



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

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Application of Southern California Edison)
Company (U 338-E) for Approval of Its 2014) A1402009 Application No. 14-02-____
Energy Storage Procurement Plan.)
_____)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) APPLICATION FOR
APPROVAL OF ITS 2014 ENERGY STORAGE PROCUREMENT PLAN**

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Dated: **February 28, 2014**

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APPROVAL OF ITS 2014 ENERGY STORAGE PROCUREMENT PLAN**

I.

INTRODUCTION

Pursuant to Rules 1 and 2 of the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, Sections 451, 454, 701, 728, and 729 of the Public Utilities Code, and Decision (“D.”) 13-10-040 Adopting Energy Storage Procurement Framework and Design Program (“Storage Decision”), Southern California Edison Company (“SCE”) submits this Application for Approval of its 2014 Energy Storage Procurement Plan (“Application”).

In compliance with Ordering Paragraph 3 of the Storage Decision, SCE submits its proposed 2014 Energy Storage Procurement Plan.

II.
BACKGROUND

On December 16, 2010, the Commission opened Rulemaking (“R.”) 10-12-007 to implement the provisions of Assembly Bill (“AB”) 2514 (Stats. 2010, ch. 469).¹ AB 2514 required the Commission to determine appropriate targets, if any, for each load-serving entity (“LSE”) as defined by Section 380(j) of the Public Utilities Code to procure viable and cost-effective energy storage systems, and to do so by October of 2013.

The proceeding was divided into two phases. Phase 1 concluded with the issuance of D.12-08-016, which adopted the Energy Storage Framework Staff Proposal and provided an analysis framework and a plan for developing policies and guidelines, as well as an energy storage “end use” framework.² Phase 2 was designed to consider issues including cost-effectiveness, market needs, barriers, ownership models, and procurement targets, if any. Energy Division staff conducted workshops and developed use-case documents to illustrate how energy storage could be deployed. As part of Phase 2, Energy Division commissioned cost-effectiveness evaluation methodologies from the Electric Power Research Institute (“EPRI”) and DMV KEMA Energy & Sustainability (“DMV KEMA”). SCE requested hearings on these cost-effectiveness studies, but its request was denied in an ALJ Ruling issued on February 28, 2013.³

On June 10, 2013, Commissioner Carla Peterman issued an Assigned Commissioner’s Ruling (“ACR”) with a straw proposal for procurement targets for load-serving entities to procure energy storage, and solicited comments from stakeholders on the overall storage procurement framework, program design, program implementation, program evaluation, and coordination with other proceedings.⁴ On October 21, 2013, the Commission issued the Storage

¹ Pub. Util. Code Section 2836 *et seq.*

² See D.12-08-016, Decision Adopting Proposed Framework for Analyzing Energy Storage Needs, Aug. 2, 2012.

³ See Administrative Law Judge's Ruling Denying Requests for Evidentiary Hearings, Feb. 28, 2013, at 2 (“the costs used in the models under review are for illustration only”).

⁴ See Assigned Commissioner's Ruling Proposing Storage Procurement Target and Mechanisms and Noticing All Party Meeting, Jun. 10, 2013.

Decision, which adopted, with modifications, much of the ACR's straw proposal for procurement targets.⁵ The Storage Decision also requires the investor-owned utilities ("IOUs") to file a procurement application containing proposals for energy storage procurement, with specific requirements, explanations, descriptions, and methodologies.⁶

SCE files this Application in accordance with Ordering Paragraph 3 of the Storage Decision. As explained in this Application and throughout SCE's Testimony, SCE's proposed 2014 Energy Storage Procurement Plan is reasonable and consistent with the policy objectives and goals of the Storage Decision.

III.

