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October 21, 2009

California Energy Commission
Dockets Office, MS-4

RE: Docket No. 09-IEP-1A
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Eagle Crest Energy Recommendations for Draft 2009 IEPR
Docket No. 09-IEP-1A "Draft 2009 IEPR"

Eagle Crest Energy respectfully submits the following comments and recommendations regarding energy storage for the CEC's consideration as you prepare your final 2009 IEPR Report.

The renewables section of the report, under renewable integration, contains an excellent description of the role energy storage will need to play in the integration of an increasing percentage of renewables into the California electrical grid. The report also details many of the benefits of energy storage: displacement of natural gas generation; quick response; provision of ancillary services such as frequency response and spinning reserve; firming of renewable generation; improving system reliability.

The report also details barriers to development of utility-scale storage including inadequate funding under current tariffs. It noted that the California ISO, recognizing the important role of energy storage in the integration of renewables into the electricity system is studying policies on participation by storage in ancillary services markets, and on eliminating barriers to increased deployment.

In the recommendations on renewable integration, in the renewables section, after acknowledging that integration of renewables will be a major challenge, there is the statement that "Energy storage technologies can assist with renewable integration by allowing better matching of renewable generation with electricity needs." Eagle Crest suggests the substitution of "Significant energy storage will be required to integrate future levels of renewables by allowing better matching of renewable generation with electricity needs." We believe this language better reflects the substance in the report. Eagle Crest supports the "Renewables" recommendation that the Public Interest Energy Research Program should continue its research efforts on the appropriate specifications

of energy storage systems needed to integrate intermittent renewables. However we believe the report could be strengthened by a specific reference to cooperation between

the Energy Commission, the California Public Utilities Commission and the California ISO on the issues involving storage. This could be accomplished by editing the second and third “Renewables” recommendations, or by the addition of another recommendation such as:

“The Energy Commission should work with the California Public Utilities Commission and the California ISO to identify the amount of energy storage necessary to support the integration of increasing amounts of renewables into the California grid and the measures necessary to enable that energy storage to be developed.”

On a more general note, energy storage issues are crosscutting. While treated in the 2009 IEPR as a renewable issue, storage is highlighted in the CEC 2009 Strategic Transmission Investment Plan as an important transmission issue. Utility scale storage can also be viewed as a major generation source, and as a major load. Storage will be vital to the implementation of the Smart Grid. We would request consideration of including the crosscutting aspects of energy storage in your 2010 IEPR update, as preparation for inclusion of energy storage in your 2011 IEPR.

William J. Keese