

October 29, 2013

E-mail to docket@energy.state.ca.us

Original copy to

Lead Commissioner: Andrew McAllister
California Energy Commission
Dockets Office, MS-4
Re: Docket 13-IEP-1A
1516 Ninth Street
Sacramento, California 95814-5512

**Re: Comments of the California Energy Storage Alliance
on Draft 2013 Integrated Energy Policy Report**

Dear Commissioner McAllister:

CESA has applauded the Energy Commission for highlighting the essential role energy storage must play in transforming the future of California's infrastructure and energy policy over the past several years and continues to do so today. CESA's view, shared by the Governor and an ever-increasing chorus of stakeholders, is that energy storage must have an even more central focus, to impart a greater sense of urgency to accelerate the critical role of energy storage in the 2013 IEPR. CESA has two specific recommendations to assist in bring the discussion from general support into sharper focus.

On December 16, 2010 (before AB 2514 became effective on January 1, 2011), the California Public Utilities Commission ("CPUC") opened the rulemaking proceeding it was required to open by March 1, 2012 (R.10-12-007). In opening the Energy Storage Rulemaking more than a year in advance of the legislative requirement the CPUC said: "We also open this proceeding on our own motion to initiate policy for California utilities to consider the procurement of viable and cost-effective energy storage systems. Although the Legislature has given the Commission until March 1, 2012 to open this proceeding, we see the enactment of AB 2514 as an important opportunity for this Commission to continue its rational implementation of advanced sustainable energy technologies and the integration of intermittent resources in our electricity grid." (p. 1).

On October 17, 2013, right on schedule (as October 2013 was the required deadline pursuant to AB 2514), the CPUC closed its Energy Storage Rulemaking and issued D.13-10-040, which created an Energy Storage Procurement Framework and Design Program, and established a target of 1,325 megawatts of energy storage to be procured by Pacific Gas and

Electric Company, Southern California Edison Company and San Diego Gas & Electric Company by 2020, with installations required no later than the end of 2024, and sets a schedule for procurement of energy storage. The decision directs the utilities to file separate procurement applications containing a proposal for their first energy storage procurement period by March 1, 2014.

D.13-10-040 further established a target for community choice aggregators and electric service providers to procure energy storage equal to 1 % of their annual 2020 peak load by 2020 with installation no later than 2024, consistent with the requirements for the utilities. Starting on January 1, 2016, and every two years thereafter, community choice aggregators and electric service providers must file advice letters demonstrating their compliance towards meeting the target and describing their methodologies for cost-effective projects.

With a one-year lag, AB 2514 requires exactly the same determinations of governing boards of local publicly owned utilities to open proceedings, and make determinations comparable to those required of the CPUC by October 2014. The Energy Commission is required by AB 2514, in reviewing the plans and reports submitted by public electric utilities, to consider the integration of technologically viable and cost effective energy storage technologies with other programs, including demand side management, and other means that will result in the most efficient use of electricity generation and load management resources.

The Energy Commission must report to the Legislature, to be included in each integrated energy policy report prepared pursuant to Section 25302 of the Public Resources Code, regarding the progress made by each local publicly owned electric utility serving end-use customers in meeting the requirements of AB 2514. The Energy Commission is aware of the critical role it is required to fulfill in implementation of AB 2514, and it must act now if it is to provide needed leadership in assisting with the efforts of California's local publicly owned utilities.

As an immediate next step, CESA recommends that the Energy Commission convene one or more workshops in conjunction with upcoming publicly owned utility conferences to assist them with development of their respective energy storage procurement plans. The body of work completed in the CPUC's Energy Storage Rulemaking can readily be leveraged for this purpose – including a useful framework on energy storage use cases and cost-effectiveness. Additionally, providing a public schedule for progress milestones leading up to the October 2014 compliance deadline pursuant to AB 2514 would be very helpful for outside stakeholders (including CESA members) to engage with California's publicly owned utilities.

Lead Commissioner: Andrew McAllister
California Energy Commission
October 29, 2013
Page 3



CESA looks forward to continuing to work with the Energy Commission and stakeholders in this important proceeding and thanks the Energy Commission for its consideration of these comments.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Janice Lin", is written over a horizontal line. The signature is fluid and cursive.

Janice Lin, Executive Director
California Energy Storage Alliance

cc: Stephane.Bailey@energy.ca.gov