SUMMARY OF REQUEST

A. Overview

SCE requests Commission approval of its 2014 Energy Storage Procurement Plan, which outlines a Storage Portfolio Development Framework for the 2014 storage procurement cycle. SCE seeks approval of its valuation methodology and selection process, its proposal for procurement methodologies, including a 2014 Energy Storage Request for Offers ("RFO"), the potential use of bilateral contracts for procurement of storage under special circumstances, and the potential to develop utility-owned storage. SCE also outlines its plan for cost recovery of storage costs, including a request to recover the independent evaluator and program evaluation costs anticipated by the Storage Decision. In addition, SCE describes its intended mechanisms for cost recovery of third-party owned storage, utility-owned storage, and customer-side programs.

⁵ D.13-10-040 at 9.

⁶ D.13-10-040, Appendix A, Energy Storage Procurement Framework and Design Program, at 7-10.

B. Proposed 2014 Energy Storage Procurement Plan

For the 2014 storage procurement cycle, SCE intends to meet the Commission-set targets of 90 megawatts (“MW”) of storage. SCE may procure additional storage depending on the response received in the 2014 Energy Storage RFO. In its RFO, SCE intends to support projects across a variety of end-uses to encourage market transformation. All of SCE’s procured storage projects will contribute to at least one of the CPUC’s three “operational requirements”: grid optimization, renewables integration, or greenhouse gas (“GHG”) reduction. SCE’s procurement is guided by SCE’s analysis determining the needs of the grid; SCE will use storage to fulfill generation, distribution, and transmission needs where those needs can be identified. Beyond meeting the Commission’s requirements for allocating procurement among the three grid domains, however, SCE does not have a preference for point of interconnection for any specific storage project.

As required by the Storage Decision, SCE identifies in its supporting Testimony the existing energy storage projects that are eligible to count toward SCE’s storage procurement targets. SCE has a number of storage projects planned that should count toward future storage targets. SCE also expects to procure some energy storage projects through existing procurement mechanisms, including its Local Capacity Requirements solicitation, and potentially its Renewables Portfolio Standard solicitation or its Preferred Resources Pilot.

Pursuant to the Storage Decision, SCE will also procure energy storage projects through its Energy Storage competitive solicitation, which will launch by December 1, 2014. Because cost-competitive and market-transformative storage opportunities might exist outside of a solicitation, SCE plans to consider bilateral contract opportunities as well as utility-owned storage.

SCE proposes to recover its costs associated with its energy storage procurement activities through the Energy Resource Recovery Account (“ERRA”) balancing account, the cost allocation mechanism (“CAM”), the distribution sub-account of the Base Revenue Requirement

Balancing Account (“BRRBA”), future Energy Storage Procurement Applications, other authorized Commission proceedings such as SCE’s General Rate Case, or program-specific balancing accounts, as appropriate.

C. SCE’s 2014 Energy Storage Procurement Plan Meets the Commission’s Requirements and Guiding Principles for an Energy Storage Procurement Application

In setting the storage procurement targets, the Commission has stated a goal of “market transformation” for the energy storage market.⁷ Under SCE’s 2014 Energy Storage Procurement Plan, SCE intends to procure enough storage to meet the targets set forth in the Storage Decision, contributing to the goal of market transformation. Moreover, as stated above, SCE’s selection process will encourage projects across a variety of end-uses in order to support market transformation. SCE’s 2014 Energy Storage Procurement Plan will procure storage that meets one or more of the Commission’s stated guiding principles for energy storage procurement. SCE’s Application should be approved.

IV.

ORGANIZATION OF SCE’S TESTIMONY

Exhibit SCE-01, “Testimony of Southern California Edison in Support of its 2014 Energy Storage Procurement Plan,” is organized in a single volume with six chapters as follows:

Chapter 1	Introduction
Chapter 2	Storage Portfolio Development Framework
Chapter 3	SCE’s Existing Eligible Storage
Chapter 4	Procurement in Addition to Existing Eligible Storage
Chapter 5	Storage Cost Recovery

⁷ D.13-10-040 at 66.

