposed Decision, pp. 32-33).

The Proposed Decision also states:

“As noted in the ACR, it is important that there be coordination among the various proceedings addressing issues relevant to energy storage. In addition to this proceeding, other Commission proceedings that consider or have an impact on procurement of energy storage include LTPP, RPS, RA, SGIP, the California Solar Initiative, demand side management and electric vehicles. It is our intention that these proceedings will all run in parallel and collectively

“count” towards our energy storage procurement targets.” (Proposed Decision, p. 63).⁸

III. CESA’S OPENING COMMENTS BRING TRACK 4 PROCUREMENT POLICY ISSUES DISCUSSED IN THE PROPOSED DECISION IN THE ENERGY STORAGE RULEMAKING TO THE ATTENTION OF THE COMMISSION THAT ARE DIRECTLY RELEVANT TO PROCUREMENT WITHIN THE SCOPE OF THIS PROCEEDING.

SCE’s Motion to Strike correctly states that, “. . . CESA's Comments raise issues relating to the Track 1 procurement process in this proceeding generally and energy storage procurement in particular.” (Motion to Strike, p. 2). However, SCE completely misses the point of CESA’s Opening Comments, taken as a whole, that there most certainly is *a great deal* in the Proposed Decision that, as flagged *sua sponte* by ALJ Gamson at the Prehearing Conference, “should be considered with regard to Track 4 procurement.”

CESA’s Opening Comments, and its Opening Testimony served in this proceeding, and Reply Comments in the Energy Storage Rulemaking on the same date all make the common point that allowing arbitrary and unduly restrictive procurement specifications will defeat the Commission’s purpose of including energy storage as a key component of the mix of resources that California must have to meet its. It may transpire that CESA’s concern with using SCE’s LCR RFO as a template for attempting to procure energy storage in Track 4 on a basis comparable to preferred and fossil fuel resources in all procurement scenarios going forward is

⁸ The point is further elaborated in Appendix A, “Energy Storage Procurement Framework and Design Program”: “On or before January 1, 2014, and a minimum nine months prior to solicitations in 2016 and beyond, each IOU shall file an application containing an energy storage solicitation proposal, with any proposed modifications based on data and experiences from previous solicitations. The solicitation application shall include, at a minimum: An updated table with estimates for biennial procurement targets for each storage grid domain from current year to 2020 adjusted to account for 1) any offsets expected to be claimed by the IOU as credits, based on when storage resources procured pursuant to Commission authorizations in other proceedings are expected to become operational, against the procurement targets applicable at the time of the application (resulting in a reduction in target), . . .” (Proposed Decision, Appendix A, p. 5).

misplaced. However, it is a relevant consideration within the scope of this proceeding at this time.

IV. CONCLUSION.

The Commission should deny SCE's Motion to Strike for the reasons set forth herein. Alternatively, the Commission should require CESA to augment its Opening Testimony served in this proceeding by incorporating the points made in its Comments.

Respectfully submitted,



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