

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

Application of Pacific Gas and Electric Company (U 39-E) for Approval of Demand Response Programs, Pilots and Budgets for 2012-2014.	Application 11-03-001 (Filed March 1, 2011)
Application of San Diego Gas & Electric Company (U902M) for Approval of Demand Response Programs and Budgets for Years 2012-2014.	Application 11-03-002 (Filed March 1, 2011)
Application of Southern California Edison Company (U338E) for Approval of Demand Response Programs, Activities and Budgets for 2012-2014.	Application 11-03-003 (Filed March 1, 2011)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO  
PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE HYMES ADOPTING  
DEMAND RESPONSE ACTIVITIES AND BUDGETS FOR 2012 THROUGH 2014**

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The California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these reply comments to the *Proposed Decision of Administrative Law Judge Hymes Adopting Demand Response Activities and Budgets for 2012 through 2014*, filed on October 28, 2011 (“Proposed Decision”).

**I. INTRODUCTION.**

Nothing in the opening comments submitted by parties suggests that the Commission should not approve the PLS-related discussion, Findings of Fact, and Ordering Paragraphs of the

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<sup>1</sup> The California Energy Storage Alliance consists of A123 Systems, Applied Intellectual Capital/East Penn Manufacturing Co., Inc., Beacon Power Corporation, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Debenham Energy, Deeya Energy, EnerSys, EnerVault, Exide Technologies, Fluidic Energy, General Compression, Greensmith Energy Management Systems, HDR, Inc., Ice Energy, International Battery, Inc., LG Chem, LightSail Energy, Inc., MEMC/SunEdison, Powergetics, Primus Power, Prudent Energy, RedFlow, RES Americas, Saft America, Inc., Samsung SDI, SANYO, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, SunPower, Suntech, SunVerge, SustainX, Xtreme Power, and Younicos. 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>.

Proposed Decision identified in CESA’s Opening Comments as written.<sup>2</sup> Only Southern California Edison Company, (“SCE”) and Pacific Gas & Electric Company (“PG&E”) raised any issues in their opening comments that warrant a specific response by CESA.<sup>3</sup> The Proposed Decision’s bottom line conclusions for PLS are that “PLS programs are cost-effective. We further conclude that investing in utility programs to encourage adoption of customer-owned PLS resources is good policy as described in the EAP and set by California Public Utilities Code Section 454.5(b)(9)(C).” (Proposed Decision, p. 144).

It is noteworthy that none of the three utilities, SCE, PG&E, and SDG&E (“Utilities”), suggest in their respective opening comments that the Commission should question their continued commitment to the PLS program proposals already included in their respective Applications. CESA applauds the measured approach taken in the Proposed Decision to require the Utilities to (i) submit a joint revised PLS proposal consistent with the Proposed Decision’s conclusions, and (ii) follow up with a workshop to discuss any issues related to the joint revised PLS proposal.

**II. THE COMMISSION SHOULD ADDRESS ANY PERCEIVED DEFICIENCIES IN THE PLS COST-EFFECTIVENESS METHODOLOGY AND DR REPORTING TEMPLATE IN THE ORDERED WORKSHOPS.**

In their comments, SCE and PG&E raise a number of questions and concerns regarding the PLS cost-effectiveness methodology and the DR Reporting Template that should be addressed in future workshops. CESA need not, and does not, take sides in the debate between the views of the Energy Division reflected in the Proposed Decision and those of SCE and PG&E reflected in their opening comments. Instead, CESA welcomes the opportunity to address specific PLS-related questions concerning cost-effectiveness methodology and program design

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<sup>2</sup> See, *Opening Comments of the California Energy Storage Alliance to Proposed Decision of Administrative Law Judge Hymes Adopting Demand Response Activities and Budgets for 2012 through 2014*, filed November 17, 2011.

<sup>3</sup> CESA notes that San Diego Gas & Electric Company (“SDG&E”), which is equally subject to the direction provided in the Proposed Decision, expressed no concern at all with the Proposed Decision’s analysis or conclusions related to PLS in its comments.

issues, including the DR Reporting Template, once the ordered joint utility PLS proposal can be considered by the parties and discussed in the ordered workshops.

