

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider Program
Refinements, and Establish Annual Local
Procurement Obligations.

R.11-10-023
Filed October 20, 2011

**POST-WORKSHOP REPLY COMMENTS OF THE CALIFORNIA ENERGY
STORAGE ALLIANCE ON RESOURCE ADEQUACY ISSUES AND REVISED
ENERGY DIVISION RESOURCE ADEQUACY PROPOSALS**

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Pursuant to the schedule established by Administrative Law Judge Gamson at a workshop held on April 9, 2014, and in accordance with the provisions of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these post-workshop reply comments to opening comments of parties filed on April 18, 2014 (“Opening Comments”).

I. INTRODUCTION.

CESA is a broad-based technology and business model-neutral industry group that advocates for the unique policy, electricity grid, and ratepayer benefits of energy storage as an

¹ The California Energy Storage Alliance consists of 1 Energy Systems, A123 Energy Solutions, AES Energy Storage, American Vanadium, Aquion Energy, Beacon Power, Bosch Energy Storage Solutions, Bright Energy Storage, Brookfield Renewable Energy Group, CALMAC, ChargePoint, Clean Energy Systems Inc., CODA Energy, Customized Energy Solutions, DN Tanks, Duke Energy, Eagle Crest Energy, EaglePicher, East Penn Manufacturing Co., Ecoult, EDF Renewable Energy, EnerSys, EnerVault, EVGrid, FAFCO Thermal Storage Systems, FIAMM Group, FIAMM Energy Storage Solutions, Flextronics, Foresight Renewable Systems, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Gridtential Energy, Halotechnics, Hitachi Chemical Co. America, Hydrogenics, Ice Energy, Imergy Power Systems, ImMODO Energy Services, Innovation Core SEI, Invenergy, K&L Gates LLP, KYOCERA Solar, LightSail Energy, LG Chem Ltd., NextEra Energy Resources, NRG Energy, OCI Company Ltd., OutBack Power Technologies, Panasonic, Parker Hannifin, PDE Total Energy Solutions, Powertree Services, Primus Power, RES Americas, Rosendin Electric, S&C Electric Co., Saft America, Samsung SDI, SeaWave Battery Inc., Sharp Labs of America, Silent Power, SolarCity, Sovereign Energy Storage LLC, Stem, Stoel Rives LLP, Sumitomo Corporation of America, TAS Energy, Tri-Technic, UniEnergy Technologies, Xtreme Power, and Wellhead Electric Co. 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>.

asset class. That is the perspective that frames CESA’s scope of comments at the Commission in all of its proceedings, and at the California Independent System Operator (“CAISO”) in its many stakeholder processes and initiatives. CESA’s comments and reply comments, and its participation in workshops in this proceeding consistently reflect that overarching perspective, and therefore CESA’s policy advocacy is focused on helping to foster a flexible array of safe and reliable market products and services to meet California’s electric system needs in the most cost-effective manner possible for ratepayers.

II. RESPONSES TO OPENING COMMENTS OF PARTIES.

CESA provides the following responses to Opening Comments filed by parties.

A. 2015 Implementation.

The Commission should clearly proceed with putting as many of the pieces in place for the 2015 resource adequacy (“RA”) compliance year as possible, while realistically accounting for the current uncertainty caused by current misalignment between the Commission’s Energy Division staff and the CAISO methodologies. CESA agrees with TURN in this regard²:

“In developing its flexibility tariff, the CAISO has developed two options for counting the flexible capacity of storage resources on an explicitly “initial” basis. ED offered a perhaps more complete proposal for counting capacity for variously types of storage and Demand Response (DR) resources at the April 9 workshop. For 2015, TURN would prefer that the Commission adopt the CAISO’s proposal – simply because it appears easier to implement – and then revisit storage EFC issues again in next year’s review of RA programs. TURN believes ED’s more detailed analysis has promise, but needs additional consideration before adoption [Footnotes deleted].” (p. 4).

In other words, the perfect should not be the enemy of the good, and 2015 flexible RA implementation should proceed with what the Commission has in hand to work with this year.

² *Comments of the Utility Reform Network on Resource Adequacy Proposals*, Filed April 18, 2014.

B. Harmonizing Flexible RA Proposals.

The Commission should direct its Energy Division staff to work together with the CAISO's staff to work toward harmonizing rules for Flexible RA no later than a date certain, such as July 31, 2014. CESA believes the Commission and the CAISO are very much aligned on this point, as stated by the CAISO:³

“The provision of flexible capacity by demand response and energy storage resources, and the provision of even generic capacity by storage resources, raises many new and complicated questions. The ISO commends Energy Division for their efforts at tackling these questions and remains committed to working with Energy Division to resolve these matters.” (p. 16).

The common goal, strongly supported by CESA, should be to present the Federal Energy Regulatory Commission (“FERC”) with a compromise near-term solution for implementation of flexible RA in 2015 rather than a jurisdiction-driven dispute that would require FERC to mediate a situation that should be clearly resolved by good faith collaborative efforts here in California.

C. SDG&E's Proposal.

CESA takes no position on San Diego Gas & Electric Company's (“SDG&E's”) proposal to unbundle flexible from standard RA at this time. Further input from stakeholders may cast greater light on the merits (and possible unintended consequences) of the SDG&E proposal, and CESA therefore reserves the right to consider the issue of unbundling of flexible and standard capacity further as this proceeding progresses.

D. Non-Generator Status.

CESA agrees with the Sierra Club-NRDC Comments that the CAISO's approach of channeling energy storage, especially pumped hydro, into a non-generator category is

³ *California Independent System Operator Corporation Comments on April 9, 2014 Workshop Presentations and Proposals on Flexible Capacity and Resource Adequacy*, filed April 18, 2014.

undesirable and unnecessarily limits the ability of the full range of energy storage resources to provide all appropriate market services:⁴

“We support Staff’s EFC proposal for energy storage, and in particular the methodology to fully value the flexible capability provided by pumped hydro. The Commission should not follow CAISO’s determination that storage resources must meet the proscriptive definition of a non-generating resource to qualify for EFC.” (p. 1).

Instead, CESA urges the Commission to work with the CAISO to develop more flexible and appropriate market mechanisms tailored specifically to meet the full range of capabilities that various energy storage devices can provide to the CAISO’s markets.

III. CONCLUSION.

CESA appreciates the opportunity to submit these post-workshop reply comments, and looks forward to continuing to work with the Commission and stakeholders in this proceeding.

Respectfully submitted,



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⁴ *Sierra Club and Natural Resources Defense Council Opening Comments on April 9, 2014 Workshop*, filed April 18, 2014.