



**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 2016
Energy Storage Procurement Plan.

A1603002 Application No. 16-03-_____

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) APPLICATION FOR
APPROVAL OF ITS 2016 ENERGY STORAGE PROCUREMENT PLAN**

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Dated: **March 1, 2016**

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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, Decision ("D.") 13-10-040 Adopting Energy Storage Procurement Framework and Design Program ("Storage Decision"), and D.16-01-032 On Track 1 Issues ("Track 1 Decision"), Southern California Edison Company ("SCE") submits this Application for Approval of its 2016 Energy Storage Procurement Plan ("Application"). In compliance with Ordering Paragraph 3 of the Storage Decision, SCE submits its proposed 2016 Energy Storage Procurement Plan. Concurrently with the filing of this Application, SCE is serving one volume of testimony in support of this Application, including related appendices.

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.

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.³ On October 21, 2013, the Commission issued the Storage Decision, which adopted, with modifications, much of the ACR’s straw proposal for procurement targets.⁴ The Storage Decision also requires the investor-owned utilities (“IOUs”)

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

⁴ D.13-10-040, at 9.

to file a procurement application containing proposals for energy storage procurement, with specific requirements, explanations, descriptions, and methodologies.⁵

On March 26, 2015, the Commission opened a successor rulemaking R.15-03-011 to consider policy and implementation refinements to the Energy Storage Procurement Framework adopted in the Storage Decision. On January 28, 2016, the Commission issued the Track 1 Decision which, among other things, maintained the investor-owned utilities' flexibility to design their request for offer ("RFO") processes, allowed greater flexibility of energy storage targets among grid domains, and extended the authorization of the Power Charge Indifference Adjustment mechanism for "bundled" energy storage services procured via the 2016 solicitation.

SCE files this Application and its biennial procurement plan in accordance with Ordering Paragraph 3 of the Storage Decision and the Energy Storage Procurement Framework, as modified by the Track 1 Decision. As explained in this Application and throughout SCE's Testimony, SCE's proposed 2016 Energy Storage Procurement Plan is reasonable and consistent with the policy objectives and goals of the Storage Decision, as well as the further refinements to the Energy Storage Procurement Framework adopted in the Track 1 Decision.

III.

SUMMARY OF REQUEST

A. Overview

SCE requests Commission approval of its 2016 Energy Storage Procurement Plan, which outlines SCE's proposed energy storage procurement activities for the 2016 energy storage procurement cycle. SCE seeks approval of its valuation methodology and selection process, its proposed procurement methodologies, including a 2016 Energy Storage Request for Offers ("ES RFO"), and the potential use of bilateral contracts for procurement of storage under special

⁵ D.13-10-040, Appendix A, Energy Storage Procurement Framework and Design Program, at 7-10.

circumstances. SCE also describes its efforts to develop utility-owned energy storage projects that can count towards SCE's energy storage targets in future biennial procurement cycles. SCE also outlines its plan for cost recovery of energy storage costs, including its intended mechanisms for cost recovery of third-party owned storage and customer-side programs.

B. Proposed 2016 Energy Storage Procurement Plan

For the 2016 storage procurement cycle, SCE has exceeded its procurement targets. Nevertheless, SCE intends to hold a 2016 Energy Storage RFO to continue its momentum in transforming the energy storage market. In its RFO, SCE intends to solicit Resource Adequacy ("RA") projects in preferred locations that will improve system performance. SCE also intends to continue its work to develop solicitation requirements and *pro forma* documents for innovative use cases such as distribution deferral, microgrids, and/or community storage. To the extent that SCE is able to clearly define specific applications for these alternative use-cases and how to contract for them prior to launching its ES RFO, SCE plans to include them in its solicitation. Additionally, if SCE includes use-cases such as distribution deferral, which may be addressed by energy storage *or* other distributed energy resources, SCE may determine that a broader solicitation of resource technologies may be needed, which would include, but not be limited to, energy storage.

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 as a portfolio solution to fulfill generation, distribution, and transmission needs where those needs can be identified.

