

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

Application of San Diego Gas & Electric Company
(U902E) for Adoption of its Smart Grid Deployment
Plan

And Related Matters.

Application 11-06-006
(Filed June 6, 2011)

Application 11-06-029
Application 11-07-001

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON SMART GRID WORKSHOP REPORT**

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The California Energy Storage Alliance (“CESA”)¹ submits these comments on the Smart Grid Workshop Report, which was issued on March 1, 2012, and released on March 2, 2012 as an Attachment to a Ruling by Administrative Law Judge (“ALJ”) Timothy J. Sullivan, *Administrative Law Judge’s Ruling Adding Workshop Report to Record* (“Workshop Report”). These comments are submitted in accordance with ALJ Sullivan’s separate ruling, *Administrative Law Judge Ruling Setting Schedule and Topics for Workshops*, issued November 22, 2011.

I. INTRODUCTION.

The Commission held four days of workshops in January and February 2012 to discuss the strengths and weaknesses of the Investor-Owned Utilities’ (“Utilities”) Smart Grid Deployment Plans. CESA appreciates the considerable efforts of the Commission Staff and ALJ Sullivan in organizing and conducting these workshops and agrees with many of the conclusions

¹ The California Energy Storage Alliance consists of 4R Energy, A123 Systems, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Debenham Energy, Deeya Energy, East Penn Manufacturing Co., Inc., EnerVault, Fluidic Energy, 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>.

in the Workshop Report. However, we are quite surprised and disappointed that the Workshop Report contains no discussion of energy storage at all – all the more so as the authorizing legislation, SB 17, explicitly makes “Deployment and integration of cost-effective *advanced electricity storage* and peak-shaving technologies, including plug-in electric and hybrid electric vehicles, and *thermal-storage air-conditioning*” [emphases added] a component of a smart grid under California law.² The Workshop Report’s recommendations are insufficient to support implementation of Smart Grid products and services that the Legislature clearly intended and the Commission ordered. CESA therefore recommends that the Commission direct the Staff to amend or other update the Workshop Report to include energy storage.

II. THE COMMISSION CORRECTLY EMPHASIZED THE IMPORTANCE OF ENERGY STORAGE AND PEAK-SHAVING TECHNOLOGY TO THE SUCCESS OF THE SMART GRID IN THE GOALS SET FORTH IN THE SMART GRID OIR.

In the Smart Grid OIR, the Commission properly emphasizes the distributed nature of advanced energy storage and related integrating technology:

“We believe that it is important to set policies to ensure functionality and interoperability with technologies such as distributed generation, plug-in hybrid and electric vehicles, and distributed storage.” (OIR, at pages 13-14.)

Also in the Smart Grid OIR, the Commission’s broad policy objective picks up directly from the federal Energy Independence and Security Act of 2007 (“EISA”):

“Since ‘smart grid’ is a new concept, EISA describes what constitutes a smart grid and what it can do. Section 1301 of EISA states: ‘. . . and to achieve each of the following, which together characterize a Smart Grid: . . . (7) Deployment and integration of *advanced electricity storage* and peak shaving technologies, including plug-in electric and hybrid electric vehicles, and *thermal storage air conditioning*.’” (OIR, at pages, 45, emphasis added.)

The Smart Grid must accommodate all generation and *storage* options. A Smart Grid system should continue to support traditional power loads, and also seamlessly interconnect with renewable energy, micro-turbines, and other distributed generation technologies at local and regional levels. (EISA§ 8360 b, c, d, e, f, and g; § 8366 a, e, f, and g). Yet again, in D. 09-09-029 the Commission found:

² SB 17, Padilla, signed into law by the Governor October 11, 2009, Section 1, page 93.

“A Smart Grid can enable the integration of higher levels of renewable energy, *energy storage*, and, eventually, electric vehicles, at a lower cost to consumers. A Smart Grid can also facilitate consumer participation in demand response programs and help consumers to use energy more efficiently.” (Emphasis added).

The Commission’s consistent and ongoing emphasis on energy storage’s foundational role in the Smart Grid is entirely appropriate: rapid deployment of energy storage has numerous positive attributes that can contribute significantly to several of the state and nation’s key energy and environmental goals, including:

- driving improvements in electric system efficiency and reliability;
- enhancing powerplant capacity utilization factors and thus relieve upward pressure on rates from T&D capex;
- reducing CO₂ and NO_x emissions from utility generation;
- helping integrate variable renewable power into the grid and greatly enhancing the value of renewables; and
- dampening system volatility by shifting power demand from peak to off-peak periods.

III. CONCLUSION.

CESA appreciates this opportunity to provide these comments, and looks forward to working with the Commission and other stakeholders to achieve the Smart Grid goals and objectives articulated in the EISA, in SB 17, and by the Commission in the Smart Grid OIR. Because the role of energy storage in the Smart Grid is not addressed, the success of the Commission’s and Utilities’ Smart Grid program is at risk. CESA therefore recommend that the Commission direct the Staff to amend or otherwise update or supplement the Workshop Report to include energy storage and its central role in the Smart Grid.

Respectfully submitted,



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