

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902M) for Approval of its Energy Storage Procurement Framework and Program As Required by Decision 13-10-040.

Application 14-02-006  
(Filed February 28, 2014)

Application of Pacific Gas and Electric Company (U39E) for Authorization to Procure Energy Storage Systems during the 2014 Biennial Procurement Period Pursuant to Decision 13-10-040.

Application 14-02-007  
(Filed February 28, 2014)

Application of Southern California Edison Company (U338E) for Approval of Its 2014 Energy Storage Procurement Plan.

Application 14-02-009  
(Filed February 28, 2014)

**CLEAN COALITION REPLY COMMENTS REGARDING  
JUNE 2, 2014 STORAGE WORKSHOP RELATED QUESTIONS**

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## **CLEAN COALITION REPLY COMMENTS REGARDING JUNE 2, 2014 STORAGE WORKSHOP RELATED QUESTIONS**

### **I. Introduction**

Pursuant to the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge dated May 27, 2014, regarding the utilities' 2014 energy storage procurement applications A.14-02-006, A.14-02-007 and A.14-02-009, the Clean Coalition offers the following reply comments regarding the June 2, 2014 Storage Scoping Memo and Workshop Related Questions.

#### Summary

- **5. Pro Forma Energy Storage Agreement:** Agree with Green Power Institute that the Pro Forma Energy Storage Agreement should be standardized across utilities to the extent practical.
- **6. Deadline to execute and submit contracts from the 2014 Storage RFO:** Allow IOUs a few extra months if requested for initial RFO to develop experience with storage procurement, but not for future Storage RFOs.
- **7. Pre-bidding interconnection requirements:** Require utilities to provide an exception to the requirement to have completed an interconnection study for projects demonstrating eligibility for Fast Track interconnection application under Rule 21 and CAISO.
- **11. Definition of storage and/or related eligibility rules:** Sierra Club's position that limits should be placed on Concentrated Solar Power + Thermal Energy Storage (CSP+TES) to avoid consuming too much of a utility's storage target supports the Clean Coalition's opening comments on supporting technological diversity by placing limits on how much of the target can be met by one or more technologies.
- **11. Definition of storage and/or related eligibility rules:** SCE's recommendation that all load reducing technologies should be eligible to count as storage overlaps with energy efficiency and demand response programs and would undermine a fundamental purpose of the storage targets – to support

procurement of storage that would not otherwise be procured through other programs and targets, such as demand response targets.

- **13. & 15. CEP augmentation & standard for deferment of the biennial procurement target:** The Utility Reform Network and the Office of Ratepayer Advocates each expressed the great need for transparency in response to question 10. Similarly, we find that CEP augmentation would contribute and offer a clear standard for deferment of the procurement target with increased transparency.

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources, such as distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also works with utilities to develop community microgrid projects that demonstrate that local renewables can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability. The Clean Coalition participates in numerous proceedings in California agencies and before other state and Federal agencies throughout the United States.

## **II. Response to Opening Comments to June 2, 2014 Storage Workshop & Supplemental Questions**

### **5. Does the Pro Forma Energy Storage Agreement adequately address contract issues or should it provide more standardized or specific detail?**

The Clean Coalition agrees with Green Power Institute that that the Pro Forma Energy Storage Agreement should be standardized across utilities.<sup>1</sup> The Commission has previously agreed with the Clean Coalition and other parties and required that contracts be harmonized to the fullest extent practical across utilities for Distribution System Interconnection Agreements (R. 11-09-

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<sup>1</sup> Green Power Institute comments at 5.

011) and the procurement contracts for the Renewable Market Adjusting Tariff (R. 08-08-009) and the Renewable Auction Mechanism (R. 11-05-005) in order to simplify procurement processes and reduce contract review and transaction costs for participants. The adoption of common Commission approved terms and language will increase the accessibility of the RFO process and support greater participation with potential savings for ratepayers.

**6. Should the deadline to execute and submit contracts from the 2014 Storage RFO to the Commission change from one year after the RFO issued to a longer period (e.g., within one year of creating its short list of offers)?**

Pacific Gas & Electric and San Diego Gas & Electric each request a longer period to negotiate, execute and submit contracts as that would allow more time to understand the offers. The Clean Coalition agrees that these utilities are entering into procurement involving new technologies and applications that may warrant a few extra months to evaluate, negotiate and submit contracts for this first RFO to account for their lack of experience with storage procurement. However, we recommend that any extension of time be limited to the first RFO, and that separate application be required for either utility to demonstrate future need to extended time to complete subsequent RFOs.

**7. Should pre-bidding interconnection requirements be consistent across utilities?**

The Clean Coalition, The Office of Ratepayer Advocates, The Green Power Institute and others supported consistent interconnection requirements across utilities, while the IOUs did not, stating a preference for flexibility. Southern California Edison finds, in contrast to the other utilities, that it is important to require a completed interconnection study by the time of final offers in order to obtain more accurate cost information.

The Clean Coalition acknowledges that needs may vary between utilities, and does not wish to impose more restrictive requirements across all applicants in order to meet the needs of SCE. Since Network Upgrade transmission costs are born by ratepayers, we agree that this information is needed to evaluate relative bids and cost effectiveness, BUT ONLY where such costs exist.

Rule 21 Fast Track does not have these costs, and CAISO's Fast Track has a clear and timely schedule to determine results quickly.

