

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

Order Instituting Rulemaking to Integrate and  
Refine Procurement Policies and Consider Long-  
Term Procurement Plans

R.13-12-010  
(Filed December 19, 2013)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT  
ON DECEMBER 9, 2014 PROPOSAL**

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**CALIFORNIA ENERGY STORAGE ALLIANCE**

January 20, 2015

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The California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these reply comments in response to *Administrative Law Judge’s Ruling Seeking Comment on December 9, 2014 Proposal*, issued on December 19, 2013 (“ALJ’s Ruling”).

**I. INTRODUCTION.**

At the Prehearing Conference held on December, 2014, CESA stated that the Commission does not have the luxury of waiting until the 2016 Long-Term Procurement

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<sup>1</sup> 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Alton Energy, American Vanadium, Amperex 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, Stoel Rives LLP, SunEdison, SunPower, TAS Energy, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, UniEnergy Technologies, LLC, Wellhead Electric. 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. See, <http://storagealliance.org>.

Planning (“LTPP”) cycle before acting to set in motion necessary steps to determine: 1) whether or not new flexible resources should be procured to assure meeting California’s energy and climate policy goals, 2) what the right mix of energy storage and other flexible tools should be before, and 3) when the right needed resources must be deployed. CESA’s Comments reinforced this policy recommendation with reference to decisive policy direction from the Governor’s Office confirming the need for a sense of urgency, and very clear and persuasive new information from the California Independent System Operator (“CAISO”).<sup>2</sup> Moreover, the overgeneration and flexibility issues identified in the CAISO’s stochastic modeling will not arise suddenly in 2024; the CAISO has already experienced overgeneration in grid operations this year. The level of overgeneration will increase as we move toward 2024. Decisive action in this LTPP cycle should at least be considered now.

**II. THE COMMISSION SHOULD AUTHORIZE EXPEDITIOUS COMPLETION OF SYSTEM MODELING EFFORTS AND UTILITIES TO ACT DECISIVELY IF THE RESULTS SHOW A NEED FOR FLEXIBLE RESEOURCES SUCH AS ENERGY STORAGE.**

In these reply comments, CESA strongly agrees with the unambiguous comments filed by the Natural Resources Defense Council (“NRDC”):

“We strongly recommend devoting significant resources toward identifying which policy, market, or resource solutions could solve the problem of uneconomic renewable curtailment and potentially authorizing these solutions. While the Commission may find insufficient evidence for specific capacity shortfalls (generic or flexible) in Phase

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<sup>2</sup> “One consistent conclusion from the modeling in Phase 1A is that there are new long-term planning challenges that must be addressed in order to effectively balance the interests of maintaining reliability of the electric system and meeting California’s long term policy goals. Over-generation and renewable curtailment have significant implications for real-time grid operations, state renewable policy goals, ratepayer costs, and generator cost recovery. These implications become more pronounced with higher penetrations of renewable energy on the grid. The long-term procurement plan modeling currently provides a snapshot of potential over-generation in 2024, but the traditional procurement activities authorized in the long-term procurement plan may not be suitable for addressing over-generation concerns.” (CAISO, pp. 3-4).

1A, this should not preclude the authorization of cost-effective solutions to renewable curtailment in Phase 1B.” (NRDC, p. 3).

And by the Independent Energy Producers (“IEP”):

“Discontinuing Phase 1A could lead to under-procuring the type and amount of capacity needed to reliably meet demand in 2024. Discontinuing Phase 1A is essentially a finding of no need that would likely delay a final determination of need in 2024 until the second year of the 2016 LTPP proceeding, i.e., 2017. After allowing time for a competitive solicitation, Commission approval of the contracts resulting from that solicitation, and possible appeals, construction of the needed resources might not get underway until 2019 or later, which allows little margin for contingencies for projects that are needed in 2024.” (IEP, p. 2).

CESA also agrees with the utilities that the Commission should take advantage of this LTPP to authorize additional Local Capacity Requirements (“LCR”) procurement if the CAISO finds there is need beyond what the utilities have procured to date.

Southern California Edison Company (“SCE”):

“The Commission should also consider any need for additional procurement of new resources, above those levels authorized in the 2012 LTPP, identified in the California Independent System Operator’s (CAISO’s) updated Local Capacity Requirements (LCR) study for Southern California in this 2014 LTPP, rather than the 2016 LTPP. If CAISO’s study finds no need for additional resources in its updated LCR study, the Commission can cancel such consideration.” (SCE, p. 1).

Pacific Gas and Electric Company (“PG&E”):

“. . . consistent with the discussion at the December 9, 2014 Status Conference on Phase 1 of the 2014 LTPP, the Commission should provide an opportunity in Phase 1b to review the local capacity requirements (LCR) studies the California Independent System Operator (CAISO) is conducting to determine whether the resources that are currently being proposed for procurement by Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) are sufficient to meet the southern California LCR needs that were identified in the 2012 LTPP (R.12-03-014).” (PG&E, p. 3).

With respect, well intended Comments by the Office of Ratepayer Advocates, and Toward Utility Reform Network should be disregarded. Instead, the Commission should heed

the prudent course set forth in the party Comments quoted and highlighted in these reply comments.

**III. CONCLUSION.**

CESA recommends that Phase 1B of this proceeding be extended to allow for further system modeling and a determination of need for flexible energy resources to mitigate expected overgeneration by augmenting renewables portfolio standard (“RPS”) resources with new flexible resources such as energy storage. CESA appreciates this opportunity to submit these reply comments on the ALJ’s Ruling, and looks forward to working with the Commission stakeholders throughout the remainder of this proceeding.

Respectfully submitted,



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