



CAP/JMH/UNC/ek4 6/12/2015

FILED
6-12-15
11:01 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap.

Rulemaking 15-03-011
(Filed March 26, 2015)

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES'
SCOPING MEMO AND RULING SEEKING PARTY COMMENTS**

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ASSIGNED COMMISSIONER AND ASSIGNED ADMINISTRATIVE LAW JUDGES' SCOPING MEMO AND RULING SEEKING COMMENTS

1. Overview

Pursuant to Rule 7.3(a)¹ of the Commission's Rules of Practice and Procedure (Rules), and following Prehearing Conferences held on May 20, 2015, this scoping memo affirms the preliminary categorization of this proceeding as quasi-legislative, sets forth the scope and procedural schedule for the proceeding, and names Carla J. Peterman as the presiding officer. Parties can appeal this ruling only as to the category of this proceeding under the procedures in Rule 7.6. Parties must mail paper copies of all filings to the assigned Commissioner and assigned Administrative Law Judges (ALJs). Electronic copies of certificates of service and service lists are sufficient; paper copies should not be mailed.

2. Background and Guiding Principles

2.1. Background

On March 26, 2015, the California Public Utilities Commission (Commission or CPUC) filed an Order Instituting Rulemaking (OIR) to address the enactment and ongoing implementation of Assembly Bill (AB) 2514² and to continue to refine policies and program details as required or recommended by Decisions (D.) 13-10-040 and D.14-10-045, which established the Energy Storage Procurement Framework Program and approved the utilities' applications in

¹ Unless otherwise stated, all references to a "Rule" or to "Rules" are to the Commission's Rules.

² Stats 2010, ch 469.

implementing the Program. In the OIR, the Commission also proposed the consideration of recommendations included in the California Energy Storage Roadmap, an interagency guidance document that was jointly developed by the California Independent System Operator (CAISO), the California Energy Commission, and the Commission. This rulemaking is the successor to Rulemaking (R.) 10-12-007.

In D.13-10-040,³ the Commission adopted an energy storage procurement target of 1,325 megawatts (MW) in four biennial solicitations through 2020 (non-investor-owned utility (IOU) load serving entities have targets based on 1% peak load by 2020). That decision provided a basis for cost/benefit analysis in several use cases, adopted caps for procurement of storage in various grid domains (Transmission, Distribution and Customer), and allowed for some flexibility across the Transmission and Distribution grid domains, but not into and out of the Customer grid domain. In addition, the decision allowed each IOU to utilize their proprietary protocols for assessing and selecting winning energy storage bids but required the IOUs to develop a consistent evaluation protocol (CEP) for reporting/benchmarking and facilitating a consistent comparison across utilities, bids, and use-cases. D.13-10-040 directed a comprehensive evaluation of the Energy Storage Framework and Design Program by no later than 2016 and once every three years thereafter.

In D.14-10-045, the Commission evaluated and approved the IOUs' energy storage plans for the 2014 biennial period, with some modifications. In addition, D.14-10-045 approved eligible energy storage technologies and adopted the

³ This accounting of D.13-10-040 and D.14-10-045 is meant to be illustrative and not exhaustive. Please see each respective decision for a complete list of policies and programs adopted.

Power Charge Indifference Adjustment (PCIA) mechanism to allow recovery of above-market costs associated with departing load for market/“bundled” energy storage projects but denied a request for an extension of the PCIA mechanism for market/“bundled” energy storage contracts beyond 10 years. Finally, the Commission approved the proposed IOUs’ CEP, with modifications, and directed that these protocols be used in December 2014 requirements and bid materials.

In December 2014, the CAISO, the Commission and the California Energy Commission, in cooperation with interested parties, published “Advancing and Maximizing the Value of Energy Storage Technology: A California Roadmap” (Storage Roadmap) to address ongoing challenges associated with continued expansion of energy storage in California. The Storage Roadmap identified needed actions, set priorities and defined the responsibilities of each organization to address the challenges. Several of the items identified in the Storage Roadmap will be considered in this proceeding.

2.2. Guiding Principles

This rulemaking, consistent with AB 2514 and Commission-adopted energy storage policy, will continue to adhere to the following guiding principles, set forth in D.14-10-045:

1. The optimization of the grid, including peak reduction, contribution to reliability needs, or deferment of transmission and distribution upgrade investments;
2. The integration of renewable energy; and
3. The reduction of greenhouse gas emissions to 80 percent below 1990 levels by 2050.

