

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

Order Instituting Rulemaking to Assess Peak  
Electricity Usage Patterns and Consider Appropriate  
Time Periods for Future Time-of-Use Rates and  
Energy Resource Contract Payments.

R.15-12-012  
Filed December 17, 2015

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
ON THE ORDER INSTITUTING RULEMAKING**

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January 15, 2016

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these comments on the *Order Instituting Rulemaking to Assess Peak Electricity Usage Patterns and Consider Appropriate Time Periods for Future Time-of-Use Rates and Energy Resource Contract Payments*, filed on December 17, 2015 (“Rulemaking”).

**I. INTRODUCTION.**

CESA supports the intent of this Rulemaking to develop a framework, principles, methodologies, and data sources for designing, implementing, and modifying time periods for use in future time-of-use (“TOU”) rates. CESA is a strong proponent of properly defining TOU

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<sup>1</sup> 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, Brookfield, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., eMotorWerks, Energy Storage Systems, Inc., Enersys, Enphase Energy, EV Grid, GE Energy Storage, Geli, Gordon & Rees LLP, Green Charge Networks, Greensmith Energy, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, Imergy Power Systems, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, JuiceBox Energy, K&L Gates, LG Chem Power, Inc., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mitsubishi Corporation (Americas), Mobile Solar, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, Powertree Services Inc., Primus Power Corporation, Princeton Power Systems, Recurrent Energy, Renewable Energy Systems Americas Inc., S&C Electric Company, Saft America Inc., Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sony Corporation of America, Sovereign Energy, Stem, SunEdison, SunPower, Toshiba International Corporation, Trimark Associates, Inc., Trina Energy Storage, Tri-Technic, Wellhead Electric. 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>).

periods to provide incentives for customer electricity use that reflects the needs of the grid, and is supportive of the Rulemaking in addressing this issue in a single proceeding rather than separately for each investor-owned utility (“IOU”). With increasing levels of renewable energy, CESA also stresses the importance of establishing TOU periods that help accommodate the low net load levels in the early afternoon and steep ramp up of net load in the evenings<sup>2</sup> With default TOU rates for residential customers coming in 2019, CESA appreciates the significance of this Rulemaking in ensuring that the peak TOU periods align with system needs, follow cost causation principles, and provide long-term, stable, and understandable price signals to residential customers.

**II. THE PRELIMINARY SCOPING MEMO ADDRESSES MANY OF THE KEY QUESTIONS IN DEVELOPING TOU PERIODS FOR FUTURE TOU RATES BUT AN EXPANDED SCOPE WILL MAKE THE PROCEEDING MORE COMPREHENSIVE AND USEFUL.**

The Preliminary Scoping Memo for this Rulemaking identifies many of the key questions in developing TOU periods for future TOU rates. An evaluation of data, assumptions, and analytical methods are appropriately included in the Preliminary Scoping Memo to ensure that the development of these TOU periods are based on current and long-term forecasted electricity supply and demand trends, taking into account the state’s renewable energy goals established by Senate Bill (“SB”) 350. CESA also supports the Preliminary Scoping Memo for considering how TOU periods in existing TOU rates of the IOUs align with the data produced in this Rulemaking, and for how it carefully considers the transition from current to new TOU periods.

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<sup>2</sup> CESA particularly supports the recognition that energy storage should be explicitly highlighted as within the scope of this Rulemaking: “Storage has been suggested as a means to integrate renewables, particularly rooftop solar. By charging low prices when solar energy is abundant, and high prices as solar energy declines, TOU rates can provide an incentive for customers to store solar energy during the early afternoon hours for use during the later afternoon and early evening peak hours.” (Rulemaking, Footnote Number 2, at p. 6).

In determining the need for change of TOU periods, the Preliminary Scoping Memo should also consider the principles or factors that the Commission should use to assign costs to specific TOU periods, while recognizing that the specific rates and differentials will be determined in the individual ratemaking cases for each individual IOU. The principles behind cost allocation are equally important as the periods themselves, and neglecting to consider those principles in this proceeding would miss the opportunity to bring consistency and clarity to the active and upcoming ratemaking proceedings that look at TOU rates. To that end, CESA supports the principles identified in D.15-07-001<sup>3</sup> as a potential starting reference point for this Rulemaking and believes that they ensure cost-effective and reliable conservation and energy efficiency that supports grid needs while emphasizing the importance of customer education and outreach. Furthermore, to ensure customer acceptance and investor certainty, CESA adds that this Rulemaking should thoroughly consider the parameters and pathways for future modifications to TOU periods. It is important to balance the need to provide long-term price signals to customers and investors to make investments in enabling technologies such as energy storage, and the need to create a pathway to modify TOU periods as system needs change with increasing levels of renewable energy on the grid.

**III. THE CAISO ANALYSIS WILL PROVIDE USEFUL DATA AS A STARTING POINT, BUT NET LOAD ANALYSIS ALONE IS INSUFFICIENT TO ASSESS WHICH TIME PERIODS DRIVE THE HIGHEST OVERALL SYSTEM COSTS.**

The Preliminary Scoping Memo seems to suggest that the California Independent System Operator's ("CAISO's") recommendations for modifying TOU periods will be a starting point for answering the key questions identified for this proceeding. The CAISO is well-positioned to provide important data and analysis into this proceeding given its role in supporting the system needs analysis as part of the Commission's 2024 long-term procurement planning process.

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<sup>3</sup> D.15-07-001, p. 27-28.

CESA commends the CAISO for its detailed analysis of load and supply data to recommend an initial set of TOU periods and is looking forward to reviewing its data, assumptions, and analytical methods along with other parties.

However, while the CAISO analysis will surely be a key element of this proceeding, on its own it is not adequate to fully account for the full range of system costs that occur during various hours in the year. In particular, detailed data on Loss of Load Expectation (“LOLE”) coming out of the CES-21 Project on Flexibility Metrics and Standards could also be useful in assessing when generation capacity is most useful with respect to avoiding potential loss of load events. Development of TOU periods could be informed by the hours in the day when flexibility provided by technologies such as energy storage is most needed for the grid. In addition, the timing of peaks on the distribution system coming from the Distribution Resource Plans (“DRP”) could also provide useful data on location-specific grid congestion to inform TOU periods. While the Preliminary Scoping Memo identifies TOU periods differentiated by geographic areas as a key issue to consider, it could be clarified to explore the potential of developing TOU periods at a more granular level by linking the Locational Net Benefits Analysis outcomes of the DRP proceeding (R.14-08-013) with this proceeding.

#### **IV. CONCLUSION**

CESA appreciates the opportunity to submit these comments on the Rulemaking and looks forward to working with the Commission and stakeholders on TOU issues.

Respectfully submitted,



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