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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39-E) for Authorization to Procure Energy Storage Systems during the 2016-2017 Biennial Procurement Period Pursuant to Decision 13-10-040

Application 16-03-001
(Filed March 1, 2016)

Application of Southern California Edison Company (U 338-E) for Approval of Its 2016 Energy Storage Procurement Plan.

Application 16-03-002
(Filed March 1, 2016)

Application of San Diego Gas & Electric Company (U 902 M) for Approval of Energy Storage Procurement Framework and Program As Required by Decision 13-10-040.

Application 16-03-003
(Filed March 1, 2016)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER
AND ADMINISTRATIVE LAW JUDGE**

Summary

This Scoping Memo and Ruling sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.¹ This ruling is appealable only as to categorization, pursuant to Rule 7.6.

¹ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

1. Procedural 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). AB 2514 directed the Commission to determine appropriate targets, if any, for each Load-Serving Entity (LSE) as defined by Pub. Util. Code § 380(j) to procure viable and cost-effective energy storage systems and set dates for any targets deemed appropriate to be achieved.²

In response to this state mandate, the Commission adopted Decision (D.) 13-10-040, its “Decision Adopting Energy Storage Procurement Framework and Design Program.” D.13-10-040 directs Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to file on or before March 1, 2014, and biennially thereafter through 2020, an application for approval of a plan to procure energy storage resources to address the targets and policies of the Commission’s Energy Storage Procurement Framework and Design Program. The energy storage framework and procurement applications for the 2014 biennial period were subsequently approved in D.14-10-045. These applications are for approval of the 2016 biennial period.

In compliance with D.13-10-040, PG&E, SCE, and SDG&E filed procurement applications on March 1, 2016. PG&E proposes to procure 115.3 megawatts (MW), and may count 4.7 MW of existing eligible projects towards its 2016 procurement target. SCE states that it has already exceeded its 2016 procurement targets but will hold a 2016 Energy Storage Request for Offers (RFO) to solicit up to 20 MW of resource adequacy-eligible energy storage

² Unless otherwise stated, all statutory references are to the Public Utilities Code.

projects in specified locations. SCE is also exploring additional use cases to include in its 2016 solicitation. SDG&E proposes to solicit up to 140 MW in its 2016 Preferred Resources Local Capacity Requirement Request for Offers from five different resource types, including energy storage. In addition, SDG&E plans to issue a Request for Proposals for up to 4 MW of Distribution Reliability/Power Quality energy storage resources.

On March 23, 2016, the assigned Administrative Law Judge (ALJ) issued an e-mail ruling authorizing the extension of time for the filing of responses/protests and replies. Protests and responses³ were filed on April 11, 2016 by the Office of Ratepayer Advocates (ORA); The Utility Reform Network (TURN); Marin Clean Energy and Sonoma Clean Power Authority (jointly CCA Parties); City of Lancaster; the Alliance for Retail Energy Markets and Direct Access Customer Coalition (jointly AReM/DACC); California Energy Storage Alliance (CESA); Green Power Institute (GPI); MegaWatt Storage Farms, Inc.; and Stem, Inc. PG&E, SCE, and SDG&E filed replies on April 21, 2016. A prehearing conference (PHC) was held on May 24, 2016.

2. Scope of Issues

Consistent with AB 2514,⁴ the Commission's energy storage procurement program is guided by three purposes:

³ In general, most parties filed protests or responses against all three applications. For simplicity, we list each filer only once, regardless of the number of protests or responses filed.

⁴ According to Appendix A at 2, "Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company shall procure under contract (*i.e.*, pending contract, under contract, or installed) 1,325 MW of energy storage by 2020 with the requirement that the overall procurement goal of 1,325 MW will be installed and delivered to the grid no later than the end of 2024, where MW represents the peak power capacity of the storage resource in terms of maximum discharge rate." Specific procurement targets were

Footnote continued on next page

- 1) 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, per California's goals.

While energy storage may serve additional purposes within California's energy supply, the Commission has applied these three overarching purposes in setting procurement targets, designing procurement, and evaluating progress.

In protests and discussion at the PHC, numerous potential issues were raised. It was clear during the discussion that many of the potential issues have been already resolved (or are being resolved) in other forums or are more properly considered when the utilities submit energy storage contracts for consideration. As such, the 2016 energy storage procurement plan issues are limited to the following questions:

1. Should PG&E's, SCE's, and SDG&E's proposed procurement plans for the 2016 Biennial Solicitation be adopted?
2. Do the proposed procurement plans, including the evaluation methodologies for shortlisting the utilities' 2016 Energy Storage RFO protocols, comply with D.13-10-040 and D.16-01-032?
3. Have the utilities correctly counted existing eligible energy storage credits toward their 2016 energy storage

allocated to each of the investor-owned utilities according to transmission, distribution, and customer grid domains.