**III. THE COMMISSION SHOULD REJECT SCE’S RECOMMENDATION THAT THE UTILITIES SHOULD FILE THE ORDERED JOINT PLS PROPOSAL ONLY AFTER THE COMMISSION RESOLVES DEFICIENCIES IN THE DR REPORTING TEMPLATE.**

SCE apparently takes issue with the statement in the Proposed Decision that “. . . we consider PLS to be different from other DR programs because PLS shifts energy usage on a permanent basis instead of merely decreasing energy usage during certain times. Because of this difference, we find it necessary and reasonable to review PLS and its cost effectiveness analyses differently from the other DR programs.” (Proposed Decision, p. 141).

Rather than address each of SCE’s points here, CESA urges the Commission to encourage SCE, and the Utilities, to:

“Work collaboratively to develop and propose a standardized, statewide Permanent Load Shifting program as described in this decision. The Utilities shall jointly submit the proposal as described in this decision to the Energy Division within 60 days following the issuance of this decision.” (Proposed Decision, Ordering Paragraph Number 49).

If the Utilities proceed in good faith as directed, a consensus on all issues should be forged in the process of developing the ordered joint proposal. However, the Proposed Decision anticipates that it may not and addresses that possible outcome in the form of a workshop:

“Energy Division shall hold a workshop to seek feedback from interested parties and facilitate a consensus process for Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (the Utilities) to finalize their Permanent Load Shifting (PLS) statewide program design and rules.” (Proposed Decision Ordering Paragraph Number 50).

**IV. THE COMMISSION SHOULD REJECT PG&E'S REQUEST THAT THE PROPOSED DECISION BE MODIFIED TO STATE THAT INCENTIVES APPROVED IN THIS PROCEEDING ARE COMPARABLE TO AND SUPERSEDE THE INCENTIVES FOR ADVANCED ENERGY STORAGE IN THE SELF GENERATION INCENTIVE PROGRAM.**

Regarding the Self Generation Incentive Program ("SGIP"), PG&E suggests that, ". . . it makes no sense to simultaneously start up and seek approval of two separate storage incentive programs – one in SGIP and one in DR. The PD's enhanced budget is more than adequate for all storage incentives and there is no reason to deplete SGIP funds otherwise available to other technologies."<sup>4</sup> CESA respectfully disagrees with PG&E for several important reasons:

- First, the Proposed Decision explicitly excludes emerging technologies from the PLS program. Thus, the incentive levels that are anticipated under the PLS program are likely to be much lower than those available in the SGIP, which would automatically exclude many forms of advanced energy storage from the SGIP.

- Second, the PLS program is intended to be technology neutral .As such, PLS can be provided by a variety of means - not just energy storage. The Proposed Decision makes the point that battery storage and thermal energy storage are simply examples of PLS, at page 138, as follows: ". . . it would be misleading to imply that the PLS program is 'just for energy storage' and further, contrary to the spirit of the program for the Commission to pre-specify which technologies are eligible."

- Third, maintaining technology neutrality will help ensure that a wide range of potential technical solutions are possible in PLS programs, and will encourage greater competition which - over time - will help reduce cost and improve cost-effectiveness for ratepayers in both the PLS program and the SGIP.

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<sup>4</sup> *Pacific Gas and Electric Company's Opening Comments on the Proposed Decision of Administrative Law Judge Hymes*, filed November 17, p. 21.

• Finally, the SGIP is demonstrably not a program purely intended for energy storage either. SGIP incentives are available for a wide range of different non-storage (distributed generation) technologies on a first-come, first-served basis. It is simply not necessary to pre-specify specific technology types for either program given that robust rules already exist in the SGIP that prevents any applicant from participating in another program simultaneously. For example, Section 6.12 of the 2011 SGIP Handbook specifically states: “For Projects receiving self-generating incentives under other programs, the SGIP incentive may be reduced, depending on the source of the other incentive, effectively allowing only part of the other program incentive in addition to the SGIP incentive.” (2011 SGIP Handbook, p. 30).

**V. CONCLUSION.**

CESA thanks the Commission for this opportunity to reply to comments filed by the parties, and looks forward to continuing to work with the Commission and the parties to this proceeding

Respectfully submitted,



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