To require completion of initial interconnection review or studies would put Fast Track applicants on a mandatory timeline to commit to an Interconnection Agreement and associated deposits well in advance of progress in the RFO process, adding substantially to the financial risk and cost of offering a bid, especially discouraging smaller storage projects connecting to the distribution system that would offer savings in distribution system upgrades and the ability to incorporate higher penetrations renewable distributed generation at lower cost.

Therefore, the Clean Coalition recommends that the Commission require all utilities to provide a consistent policy and standards for projects to participate in the RFO if demonstrating eligibility for Fast Track interconnection application under Rule 21 and CAISO, since these projects do not have significant network upgrade costs that would impact the cost-effectiveness of a bid. The Commission has adopted Rule 21 improvements in part specifically to support clear Fast Track eligibility and rapid review, and CAISO's new Fast Track interconnection process enhancements, scheduled to be approved this summer. If an applicant can provide an interconnection pre-application report and project proposal design showing that the project conforms to Fast Track application eligibility criteria, a completed interconnection study should not be required. Instead, the applicant should be required to meet the milestone of providing proof of a complete Fast Track application being accepted within 30 days of being offered a procurement contract, and complete Fast Track Review (including Supplemental Review) within 180 days of receiving a procurement contract.

**11. Do the definition of storage and/or related eligibility rules need to be clarified.**

**If so, how?**

Numerous Parties addressed this question with a diversity of opinion. This in of itself argues for the value in providing clarity and consistency in the definition and procurement process, and further consideration of the implications of including or excluding any specific technology. We address comments of two parties specifically:

**A.** The Sierra Club raised the legitimate concern that Concentrated Solar Power + Thermal Energy Storage (CSP+TES) may consume too much of a utility's target, and raised the point that D.13-10-040 limited procurement of pumped hydro to 50 MW in order to avoid this single technology effectively excluding others by consuming all procurement through a few large scale projects.<sup>2</sup> This aligns with the Clean Coalition's proposal in our opening comments to support technological diversity by placing limits on how much of the target can be met by any one technology, or only a few technologies. In the case of CSP+TES, recent adjustments in contract time of delivery rates and forthcoming flexible capacity market value will provide strong incentive for use of TES with CSP even if procurement under the Energy Storage RFOs is restricted. For example, a comparison of PG&E's current TOD adjustments for 4-9pm versus 7am-4pm is 80% higher April through June, 170% higher July through September, and 55% higher the remainder of the year.

**B.** The Clean Coalition is concerned by SCE's recommendation that all load reducing technologies should be eligible to count as storage as this broadly overlaps with energy efficiency and demand response programs. It is important for the storage targets to be separate and additional to other targets and goals, such as goals currently under consideration for demand response in R. 13-09-011, to avoid double counting the same resources in meeting California policy targets and ensure procurement of the full intended amount of preferred resources in the aggregate. Allowing load-reducing resources that will not dispatch any energy to the grid to count towards the storage targets does not well align with the use cases developed in the previous storage proceeding and would undermine a fundamental purpose of the storage targets – to support procurement of storage that would not otherwise be procured through other programs and targets.

SCE cites<sup>3</sup> AB 2514 statement that Storage can reduce demand electrical generation. However, while storage can reduce the demand for peak or coincident generation, and has some potential to store energy that would otherwise be wasted, thus reducing the need for subsequent generation, neither of these properly constitutes net load reduction, only load shifting. Likewise, load

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<sup>2</sup> D.13-10-040 at 34-37.

<sup>3</sup> SCE Opening Comments at 8

reduction through means other than storage, while laudable, has no place in procurement intended specifically for the development of storage resources. SCE further cites D.13-10-040 in noting that Permanent Load Shift has been approved as a storage project, but this should not be interpreted as incorporating any technology or approach that achieves load shifting. While storage can be very effective in shifting loads, not all approaches to load shifting involve storage; shifting customer time of use is a very cost effective alternative to storing energy so that the customer maintains their existing time of use.

For these reasons we recommend clear and specific standards and examples in line with the proposals made by Energy Division staff rather than the looser interpretation offered by SCE.

**13. Does the consistent evaluation protocol (CEP) need to be augmented? If so, how can it be augmented to enhance storage program goals? Is the quantification of benefits adequately addressed in protocols?**

AND

**15. Should the standard for deferment of the biennial procurement target be clarified?**

The Utility Reform Network and the Office of Ratepayer Advocates each expressed the great need for transparency in response to question 10, regarding whether the Commission should approve storage projects by Advice Letter rather than by Application. Augmentation of the CEP has the potential to mitigate the legitimate concerns raised by ORA and TURN regarding the use of Advice Letters in procurement approval while maintaining this more streamlined approval process.

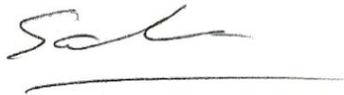
Similarly, we find that the standard for deferment of the procurement target should be clarified to increase transparency. Southern California Edison asserted during the workshop that the Commission will have access to the confidential utility bid evaluation protocols, and therefore the Consistent Evaluation Protocol should not be used for evaluating deferment requests. However, this would essentially keep stakeholders in the dark and prevent stakeholders from participating in a meaningful way in any evaluation of a deferment request. The Clean Coalition recommends defining the standard for deferment of the biennial procurement target in a

transparent manner, and ensuring that such standard includes quantification of all values of storage. An augmented CEP would provide a consistent and transparent method of achieving this.

### **III. Conclusion**

We appreciate the opportunity to offer comments on these topics. For the foregoing reasons, the Clean Coalition respectfully requests that the Commission adopt the above recommendations associated with the proposed utility energy storage procurement plans.

Respectfully submitted,



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