

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

Order Instituting Rulemaking to Examine the
Commission's Post-2008 Energy Efficiency
Policies, Programs, Evaluation, Measurement
and Verification, and Related Issues.

R.09-11-014
Filed November 20, 2009

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING POST-WORKSHOP
COMMENTS ON DEMAND-SIDE COST-EFFECTIVENESS ISSUES**

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October 1, 2012

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The California Energy Storage Alliance ("CESA")¹ hereby submits these comments on the *Administrative Law Judge's Ruling Seeking Post-Workshop Comments on Demand-Side Cost-Effectiveness Issues*, issued August 14, 2012 ("ALJ's Ruling").

I. INTRODUCTION.

CESA is a party to R.10-05-004 (Distributed Generation), and A.11-03-001, *et al.* (Demand Response) and submits these comments in that capacity, thus becoming a party to this proceeding as well. CESA is also currently a party to R.10-12-007 (Energy Storage Rulemaking).² In broad concept, CESA supports the Commission's goal of creating a standard framework for cost-effectiveness evaluation methodologies that spans a variety of different types of energy resources. However, energy storage is a very different category of energy resource than energy efficiency ("EE"), demand response ("DR") or distributed generation ("DG"), and, as such, will require its own cost-effectiveness framework. Properly taking this over-arching reality into account is made more challenging by the fact that energy storage is also imbedded as an important element of both the DR and DG proceedings.³

¹ The California Energy Storage Alliance consists of A123 Systems, Beacon Power, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Deeya Energy, East Penn Manufacturing Co., Energy Cache, EnerVault, Fluidic Energy, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Growing Energy Labs, HDR Engineering, Ice Energy, Kelvin Storage Technologies, LG Chem, LightSail Energy, Panasonic, Primus Power, Prudent Energy, RedFlow Technologies, RES Americas, Saft America, Samsung SDI, Seo, Sharp Labs of America, Silent Power, Stem, Sumitomo Electric, Sumitomo Corporation of America, 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://storagealliance.org>

² R.10-12-007, filed December 16, 2010.

³ Respectively, the Permanent Load Shifting program ("PLS") and the Self Generation Incentive Program ("SGIP").

In these comments, CESA does not respond directly to the bulk of the specific questions posed in the ALJ's Ruling or any of its attachments. Rather, CESA provides brief responses to the two questions that relate to the relationships among DR programs (Number 23) and among proceedings (Number 24). CESA's purpose in filing these comments is to caution the Commission against inadvertently sowing confusion (i) among the parties to the multiple proceedings referenced by the ALJ's Ruling, and, (ii) beyond that, to parties participating in other Commission proceedings that may include the subject of cost-effectiveness within their scope.⁴

Out of an abundance of caution, CESA wishes to make the point for the record in this proceeding that there is nothing in the ALJ's Ruling to suggest that it is intended to relate to the extensive discussion of cost-effectiveness of energy storage currently being examined through workshops in Phase 2 of the Energy Storage Rulemaking. CESA also notes that the framework that is ultimately developed in the Energy Storage Rulemaking may also need to be applied at a future date to energy storage in the PLS program⁵ and the SGIP⁶, regardless of the outcome of this proceeding.

II. THE COMMISSION SHOULD CLARIFY THAT THE OUTCOME OF THIS PROCEEDING SHOULD HAVE NO BEARING ON COST-EFFECTIVENESS OF ENERGY STORAGE IN THE ENERGY STORAGE RULEMAKING OR THE DEMAND RESPONSE AND DISTRIBUTED GENERATION PROCEEDINGS.

A. Existing Cost-Effectiveness Methodologies Are Inapplicable to Energy Storage.

The specific question posed in the ALJ's ruling does not squarely address CESA's point:

“23. What relationship should the existing demand-side cost-effectiveness efforts have to one another? Is it feasible to have variations or additions for each resource, or should separate one basic framework for all demand-side

⁴ The Energy Storage Rulemaking is not referred to anywhere in the ALJ's Ruling, but the reference to other proceedings is somewhat open ended on its face: “By way of this ruling, parties are given notice that the issues addressed in this ruling that are related to demand response, distributed generation, and the ESAP and CARE programs, will be resolved in this rulemaking and not in other proceedings related to those resource areas.” (p. 4).

⁵ See, D.12-04-045, issued April 19, 2012. “We acknowledge that there are still many unknowns as to what a wider implementation of a successful PLS program entails. As discussed previously, not all of the benefits of PLS are accurately captured in the cost-effectiveness protocols.” (p. 150).

⁶ See, 11-09-015, issued September 8, 2011. Excluding technologies that are likely to have an impact on GHG emissions in California from participating in the program because they cannot meet the cost-effectiveness or the need for incentive tests would be contrary to the intent of SGIP and the state's goal of GHG reductions.” (p. 13).

programs, with only minor methods and models continue to be developed for each resource?” (p. 9).

Energy storage is a very different resource from EE, DR or DG. Its value is derived by its ability to move energy from one time period to another resulting in many possible benefits to California’s grid and ratepayers. The ability of energy storage to provide fast response, highly flexible capacity and energy resources dispatched reliably on command over time will certainly require a different framework than those being envisioned for EE, DR or DG. CESA recommends that the framework for evaluating cost-effectiveness of energy storage – in all its applications – be developed in Phase 2 of the Energy Storage Rulemaking.

B. Cost-Effectiveness Methodology Developed in the Energy Storage Rulemaking Should Apply to PLS and SGIP.

It is very clear that the subject of cost-effectiveness has many dimensions and cannot be addressed sensibly in one proceeding:

“24. Should the Commission continue to separately address cost-effectiveness for each demand-side resource in different cost-effectiveness is addressed in one proceeding? What are the proceedings, or can consistency only be accomplished if cost-effectiveness proceeding? Are there any regulatory barriers pros and cons of having an over-arching demand-side or policy concerns?” (pp. 9-10).

Only when the framework being developed now is complete, can the cost effectiveness of using behind-the-meter energy storage to provide PLS, or to provide daily load shifting or balancing services in the SGIP be properly evaluated. Energy storage–related program policies cannot be addressed until cost-effectiveness of energy storage in general has been addressed. The Commission should clearly state that nothing in the ALJ’s ruling, or related rulings or decisions in this proceeding should have any bearing on cost-effectiveness in the way that the subject is being discussed in the Energy Storage Rulemaking. This approach should help the Commission effectively avoid duplication of effort in multiple proceedings.

III. CONCLUSION.

CESA appreciates this opportunity to comment on the ALJ's Ruling.

Respectfully submitted,



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Date: October 1, 2012