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 2016 storage procurement target. SCE also has a number of storage projects planned that should count toward future storage targets. Additionally, SCE expects it may procure some energy storage projects

through existing procurement mechanisms such as its Renewables Portfolio Standard solicitation and its Preferred Resources Pilot.

Pursuant to the Storage Decision, SCE will also procure energy storage projects through its ES RFO, which will launch by December 1, 2016. Because cost-competitive and market-transformative storage opportunities might exist outside of a solicitation, SCE plans to consider bilateral contract opportunities as well as explore 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”) where appropriate, other authorized Commission proceedings such as SCE’s General Rate Case, or program-specific balancing accounts, as appropriate.

IV.

ORGANIZATION OF SCE’S TESTIMONY

Exhibit SCE-01, “Testimony of Southern California Edison in Support of its 2016 Energy Storage Procurement Plan,” is organized in a single volume with seven chapters as follows:

Chapter 1	Introduction
Chapter 2	Overview of SCE’s Energy Storage Portfolio Development Framework
Chapter 3	SCE’s Existing Eligible Storage
Chapter 4	Proposed Procurement During the 2016 Biennial Procurement Cycle
Chapter 5	Planned Storage Expected to Be Eligible In Future Procurement Cycles
Chapter 6	Safety Considerations
Chapter 7	Energy Storage Cost Recovery
Appendix A	Table with Details on All 2016 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 a biennial Application with the Commission containing its proposal for procuring energy storage resources by March 1, 2016. As required by the Storage Decision, SCE and the other IOUs developed a list of applicable rules and statutes impacting energy storage procurement; 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

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

Amber Dean Wyatt
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To request a copy of this Application, please contact:

Regina Coburn, Administrative Assistant
Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6646
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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 2016 Energy Storage Procurement Plan including approval of its plan for 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 obtain certainty concerning its procurement authorization in advance of its Energy Storage RFO (“ES RFO”) launch in December 2016:

Application Filed	March 1, 2016
Daily Calendar Notice Appears	March 8, 2016
Protests and Responses Due	April 7, 2016
Reply to Protests and Responses Due	April 18, 2016
Prehearing Conference	May 9, 2016
Scoping Memo Issued	May 23, 2016
Concurrent Opening Briefs Due	June 6, 2016
Concurrent Reply Briefs Due	June 20, 2016
Proposed Decision Mailed	August 22, 2016
Comments on Proposed Decision Due	September 12, 2016
Reply Comments Due	September 19, 2016
Commission Vote	September 29, 2016

4. 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.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, 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 14, 2014, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Service List

SCE has served a copy of this Application and its supporting testimony on all parties to R.15-03-011. 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 2016 Energy Storage Procurement Plan;
4. Approve SCE's plan for cost recovery;
5. Authorize SCE to launch its 2016 Energy Storage RFO; and
6. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

WILLIAM V. WALSH
AMBER DEAN WYATT

/s/ Amber Dean Wyatt

By: Amber Dean Wyatt

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SOUTHERN CALIFORNIA EDISON COMPANY

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March 1, 2016

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 26th day of February 2016 at Rosemead, California.

/s/ Colin Cushnie

By: Colin Cushnie
Vice President, Energy Procurement and Management
SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

Attachment 1

Attachment 1
List of Applicable Statutes and Rules That May Impact Energy Storage Procurement

