

**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.

And Related Matters.

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

Application 16-03-002
Application 16-03-003

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE DECISION APPROVING STORAGE PROCUREMENT FRAMEWORK FOR
THE 2016 BIENNIAL PROCUREMENT PERIOD**

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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”)¹ hereby submits these comments on the *Decision Approving Storage Procurement Framework for the 2016 Biennial Procurement Period*, issued by Administrative Law Judge Michelle Cooke on July 29, 2016 (“Proposed Decision”).

¹ 1 Energy Systems Inc., Adara Power, Advanced Microgrid Solutions, AES Energy Storage, Amber Kinetics, Aquion Energy, Bright Energy Storage Technologies, Brookfield, California Environmental Associates, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, Electric Motor Werks, Inc., ElectrIQ Power, ELSYS Inc., Enphase Energy, GE Energy Storage, Geli, Gordon & Rees, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, Johnson Controls, K&L Gates, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mercedes-Benz Research & Development North America, Nature & PeopleFirst, NEC Energy Solutions, Inc., NextEra Energy Resources, NGK Insulators, Ltd., NRG Energy LLC, OutBack Power Technologies, Parker Hannifin Corporation, Powertree Services Inc., Qnovo, Recurrent Energy, RES Americas Inc., Saft America Inc., Samsung SDI, Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sovereign Energy, Stem, SunPower Corporation, Sunrun, Swell Energy, Trina Energy Storage, Tri-Technic, UniEnergy Technologies, Wellhead Electric, Younicos. 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>).

I. INTRODUCTION.

CESA strongly supports the Proposed Decision approving with slight modifications the applications of Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (“SDG&E”). CESA has been actively involved in this proceeding to ensure a fair, efficient, robust, and cost effective energy storage procurement in compliance with D.13-10-040. On April 11, 2016, CESA submitted its Response to the Applications filed by each of the investor-owned utilities (“IOUs”), which expressed CESA’s overall support for each of the IOUs’ Applications.

On June 26, 2016, CESA filed an Opening Brief that focused specifically on SDG&E’s time-of-use (“TOU”) ‘poison pill’ provision. Specifically, CESA requested that the Commission deny SDG&E’s provision in its RFO selection process that shortlisted offers may be considered non-conforming if the Commission does not adopt SDG&E’s proposed TOU periods in A.15-04-012. CESA advocated that this “is an unfortunately poor procurement practice that will likely result in little to no participation from the [behind-the-meter] storage industry unless this provision is removed.”²

In these comments, CESA focuses on the Proposed Decision’s determination that SDG&E should remove the contingency provision as well as its clarifications of the additional information that is required in evaluating energy storage contracts for distribution deferral.

II. REMOVAL OF SDG&E’S CONTINGENCY PROVISION WILL PROVIDE GREATER CERTAINTY FOR PROSPECTIVE ENERGY STORAGE BIDDERS.

CESA commends the Proposed Decision for propping to remove SDG&E’s contingency provision, as the Proposed Decision states, “does not serve to reduce project uncertainty, or

² CESA Opening Brief, filed on June 27, 2016, p. 3.

enable SDG&E to effectively quantify the value of these projects and violates the intent of D.13-10-040.”³ CESA fully supports the Proposed Decision’s determination to remove this contingency provision for the reasons stated, and believes that such conditions should not be included in future procurements.

III. COST-EFFECTIVENESS ANALYSIS FOR DISTRIBUTION DEFERRAL SHOULD CONSIDER THE FULL RANGE OF ENERGY STORAGE BENEFITS.

CESA supports the Proposed Decision’s clarifications of the additional information required for the IOUs to submit in applications for approval of distribution deferral projects. CESA agrees that it is necessary to include information on: the purpose of the upgrade; specific reliability needs served by the proposed energy storage system; cost comparisons between the deferred asset and the proposed energy storage system; length of the deferred asset’s useful life; and the deferred asset’s online dates.⁴ In particular, CESA supports the Proposed Decision in determining that the IOUs are not required to show that the energy storage system meets “resource needs commensurate with or better than the traditional asset it is intended to defer.”⁵ As a procurement framework intended to ‘transform the market’ for energy storage, CESA agrees that the IOUs should focus on procuring *cost effective* energy storage systems for distribution deferral while meeting distribution grid needs. In procuring energy storage projects for this use case, CESA recommends that RFOs allow for multiple value streams from providing other grid services to be included in cost-benefit calculations.

³ Proposed Decision, p. 15.

⁴ Proposed Decision, pp. 18-19.

⁵ *Ibid*, p. 19.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the Proposed Decision and looks forward to working with the Commission and parties to ensure a robust and efficient energy storage procurement for the 2016 biennial cycle.

Respectfully submitted,



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