3. Scope of the Proceeding

As provided in the OIR, numerous parties filed opening comments on the preliminary scope, categorization, and need for hearing on or before May 4, 2015 creating a broad record to inform the initial discussion at the PHC.

This proceeding will be divided into two tracks. The first track will consider those issues that must be expeditiously resolved prior to commencement of the IOUs' 2016 energy storage procurement solicitations and the January 1, 2015 required Tier 2 Advice Letter compliance filings of Electric Service Providers (ESP) and Community Choice Aggregators (CCA). As such, Track 1 will be narrowly scoped. Track 2 will consider additional issues for the continued development and refinement of the Energy Storage Procurement Framework and Design Program as those issues can be sufficiently addressed given the short timeframe of the existing program. The assigned Commissioner may issue a revised Scoping Ruling refining Track 2 issues and setting a schedule as the proceeding progresses. The assigned Administrative Law Judges' may make revisions or provide further direction regarding the scope and schedule of this proceeding and the manner in which issues shall be addressed, as may be necessary for full and complete development of the record.

3.1. Track 1

The scope of Track 1 of this proceeding is as follows:

1. Procurement Best Practices

The Commission seeks to assess previous energy storage-specific solicitations (request for offers or RFOs) in order to determine what, if any, revisions are required prior to commencement of the second biennial RFO process. While energy storage is also procured through other solicitation processes, this rulemaking will focus on

energy-storage specific RFOs. However, parties are encouraged to provide information showing how issues related to energy-storage specific RFOs apply to other RFO processes and how issues related to other RFO processes apply to energy-storage specific RFOs. In comments to the OIR and at the PHC, parties raised several specific items, including treatment of ancillary services, debt equivalence, and levelized network upgrade costs. Rather than seeking comment on those specific issues, we keep the scope intentionally broad to address a wide range of possible topics. Thus, the Commission seeks to evaluate the following questions:

- a. What have we learned from the initial energy-storage specific RFO process?
- b. What are current best practices and current challenges associated with the energy-storage specific RFO process?
- c. What changes, if any, should be made to the energy-storage RFO process in advance of the second biennial RFOs?

2. Refinement of the Consistent Evaluation Protocol (CEP)

Using the results from Number 1 above, as well as other inputs, the Commission will evaluate the CEP to determine what upgrades or changes are required. Specifically, the Commission seeks input from parties on the following question:

- a. What refinements are necessary to the CEP to ensure it conforms to the Commission's adopted energy storage guiding principles set forth in Section 2.2. above?

3. Flexibility of Energy Storage Targets Between Grid Domains

D.13-10-040 provided the IOUs some flexibility in shifting MWs between targets. Specifically, the IOUs are allowed to shift up to 80% of MWs between the Transmission and Distribution (T&D) grid

domains, but no shifting is currently allowed between the Customer and the T&D domains. The Commission seeks to explore the following questions:

- a. Should the Commission modify the Energy Storage Procurement Framework to allow shifting of MWs into and out of the Customer grid domain?
- b. If so, what parameters should the Commission adopt to govern the shifting of MWs into and out of the Customer grid domain?
- c. What are the cost allocation implications of shifting into and out of the Customer grid domain?

4. Eligibility (Phase 1)

In D.14-10-045, the Commission clarified eligible technologies to be included in the 2014 Energy Storage Solicitation but deferred a broader discussion of eligibility to a future proceeding.⁴ In this proceeding, the Commission will take a two-phased approach to evaluating eligibility. Phase 1 will focus on new technologies not previously considered in preparation for the 2016 energy storage solicitation process. Phase 2 will address previously excluded technologies. Accordingly, the Commission seeks input on the following question:

- a. What, if any, new (not previously considered) storage technologies should the Commission consider to be eligible for energy storage solicitations on a going-forward basis?

5. Safety Standards

The Commission has an interest in determining that appropriate safety standards are developed and in place for energy storage

⁴ D.14-10-045 at 60.

systems within the Commission's jurisdiction. We seek input on the following questions:

- a. What utility safety standards and certifications are applicable to energy storage devices connected to the distribution grid, located at utility substations, or co-located with power generation facilities?
- b. How should safety standards be effectively monitored and communicated with the Commission and the public?

