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ENERGY
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ASSOCIATION

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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-IEP-1N
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Independent Energy Producers Association Comments on the 2011 Integrated Energy Policy Report Committee Workshop on Energy Storage for Renewable Integration, convened April 28, 2011.

Dear IEPR Committee:

The Independent Energy Producers Association (IEP) appreciates the opportunity to comment on the IEPR Committee workshop on Energy Storage for Renewable Integration, convened April 28, 2011. The workshop was very informative and provided a broad range of perspectives from the energy storage providers, to the utilities, and the respective energy agencies (CEC, CPUC, CAISO). As defined in the workshop, storage is "a physical system with the ability to capture energy for dispatch or for displacement of electricity use at a later time."[1] There are over 30 different products that energy storage systems can provide, few of which are valued in the market today. However, the CAISO is actively pursuing operational and market enhancements to support renewable integration which may present an opportunity for products including intermittent energy smoothing, ramping, over-generation mitigation, and regulation energy management to be supplied by energy storage systems.

IEP's comments on the Energy Storage workshop relate to the following:

- Rather than creating a mandate for energy storage resources per se, a technology neutral approach, which identifies the "product need" first and then determines the best technology to meet those needs through the competitive procurement process, should be employed.
- Storage is just ***one*** of the resources that can provide the "products" that will be needed to integrate renewables at the identified policy levels.
- Storage ownership options should remain flexible and competitive to provide the least-cost and best-fit solutions.

I. Identify the Product Need FIRST; Then Determine the Appropriate Resource. During the panel on "The Utilities' Perspective on Energy Storage," there seemed to be a general consensus amongst the utilities to not create a set aside for energy storage technologies, but to create an approach, which is technology neutral, and provides a clear and practical

[1] Strategic Analysis and 2020 Energy Storage Vision for California, slide 3.

structure to identify and assess the roles for energy storage.[2] In addition, the utilities favored a notion that identifies the renewable integration product needs FIRST (need is technology neutral) and then determines the best resource to meet the identified need through a competitive process.[3]

Adopting mandatory energy storage procurement targets prematurely may not fulfill the "product needs" that are being sought. Storage systems differ in application whether they are grid connected, paired with a renewable generator, or used primarily behind the meter. Creating a blanket mandate for storage may not recognize the wide diversity of technologies that are available to meet this product need. On the other hand, a technology neutral approach which identifies the "product" need FIRST, and then determines the best technology to meet those needs through a competitive procurement process, will ensure that the least-cost and best-fit resource is procured. In essence, after the "needed products" are identified, energy storage resources would be examined on a competitive level playing field as one of the solutions, as with other technologies.

II. Storage as *ONE* Option for Renewable Integration. As noted throughout the workshop, storage is a potential "game changer" to how we have viewed renewable energy integration thus far. Storage has the potential to provide grid operational support, enable electric energy shifting, provide load following capabilities, etc. While IEP is supportive of including storage in the mix of resources that can be procured to provide the ancillary services, grid reliability and load following characteristics that will be needed to integrate renewable energy resources, storage should be viewed as only ***one*** of the resources that can provide these needed services and products. In fact, other flexible, fast-ramping technologies, e.g. gas-fired generators or gas paired with Variable Energy Resources, can provide many of these "products" as well.

III. The Storage Ownership Model Should Remain Flexible and Competitive. As a result of the different applications for energy storage systems, there are also various ownership models that may occur (i.e. end use customer, third party developer, resource generator, utilities, etc.). At this time IEP recommends keeping the ownership model flexible and competitive allowing multiple ownership structures to exist. Allowing multiple ownership structures will ensure that the least cost solutions will be employed and the storage market will continue to be competitive.

IEP thanks the CEC for this opportunity to comment on the IEPR committee workshop on Energy Storage for Renewable Integration.

Respectfully submitted,

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[2] SCE presentation, slide 2.
[3] PG&E Presentation, slide 2.

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