

**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.

Rulemaking 14-10-010
(Filed October 16, 2014)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON ADMINISTRATIVE LAW JUDGE'S RULING PRESENTING
ENERGY DIVISION'S TRACK 1 PROPOSALS**

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January 29, 2016

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The California Energy Storage Alliance (“CESA”)¹ hereby submit these comments on Track 1 proposals from parties and the Energy Division (“ED”) pursuant to the *Administrative Law Judge’s Ruling Presenting Energy Division’s Track 1 Proposals* (“ALJ’s Ruling”), issued by Administrative Law Judge Kevin R. Dudney on January 15, 2016.

I. INTRODUCTION

CESA submitted a Prehearing Conference Statement on December 2, 2015 stressing the need to evaluate how the Resource Adequacy (“RA”) program affects the state’s energy resource portfolio mix, should involve the development of a durable flexible product design, and should

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, Brookfield, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., eMotorWerks, Energy Storage Systems, Inc., Enersys, Enphase Energy, EV Grid, GE Energy Storage, Geli, Gordon & Rees LLP, 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, JuiceBox Energy, K&L Gates, LG Chem Power, Inc., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, 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., 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., Trina Energy Storage, Tri-Technic, Wellhead Electric. 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>).

evaluate the effectiveness of procurement through multi-year contracts. CESA also urged the Commission to expeditiously implement major RA reforms for the 2017 RA year given its impact on a number of ongoing and upcoming Commission proceedings. In these comments, CESA focuses on refinements to the existing RA program proposed by parties and the Energy Division for Track 1, as requested by the ALJ's Ruling. Overall, CESA agrees with parties' proposals on the need to unbundle flexible and standard resource adequacy ("RA"), and the need for program and standards alignment between the Commission") and the California Independent System Operator ("CAISO").

II. FLEXIBLE AND STANDARD RESOURCE ADEQUACY SHOULD BE UNBUNDLED.

CESA does not oppose the proposals by the California Large Energy Consumers Association, Joint Demand Response Parties, and Shell Energy North America to address the unbundling of flexible and standard RA requirements for the 2017 RA compliance year. Such unbundling can simplify capacity transactions, allow for easier transactions with smaller resources, and can create clearer must-offer obligations for Flex RA resources that are not also providing system RA services. CESA believes it is very important to unbundle these two RA capacity products to allow flexible resources to be more clearly and fully valued for providing increasingly critical ramping capabilities for California's grid. A durable flexible product that compensates for downward flexibility related benefits in capturing excess renewables will further clarify the value of energy storage resources.

III. THE COMMISSION'S RESOURCE ADEQUACY PROGRAM NEEDS TO BE ALIGNED WITH THE CAISO'S PLANNING STANDARDS.

CESA generally supports the proposals by the CAISO to ensure proper alignment between its planning standards and those of the Commission's RA program. The CAISO and the

Joint Demand Response Parties differ, for example, on the required response time for RA-eligible demand response resources, with the CAISO supporting a 20-minute requirement to comply with North American Electric Reliability Corporation standards while the Joint Demand Response Parties and the Energy Division support continuation of the 30-minute requirement.

Problematic lack of program and standard setting uniformity between the CAISO and programs overseen by the Commission raised as an issue in the Track 1 proposals should also inform Track 2 of this proceeding. CESA recommends that the Commission align RA program reforms with the operating and dispatch needs of the grid as well as with appropriate standards to ensure appropriate and full valuation of the RA value of energy storage resources going forward. The CAISO is currently in the process of considering revised flexible capacity product definitions in the Flexible RA Capacity Must-Offer Obligation initiative that needs to align with the Commission's RA program definitions to ensure proper RA capacity values are attributed to procured flexible resources such as energy storage.

IV. CONCLUSION

CESA appreciates the opportunity to submit these brief comments on the Track 1 proposals, and looks forward to working with the Commission and parties on the development of a durable flexible RA program in Track 2 of this proceeding.

Respectfully submitted,



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