6. Energy Storage Target Tracking for CCAs and ESPs

In comments on the OIR, parties brought to the Commission's attention that there exists in certain cases uncertainty over which entity, the IOU or the CCA/ESP, may count particular projects toward their respective energy storage targets. The Commission seeks input on the following questions:

- a. For Self-Generation Incentive Program funded projects deployed within a CCA or ESP's service territory, which entity, the IOU or the CCA/ESP, should receive credit for the project toward their respective energy storage procurement target?
- b. Which entity, the CCA/ESP or the IOU (or a combination thereof) should receive credit for energy storage projects that are voluntarily deployed within the service territory of a CCA/ESP?

7. Cost Recovery/PCIA

In D.14-10-046, the Commission "authorized the use of the PCIA mechanism to recover above-market costs associated with direct access and other departing load for energy storage projects procured for bundled service, subject to Commission approval."⁵ However, the Commission declined to approve actual stranded costs prior to establishment of an approved PCIA methodology for determining

⁵ D.14-10-016 at 46.

above market stranded costs and a sufficient showing of existence of these costs. The decision directed the IOUs to propose a PCIA methodology (the Joint IOU Protocol) for determining above market stranded cost of bundled energy storage when they file applications seeking approval for contracts with the bundled service projects. Furthermore, D.14-10-046 declined a request to extend PCIA cost recovery for bundled energy storage contracts beyond 10 years given concerns about the mechanics of the application of PCIA to energy storage projects.

The Joint IOU Protocol will address the mechanics of the PCIA in terms of how it will be applied when dealing with non-generation resources. The Commission will retain consideration of these accounting and mechanics issues in the Applications the IOUs will file seeking approval for energy storage contracts, the first of which is due in December, 2015.

However, there are PCIA and other cost recovery issues that the Commission can address in the context of this proceeding. The Commission seeks input on the questions listed below. Cost recovery issues associated with any potential increase in targets or with multiple-use applications are deferred to Track 2. Cost recovery/allocation associated with movement into or out of the Customer grid domain is addressed underneath that issue.

- a. In D.14-10-046, the Commission approved the PCIA to recover above-market costs associated with departing load for energy storage projects for the 2014 solicitation. Should the Commission approve extension of the PCIA to future solicitations? On what basis?
- b. In D.14-10-046, the Commission denied a proposal to extend PCIA cost recovery beyond 10 years to the life of the contract. Have circumstances sufficiently changed to warrant considering an extension of PCIA to the life of the contract?
- c. Can the Commission sufficiently address any proposed changes to the PCIA cost recovery mechanism in this proceeding prior to approval of

the Joint IOU Protocol? If so, what changes can be addressed?

3.2. Track 2

The preliminary scope of Track 2 of this proceeding is set forth below. The Assigned Commissioner may issue an updated scoping memo prior to commencement of Track 2 to modify the scope or the assigned ALJ will issue a ruling providing clarification on the scope and setting a Track 2 schedule.

1. Revision of Energy Storage Procurement Targets

As stated earlier, the Commission adopted in D.13-10-040⁶ an energy storage procurement target of 1,325 MW in four biennial solicitations through 2020 (non-IOU load serving entities have targets based on 1% peak load by 2020). Taking into account performance in the initial round of energy procurement solicitations and the various energy-related statewide goals, the Commission may revisit energy storage procurement targets for the 2018 and 2020 solicitations and possibly beyond 2020. Specifically, the Commission will likely seek party input on the following questions:

- a. Should the Commission revise the adopted energy storage procurement targets applicable for the 2018 and 2020 solicitations independent of its consideration of expansion of eligible technologies? The Commission would also consider revision of targets for IOUs and LSEs/CCAs.
- b. Should the Commission adopt energy storage procurement targets beyond 2020 at this time? If so, what factors should the Commission consider in adopting future targets and what is an appropriate target?

⁶ This accounting of D.13-10-040 and D.14-10-045 is meant to be illustrative and not exhaustive. Please see each respective decision for a complete list of policies and programs adopted.

- c. If increased targets are adopted for ESPs/CCAs, what implications are there for PCIA/cost recovery and how should the Commission balance targets against the level of non-bypassable charges imposed upon ESPs/CCAs?

