

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

Application of Southern California Edison Company
for Approval of the Results of Its 2013 Local
Capacity Requirements Request for Offers for the
Western Los Angeles Basin.

Application No. 14-11-012
(Filed November 21, 2014)

**RESPONSE OF CALIFORNIA ENERGY STORAGE ALLIANCE
TO APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR
APPROVAL OF THE RESULTS OF ITS 2013 LOCAL CAPACITY REQUIREMENTS
REQUEST FOR OFFERS FOR THE WESTERN LOS ANGELES BASIN**

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In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits this response to *Application of Southern California Edison Company for*

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Alton Energy, American Vanadium, Ampere Technology Limited, Aquion Energy, ARES North America, Beacon Power, LLC, Bosch, Bright Energy Storage Technologies, Brookfield, CALMAC, Chargepoint, Clean Energy Systems, Coda Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, DN Tanks, Duke Energy, Eagle Crest Energy Company, EaglePicher Technologies, LLC, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, Energy Storage Systems, Inc., Enersys, EnerVault Corporation, EV Grid, FAFCO Thermal Storage Systems, FIAMM Energy Storage Solutions, Flextronics, Foresight Renewable Solutions, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Halotechnics, Hitachi Chemical Co., Hydrogenics, Ice Energy, Imergy Power Systems, ImMODO Energy Services Corporation, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, KYOCERA Solar, Inc., LG Chem, LightSail Energy, LS Power Development, LLC, Mitsubishi International Corporation, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OCI, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, PDE Total Energy Solutions, Powertree Services Inc., Primus Power Corporation, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Samsung, SEEO, Sharp Electronics Corporation, SolarCity, Sony Corporation of America, Sovereign Energy, STEM, Steel Rives LLP, SunEdison, SunPower, TAS Energy, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, UniEnergy Technologies, LLC, Wellhead Electric. The views expressed in this Response are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. See, <http://storagealliance.org>.

Approval of the Results of Its 2013 Local Capacity Requirements Request for Offers for the Western Los Angeles Basin, filed on November 21, 2014 (“Application”).²

I. INTRODUCTION.

CESA strongly supports the elements of the Application that request Commission approval of proposed procurement of energy storage systems through its Local Capacity Requirement Request for Offers (“LCR RFO”). Conversely, CESA expresses no opinion on any elements of the Application other than procurement of energy storage systems.

CESA recommends that the Commission require SCE to provide more detail addressing other SCE energy storage and preferred resource procurements that are extant or foreseen, and outside the scope of the approvals requested in the Application. The Commission should also require SCE to submit a procurement plan for additional energy storage resources within 60 days of issuance of a final decision approving the Application. In addition, the redacted portions of the public version of the Application should be reviewed, consistent with established Commission decisions and policy,³ with a view to requiring SCE to release and serve any incorrect redactions that warrant disclosure to the service list in this proceeding prior to issuance of a proposed decision by the Commission. Also, CESA recommends that any future procurement process benefit from “lessons learned” in the Local Capacity Requirements

² The Application first appeared on the Commission’s Daily Calendar on November 26, 2014, and Administrative Law Judge Regina DeAngelis issued an *Email Ruling Granting a Request for An Extension of Time to File Protests/Replies* on December 15, 2014. This response is therefore timely filed within 30 days in accordance with Rules 1.14 and 2.6 (a).

³ See, *Interim Opinion Implementing Senate Bill No. 1488, Relating on Confidentiality of Electric Procurement Data Submitted To The Commission*, D.06-06-066, issued June 29, 2006, and *Decision Adopting Model Protective Order And Non-Disclosure Agreement, Resolving Petition For Modification And Ratifying Administrative Law Judge Ruling*, D.08-04-023, issued April 10, 2008.

(“LCR”) Request for Offers (“RFO”) process, and that future evaluation criteria be made as fully transparent as possible to foster an efficient all-source RFO processes.

Finally, CESA recommends that the Commission open a new energy storage rulemaking proceeding as a successor to R.10-12-007⁴ for the purpose of addressing substantive energy storage procurement policy issues presented by the Application, including those discussed in the Application and supporting Testimony of SCE, (“SCE-1”), including Appendix D - Report of the Independent Evaluator,⁵ in a generic manner in advance of issuance of the expected RFOs for the 2016 energy storage procurement process required by D.13-10-040⁶.

II. THE COMMISSION SHOULD APPROVE THE ELEMENTS OF THE APPLICATION THAT RELATE TO ENERGY STORAGE.

Subject to CESA’s observations and recommendations herein, the Commission should expeditiously approve the results of the LCR RFO, and the contracts described in the Application and the supporting selected through the LCR RFO process for the Western LA Basin related to energy storage. Specifically, CESA urges the Commission to find that the energy storage contracts, totaling 263.64 MW, entered into as a result of the LCR RFO for the Western LA Basin, are approved as described in SCE-1 (pp. 71-76), because they are needed to meet long-term local capacity requirements and satisfy the 50 MW minimum energy storage authorization

⁴ *Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems*, filed December 16, 2010.