Chapter 6	Conclusion
Appendix A	Table with Details on All Existing Eligible Storage Resources
Appendix B	RFO Documents
Appendix C	Consistent Evaluation Protocol
Appendix D	Witness Qualifications

V.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. Statutory and Other Authority

SCE files this Application pursuant to Public Utilities Code sections 451, 454, 701, 728, and 729, the Commission's Rules of Practice and Procedure, and other prior orders and resolutions of the Commission. Specifically, SCE's Application complies with the Commission's Rules of Practice and Procedure 1.5 through 1.11 and 1.13, which specify the procedures for, among other things, filing documents. In addition, this Application complies with Rules 2.1 and 2.2. Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. SCE's Application sets forth the relief sought, the authority for such relief, and has been verified by an SCE officer as provided in Rules 1.11 and 2.1. Rule 2.1 sets forth further requirements that are addressed separately below.

In particular, as detailed above, D.13-10-040 requires SCE to file an Application with the Commission containing a proposal for procuring energy storage resources by March 1, 2014. As required by the Storage Decision, SCE and the other IOUs developed a list of applicable rules and statutes impacting the procurement plan; SCE is attaching that list as Attachment 1.

B. Legal Name, Principal Place of Business, and Correspondence or Communications

The full legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily

engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat, and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770, and its post office address and telephone number are:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1212

Nancy Allred is the attorney on this matter. Please address correspondence or communications in regard to this Application to Ms. Allred at:

Nancy Chung Allred
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To request a copy of this Application, please contact:

Cynthia Childs, Case Administrator
Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3104
Facsimile: (626) 302-3119
E-mail: Case.Admin@sce.com

C. Categorization, Hearings, and Issues to be Considered Pursuant to Rule 2.1(c)

1. Proposed Category

SCE proposes that this proceeding be categorized as a “ratesetting” proceeding as defined in Rule 1.3(e) of the Commission’s Rules of Practice and Procedure and California Public Utilities Code Section § 1701.1(c)(3). SCE is not proposing specific rate increases at this time, but is seeking approval of its Energy Storage Procurement Plan including approval of its plan for later cost recovery.

2. Need for Hearings

SCE’s Application and the supporting Testimony and Exhibits constitute a sufficient record for the Commission to rule on SCE’s Application without the need for evidentiary hearings. SCE believes that all interested parties can comment and express their views in writing through written protests, testimony, and comments.

3. Proposed Schedule

SCE proposes the following expedited schedule, which meets the requirements of Rules 2.1(c) and 2.6 to resolve ratesetting proceedings within 18 months, and would allow SCE to begin its procurement activities in advance of the first Energy Storage solicitation by December 2014:

Application Filed	February 28, 2014
Daily Calendar Notice Appears	March 5, 2014
Protests and Responses Due	April 7, 2014 (next business day after April 6, 2014)
Reply to Protests and Responses Due	April 18, 2014
Prehearing Conference	May 2, 2014
Scoping Memo Issued	May 9, 2014

Concurrent Opening Briefs Due	May 23, 2014
Concurrent Reply Briefs Due	June 6, 2014
Proposed Decision Mailed	August 11, 2014
Comments on Proposed Decision Due	September 1, 2014
Reply Comments Due	September 8, 2014
Commission Vote	September 11, 2014

1. Issues to be Considered

The issues to be considered in connection with this Application are specified in SCE’s Testimony, the Summary of SCE’s Request in Section III above, and the Prayer for Relief set forth in Section VI below.

D. Organization, Qualification to Transact Business and Articles of Incorporation Pursuant to Rule 2.2

A copy of SCE’s Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission’s Rules of Practice and Procedure.

A copy of SCE’s Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE’s Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE’s Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the

California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 15, 2013, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Balance Sheet, Income Statement, and Summary of Earnings

SCE has attached hereto its most recent balance sheet and income statement as Attachment 2 and its most recent summary of earnings as Attachment 3.

