

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.

R.14-10-010
(Filed October 16, 2014)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON PARTIES' PROPOSALS ON REFINEMENTS TO THE
RESOURCE ADEQUACY PROGRAM**

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February 27, 2015

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In accordance with the directives and schedule provided in the January 6, 2015 *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge* (“Scoping Memo”), the California Energy Storage Alliance (“CESA”)¹ submits these comments on the proposals filed by parties on January 30, 2015, in response to the *Administrative Law Judge’s Ruling*

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Alton Energy, American Vanadium, Amperex Technology Limited, Aquion Energy, ARES North America, Beacon Power, LLC, Bosch, Bright Energy Storage Technologies, Brookfield, CALMAC, Chargepoint, Clean Energy Systems, Coda Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, DN Tanks, Duke Energy, Eagle Crest Energy Company, EaglePicher Technologies, LLC, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, Energy Storage Systems, Inc., Enersys, EnerVault Corporation, EV Grid, FAFCO Thermal Storage Systems, FIAMM Energy Storage Solutions, Flextronics, Foresight Renewable Solutions, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Halotechnics, Hitachi Chemical Co., Hydrogenics, Ice Energy, Imergy Power Systems, ImMODO Energy Services Corporation, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, KYOCERA Solar, Inc., LG Chem, LightSail Energy, LS Power Development, LLC, Mitsubishi International Corporation, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OCI, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, PDE Total Energy Solutions, Powertree Services Inc., Primus Power Corporation, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Samsung, SEEO, Sharp Electronics Corporation, SolarCity, Sony Corporation of America, Sovereign Energy, STEM, Stoel Rives LLP, SunEdison, SunPower, TAS Energy, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, UniEnergy Technologies, LLC, Wellhead Electric. The views expressed in this Prehearing Conference Statement are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. See, <http://storagealliance.org>.

Seeking Party Comments and Proposals, issued on December 12, 2014 (“ALJ’s Ruling”) and to proposals made at the workshop held by the Commission on February 9, 2015 (“Workshop”).

I. INTRODUCTION.

CESA supports the general scope of this proceeding as described in the Scoping Memo. In these comments, CESA highlights a few important topics that have been identified by parties as worthy of detailed examination in comments and proposals submitted on January 30, 2015, and as discussed at the Workshop.

II. THE COMMISSION SHOULD UNBUNDLE PROCUREMENT OF EFFECTIVE FLEXIBLE CAPACITY FROM NET QUALIFYING CAPACITY.

CESA agrees with the key points advocated for by San Diego Gas & Electric Company (“SDG&E”) in its proposal, namely that: (a) a prescriptive rule requiring bundling in all instances is not necessary to promote least cost/best fit procurement, and (b) requiring bundling in every instance promotes over-procurement, and artificially constrains the market for flexible resource adequacy (“RA”).² Simply put, CESA sees no compelling reason to bundle/cap effective flexible capacity (“EFC”) with/at net qualifying capacity (“NQC”).

As the Commission works toward defining and implementing a durable flexible capacity product, CESA strongly recommends that the Commission follow the lead of the California Independent System Operator (“CAISO”) in unbundling flexible capacity from capacity used either to meet system-wide peak load requirements or to serve local peak load capacity requirements in the event of contingencies.³

² *Unbundling Flexible and Generic Attributes for Procurement Purposes*, SDG&E’s Workshop PowerPoint presentation.

³ *See, Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,042 (2014).

III. THE COMMISSION SHOULD NOT LIMIT THE EFFECTIVE FLEXIBLE CAPACITY OF A RESOURCE BY ITS NQC.

As California moves toward an increasingly renewable grid, flexibility will exponentially increase in importance. CESA therefore supports Southern California Edison Company's ("SCE's") Workshop presentation, which states, "It is possible that Demand Response and Energy Storage may configure their program or device to meet either the peak load need or the ramping need but may not meet both."⁴ SCE's presentation poses the question, "is it still advisable to limit a resources EFC by its NQC?" CESA believes that the correct answer is "no, EFC should not be limited by a resource's NQC."

As the Commission considers flexibility as a resource attribute, it must be recognized that flexibility may be an attribute wholly distinct from peak summer dispatch. The need for flexibility is projected to be highest during Spring, Fall, and Winter. Requiring the EFC of all resources to be limited by a capacity metric (NQC) that is based on summer peak may needlessly increase the cost and interconnection requirements for these resources and discount the value of flexibility, without any corresponding increase in system reliability. The Commission should carefully consider the cost and reliability implications of the NQC limit on EFC as it works toward a durable flexible capacity product that meets California's future grid needs.

IV. THE COMMISSION SHOULD ASSIGN ADDITIONAL STAFF TO EFFECTIVE LOAD CARRYING CAPACITY MODELING OF RENEWABLE RESOURCES INTEGRATED WITH ENERGY STORAGE.

CESA appreciates the efforts of the Commission's Energy Division on effective load carrying capacity ("ELCC") modeling, considering that this kind of modeling is very complex and time consuming. Significant value can come from adding energy storage to other resources,

⁴ *Discussion of the Relationship Between NQC and EFC*, SCE's Workshop PowerPoint presentation.

including VERs, while maintaining the existing resource maximum output (“pMax”). However, under the Commission’s current RA construct, the added capability of the combined/hybridized resource is not recognized. ELCC modeling of all resources, including VERs and other resources integrated with energy storage, will enable a better evaluation of all resources on the grid. The Commission’s Energy Division should be directed to define how combining energy storage systems with other resources could be modeled within the ELCC construct as soon as practicable. And if the ELCC is not the right approach for evaluating these combined resources, efforts should be made to determine and develop the correct methodology.

V. CONCLUSION

CESA appreciates this opportunity to comment on the Scoping Memo, and looks forward to working with the Commission and stakeholders in this proceeding going forward.

Respectfully submitted,



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