⁵ *Independent Evaluation Report For Southern California Edison’s 2013 Local Capacity Requirement Solicitation For New Resources Western Los Angeles Basin Reliability Subarea*, November 20, 2014.

⁶ *Decision Adopting Energy Storage Procurement Framework and Design Program*, D.13-10-040, issued October 17, 2013.

in D.13-02-015⁷ and D.14-03-004⁸ and, for procurement beyond 50 MW, to count towards satisfying the 550 MW minimum Preferred Resources authorization in D.14-03-004.

III. THE COMMISSION SHOULD REQUIRE SOUTHERN CALIFORNIA EDISON TO PROVIDE DETAIL RELATED TO OTHER ENERGY PROCUREMENTS THAT COULD INCLUDE ENERGY STORAGE THAT ARE OUTSIDE THE SCOPE OF THE APPROVALS REQUESTED IN THE APPLICATION.

SCE makes a number of references in the Application to other procurement processes in general terms that are of great interest to CESA and other parties, and CESA submits that the parties and the Commission would benefit greatly from more detail in the Application related to the following passages in the Application:

“SCE will continue to seek to acquire Preferred Resources and ES in the Western LA Basin to meet the minimum 600 MW procurement authorization the Commission provided for Preferred Resources and ES in the LTPP Track 1 and 4 decisions, as well as address the Commission’s assumption that SCE will develop more than 1,000 MW of uncommitted Preferred Resources in the Western LA Basin by 2020.” (SCE Testimony, p. 2).

“SCE’s proposed procurement of 1,883 MW of new, diverse projects in the Western LA Basin substantially meets the 1,900 to 2,500 MW procurement authorization the Commission provided in the LTPP Track 1 and 4 decisions. However, SCE still needs to acquire 99 MW of Preferred Resources and/or ES to meet the Commission’s minimum sub-category requirement of 600 MW of Preferred Resources and ES. Once SCE completes the minimum procurement required for Preferred Resources and ES, SCE’s total procurement for the Western LA Basin will exceed the minimum 1,900 requirement for the Western LA Basin (i.e., 1,883 MW of proposed procurement in this Application plus 99 MW of additional Preferred Resource and/or ES will exceed the minimum 1,900 MW requirement).” (SCE Testimony, p.97).

⁷ *Decision Authorizing Long-Term Procurement for Local Capacity Requirements*, issued February 13, 2013.

⁸ *Decision Authorizing Long-Term Procurement for Local Capacity Requirements Due to Permanent Retirement of The San Onofre Nuclear Generations Stations*, issued March 13, 2014.

The actual planned timing and scope of the additional procurements that SCE can foresee today should be much more clearly spelled out than what is accomplished by these very high level references.

IV. THE COMMISSION SHOULD REQUIRE SOUTHERN CALIFORNIA EDISON TO SUBMIT A PROCUREMENT PLAN TO THE COMMISSION PROPOSING ADDITIONAL PROCUREMENT OF ENERGY STORAGE RESOURCES.

SCE states in the Application that it will continue to target additional resources through its existing procurement mechanisms, including “Energy Storage OIR, Renewables Portfolio Standard (“RPS”) Solicitations, Preferred Resources Pilot Program, etc.”⁹ .SCE should also continue with more non-traditional programs such as the Preferred Resources Pilot, Distribution Grid Readiness Initiative, Distribution Resource Plan, the Local Capacity Requirement solicitation, and the Integrated Grid project and report on all of these and any other different procurement vehicles in one place in the form of an amendment or supplement to its Long-Term Procurement Plan. In a recent, noteworthy filing in SCE’s General Rate Case (“GRC”) proceeding (A.13-11-00), 3SCE described its launch of a pilot Request for Proposals (“RFPs”) during its 2012 GRC cycle to test the market for viable distributed generation alternatives to distribution upgrades and to report the results of the pilot RFP in its next GRC application proceeding.¹⁰ Unfortunately, the bottom line conclusion of the Report was very disappointing:

“After engaging in extensive outreach and an effort to explore commercial alternatives to distribution upgrade alternatives, SCE received no proposals in response to the DGS RFP. SCE is currently pursuing a number of initiatives to determine other ways that distributed generation can be incorporated into grid reliability planning and operations.” (Report, p. 4).

⁹ See, e.g., SCE-1, p. 97, and see SCE-1, p. 4, Table 1-2 – LCR Portfolio Breakdown, Footnote 2.

¹⁰ 2015 General Rate Case Report Regarding Distributed Generation Solutions Pilot Request for Proposals, December 22, 2014.

Yet to be determined, on the other hand, is the outcome of its Preferred Resources Pilot RFO that resulted from its Living Pilot program in 2013, which has an Offer Submittal Deadline of April 1, 2015. An update of its Long Term Procurement Plan in some form that pulls together and reports on the status of all of SCE's various procurement efforts, particularly those focused on distributed energy resources, would be a very valuable way to focus SCE's procurement activity outside the scope of the Application discussed at Section V, above.

