

**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)

And Related Matters.

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

**REPLY 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 reply comments on the *Proposed 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 Reply 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”). On June 26, 2016, CESA submitted an Opening Brief that focused specifically on SDG&E’s time-of-use (“TOU”) provisions. In Comments on the Proposed Decision, CESA supported the Proposed Decision’s determination that SDG&E should remove the inappropriate TOU contingency provision. In these reply comments, CESA focuses on the opening comments made by The Utility Reform Network (“TURN”) and San Diego Gas & Electric Company (“SDG&E”), which expressed their disagreement with the Proposed Decision’s determination on the TOU contingency provision.

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

SDG&E stated in its opening comments its concerns about TOU periods being outdated since SDG&E is seeking to modify its TOU peak periods in A.15-04-012:²

“The current TOU peak period for summer is from 11 a.m. to 6 p.m. Because SDG&E consistently peaks between 6 and 8 p.m., SDG&E seeks to modify the TOU peak period in A.15-04-012 to the period covering 4 p.m. to 9 p.m. Under the existing TOU framework, a behind-the-meter storage resource has no economic incentive to refrain from charging between 6 p.m. and 8 p.m., and may do just that.

A behind the meter resource that charges from 6 to 8 p.m. adds to system load during peak periods. This sets up a scenario where a resource procured to provide capacity during peak periods (i.e., a local capacity resource like the ones solicited in the 2016 Preferred Resource LCR RFO) could, paradoxically, operate to actually increase the need for capacity.”

The ‘poison pills’ that SDG&E proposes are unwarranted and only serve to reduce participation in the Request for Offers (“RFO”) process, which as a result reduces the

² SDG&E Comments at p. 2.

competitiveness and quality of offers by energy storage providers and developers. The Commission correctly determined in its Proposed Decision that such uncertainty created by contingency provisions is a “poor procurement practice.” The Commission should note that energy storage resources providing Resource Adequacy (“RA”) are required to operate in accordance with must-offer obligation (“MOO”), which requires that capacity be made available at system and local peak periods. The Commission can already determine the MOOs and therefore CESA finds it unnecessary to establish contingency periods in the RFO process to ensure that energy storage resources accurately respond to grid needs. Furthermore, behind-the-meter (“BTM”) energy storage resources are compensated using accurate meter-adjusted baselines as determined by final tariff changes from the Energy Storage and Distributed Energy Resources (“ESDER”) Phase 1 Initiative underway at the California Independent System Operator (“CAISO”). As a result, there is no need for further audits of energy storage performance.

TURN also proposed similar ‘poison pill’ provisions that CESA finds unnecessary:³

“TURN recommends that the PD include some additional measure to ensure that behind-the-meter storage assets are accurately responding to system needs. For example, the Commission may consider developing specific behind-the-meter retail storage tariffs.”

Again, CESA finds it unnecessary and poor procurement practice to subject energy storage resources in SDG&E’s RFO to specific BTM energy storage tariffs. As noted above, there are other policy and verification mechanisms in place to ensure energy storage behavior serves grid needs. TURN’s comments are vague unsupported policy assertions that are not

³ TURN Comments at p. 1.

responsive to the Commission's policy-based concern related to contingency provisions harming procurement practices.

CESA recommends that the Commission reject the comments filed by SDG&E and TURN, and that the Commission adopt the Proposed Decision's determination that SDG&E should remove the TOU contingency provisions from its RFOs.

III. CONCLUSION.

CESA appreciates the opportunity to submit these reply 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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