⁴ See Pub. Util. Code §2835(a)(3).

procurement targets as directed in D.13-10-040 and D.16-01-032?

4. Are the safety requirements in the utilities' 2016 Energy Storage RFO protocols reasonable and will the utilities' proposed procurement plans ensure safe and reliable delivery of energy to customers?
5. Are the terms and conditions for the provision of energy storage services in the utilities' 2016 Energy Storage RFO protocols reasonable?
6. Should SDG&E be allowed to include a contingency provision in its selection process that shortlisted offers may be considered non-conforming in the event that the Commission does not adopt SDG&E's proposed time of use periods in A.15-04-012 as amended on February 9, 2016?

As we discussed at the PHC, cost recovery will not be revisited in this proceeding, but will follow the framework already adopted by prior decisions. The assignment of specific cost recovery approaches for contracts that count towards the 2016 solicitation will be considered in proceedings where approval of such contracts is addressed, not in the context of the 2016 plans. Further, calculation of the Power Charge Indifference Adjustment (PCIA) as it relates to energy storage is currently being addressed in A.15-12-003, et al.

By June 8, 2016, the utilities must send an e-mail to the service list identifying testimony that should be stricken or clarified as a result of this ruling and serve a copy of that revised testimony.

3. Consolidation

We agree with the parties that the administrative simplicity of handling these applications in a consolidated manner outweighs any potential burden to the applicants of consolidation. Therefore, A.16-03-001, A.16-03-002, and A.16-03-003 are consolidated.

4. Categorization and Need for Hearings

The Commission in Resolution ALJ 176-3374 issued on March 17, 2016, preliminarily determined that the category of these proceedings is “ratesetting” as defined by Rule 1.3(e) and preliminarily determined that hearings are needed. In this Scoping Memo, we affirm the category determination in accordance with Rule 7.1. The proceeding categorization of “ratesetting” is appealable pursuant to Rule 7.6.

At the PHC we discussed the need for hearings, with a number of parties advocating that hearings and testimony might be needed. The assigned ALJ even went so far as to establish a tentative schedule that would allow the parties to weigh in on the need for hearings on June 15. After further review of the applications, protests, responses, and PHC transcript, and based upon the narrow scope of the issues for these applications, we have concluded that hearings are not needed in order to decide these issues. Therefore, in this Scoping Memo, we change the preliminary determination on the need for hearing and conclude that the issues can be fully resolved through briefing without the need for evidentiary hearings. Consistent with Rule 7.5, this change in the preliminary determination will be placed on the Commission’s Consent Agenda for approval.

Because we make a final determination that hearings are not required, Rule 13.13 ceases to apply, along with a party’s right to make an FOA.

Commissioner Carla J. Peterman is the assigned Commissioner for this proceeding. Administrative Law Judge Michelle Cooke is designated as the Presiding Officer for this proceeding.

5. Schedule

At the PHC, the parties discussed various schedules, assuming that hearings would be needed. However, we have concluded that hearings are not needed and therefore adopt the alternative schedule discussed at the PHC. We anticipate completing consideration of this application well within the statutory requirement in Public Utilities Code § 1701.5 of 18 months or less after the issuance of this Scoping Memo.

Item/Action	Date
Concurrent Opening Briefs	June 27, 2016
Concurrent Reply Briefs	July 11, 2016
Proposed Decision issued for comment	Target: September 2, 2016

6. Ex Parte Communications

Because we have determined that hearings are not necessary, Rules 8.2, 8.2(c), 8.3 and 8.4 of the Commission’s Rules of Practice and Procedure with respect to *ex parte* communications in ratesetting proceedings, cease to apply.

7. Service List

The most current service list for this proceeding is maintained by the Commission’s Process Office and posted on the Commission’s web site, www.cpuc.ca.gov. Parties are responsible for ensuring that the correct information is contained on the service list, including limiting the persons listed in the “Parties” category to one person per organization. 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 ALJ may remove party status if a party is not actively participating in the proceeding. Parties removed from party status will be placed in the Information Only category. Additional persons may be listed as “Information Only.” Parties are

required to notify the Process Office and other parties of corrections or changes to the service list, in accordance with Rule 1.9(f).