V. THE REDACTED PORTIONS OF THE PUBLIC VERSION OF THE APPLICATION SHOULD BE REVIEWED, CONSISTENT WITH COMMISSION DECISIONS AND POLICY, PRIOR TO ISSUANCE OF A PROPOSED DECISION BY THE COMMISSION.

The Commission has issued two decisions (D.06-06-066, and D.08-04-023, see *infra*, Footnote Number 3, p. 5) addressing the scope of confidentiality for energy procurement-related documents submitted by load-serving entities, and the process for claims of confidentiality related to such documents. In D.06-06-066, the Commission established two rules that should be applied to the redaction of SCE's Testimony. First, only information that has not been publicly disclosed can be considered for redaction, and second the LSE asserting claims of confidential treatment by redaction has the burden of proving that redactions are justified by more than conclusory statements.

It may be that CESA's concerns on compliance with the confidentiality rules is misplaced, but the following language from the Declaration of Jessie Bryson appears on its face to be inconsistent with the first rule: "5. I am informed and believe and thereon allege that *most of the data* in the table in paragraph 2 above has never been made publicly available [Emphasis added]." (Declaration, p. A-6). If some of the data has been publicly disclosed it should not have been redacted. CESA submits that either the Declaration should be revised so as to be unequivocal, or some redactions must be removed by SCE. Most of the redactions seem

appropriate but a few do not. The Declaration also appears to be overly conclusory in that there is no explanation for the purpose of the specific redactions. CESA raises this point because some of the redactions appear to relate to information that could be helpful in achieving a legitimate level of transparency for stakeholders.

The first redaction that bears examination occurs at page 17 of SCE's Testimony. In discussing energy storage performance measurement for behind the meter ("BTM") resources, SCE states that it originally assumed BTM storage performance would be measured by existing demand response performance measurement protocols, which are based on load dropped. This is followed by a "Solution" that is completely redacted. At page 35, a Table V-9 titled "Summary of Indicative Offers" depicts three columns, with the first titled "Product Type", the second completely redacted (including the title), and the third titled "Number of Offers." Footnote number 56 redacts the number of counterparties in Table V-9 "because some counterparties submitted offers for multiple product types." At page 43, the line loss factor percentage assumption used to reflect line losses for energy storage is redacted.¹¹ At page 48, footnote 65, describing "Other Quantitative Considerations," is completely redacted. At page 50, the number of offers considered for final selection is redacted, as is the related Table VI-13, at page 51, titled "Offers Evaluated by Category."

¹¹ The recent *Energy Division Staff Proposals Regarding Resource Adequacy (RA) Program Refinements*, January 6, 2015, Energy Division staff has identified a number of problems with the current approach to confidentiality of this type of information because avoided line loss values are often located in confidential work papers in GRC application proceedings. (p. 9).

VI. THE COMMISSION SHOULD OPEN A NEW ENERGY STORAGE RULEMAKING PROCEEDING TO ADDRESS POLICY ISSUES PRESENTED BY THE APPLICATION BEFORE ISSUANCE OF THE REQUESTS FOR OFFERS FOR THE 2016 ENERGY STORAGE PROCUREMENT PROCESS.

As SCE states in SCE-1, the LCR RFO presented a number of unique and new challenges, including: (1) determining energy efficiency and incremental demand response, (2) in front of the meter energy storage interconnection, (3) energy storage charging/discharging tariff rules, (4) energy storage performance measurement for behind the meter resources, (5) Preferred Resource performance characteristics, (6) locational effectiveness factors; and (7) debt equivalents issues (SCE-1, pp. 1-2). The foregoing list is not exhaustive, but CESA agrees that many issues remain to be settled in advance of future procurement of energy storage.

In addition to the list above, CESA would like to see (8) a more detailed evaluation of the effect of procurement timelines on resource pricing and availability, (9) consideration of the Governor Brown's proposed RPS target of 50% by 2030, (10) greater resolution on resource adequacy Requirements., (11) greater transparency in value evaluation criteria; (12) initial guidance and on-going transparency on the accounting assessment; and (13) guidance on the contract structure and full transparency in structuring or changing the products throughout the process. There are many lessons to be learned from this LCR RFO, and CESA would like to see those lessons learned translated into improvement for future procurement.

VII. PROCEDURAL REQUIREMENTS.

CESA agrees with SCE's assessments regarding (1) the proposed category of the proceeding, (2) lack of need for hearings, and (3) the proposed schedule in general. This response sets forth CESA's initial views on the most salient issues presented by the Application, but CESA expects that they will be refined, and perhaps augmented, as the proceeding

progresses with the benefit of input from responses and comments filed by other parties and SCE's expected reply to this Response.

VIII. CONCLUSION.

CESA thanks the Commission for its consideration of its comments and observations and recommendations set forth in this response.

Respectfully submitted,



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