2. Eligibility (Phase 2)

In Track 2, the Commission will consider new or evolving circumstances that pertain to previously excluded energy storage technologies. In particular, the Commission will likely seek input on the following questions:

- a. What new information and/or evolving circumstances exist such that the Commission should revisit previously excluded energy storage technologies such as vehicle-grid integration and pumped hydro storage? The Commission will not consider comments that simply restate positions previously offered and addressed in D.14-10-045.
- b. What is the best way to value and procure large scale pumped hydro storage? This may include programs and vehicles outside of energy storage procurement solicitations.
- c. What, if any, are the barriers to procurement of large scale pumped hydro storage that can be addressed within this proceeding? For example, issues related to interconnection are best addressed in the Commission's ongoing rulemakings addressing that topic.

3. Multiple Use Applications

Multiple use applications are defined in the Storage Roadmap as those that provide multiple services to different entities or

jurisdictions.⁷ The Commission will likely seek input on the following questions:

- a. What types of multiple-use energy storage applications currently exist or may exist in the future?
- b. What cost-recovery issues arise in regards to multiple use applications, and how should the Commission address those issues?
- c. What other issues must the Commission consider in regards to multiple-use applications, including interconnection, metering, etc.?
- d. How should the CPUC and CAISO undertake dispatch coordination and prioritization for resources that have agreed to provide services to more than one entity?

4. Station Power

The treatment of station power in the context of energy storage may not be as straightforward as is the case for conventional generating assets. The Commission will likely seek party input on the following questions:

- a. What rules or guidelines are needed to distinguish station power from wholesale charging energy taken in by distribution connected storage assets participating in wholesale markets?
- b. Are any rules or guidelines required outside of those developed by the CAISO?
- c. What are the rate implications for station power in the context of energy storage?
- d. What other issues must the Commission consider in regards to station power in relation to energy storage projects?

⁷ Energy Storage Roadmap at 14.

5. Coordination Across Proceedings

The development and deployment of energy storage resources is cross-cutting touching several Commission proceedings and involving multiple state agencies, including the CAISO and the CEC. Coordination across proceedings and agencies is vital to the success of the Energy Storage Procurement Framework. The Commission will seek input to develop a list of all discrete or ongoing processes currently before other state agencies that impact the Commission's role in the deployment of energy storage in California. Energy Division staff will develop, with party input, a matrix showing the dependencies and decisional relationships between the Commission and other agencies in regards to energy storage.

6. Third-Party Owned Energy Storage

In the OIR, the Commission contemplated the exploration of non-utility assets owned by third-parties to provide permitted services to multiple customers. Parties, in comments to the OIR and at the PHC, requested further guidance from the Commission and raised the potential for legal issues including such assets potentially being considered utilities providing direct access power. The Commission will include this issue in Track 2 as a placeholder and mainly contemplates consideration of non-utility storage assets located on the utility side of the meter that provide services to multiple customers, such as storage supporting electric vehicle charging stations in a multi-tenant residential building.

7. Measurement and Evaluation (M&E)

The OIR contemplated tasking the Commission's Energy Division with developing an M&E plan for 2016. For the purposes of this rulemaking, the framework and budget have been previously determined in D.13-10-040 (*see* Section 4.14, Program Evaluation).⁸ No formal comment by parties is required for Energy Division to

⁸ D.13-10-040 at 66-67.

begin designing and implementing an M&E plan for 2016; however, as discussed in the section on development of the record below, parties will have an opportunity to informally work with Energy Division staff as it undertakes the 2016 M&E process. The results of the 2016 M&E evaluation will be incorporated into the record of this or a successor rulemaking.

The Commission will include M&E in Track 2 as a placeholder to discuss the need for revision of the process in years beyond 2016, including revision of the budget, should that become necessary.

8. Deferral/Displacement of Transmission and Distribution Upgrades

In the OIR, the Commission initially contemplated that this rulemaking would examine and clarify opportunities for storage to defer or displace transmission or distribution upgrades. Upon review of comments by parties to the OIR and at the PHC, it appears that this issue is best considered within the context of Rulemaking 14-08-013, in which the utilities are developing their Distribution Resource Plans. However, this issue is being held as a placeholder in Track 2 in the event that new issues come to light or circumstances change that warrant consideration within the context of this proceeding.

