

Via email to: dockets@energy.ca.gov

October 17, 2014

Commissioner Andrew McAllister
California Energy Commission
Sacramento, CA 95814

Re: Comments on Proposition 39 Guidelines, Docket No. 13-CCEJA-1

Dear Commissioner McAllister:

We are writing to offer our comments in response to the proposed staff revisions to the Proposition 39 (Prop 39) Guidebook. We appreciate the Commission's hard work and dedication in its continuing oversight and implementation of a proposition that received overwhelming support from the public.

We specifically request that the Guidebook explicitly make energy storage technologies eligible for Prop 39 funding. By doing so, the Commission will join the California Public Utilities Commission (CPUC)¹, the California Independent System Operator, and other entities in recognizing the transformational role energy storage can play in modernizing our grid. We believe energy storage projects constitute "clean energy installations" for the purposes of Prop 39. Authorizing schools to use Prop 39 funding to deploy energy storage technologies would provide a necessary catalyst to further California schools' already impressive leadership in investing in a more reliable and sustainable electric grid.

Energy storage is an enabling technology, especially when paired with renewable generation, with multiple applications and uses cases at all points of interconnection with the grid. As California reduces its reliance on fossil-fueled generation and expands its use of renewable resources, there is a growing consensus that energy storage can best address the operational realities of intermittent renewable generation and transform this generation into firm, dispatchable resources that utilities can rely on. Distributed energy storage has enormous potential to integrate these resources on both sides of the meter, provide grid support and ancillary services to increase reliability, and shift load or reduce peak demand. Our members are investing millions of dollars in research and development and making substantial capital expenditures to fully realize this potential.

As early as 2011, the Commission's Public Interest Research Program published a report, "2020 Strategic Analysis of Energy Storage in California," which highlighted the importance of energy storage in renewables integration and the maintenance of a reliable and efficient electric grid. The report recommended that the CPUC and Commission should consider developing and implementing policies to eliminate barriers to energy storage deployment that prevent cost-

¹The CPUC recently adopted an energy storage procurement mandate in D. 13-10-040 and streamlined interconnection rules for storage technologies paired with renewable energy resources in D. 14-05-033.

effective deployment.² Authorizing schools to invest in storage technologies with Prop 39 monies is consistent with this recommendation and Prop 39, and will help the industry reduce costs, which only occurs with scale in manufacturing, increased customer adoption, and the elimination of regulatory, tariff and other barriers.

Energy storage technologies, such as lithium-ion or advanced lead acid batteries, can help schools reliably shift or reduce peak loads and, thus, minimize demand charges in a predictable manner. Since demand charges often comprise at least one-quarter of a school's total electricity costs, energy storage can significantly reduce these costs and give schools greater control over their operating expenses, allowing them to direct associated savings towards core educational programs. Importantly, energy storage can both deepen savings for the hundreds of California schools that have already deployed clean distribution generation and accelerate adoption of such for the thousands of other schools who have yet to realize these savings. We believe these benefits are entirely consistent with the spirit and intent of Prop 39.

Thank you for your consideration. Please do not hesitate to contact us if you have any questions.

Sincerely,

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California Energy Storage Alliance

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Solar Energy Industries Association

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² At page 185.