F. Requirements That Are Not Applicable

Because this Application is not a general rate application and seeks only approval of SCE's 2014 Energy Storage Procurement Plan, the requirements of 3.2(a)(4), 3.2(a)(7), 3.2(a)(8), and 3.2(b)-(d) of the Commission's Rules of Practice and Procedure are not applicable.

G. Service List

SCE has served a copy of this Application and a Notice of Availability of its supporting testimony on all parties to R.10-12-007 and R.13-12-010. SCE has also served a copy of this Application and its supporting testimony on the Commission.

VI.

PRAYER FOR RELIEF

SCE respectfully requests that the Commission:

1. Grant expedited consideration of this Application;
2. Approve the Application in its entirety;
3. Approve SCE's proposed 2014 Energy Storage Procurement Plan;
4. Approve SCE's plan for cost recovery of its independent evaluator and program evaluation costs;
5. Authorize SCE to launch its 2014 Energy Storage RFO; and
6. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

JENNIFER TSAO SHIGEKAWA
NANCY CHUNG ALLRED

/s/ Nancy Chung Allred

By: Nancy Chung Allred

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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February 28, 2014

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 25th day of February 2014, at Rosemead, California.

/s/ Caroline Choi _____

By: Caroline Choi
Vice President, Integrated Planning and Environmental
Affairs
SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

Attachment 1

List of Applicable Statutes and Rules Impacting the Procurement Plan

Attachment 1
List of Applicable Statutes and Rules Impacting the Procurement Plan

Subject	Reference	Key Provision
Energy Storage	Assembly Bill (“AB”) 2514, codified at Public Utilities Code (“Pub. Util. Code”) Sec 2835	Requires California Public Utilities Commission (“CPUC”) to determine targets for load-serving entity procurement of energy storage resources
Energy Storage	CPUC Rulemaking (“R.”)10-12-007	Review of staff’s Energy Storage Framework proposal
Energy Storage	CPUC (“D.”) 13-10-040	Requires Investor-Owned Utility (“IOU”) procurement of energy storage pursuant to biennial CPUC-approval Plan
Greenhouse Gas (“GHG”) Emissions Performance Standard	Senate Bill (“SB”) 1368, codified at Pub. Util. Code Sec 8340	Prohibits “covered procurement” from exceeding CO2 emissions standard of 1100 lb/MWh
Renewables Portfolio Standard	AB 327	Requires IOUs to procure 33% of energy from renewable resources by 2020
GHG	AB 32, codified at Health & Safety Code § 38500 et seq.	Requires California to reduce greenhouse gas emissions to 1990 levels by 2020
Self-Generation Incentive Plan (“SGIP”)	Pub. Util. Code § 376.6 D.11-12-030	Establish SGIP to provide incentives for investing in distributed generation.
Permanent Load Shifting (“PLS”)	D.12-04-045 Resolution E-4586	Adopts PLS programs and budgets.
Demand Response	D.08-04-050 D.10-12-036	Load Impacts of Demand Response and Demand Response Participation in CAISO Market
Resource Adequacy	D.13-06-024	Energy Storage may be procured as a form of flexible capacity used to provide resource adequacy
Alternative-Fueled Vehicle Programs	R.13-11-007	Evaluation of electric vehicle batteries for energy storage
Long Term Procurement Plan (“LTPP”)	R.12-03-014	Need determinations may tie to procurement energy storage
Procurement Rules	D.07-12-052	Utility procurement outside of competitive solicitations; development of utility-owned resource

Transmission Interconnection Rules	California Independent System Operator (“CAISO”) Large Generator Interconnection Agreement	Requirements for generator interconnection to grid at transmission level
Distribution Interconnection Rules	Utility Wholesale Distribution Tariff	Requirements for generator interconnection with IOU-owned distribution system
Distribution Interconnection Rules	Rule 21	Interconnection at distribution level by Qualifying Facilities (“QFs”) under Public Utilities Regulatory Policy Act (“PURPA”), net metering, and SGIP
Confidentiality	D.06-06-066, D.08-04-023	Confidentiality of energy procurement information submitted to CPUC
Confidentiality	CPUC General Order 66-C	Exceptions to Public Records Act
Cost Recovery	D.04-12-048	10-year limit on recovery of procurement costs
Cost Recovery	D.06-07-029	Cost Allocation Methodology for long-term procurement of new generation
Cost Recovery	D.08-09-012	Responsibility for non-bypassable charges
Standards of Conduct	D.02-10-062, as modified by D.02-12-074; D.03-06-067; D.03-06-076.	CPUC Standards of Conduct for energy procurement