4. Development of the Record

The record in this proceeding will be developed primarily through party comment and workshops. As set forth in the schedule and ruling below, in Track 1, we will consider party comments and, where appropriate, we will use comments as a starting point for developing workshop agendas. Workshops will be held to allow parties and Energy Division staff to informally discuss many of the issues included in the scope of this proceeding. The assigned ALJs, the assigned Commissioner, or her staff may also attend workshops. Discretion will be left to Energy Division as to whether the appropriate output of each workshop is a workshop report (to be authored by Energy Division or parties, as designated by Energy Division,) staff proposal, whitepaper, etc. Parties will

have an opportunity to provide comment on any workshop outputs incorporated into the record.

5. Evidentiary Hearings

In the OIR, the Commission anticipated that the issues in this proceeding could be resolved through a combination of workshops and filed comments, and initially determined that hearings would not be necessary. In comments on the OIR, Marin Clean Energy articulated that hearings may be needed as issues of material fact may arise. We decline to formally schedule hearings at this time.

If, after submission of comments and the completion of workshops, any party contends that evidentiary hearings are still needed in Track 1 or 2 of this proceeding to address any issues within the scope of this case, such party shall, no later than the dates outlined in the schedule below, file a motion requesting evidentiary hearings. The motion shall:

- (1) Identify each area of relevant factual inquiry that has not been addressed;
- (2) Identify each material contested issue of fact on which hearings should be held (explaining, as necessary, why the issue is material); and
- (3) State why a hearing is legally required.

These requests shall also contain requests for briefing, if any, along with an explanation of what issues the party believes are appropriate for briefing and why. If any party formally requests evidentiary hearings and/or briefing as specified here, we will consider that request and inform parties of whether such hearings or briefing will be scheduled, and, if so, the dates for those activities.

6. Schedule

Tracks 1 and 2 of this proceeding will stand submitted upon written ruling of the ALJs. We anticipate this proceeding to conclude as set forth below.

However, the assigned Commissioner or ALJs may modify the schedule as required to promote the efficient and fair resolution of the matter.

Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(b), we conclude that Tracks 1 and 2 of this proceeding should extend for 24 months beyond the date of this scoping memo. The OIR presents many complex issues and may require coordination across multiple proceedings. It is therefore reasonable to adopt a 24-month timeframe for this proceeding.

Track 1

Date	Item
May 20, 2015	PHC (complete)
June 19, 2015	Notices of Intent to claim intervenor compensation due
July 8, 2015	Opening comments on Track 1 issues
July 23, 2015	Workshop to address procurement best practices, refinement of the CEP and M&E ⁹ for 2016 (feedback on Energy Division plans)
August 3, 2015	Reply comments on Track 1 issues
August 19, 2015	Workshop to address storage technology eligibility (Phase 1) and safety
September (late) 2015	Workshop reports due (Energy Division to determine responsible party for workshop reports, either Energy Division or another designated party).
October 2015	Comments (opening/reply) on workshop reports
December 2015	Proposed Decision

⁹ Although 2016 M&E plans are not specifically included in the scope of Track 1, this workshop will provide parties an opportunity to provide feedback to Energy Division staff and/or ask questions prior to commencement of the review process.

Track 2

Date	Item
September 2015	Ruling refining scope (if necessary) and setting Track 2 schedule
October 2015 (tentative)	Opening and reply comments on Track 2 Issues
November 2015 (tentative)	Track 2 Workshops
January 2016 (tentative)	Energy Division issues procedural and inter-agency coordination matrix
January 2016 (tentative)	Workshop reports due
February, 2016 (tentative)	Opening and reply comments on workshop reports
Second or Third Quarters 2016 (tentative)	Proposed Decision
Fourth Quarter 2016 (tentative)	2016 M&E evaluation incorporated into the record

7. Discovery

To the extent that discovery is needed in this proceeding, the following rules shall apply.

A party issuing a discovery request shall simultaneously provide a copy of that request to all other parties. A responding party shall provide a copy of its discovery response to all parties in this proceeding. Parties may use the service list to this proceeding to tender discovery requests and responses. Electronic copies of discovery requests and discovery responses are sufficient unless the receiving party requests a paper copy. We decline to set a specific deadline for responses to data requests at this time, and we encourage parties to work together to address all data requests in a timely manner.