Requests for party status must be made by motion, in accordance with Rule 1.4.

8. Documents

All documents in this proceeding must be filed and served in accordance with the Commission's Rules with the exception of the requirements in Rules 1.9(e) and 1.10(c) to serve a copy of the certificate of service/service list, which are suspended for this proceeding. Documents should be served in the format in which they were filed (typically PDF), or in the format required by any ruling of the assigned ALJ. Parties should promptly provide documents in the underlying format (*e.g.*, Microsoft Word) upon timely request by another party.

The utilities should submit their revised testimony and should follow the protocols for submitting Supporting Documents set forth at <http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546>.⁵ The Supporting Document feature does not change or replace the Commission's Rules of Practice and Procedure. Parties must continue to adhere to all rules and guidelines in the Commission's Rules of Practice and Procedure including but not limited to rules for participating in a formal proceeding, filing and serving formal documents and rules for written and oral communications with Commissioners and advisors (*i.e.* "ex parte communications") or other matters related to a proceeding. Consistent with the requirements for all formally filed documents, all documents submitted through the "Supporting Documents"

⁵ Applicant should promptly submit the public version of its testimony in support of its application in the Supporting Documents feature, no later than April 1, 2016.

feature must be in PDF/A format. The Supporting Document feature is intended to be solely for the purpose of parties submitting electronic public copies of testimony, work papers and workshop reports (unless instructed otherwise by the Administrative Law Judge (ALJ)), and does not replace the requirement to serve documents to other parties in a proceeding. Unauthorized or improper use of the Supporting Document feature will result in the removal of the submitted document by the Commission. The documents submitted through the Supporting Document feature are for information only and are not part of the formal file (*i.e.* "record") unless accepted into the record by the ALJ.

Commissioner Peterman and ALJ Cooke should receive documents by e-mail only unless otherwise specified. If the Commissioner or ALJ request hard copies, the hard copies should be printed on both sides of the page, be stapled, and include a copy of the certificate of service. Hard copies should not include a copy of the service list, a cover sheet, or copies for more than one person in the same envelope.

9. Discovery

To the extent discovery is conducted in this proceeding, this proceeding will follow the general rule of no more than ten working days to respond to data requests. This rule will apply to all parties. If a longer response time is required, the party preparing the response shall so notify the requesting party and indicate when the response will be sent. Such notice should be provided as soon as possible, but no later than ten days after receipt of the request. If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the Commission pursuant to Rule 10.1.

10. Intervenor Compensation

Any party that expects to request intervenor compensation for its participation in this rulemaking must file its notice of intent to claim intervenor compensation in accordance with Rule 17.1 and Sections 1801-1812. Because the PHC was held on May 24, 2016, that deadline is June 23, 2016, at 5:00 p.m. (PDT).

IT IS RULED that:

1. The scope of issues and schedule set forth above are hereby adopted for these proceedings.
2. Applications 16-03-001, 16-03-002, and 16-03-003 are consolidated.
3. The assigned Commissioner and/or Administrative Law Judge may modify the schedule set forth in this scoping memo as needed.
4. The duration of this proceeding is 18 months from the date of this scoping memo and ruling.
5. This proceeding is categorized as ratesetting, as that term is defined in Public Utilities Code Section 1701.1(c)(3). This determination is appealable pursuant to Rule 7.6.
6. Hearings are not needed in this proceeding.
7. *Ex parte* communications' restrictions and reporting requirements of Rule 8.2, 8.2(c), 8.3, and 8.4 do not apply to this proceeding.
8. Party status may be requested by filing a motion for party status according to Rule 1.4.
9. By June 8, 2016, the utilities must send an email to the service list identifying testimony that should be stricken as a result of this ruling and serve a copy of that revised testimony.
10. Applicant shall promptly submit the public version of its revised testimony in support of its application in the Supporting Documents feature, no later than

June 8, 2016.

(<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546>).

11. Parties shall use the Naming Convention for Electronic Submission of Supporting Documents

(<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=100902765>).

12. All documents submitted through the “Supporting Documents” feature shall be in PDF/A format.

13. Any party requesting intervenor compensation must file notice of intent to claim intervenor compensation in this proceeding within 30 days of the May 24, 2016 Prehearing Conference.

14. Commissioner Carla J. Peterman is the assigned Commissioner for this proceeding.

15. Administrative Law Judge (ALJ) Michelle Cooke is the Presiding Officer for this proceeding.

Dated June 3, 2016, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner

/s/ MICHELLE COOKE

Michelle Cooke
Administrative Law Judge