

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

Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING
COMMENTS ON ASSUMPTIONS AND ONE SCENARIO
FOR USE IN LONG TERM PLANNING IN 2017**

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TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	THE COMMISSION SHOULD BE ABLE TO MODEL MORE ACCURATE ASSUMPTIONS REGARDING POLICY MANDATES WITHOUT SIGNIFICANT DELAY.....	2
III.	THE COMMISSION SHOULD ADJUST ENERGY STORAGE ASSUMPTIONS TO MORE ACCURATELY REFLECT CURRENT AND FUTURE MARKET CONDITIONS.....	3
IV.	CONCLUSION.....	5

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on the *Administrative Law Judge’s Ruling Seeking Comments on Assumptions and One Scenario for Use in Long Term Planning in 2017* (“Ruling”), issued on January 18, 2017.

I. INTRODUCTION.

CESA appreciates the work being done by the Commission in developing an Integrated Resource Plan (“IRP”) process to model future resource needs pursuant to the clean energy and

¹ 8minutenergy Renewables, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, Bright Energy Storage Technologies, Brookfield, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, Electric Motor Werks, Inc., ElectriQ Power, ELSYS Inc., Energy Storage Systems Inc., Enphase Energy, GE Energy Storage, Geli, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Research & Development North America, National Grid, NICE America Research, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NRG Energy LLC, OutBack Power Technologies, Parker Hannifin Corporation, Powertree Services Inc., Qnovo, Recurrent Energy, RES Americas Inc., Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, Sunrun, Swell Energy, Wellhead Electric, and Younicos. The views expressed in these Reply Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

environmental goals of the state. As that process and modeling develops, the Ruling presented a Draft Assumptions and Scenarios (“A&S”) document that serves as a ‘bridge’ for the 2017 long-term planning cycle, which simplifies the modeling to be conducted to one ‘Reliability Scenario’ in the interest of providing inputs to the California Independent System Operator’s (“CAISO”) 2017-2018 Transmission Planning Process (“TPP”). While CESA understands the rationale for this abbreviated planning exercise, CESA briefly responds here to valid recommendations made by other parties in the opening comments and to comments made in regard to energy storage assumptions.

II. THE COMMISSION SHOULD BE ABLE TO MODEL MORE ACCURATE ASSUMPTIONS REGARDING POLICY MANDATES WITHOUT SIGNIFICANT DELAY.

CESA recommends that the Commission use caution and add a bit more nuance in its 2017 long-term planning modeling, and not make oversimplifying assumptions in the interest of streamlining modeling to provide inputs to the 2017-2018 TPP. The TPP is still an important planning process that could potentially lead to ill-advised transmission investment decisions, even though the Commission does not expect any major new investments based on the results of the 2016-2017 TPP study and the information-only 50% RPS Special Study conducted by the CAISO. California Environmental Justice Alliance (“CEJA”) and Sierra Club also note that the 2017 IRP will be using the local capacity requirements from the 2016 TPP,² highlighting the fact that the 2017-2018 TPP is not a study in isolation that will be superseded by the 2017 IRP.

CESA therefore agrees with CEJA and Sierra Club, as well as Solar City that the Commission should adopt assumptions that more accurately reflect California’s demand-side

² CEJA and Sierra Club comments at p. 3.

regulatory mandates and deployment projections.³ Similarly, for the same reasons, CESA agrees with LS Power that the interim 2024 Renewable Portfolio Standard (“RPS”) requirements be incorporated in modeling.⁴

III. THE COMMISSION SHOULD ADJUST ENERGY STORAGE ASSUMPTIONS TO MORE ACCURATELY REFLECT CURRENT AND FUTURE MARKET CONDITIONS.

CESA believes that it is critically important to accurately reflect energy storage deployment trends in the Draft A&S document. On the one hand, CESA is pleased to see that the Commission will be assuming that all energy storage resources are dispatchable. On the other hand, the Commission makes an unrealistic assumption that there will be no growth in the energy storage market beyond the 1,325 MW procurement target set by Assembly Bill (“AB”) 2514 and D.13-10-040. As Green Power Institute (“GPI”) points out,⁵ this is not a reasonable projection considering the market is unlikely to stall out. The procurement target was intended to catalyze market transformation of energy storage, and for a modeling exercise that looks ten years out, it would not accurately capture the market trajectory for energy storage resources, thereby potentially leading to misguided transmission investment decisions. In fact, the Commission may consider how quickly each of the investor-owned utilities (“IOUs”) are procuring energy storage to date, with Southern California Edison Company (“SCE”), for example, already having 450 MW of energy storage under contract in the last two years alone.

CESA also agrees with CEJA and Sierra Club that the 1% target of 2020 load for community choice aggregators and energy service providers should be included in this

³ CEJA and Sierra Club comments at p. 3 and SolarCity comments at p. 6.

⁴ LS Power comments at p. 3.

⁵ GPI comments at pp. 2, 4.

modeling.⁶ Moreover, CESA adds that another 500 MW was authorized under AB 2868 targeted toward low-income and public sector customers – an authorization that is incremental to the procurement requirements as set by D.13-10-040. Again, in this instance, the Commission should fully account for the all the energy storage procurement as required by D.13-10-040 to avoid costly transmission investment decisions. At minimum, 1.825 MW of energy storage should be assumed in the 2017 A&S that will be used in the 2017-2018 TPP.⁷

Additionally, CESA disagrees with San Diego Gas & Electric Company (“SDG&E”) in its comment that energy storage resources should not all be modeled as supply-side resources.⁸ Behind-the-meter energy storage resources are fully capable of - and are currently providing - wholesale grid market services, which is a reasonable forward-looking assumption of their operations.

Finally, regarding the breakdown of discharge duration of energy storage systems to be modeled, consistent with Pacific Gas and Electric Company (“PG&E”), CESA recommends that an explanation regarding the breakdown be provided.⁹ CESA does not have any particular issue with the breakdown, but would benefit along with others from understanding the Commission’s rationale for this assumption.

⁶ CEJA and Sierra Club comments at p. 8.

⁷ A case could be made for assuming higher levels of energy storage (*e.g.*, 3.6 GW, 5.4 GW) given the benefits that it can provide as a ‘no regrets’ investment, as seen in the Aliso Canyon emergency energy storage procurements, as well as the range of grid benefits that it provides in integrating renewables, reducing peak loads, and delivering ancillary services. Although it may not be feasible in the 2017 A&S to model the resource plans assuming higher levels of energy storage, due to the limited scope of modeling in the TT context, but it should be considered by the Commission in the development of candidate resource plans in the IRP.

⁸ SDG&E comments at pp. 4-5.

⁹ PG&E comments at p. 4.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments on the Ruling and looks forward to working with the Commission and stakeholders in this proceeding going forward.

Respectfully submitted,



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