

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

Application of Pacific Gas and Electric Company (U 39-E) for Authorization to Procure Energy Storage Systems during the 2016-2017 Biennial Procurement Period Pursuant to Decision 13-10-040.

Application 16-03-001
(Filed March 1, 2016)

Application of Southern California Edison Company (U 338-E) for Approval of Its 2016 Energy Storage Procurement Plan.

Application 16-03-002
(Filed March 1, 2016)

Application of San Diego Gas & Electric Company (U 902 M) for Approval of Energy Storage Procurement Framework and Program As Required by Decision 13-10-040.

Application 16-03-003
(Filed March 1, 2016)

**CALIFORNIA ENERGY STORAGE ALLIANCE
OPENING BRIEF**

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Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the schedule set forth in the *Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge*, dated June 3, 2016, the California Energy Storage Alliance (“CESA”)¹ hereby respectfully submits this opening brief.

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, Brookfield, California Environmental Associates, 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., Energy Storage Systems, Inc., Enphase Energy, EV Grid, GE Energy Storage, Gordon & Rees, 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, K&L Gates, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mitsubishi Corporation (Americas), 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, RES Americas Inc., Saft America Inc., Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sovereign Energy, Stem, SunEdison, SunPower, Toshiba International Corporation, Trimark Associates, Inc., Trina Energy Storage, Tri-Technic, UniEnergy Technologies, Wellhead Electric, Younicos. The views expressed in this Opening Brief are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

I. INTRODUCTION

On the Commission issued D.13-10-040, which ordered San Diego Gas & Electric Company (“SDG&E”) to file applications for approval of energy storage procurement plans. As ordered, SDG&E filed the above-referenced Application. As described further and as supported by the record in this proceeding, CESA recommends that the Commission approve the Application, with the sole exception of SDG&E’s proposal to be allowed to include a contingency provision in its selection process that shortlisted offers may be considered non-conforming in the event that the Commission does not adopt SDG&E’s proposed time of use periods in A.15-04-012 as amended on February 9, 2016.

II. BACKGROUND

On December 16, 2010, the Commission opened R.10-12-007 to implement the provisions of AB 2514.² Consistent with AB 2514, the Commission issued D.13-10-040 on October 21, 2013, which adopted the Energy Storage Procurement Framework and Design Program (the “Energy Storage Program”). The Energy Storage Program requires California’s three large investor-owned utilities (“IOUs”) – Southern California Edison Company, Pacific Gas & Electric Company and San Diego Gas & Electric Company (“SDG&E”) to procure 1,325 MW of storage capacity by 2020.

In D.13-10-040, the Commission directed each of the IOUs to file an application containing a proposal for procuring energy storage resources on or before March 1, 2014, and to hold a solicitation for such procurement no later than December 1, 2014, and every two years thereafter. Accordingly, SDG&E filed its second biennial application for approval of its Energy Storage Procurement Plan on March 1, 2016 (“Application”).

² Assembly Bill 2514, Energy Storage Systems, Public Utilities Code Section 2836 *et seq.*, (Stats. 2010, Ch. 469).

SDG&E's Application states that is currently pursuing or will pursue energy storage for the 2016 energy storage procurement cycle. In two solicitations: 1. 2016 Preferred Resources Local Capacity Requirement ("LCR") Request for Offers ("RFO") soliciting up to 140 MW from five different product types⁸ including energy storage. 2. 2016 Distribution Reliability/Power Quality RFP soliciting up to 4 MW of utility owned energy storage systems via an RFP process to potentially enable: a) some measure of distribution capacity deferral, or b) address reliability and/or provide outage management support.

III. SDG&E SHOULD NOT BE ALLOWED TO INCLUDE A PROVISION IN ITS SELECTION PROCESS THAT SHORTLISTED OFFERS MAY BE CONSIDERED NON-CONFORMING IF THE COMMISSION DOES NOT ADOPT SDG&E'S PROPOSED TIME OF USE PERIODS IN A.15-04-012.

SDG&E states in its Application that it intends to utilize its 2016 Preferred Resources Local Capacity RFO, released on February 26, 2016, in order to procure energy storage to meet needs identified in their 2016 Energy Storage Procurement Framework. This solicitation contains the following provision relating to energy storage based Demand Response resources:

“SDG&E will consider any Demand Response offers that are based on energy storage technology that may be shortlisted to be contingent upon the adoption by the CPUC of SDG&E's proposed new Time of Use ("TOU") periods as set forth in SDG&E's application number A.15-04-012 filed on February 9, 2016. If the CPUC does not adopt SDG&E's proposed changes to the TOU periods included in this application, then any energy storage based Demand Response offers that may be shortlisted from this solicitation may be considered non-conforming in accordance with the eligibility requirement included above in section 3.B.4.” (Subsidization).

This requirement creates a clear and unreasonable barrier for BTM energy storage to compete in this type of solicitation. It creates a clear lack of certainty for potential bidders to tie an eligibility requirement to a pending regulatory approval which will not take place until after bids are expected to be submitted and shortlisted. This is an unfortunately poor procurement practice that will likely result in little to no participation from the BTM storage industry unless this provision is removed. Once removed, this solicitation can proceed like many other

solicitations, in which bids are submitted and evaluated using models with many assumptions. Based on such modeling and assessment, the most cost-effective solutions should be selected. As CESA understands it, the practice of making assumptions about future conditions is a necessary aspect of bid evaluation and one where SDG&E has ample experience. To address the challenge of forecasting future conditions through a declaratory non-conformity option seems unreasonable and deviates from standard practices. Projects developing under this structure could risk losing eligibility, endangering financing and potentially stranding projects. To CESA, this works against the intent of D. 13-10-040 which seeks to promote the development and use of energy storage projects.

CESA thus urges the Commission to require SDG&E to amend its RFO to remove this requirement so as to not place a barrier on the ability for cost-effective BTM storage resources to compete to meet local capacity needs as part of SDG&E's 2016 Energy Storage Procurement Framework.

IV. CONCLUSION

For all of the foregoing reasons. The Commission should approve the Application, with the sole exception of SDG&E's proposal to be allowed to include a contingency provision in its selection process that shortlisted offers may be considered non-conforming in the event that the Commission does not adopt SDG&E's proposed time of use periods in A.15-04-012.

Respectfully submitted,



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