

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.

R.14-10-010
(Filed October 16, 2014)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON PROPOSED DECISION ADOPTING LOCAL PROCUREMENT AND
FLEXIBLE CAPACITY OBLIGATIONS FOR 2016, AND FURTHER
REFINING THE RESOURCE ADEQUACY PROGRAM**

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June 22, 2015

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) the California Energy Storage Alliance (“CESA”)¹ submits these reply comments on the *Proposed Decision Adopting Local Procurement and Flexible Capacity Obligations for 2016, and Further Refining the Resource Adequacy Program*, issued on May 26, 2015 (“Proposed Decision”).

I. INTRODUCTION.

CESA supports the Proposed Decision and offers these reply comments for consideration by the Commission.

¹ 1 Energy Systems Inc., Abengoa, Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, ARES North America, Brookfield, Chargepoint, Clean Energy Systems, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Duke Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., Energy Storage Systems, Inc., Enersys, EnerVault Corporation, Enphase ENERGY, EV Grid, Flextronics, GE Energy Storage, 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., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Manatt, Phelps & Phillips, LLP, 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., Rosendin Electric, 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., Tri-Technic, Wellhead Electric.

II. THE COMMISSION SHOULD NOT DELAY ADDRESSING ANY ENERGY STORAGE-RELATED ISSUES UNTIL PHASE TWO OF THIS PROCEEDING.

Taking reasonable account of the record developed in this proceeding and the Long-Term Procurement Planning proceeding (“R.13-12-010) that together demonstrate a need for a sense of urgency, CESA agrees with the Western Power Trading Forum (“WPTF”) that energy storage-related issues should not be delayed to Phase 2 of this proceeding. CESA’s view is that many, if not all, of the issues related to energy storage and RA can and should be integrated into the Phase 1 definition of a durable flexible capacity product.

As one example, a flexible capacity construct could benefit from unbundling system capacity from flexible capacity. Flexible capacity could also be defined in such a way that it accounts for the greatest system flexibility needs, which do not occur during the overall system peak in Summer. As discussed below, development of the durable flexible capacity product should account for a reasonable duration needed to provide flexibility. Given that a three hour storage resource discharging twice per day could meet the all the requirements for the California Independent System Operator’s (“CAISO’s”) interim flexible capacity product, CESA suggests that a durable product might also count resources with durations shorter than four hours.

III. THE COMMISSION SHOULD AUTHORIZE A STUDY OF PROPOSALS TO CREATE A TWO-HOUR MCC BUCKET.

CESA agrees with Southern California Edison Company (“SCE”) that study of two and three hour resources will be important as part of the Phase 1 development of a durable flexibility capacity product:

“SCE Continues to Support Its Proposals to Not Require an NQC to Obtain an EFC, and to Allow for a 2-Hour MCC Bucket SCE accepts the Commission’s decision to not accept these two proposals at this time. SCE still believes these changes can provide significant value and should be studied going

forward. These studies can and should occur as part of the Phase 2 discussions of a durable flexible capacity product.” (p. 4).²

CESA further agrees with SolarCity Corporation (“SolarCity”) in its expression of support of SCE in a similar vein:

“SolarCity understands the decision to defer consideration of SCE’s two-hour MCC bucket category proposal until further study has been completed, but suggests that the PD misses an important opportunity to build momentum towards making a determination on this issue. SolarCity therefore requests that the PD include concrete steps that the Commission, in concert with the California Independent System Operator (CAISO), intends to take to ensure a robust study of the reliability impacts of two-hour resources is undertaken in a timely manner in order to inform an evaluation of the two-hour proposal in 2016.” (p. 2).³

CESA thus urges the Commission to direct its Energy Division staff to work with the staff of the CAISO in Phase 2 of this proceeding to better understand the impact of two and three hour resource duration on system reliability, with an understanding that allowance of shorter duration resource for some system needs may provide a more cost effective system for ratepayers.

IV. CONCLUSION

CESA appreciates this opportunity to submit these reply comments on the Proposed Decision.

Respectfully submitted,


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June 22, 2015

² SCE’s Opening Comments, filed June 15, 2015.

³ SolarCity’s Opening Comments, filed June 15, 2015.