Subject	Reference	Key Provision
Energy Storage	Assembly Bill (“AB”) 2514, codified at Public Utilities Code (“Pub. Util. Code”) § 2835	Requires California Public Utilities Commission (“CPUC”) to determine targets for load-serving entity procurement of energy storage resources
Energy Storage	CPUC Rulemaking (“R.”)15-03-011	Rulemaking to consider policy and implementation refinements to Energy Storage Procurement Framework and Design Program
Energy Storage	CPUC Decision (“D.”) 13-10-040	Requires Investor-Owned Utility (“IOU”) procurement of energy storage pursuant to biennial CPUC-approval Plan
Energy Storage	D.14-10-045	Approves IOU procurement applications for the 2014 biennial procurement period
Energy Storage	D.16-01-032	Addresses energy storage policy and program issues that must be resolved prior to the 2016 procurement solicitations
Greenhouse Gas (“GHG”) Emissions Performance Standard	Senate Bill (“SB”) 1368, codified at Pub. Util. Code § 8340 D.07-01-039	Prohibits “covered procurement” from exceeding CO2 emissions standard of 1100 lb./MWh
Renewables Portfolio Standard	SB 350, codified at Pub.Util. Code § 399.11 <i>et seq.</i>	Requires retail sellers and local publicly owned electric utilities to procure 50% of energy from renewable resources by December 31, 2030
Renewables Portfolio Standard Target	Pub.Util. Code § 399.15(b)(5)(B)(ii)	Retail sellers’ efforts to develop energy storage to integrate eligible RPS resources are among the factors underlying a CPUC waiver of an RPS target
Clean Energy	Pub.Util. Code § 400	The CPUC and California Energy Commission shall, where feasible, increase the use of energy storage, among other strategies, to meet clean energy objectives

Subject	Reference	Key Provision
GHG	AB 32, codified at Health & Safety Code § 38500 et seq.	Requires California to reduce GHG emissions to 1990 levels by 2020
Self-Generation Incentive Plan (“SGIP”)	Pub.Util. Code §§ 379.5 and 379.6 D.01-03-073; D.08-11-044; D.11-09-015	Establishes 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
Resource Adequacy	R.14-10-010	Continued refinements to Resource Adequacy Program and establish flexible capacity requirements
Resource Adequacy	D.15-06-063	Decision refining Resource Adequacy Program adopting modification to flexible RA rules for storage
Alternative-Fueled Vehicle Programs	R.13-11-007	Evaluation of electric vehicle batteries for energy storage
Integrated Resource Plan	SB 350, codified at Pub. Util. Code §§ 454.51-454.52 R.16-02-007	Need determinations may tie to procurement of energy storage
Long-Term Procurement for Local Capacity Requirements	D.14-03-004	Authorizes procurement of preferred resources and energy storage
Distribution Resource Planning and Sourcing using Distributed Energy Resources (“DERs”)	Pub.Util. Code § 769(g); R. 14-08-013 (“DRP”); 14-10-003 (“IDER”)	Proceedings in process to develop plan and pilot programs for DER integration and to develop potential sourcing mechanisms for DER grid services
Local Capacity Requirement Application for Approval of Contracts in the Western	D.15-11-041	Decision approving Energy Storage contracts resulting from SCE’s LCR RFO

Subject	Reference	Key Provision
LA Basin		
Local Generation Charge (“LGC”)	D.13-03-029	Authorized SDG&E to establish an LGC rate component which is designed to recover new generation costs for local reliability that are deemed to be subject to Cost Allocation Mechanism (“CAM”) policy
Procurement Rules	D.07-12-052	Utility procurement outside of competitive solicitations; development of utility-owned resource
Transmission Interconnection Rules	California Independent System Operator Corporation (“CAISO”) Large Generator Interconnection Agreement	Requirements for generator interconnection to grid at transmission level
Distribution Interconnection Rules	Wholesale Distribution Access 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 Utility Regulatory Policies Act of 1978 (“PURPA”), net metering, and SGIP
Net Energy Metering	D.14-05-033	Customer-sited systems interconnecting with storage are treated the same as systems interconnecting without storage
Net Energy Metering	D.16-01-044	The “storage mandate charge” is collected through the PCIA and should not be part of the non-bypassable charge in the NEM successor tariff
Confidentiality	Pub. Util. Code § 454.5(g); D.06-06-066, D.08-04-023, D.11-07-028	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 (“CAM”) for long-term procurement of new generation

Subject	Reference	Key Provision
Cost Recovery	D.08-09-012	Responsibility for non-bypassable charges
CAM	D.11-05-005	Modifies new generation and long-term contract CAM
Cost Recovery	Pub. Util. Code § 454.51(c)	Net costs of resources used to integrate renewable energy resources are allocated on a fully nonbypassable basis consistent with CAM
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