Attachment 2

Balance Sheet and Income Statement

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2013

(In millions)

OPERATING REVENUE	<u>\$ 9,631</u>
OPERATING EXPENSES:	
Fuel	249
Purchased power	3,569
Other operation and maintenance	2,540
Depreciation, decommissioning and amortization	1,223
Property and other taxes	229
Asset impairment and others	575
Total operating expenses	<u>8,385</u>
OPERATING INCOME	1,246
Interest income	8
Other income	81
Interest expense	(384)
Other expenses	(38)
INCOME BEFORE INCOME TAX	<u>913</u>
INCOME TAX EXPENSE	<u>196</u>
NET INCOME	717
Less: Dividends on preferred and preference stock	<u>75</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$ 642</u></u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
SEPTEMBER 30, 2013
ASSETS
(in millions)

UTILITY PLANT:

Utility plant, at original cost *	\$ 34,316
Less- accumulated provision for depreciation and decommissioning *	<u>7,817</u>
	26,499
Construction work in progress	3,099
Nuclear fuel, at amortized cost	<u>136</u>
	<u>29,734</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$68	70
Nuclear decommissioning trusts	4,332
Other investments	<u>130</u>
	<u>4,532</u>

CURRENT ASSETS:

Cash and equivalents	522
Receivables, less allowances of \$72 for uncollectible accounts	1,127
Accrued unbilled revenue	798
Inventory	272
Prepaid taxes	22
Derivative assets	47
Regulatory assets	506
Other current assets	<u>167</u>
	<u>3,461</u>

DEFERRED CHARGES:

Regulatory assets	8,015
Derivative assets	207
Other long-term assets	<u>372</u>
	<u>8,594</u>
	<u>\$ 46,321</u>

* Detailed by class on following pages.

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
SEPTEMBER 30, 2013
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:

Common stock	\$	2,168
Additional paid-in capital		589
Accumulated other comprehensive loss		(28)
Retained earnings		<u>7,467</u>
Common shareholder's equity		10,196
Preferred and preference stock		1,795
Long-term debt		<u>8,828</u>
Total capitalization		<u>20,819</u>

CURRENT LIABILITIES:

Short-term debt		1,354
Current portion of long-term debt		400
Accounts payable		1,228
Accrued taxes		148
Accrued interest		101
Customer deposits		199
Derivative liabilities		174
Regulatory liabilities		629
Deferred income taxes		159
Other current liabilities		<u>842</u>
		<u>5,234</u>

DEFERRED CREDITS:

Deferred income taxes		7,033
Deferred investment tax credits		106
Customer advances		132
Derivative liabilities		1,137
Pensions and benefits		1,726
Asset retirement obligations		3,371
Regulatory liabilities		4,989
Other deferred credits and other long-term liabilities		<u>1,774</u>
		<u>20,268</u>

\$ 46,321

Attachment 3
Summary of Earnings

**Southern California Edison
Summary of Earnings
2014 GRC Adopted Revenue Requirement
Thousands of Dollars**

Line No.	Item	Total
1.	Base Revenues	6,149,361
2.	Expenses:	
3.	Operation & Maintenance	2,511,482
4.	Depreciation	1,586,868
5.	Taxes	767,265
6.	Revenue Credits	(157,433)
7.	Total Expenses	4,708,181
8.	Net Operating Revenue	1,441,180
9.	Rate Base	18,292,195
10.	Rate of Return	7.88%