Parties shall undertake a “meet and confer” process in a good faith effort to resolve any discovery dispute. The meeting may occur telephonically if that is more convenient than an in-person meeting. If that attempt does not resolve the dispute, the parties shall so inform the assigned ALJs. If necessary, the disputing parties may send an e-mail to the assigned ALJs regarding the dispute. The assigned ALJs may schedule a conference call, ask for written motions, refer the discovery dispute to the Law and Motion ALJs, or take other steps as deemed appropriate.

8. Motions for Party Status

To date, all motions for party status have been addressed. Parties should note that the maintenance of party status requires active participation in the proceeding, e.g. submitting formal filings, participating in workshops, etc. The assigned ALJs may remove party status if a party is not actively participating in the proceeding.

9. Filing, Service and Service List

All formally filed documents in this proceeding must be filed with the Commission’s Docket Office and served on the service list for this proceeding. Parties who provide an e-mail address for the official service list may serve documents by e-mail in accordance with Rule 1.10 (and must nevertheless serve a paper copy of all documents excluding certificates of service and associated service lists) on the assigned Commissioner and assigned ALJs, pursuant to Rule 1.10(e)), and are deemed to consent to e-mail service by other parties. If no e-mail address was provided, service should be made by United States mail.

Parties are encouraged to electronically file pleadings pursuant to Rule 1.13(b) as it speeds their processing and allows them to be posted on the

Commission's website. More information about electronic filing is available at www.cpuc.ca.gov/puc/efiling.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

10. Categorization, *Ex Parte* Rules, and Designation of Presiding Officer

Pursuant to Rule 7.1(d), the Commission preliminarily categorized this proceeding to be quasi-legislative, as that term is defined in Rule 1.3(d). In comments on the OIR, Eagle Crest Energy Company stated that all or part of this proceeding may need to be categorized as ratesetting, as that term is defined in Rule 1.3(e).

We affirm the Commission's initial categorization here; this proceeding shall be categorized as quasi-legislative. It is unclear how Eagle Crest Energy Company's assertions that establishing a "more attractive procurement environment"¹⁰ for large pumped hydro storage projects requires that this proceeding be categorized as ratesetting; therefore Eagle Crest Energy Company's request is denied. This ruling, as to category, is appealable pursuant to Rule 7.6.

Pursuant to Rule 8.3(a), *ex parte* communications in a quasi-legislative proceeding are allowed without restriction or reporting requirement.

¹⁰ Eagle Crest Energy Company Opening Comments, May 4, 2105 at 5-6.

Pursuant to Rule 13.2(c), Carla J. Peterman is the assigned Presiding Officer in this proceeding should hearings be required.

11. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner, and Julie M. Halligan and Melissa K. Semcer are the co-assigned ALJs in this proceeding.

12. Intervenor Compensation

As discussed during the May 20, 2015, 2011 PHC, parties seeking intervenor compensation pursuant to Pub. Util. Code §§ 1801-1812 must file and serve a Notice of Intent (NOI) to claim compensation no later than 30 days after the May 20, 2015 PHC. (Pub. Util. Code § 1804(a)(1)). In one or more separate ruling(s), the ALJ will address eligibility to claim compensation for the pending NOIs.

Parties intending to seek an award of intervenor compensation must maintain daily record keeping for all hours charged and a sufficient description for each time of entry. Sufficient means more detail than just “review correspondence” or “research” or “attend meeting.” In addition, intervenors must classify time by issues. When submitting requests for compensation, the hourly data should be presented in an Excel spreadsheet.

13. Ruling Seeking Party Comment on Track 1 Issues

Parties are requested to file and serve comments on the Track 1 questions listed below. Opening comments shall be due on July 8, 2015. Reply comments are due on August 3, 2015.

1. Procurement Best Practices

- a. What have we learned from the initial energy-storage specific RFO process?

