

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the 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)

**COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL ON THE
PROPOSED DECISION OF COMMISSIONER CARLA PETERMAN OF 09/03/2013 IN THE
ENERGY STORAGE RULEMAKING**

JEFFREY A. SERFASS
Managing Director
CALIFORNIA HYDROGEN BUSINESS COUNCIL
3438 Merrimac Road
Los Angeles, CA 90049
Telephone: 310-455-6095
Facsimile: 202-223-5537
Email: jserfass@californiahydrogen.org

September 23, 2013

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Pursuant to the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure and the rulings of the Assigned Commissioner, the California Hydrogen Business Council (CHBC) submits its comments in response to the Proposed Decision of Commissioner Carla Peterman dated September 3, 2013.

The California Hydrogen Business Council continues to support the Commission's efforts to ensure that adequate energy storage resources are available to support the goals defined in the Proposed Plan of the Assigned Commissioner's Ruling (ACR). "Storage procurement policy should be guided by three purposes

- 1) The optimization of the grid, including peak reduction, contribution to reliability needs, or deferment of transmission and distribution 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's goals."¹

As outlined in the comments of the California Hydrogen Business Council on the ACR from 06/10/2013, submitted by the CHBC on July 3rd, 2013, the CHBC believes that Hydrogen Energy Storage (HES) can play a key role in meeting these goals, specifically renewable energy integration and zero greenhouse gas emissions, in a cost-effective manner. However, the CHBC is of the opinion that the Proposed Decision needs further clarity, particularly with regard to the

¹ R.10-12-007 COM/Cap/jv1 09/03/2013

specified procurement buckets and requirements, in order to avoid disadvantaging potentially attractive options, such as hydrogen energy storage, in the procurement process. Specifically:

1. The CHBC requests that the Proposed Decision be modified to more clearly define the procurement buckets:
 - a. Voltage and power levels or more precise definition of transmission and distribution levels should be added to ensure maximum clarity.
 - b. The CHBC recommends that the procurement buckets be defined as the point at which the storage services are delivered to the grid. As discussed in CHBC's prior comments², there are a number of technologies, including Hydrogen Energy Storage, that convert electricity to another form of energy that can be transported by means other than the electric grid for delivery to the grid at another location. For example, hydrogen can be produced by electrolysis at one location, transported to another location via pipeline or other means and then be converted back to electrical energy for injection onto the electrical grid at another location.

2. The Proposed Decision refers to energy storage in terms of power (MW), rather than energy (MWhr). Without any specification or minimum duration defined, energy storage devices that have high energy ratings, but can provide that rating only for a very short duration will likely emerge as the "low cost option" but not provide the full range of functionality and benefit that the Commission is seeking through this proceeding.³ There is no certainty that this issue will be addressed through the benefit to cost evaluation methodology. The CHBC recommends that the commission consider establishing minimum energy storage values (e.g. duration and power rating) for some or all of the utilities' procurement obligations to ensure that procurement targets are met in a way that provides maximum benefit and allows a full spectrum of technologies.

² See "Comments Of The California Hydrogen Business Council On The Assigned Commissioners Ruling Of 06/10/2013 In The Energy Storage Rulemaking", submitted by the CHBC on July 3rd 2013

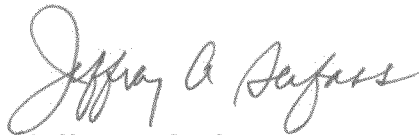
³ As an extreme example, it is conceivable that a utility may procure an inexpensive energy storage system that can discharge 10 MW but lasting only for seconds, thereby meeting the procurement targets, but not providing value to established energy storage objectives.

3. Table 1 on page 14 of the Proposed Decision maps the storage use-cases to grid domain. Hydrogen energy storage can serve all use-cases outlined in Table 1 of the Proposed Decision. However, the Power-To-Gas option described in CHBC's opening comments⁴ wherein electricity is used to produce gas which is injected in a pipeline and recovered downstream to produce electricity is a unique, but viable use-case, which is not reflected in the Table. This pathway has the potential to store large amounts of energy for extended duration. Therefore, the CHBC recommends adding to the example use-cases the Power-To-Gas (and back to electricity) option that hydrogen energy storage allows. Suggested edits to the table are provided in the table below.

The CHBC stands ready to lend its expertise to ensure that the full range of HES pathways is considered.

Dated this 23rd day of September, 2013, in Los Angeles, California.

Respectfully submitted,



Jeffrey A. Serfass
Managing Director
CALIFORNIA HYDROGEN BUSINESS COUNCIL
3438 Merrimac Road
Los Angeles, CA 90049
Telephone: 310-455-6095
Facsimile: 202-223-5537
Email: jserfass@californiahydrogen.org

⁴ See "Comments Of The California Hydrogen Business Council On The Assigned Commissioners Ruling Of 06/10/2013 In The Energy Storage Rulemaking", submitted by the CHBC on July 3rd 2013

Table:

Table –Modified Table 1 provided in Proposed Decision, including key Hydrogen Energy Storage use-cases and

STORAGE GRID DOMAINS (Energy Delivery Point)	REGULATORY FUNCTION	USE-CASE EXAMPLES
Transmission-Connected	Generation/Market	(Co-Located Energy Storage) Concentrated Solar Power, Wind + Energy Storage, Gas Fired Generation + Thermal Energy Storage, Hydrogen Production via Electrolysis + Energy Storage (Power-To-Gas)
		(Stand-Alone Energy Storage) Ancillary Services, Peaker, Load Following
	Transmission Reliability (FERC)	Voltage Support
Distribution-Connected	Distribution Reliability	Substation Energy Storage (Deferral)
	Generation/Market	Distributed Generation + Energy Storage
	Dual-Use (Reliability & Market)	Distributed Peaker
Behind-The-Meter	Customer-Sited Storage	Bill Mgt/Permanent Load Shifting, Power Quality, Electric Vehicle Charging, Electrolysis