BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Pursuant to Assembly Bill 2514 to Consider the Adoption of Procurement Targets for Viable and Cost-Effective Energy Storage Systems.	R.10-12-007 (Filed December 16, 2010)

REPLY COMMENTS OF DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION ADOPTING STORAGE PROCUREMENT FRAMEWORK AND DESIGN PROGRAM

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) timely submits these reply comments in response to parties' comments filed on September 23, 2013 on the Proposed *Decision Adopting Energy Storage Procurement Framework and Design Program* (PD).

II. DISCUSSION

A. The PD should account for the time lag between the targets years and counting towards the targets

DRA agrees with Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE)[1] that a substantial time lag in target accounting would result from the maximum four-year construction period. Instead of requiring that all storage projects become operational within four years of their

[1] PG&E, p.11; SCE, p.5.

solicitation date, PG&E recommends leaving the operation date to negotiations.[2] DRA disagrees.

To provide more certainty and consistency among the utilities on meeting their respective targets, DRA suggests the Commission adopts the DRA's recommendation instead. In opening comments, DRA recommended a case-by-case determination of the construction period based on the technology and identified need.[3]

In addition, DRA explained that the one-year operations requirement is unnecessary and the projects should count toward the targets upon contract approval by the Commission.[4] DRA agrees with SCE that for the purpose of planning for each solicitation, the utilities should count all installed and approved storage towards the targets for each period.[5]

B. Flexibility should be provided between all domains as well as with deferments

Some parties[6] recommend more flexibility in the three domains (Transmission, Distribution, and Customer-sided) and with procurement deferral, while other parties[7] recommend more restriction than included in the PD on these flexibilities. DRA agrees with SCE that the Commission should modify the PD and allow shifting megawatts (MW) between all three points of interconnection to maximize value among all stakeholders in order to meet the cost-effectiveness requirements of Assembly Bill (AB) 2514.[8] Currently, the PD allows the investor owned utilities (IOUs) to defer up to 80% of the target to the next compliance period if the offers are not cost-effective, viable, or needed.[9] DRA does not object to Calpine's request that an IOU be able to defer up to 100% of its procurement

[2] PG&E, p.11.
[3] DRA, p. 4.
[4] DRA, p. 3.
[5] SCE, p.5.
[6] Calpine, p.2; SCE, p.3; PG&E, p.12; CALWEA; p.3.
[7] CESA, p.3. Clean Coalition, p.3.
[8] SCE, p.3.
[9] PD, p. 40, Appendix A, p. 7.

target if it does not receive any cost-effective bids because it ensures that IOUs will procure only cost-effective storage.

C. Methodologies from other proceedings should not replace the PD's Order for a common evaluation protocol

PG&E states existing proceedings already include cost effectiveness evaluations.[10] PG&E and SCE state that the utilities could not develop a common protocol because of their unique characteristics. DRA disagrees.

Claiming an inability to coordinate between IOUs because of their uniqueness is not a new argument. The unique characteristics of the utility or the energy storage technology should not preclude the Commission from attempting to develop a common evaluation protocol. Much work has been done already to address the large variety of storage uses and benefits that necessitated a new cost-effectiveness methodology. Parties have agreed the EPRI and DNV KEMA models are not the sole methodology for assessing cost-effectiveness;[11] they are preliminary.[12]

The proposed common evaluation protocol is composed of "a common dispatch model and a consistent set of assumptions"[13] which allows the Commission to review cost-effectiveness analyses of energy storage comparatively across all three utilities. While much work may be done in the forefront to develop a reliable cost-effectiveness model, the IOUs, stakeholders, ratepayers and the Commission will ultimately benefit by efficient application reviews, and consequently, shorter proceedings. For these reasons, DRA urges the Commission to order the IOUs to develop a common evaluation protocol in a new phase involving stakeholder participation.

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[10] PG&E, p. 8; *See also*, SDG&E, p. 3.
[11] PD, p. 59.
[12] Reply Comments of the Division of Ratepayer Advocates on the Energy Storage Phase 2 Interim Staff Report, dated February 21, 2013, p. 5.
[13] PD, Appendix A, p. 6.

D. The Proposed Decision already accounts for electric vehicles

Both PG&E and SCE asks the PD to explicitly allow future electric vehicle used for grid purposes to count towards the targets.[14] Like other storage systems, vehicles will count towards the targets if they meet the definition of energy storage system in the Public Utilities Code Section 2835(a) and perform the recognized end uses.[15] Revisions therefore are unnecessary because the current PD is adequate and it is too early to give blanket directives about the qualifications of electric vehicles' use for grid services.

III. CONCLUSION

DRA respectfully requests the Commission adopt DRA's recommendations in its opening and these reply comments.

Respectfully submitted,

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[14] SCE, p. 8; PG&E, p. 13.
[15] PD, p. 31.