- b. What are current best practices and current challenges associated with the energy-storage specific RFO process?
 - c. What changes, if any, should be made to the energy-storage specific RFO process in advance of the second biennial RFOs?
 - d. How do energy storage RFO specific issues apply to other RFO processes and vice versa?
- 2. Refinement of the Consistent Evaluation Protocol**
- a. What refinements are necessary to the CEP to ensure it conforms to the Commission's adopted energy storage guiding principles set forth in Section 2.2. above?
- 3. Flexibility of Energy Procurement Targets Between Grid Domains**
- a. Should the Commission modify the Energy Storage Procurement Framework to allow shifting of MWs into and out of the Customer grid domain?
 - b. If so, what parameters should the Commission adopt to govern the shifting of MWs into and out of the Customer grid domain?
 - c. What are the cost allocation implications of shifting into and out of the Customer grid domain?
- 4. Eligibility (Phase 1)**
- a. What, if any, new (not previously considered) storage technologies should the Commission consider to be eligible for energy storage solicitations on a going-forward basis?
- 5. Safety Standards**
- a. What utility safety standards and certifications are applicable to energy storage devices connected to the distribution grid, located at utility substations, or co-located with power generation facilities?
 - b. How should safety standards be effectively monitored and communicated with the Commission and the public?

6. Energy Storage Target Tracking for CCAs and ESPs

- a. For Self-Generation Incentive Program funded projects deployed within a CCA or ESP's service territory, which entity, the IOU or the CCA/ESP, should receive credit for the project toward their respective energy storage procurement target?
- b. Which entity, the CCA/ESP or the IOU (or a combination thereof) should receive credit for energy storage projects that are voluntarily deployed within the service territory of a CCA/ESP?

7. Cost Recovery

- a. In D.14-10-046, the Commission approved the PCIA to recover above-market costs associated with departing load for energy storage projects for the 2014 solicitation. Should the Commission approve extension of the PCIA to future solicitations? On what basis?
- b. In D.14-10-046, the Commission denied a proposal to extend PCIA cost recovery beyond ten years to the life of the contract. Have circumstances sufficiently changed to warrant considering an extension of PCIA to the life of the contract?
- c. Can the Commission sufficiently address any proposed changes to the PCIA cost recovery mechanism in this proceeding prior to approval of the Joint IOU Protocol?

8. Coordination Across Proceedings/Agencies

- a. Although not a Track 1 issue, time permitting, the Commission would appreciate any initial input from parties on the following:
 - i. Development of a list of all proceedings (including rulemakings and applications) currently before the Commission (or considered on an ongoing basis) that address or impact the development of energy storage in California.
 - ii. Development of a list of all discrete or ongoing processes currently before other state agencies that

impact the Commission's role in the deployment of energy storage in California.

IT IS RULED that:

1. This ruling confirms the Commission's preliminary finding that the category for this proceeding is quasi-legislative and finds that hearings may not be necessary. A final resolution on the need for hearings will be made at a later date. The ruling, only as to category, is appealable under Rule 7.6.
2. Carla J. Peterman is the designated Presiding Officer in this proceeding.
3. Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(b), the duration of this proceeding is 24 months from the date of this scoping memo.
4. The scope of this proceeding is set forth in Section 3.
5. To the extent parties wish to request evidentiary hearings, such requests shall be made according to the guidelines set forth in Section 5.
6. The schedule for this proceeding is set forth in Section 6 of this ruling.
7. The assigned Administrative Law Judges may make revisions or provide further direction regarding the scope of this proceeding and the manner in which issues shall be addressed, as may be necessary for full and complete development of the record.
8. The assigned Administrative Law Judges may modify the schedule adopted herein as necessary for the reasonable and efficient conduct of this proceeding.
9. Parties must serve all data requests and responses on all parties to this proceeding as set forth in Section 7 above.
10. Parties shall file and serve formal documents as set forth in Section 9.
11. Parties must adhere to all *ex parte* rules pertaining to this proceeding as set forth in Article 8 of the Commission's Rules of Practice and Procedure.

12. Any party wishing to submit a notice of intent to receive intervenor compensation shall do so within 30 days of the May 20, 2015 Prehearing Conference.

13. Parties are requested to file and serve comments on the questions set forth in Section 13. Opening and reply comments shall be filed and served on July 8, 2015 and August 3, 2015, respectively.

Dated June 12, 2015, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner

/s/ MARYAM EBKE for

Julie M. Halligan
Administrative Law Judge

/s/ MARYAM EBKE for

Melissa K. Semcer
Administrative Law Judge