

January 9, 2014

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California Energy Commission

DOCKETED

13-IEP-1A

TN 72466

JAN 09 2014

Lead Commissioner: Andrew McAllister
California Energy Commission
Dockets Office, MS-4
Re: Docket 13-IEP-1A
1516 Ninth Street
Sacramento, California 95814-5512

**Re: Comments of the California Energy Storage Alliance
on Final 2013 Integrated Energy Policy Report**

Dear Commissioner McAllister:

On October 29, 2013, CESA filed very specific comments on the Draft 2013 IEPR that was noticed for public comment, urging the Energy Commission to consider the role of energy storage in California's electric power system in a more serious and sharply focused way. Specifically, CESA urged the Energy Commission to fully discharge its statutory duty under AB 2514 to: "report to the Legislature via each integrated energy policy report prepared pursuant to Section 25302 of the Public Resources code, the progress made by each local publicly owned utility." Given this fact, CESA now finds the current Final 2013 IEPR bereft of any leadership on, or even recognition of, the legislature's explicit requirement regarding energy storage and its important role in helping to achieve California's energy policy goals.

To illustrate this point, the Executive Summary of the Draft 2013 IEPR (at pages 2-15) uses the word "storage" seven times – of these references, six of them relate to spent nuclear fuel or natural gas storage. Storage is only mentioned once (on page 9) as part of a list of alternatives for "incremental resource need." In fact, a word search of the body of the document follows a similar pattern, where storage is addressed almost entirely in reference to natural gas storage, biogas storage or the storage of nuclear waste. There is one specific section (on page 114) which actually refers to the CPUC's recent ground breaking work on energy storage via long term procurement planning and includes a footnote reference to the CPUC's compliance with the requirements of AB 2514. Interestingly, both the discussion and the footnote are **totally silent** on the compliance requirement placed on the CEC with regard to publicly owned utilities. The text of the discussion and the footnote excerpted from the Draft 2013 IEPR are attached for ease of reference.

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At a minimum, CESA respectfully suggests that the Energy Commission should include in its Final 2013 IEPR the valuable role that energy storage can and will play in each of the general subject areas covered by the Draft and Final IEPR. For example, energy storage can play a very important role in:

- (a) demand response (the CPUC, for example, has opened a new demand response rulemaking proceeding that proposes to bifurcate demand response into load management and supply side resources and has recognized the important role energy storage can play in both resource types),
- (b) achieving net zero energy buildings, increasing building efficiency by helping to flatten their load and leverage building load as a grid asset (for example, a net zero energy building does not have to rely solely on export to the grid - onsite generation can now be effectively stored for use at a later time),
- (c) increasing electricity system efficiency, generation efficiency, assisting with and accelerating the deployment of electric vehicles, (by reducing peak demand energy storage can help improve California's overall load factor and increase existing fossil fuel generation efficiency),
- (d) enabling the use of EVs as a vehicle to grid resource, (this is already being demonstrated in California by the Department of Defense). Further, there are dozens of solar powered stationary storage-assisted EV charging stations being deployed in California today. In these cases, the stationary energy storage is being used to reduce demand charges from high voltage EV charging, provide emergency back up, and provide aggregated ancillary services to CAISO.
- (e) increasing system reliability, facilitating transmission planning and utilization, ***and most importantly,***
- (f) ***helping to mitigate green house gas emissions and effects of climate change.***

Many of these benefits are already being explored proactively, of course, in various stakeholder proceedings at the CPUC and CAISO. Grid-connected energy storage is not a new phenomenon. According to the U.S. Department of Energy's Global Energy Storage Database, there is now more than 1.7 GW of grid connected storage announced/planned on the grid

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globally (www.energystorageexchange.org). The Energy Commission **must act now** if it is to provide needed leadership in assisting with the efforts of California's local publicly owned utilities to implement statewide policy to accelerate deployment of energy storage.

Additionally, providing a public schedule for progress milestones leading up to the October 2014 POU compliance deadline pursuant to AB 2514 would be very helpful for all stakeholders (including CESA members) to engage with California's POUs. CESA recommends that the Energy Commission convene one or more workshops in conjunction with upcoming publicly owned utility conferences to assist them with development of their respective energy storage procurement plans. The substantial body of work completed in the CPUC's Energy Storage Rulemaking can readily be leveraged for this purpose – including a useful framework on energy storage use cases and cost-effectiveness.

CESA looks forward to continuing to work with the Energy Commission and stakeholders in this important proceeding and thanks the Energy Commission for its consideration of these comments. The lack of focus on energy storage and the tremendous role it can play in California's electric power system in the Final 2013 IEPR can and must be corrected to address the full energy policy tool kit available to California now and going forward.

Very truly yours,



Janice Lin, Executive Director
California Energy Storage Alliance

cc: Heather.Raitt@energy.ca.gov
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Commissioner Robert B. Weisenmiller
Commissioner Karen Douglas
Commissioner David Hochschild
Commissioner Janea A. Scott
Cliff Rechtschaffen, Senior Advisor to Governor Edmund G. Brown, Jr.
Nick Chaset, Special Advisor for Distributed Energy Resources, Office of
Governor Edmund G. Brown, Jr.

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ATTACHMENT

Procurement Authority

Beginning before, and extending beyond, the time frame of the joint agency Southern California reliability team, the CPUC has various proceedings that are establishing procurement authority for the IOUs. In May 2013, the CPUC issued a revised scoping order and assigned commissioner ruling in the 2012 LTPP proceeding to establish Track 4, which focuses on the need for resource procurement authority for capacity to satisfy local capacity requirements presuming San Onofre was offline. The California ISO studies were submitted on August 5, 2013, further studies and testimony were submitted by other parties, and the CPUC hopes to issue a decision in late 2013 or early 2014¹⁸² evidentiary hearings were conducted in late October. In hearings, parties actively contested numerous aspects of the ISO's LCR studies and the proposed 50:50 allocation of identified need between gas-fired generation and preferred resources (plus storage ¹⁸²).

Specifically, the decision sets a procurement target of 1,325 MW of storage capacity by 2020, with installation complete by 2024. The CPUC will have to determine to what extent it will choose to displace fossil capacity with assumed future demand-side policies to reduce local capacity requirements, the extent to which supply-side additions like demand response, distributed generation, ¹⁸³ and storage can be used in lieu of fossil capacity to satisfy local capacity requirements.¹⁸⁴ The CPUC hopes to issue a decision in early 2014.

Footnote 182 text:

¹⁸² Through Rulemaking 10-12-007, the CPUC has been assessing how to implement the statutory directives of Assembly Bill 2514 (Skinner, Chapter 469, Statutes of 2010). The CPUC issued D.13-10-040 on October 17, 2013, directing utilities and other load-serving entities to acquire specific amounts of transmission, distribution, and end-use storage capacity by 2024. Specifically, the decision sets a procurement target of 1,325 MW of storage capacity by 2020, with installation complete by 2024. Some portion of this capacity is likely to satisfy local capacity area requirements in Southern California. Although storage is not included explicitly within the loading order adopted by the Energy Commission and CPUC, it can be configured to enable renewable integration and can be considered part of the package of resources types that are "preferred" to gas-fired generation.