

**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

R.12-03-014
(Filed March 22, 2012)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON TRACK 4 ISSUES**

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March 3, 2014

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on *the Administrative Law Judge’s Proposed Decision on Track 4*, issued on February 11, 2014 (“PD”).

I. INTRODUCTION.

CESA supports the PD authorizing Southern California Edison Company (“SCE”) and San Diego Gas & Electric Company (“SDG&E”) to each procure between 500 and 700 Megawatts (“MW”) by 2022 to meet local capacity needs stemming from the retired San Onofre Nuclear Generation Stations (“SONGS”). It is reasonable that the Commission will require SCE to procure at least 400 MW, and up to the full 700 MW of authorized additional capacity, from preferred resources or energy storage. It is likewise prudent that SDG&E will be required to procure at least 200 MW, and up to the full 700 MW of authorized additional capacity, from preferred resources or energy storage. Of course, from CESA’s perspective, it is very

¹ 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>.

noteworthy that, “SCE and SDG&E are required to procure at least 50 MW and 25 MW, respectively, from energy storage.” (p. 2).

CESA is also very much encouraged by the Commission’s clear expression of broad support for energy storage, “We confirm the intent of D.13-10-040 to jumpstart the use of energy storage resources in California. We strongly believe energy storage will be useful to meet LCR resources in the future; in general, we expect development of these resources to have an environmentally beneficial impact on energy supply and reliability in California.” (p. 60).

II. THE COMMISSION SHOULD CONSIDER A SCHEDULE TO INCREASE THE AMOUNT OF ENERGY STORAGE REQUIRED TO BE PROCURED FOR LOCAL CAPACITY REQUIREMENTS ONCE THE RESULTS OF CURRENT AND PLANNED PROCUREMENT PROCESSES ARE KNOWN.

Because the Commission is taking a measured and prudent approach to requiring more information, CESA agrees with the Commission’s general statement that, “We agree with SDG&E, SCE and the ISO that the energy storage targets adopted in D.13-10-040 cannot be assumed to count toward LCR need on a megawatt-for-megawatt basis”. (p. 60). Similarly, CESA agrees with the following balanced and principled statement:

“D.13-10-040, Ordering Paragraph 3, orders SCE and SDG&E (as well as PG&E) to file applications containing a proposal for procuring energy storage resources by March 1, 2014, with the solicitation to occur no later than December 1, 2014. Ordering Paragraph 4 of that decision requires these utilities to file applications for future biennial energy storage procurement periods in 2016, 2018 and 2020, with any proposed modifications based on data and experiences from previous procurement periods. Much more will be known about procurement of energy storage resources and their impact on reliability as these processes develop.” (p. 60).

There clearly much to support in the discussion at Section 3.3.9, Section 5.2, and Section 5.3, and CESA commends the Commission for the leadership and vision regarding the present and future value of energy storage to California that is embodied in the PD. In particular, CESA

applauds the Commission for explicitly recognizing the role of pumped hydro energy storage in providing a viable alternative to need created by the permanent retirement of SONGS, and its eligibility to participate in any forthcoming requests for offers (“RFO”)s. Once SCE’s local capacity requirement (“LCR”) RFO that includes energy storage resources nears its conclusion, much more will be revealed about the potential for energy storage to provide LCR and procurement pursuant to this proceeding should be amended accordingly, including establishment of a clear procurement schedule.

III. THE COMMISSION SHOULD REMOVE THE WORD “INCIPIENT” AS A DESCRIPTOR FOR ENERGY STORAGE SINCE IT IS A VERY BROAD ASSET CLASS THAT INCLUDES FORMS OF ENERGY STORAGE THAT ARE ENTIRELY THE OPPOSITE OF “INCIPIENT”.

CESA must respectfully clarify an important distinction between advanced cutting edge energy storage technology and “traditional” forms of thermal and bulk energy storage, including most prominently pumped hydro energy storage. Overbroad use of the term “incipient,” compels CESA to request removal of the single phrase “The incipient nature of energy storage resources” from Finding of Fact Number 51:

“The incipient nature of energy storage resources, uncertainty about location and effectiveness, and unknowns concerning timing provide insufficient information at this time to assess how and to what extent energy storage resources can reduce LCR needs in the future. At the same time, the targets and requirements of D.13-10-040 lead to a conclusion that energy storage resources will reduce LCR needs in the SONGS service area in the future. While we cannot quantify the LCR effect of potential energy storage resources, we conclude that it is reasonable to consider this potential as a directional indicator [Emphasis added].” (pp. 60-61).

The Commission’s confidence that energy storage will play an increasingly important role in California is very clearly stated in Conclusion of Law Number 21:

“21. The potential of energy storage to meet LCR needs provides more confidence that it is not necessary at this time to authorize the utilities to procure all of the resources indicated to be necessary in the ISO’s study.”

IV. CONCLUSION.

CESA thanks the Commission for this opportunity to provide comments on the PD.

Respectfully submitted,



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