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.	Filed Public Utilities Commission March 27, 2012 San Francisco, California Rulemaking R.12-03-014

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON PRELIMINARY SCOPING MEMORANDUM

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Pursuant Rule7(d) of the California Public Utilities Commission's ("Commission's") Rules of Practice and Procedure and *Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans*, filed March 27, 2012 ("OIR") the California Energy Storage Alliance ("CESA")[1] hereby submits these comments on the Preliminary Scoping Memorandum that is included as part of the OIR in this proceeding.

I. INTRODUCTION.

These comments highlight, and urge the Commission to explicitly include deployment of energy storage technology. A key focus should be on requisite modeling assumptions, as a key asset for utility resource planning efforts. In particular, modeling assumptions should include the need to help manage increasing peak demand, facilitate the deployment and integration of renewables, and mitigate the impacts of once-through-cooling plant closures and potential

[1] The California Energy Storage Alliance consists of 4R Energy, A123 Systems, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions,, Deeya Energy, East Penn Manufacturing Co., Inc., EnerVault, Fluidic Energy, GE Energy Storage, Greensmith Energy Management Systems, HDR Engineering, Inc., Ice Energy, LG Chem, LightSail Energy, Inc., Powergetics, Primus Power, Prudent Energy, RedFlow Technologies Ltd., RES Americas, Saft America, Inc., Samsung SDI, SANYO Energy Corporation, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, SunEdison, SunVerge, TAS Energy, and Xtreme Power. 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://www.storagealliance.org.

planned and unplanned shut down of the state's nuclear power resources. As such, this proceeding should be closely coordinated not only with resource adequacy ("RA")[2] and renewables portfolio standard implementation[3] but also the energy storage rulemaking addressing implementation of AB 2514.[4]

Further, energy storage, with its ability to be deployed quickly, should be considered as early as possible in this proceeding in the first track or phase if the proceeding is divided into tracks or phases. In particular, multi-year capacity procurement rules should be developed as part of any first track or phase, because lack of financeable, long term procurement mechanisms has been identified in many forums, including the Energy Storage OIR[5], as a key barrier to energy storage development. CESA submits that the deployment of reliable and cost-effective energy storage technology *must* be recognized as a critical element of utility resource planning in the Commission's decisions in this proceeding and in the procurement plans of California's energy utilities.

II. THE COMMISSION SHOULD TAKE THE OPPORTUNITY PRESENTED BY THIS PROCEEDING TO EMPHASIZE THE GAME CHANGING IMPORTANCE OF ENERGY STORAGE IN THE PROCUREMENT PLANS OF CALIFORNIA'S ENERGY UTILITIES, AND CLOSELY COORDINATE THIS EFFORT WITH THE ENERGY STORAGE OIR

Energy storage has already been recognized in the RA proceeding as a key asset to provide long term system and local reliability. For example, as discussed at a March 30

[2] Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations, R.11-10-023, filed October 20, 2011.

[3] Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program, R.11-05-005, filed May 5, 2011.

[4] Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems, R.10-12-007, filed December 16, 2010 ("Energy Storage OIR"). Of course, CESA is fully aware that the Storage OIR is included in the Table of Procurement0-Related Dockets, and that the issues examined must comply with the standards set forth in the OIR in this proceeding, at p. 11.

[5] *See, e.g., Energy Storage Framework Staff Proposal*, issued April 3, 2012.

Workshop, Bucket 2 resources are defined as: "Dispatchable, but limited in hours including CT's, demand response, hydro and stand-alone energy storage." In addition to helping plan for reserve margin, energy storage is a vital asset that can help California manage all of its electricity system needs, including:

1. Integrating renewable resources
2. Support once through cooling retirement
3. Maintaining local reliability
4. Responding to variations in load
5. Maximize utilization of existing transmission facilities
6. Increase grid load factor and efficiency
7. Reducing GHG emissions, by facilitating renewable integration and enabling existing fossil resources to operate more efficiently.

Therefore, in addition to R.11-10-023, this proceeding should also be closely coordinated with activities already underway via the Energy Storage OIR.[6]

III. THE COMMISSION SHOULD CONSIDER THE ROLE OF ENERGY STORAGE IN UTILITY PROCUREMENT AT THE EARLIEST POSSIBLE TIME, AND FOCUS ON ASSUMPTIONS NEEDED TO MODEL THE PERFORMANCE, COSTS, AND BENEFITS OF STORAGE TECHNOLOGY.

Energy storage should be considered as early as possible in this proceeding. Failure to do so would be comparable to embarking on a large construction project without the full complement of tools; causing significant downstream cost or worse yet, failure to consider/implement more cost effective cleaner alternatives due to the fact that they were 'simply not part of the original planning effort. For this reason, CESA strongly recommends that

[6] *Id*, *Staff Proposal Cover Letter*, p. 3:"CPUC Staff expects to coordinate with other on-going efforts in Resource Adequacy, Long-Term Procurement, and activities at the CAISO to ensure that storage is being considered in those efforts." (p. 3).

storage be considered as a top priority and that any existing system planning models be augmented accordingly to include the performance, costs and benefits of energy storage. The urgency of addressing energy storage is much more important than any labeling applied to sequencing that may be determined by the Commission.

IV. THE COMMISSION SHOULD ADOPT A MULTI-YEAR PROCUREMENT MECHANISM TO REMOVE A KEY BARRIER TO EXPANDED DEPLOYMENT OF ENERGY STORAGE TECHNOLOGY.

The Commission should adopt new rules for forward procurement of flexible resources to support grid reliability for both local reliability and grid integration of renewable resources'. Further, expeditious review of necessary refinements to existing rules concerning long term contract solicitations' is also a high priority for storage project development. Without multi-year procurement mechanisms, it will be very difficult, if not impossible, to develop new energy storage capacity. This is a key barrier to energy storage deployment that can be most expeditiously addressed by the Commission in the context of this proceeding.

V. CONCLUSION.

CESA appreciates this opportunity to begin focusing the attention of the Commission and the parties on the urgent need to rank accelerated deployment of energy storage technology as a guiding principle in the Commission's procurement planning process.

Respectfully submitted,

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