

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

Application of San Diego Gas & Electric Company
(U902M) for Authority, Among Other Things, to
Increase Rates and Charges for Electric and Gas Service
Effective on January 1, 2012.

Application 10-12-005
(Filed December 15 2010)

And Related Matter.

Application 10-12-006

**NOTICE OF EX PARTE COMMUNICATIONS OF
THE CALIFORNIA ENERGY STORAGE ALLIANCE**

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April 19, 2013

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

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.	Application 10-12-005 (Filed December 15 2010)
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**NOTICE OF EX PARTE COMMUNICATIONS OF
THE CALIFORNIA ENERGY STORAGE ALLIANCE**

Pursuant to Rule 8.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”)¹ hereby gives notice of the following oral and written *ex parte* communications initiated by CESA in the above-referenced proceeding.

On April 17, 2013, from 9:30 am to approximately 10:00 am, Janice Lin, Executive Director of CESA, and Don Liddell, of Douglass & Liddell, met with Mathew Tisdale, Energy Advisor to Commissioner Michel Peter Florio. On the same day, Ms. Lin and Mr. Liddell met from 1:00 pm to approximately 2:00 pm with Julie Fitch, Interim Chief of Staff, and Rachel Peterson and Jennifer Kalafut Interim Energy Advisors to Commissioner Carla J. Peterman. Finally, from 2:00 pm to approximately 2:30 pm, Ms. Lin and Mr. Liddell met with Michael Colvin, Energy Advisor to Commissioner Mark J. Ferron. All three of the meetings took place at the Commission’s San Francisco offices, 505 Van Ness Avenue, and concerned the Proposed

¹ The California Energy Storage Alliance consists of A123 Systems, Alton Energy, AU Optronics, Beacon Power, CALMAC, Chevron Energy Solutions, Christenson Electric Inc., Clean Energy Systems Inc., CODA Energy, Deeya Energy, DN Tanks, East Penn Manufacturing Co., Energy Cache, EnerVault, FAFCO Thermal Storage Systems, Flextronics, Foresight Renewable Systems, Greensmith Energy Management Systems, Growing Energy Labs, Gridtential Energy, Halotechnics, Hecate Energy LLC, Hydrogenics, Ice Energy, Innovation Core SEI, Invenergy, KYOCERA Solar, LG Chem, LightSail Energy, NextEra Energy Resources, Panasonic, Powertree, Primus Power, RedFlow Technologies, RES Americas, Saft America, Samsung SDI, Sharp Labs of America, Silent Power, SolarCity, Stem, Sovereign Energy Storage LLC, Sumitomo Corporation of America, TAS Energy, UniEnergy Technologies, and Xtreme Power. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. <http://storagealliance.org>

Decision of Administrative Law Judge John S. Wong, dated March 29, 2013. In each meeting Ms. Lin and Mr. Liddell discussed the document titled “Reasons Why the Proposed Decision Should be Revised to Remove Disallowance of SDG&E’s Energy Storage Projects in Progress” that is attached as an Exhibit to this Notice. No other aspects of the Proposed Decision were discussed.

To receive a copy of this *ex parte* notice please contact Michelle Dangott, at 818.961.3003 or mdangott@energyattorney.com.

Respectfully submitted,



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CALIFORNIA ENERGY STORAGE ALLIANCE

April 18, 2013

**REASONS WHY THE PROPOSED DECISION SHOULD BE REVISED TO REMOVE
DISALLOWANCE OF SDG&E'S ENERGY STORAGE PROJECTS IN PROGRESS.**

April 17, 2013

I. THE PROPOSED DECISION FUNDAMENTALLY MISINTERPRETS THE PURPOSE AND MEANING OF AB 2514.

The only Finding of Fact in the Proposed Decision related to SDG&E's energy storage projects in progress is incorrect as a matter of law and would represent fundamentally bad public policy were it not removed:

"71. Due to the ongoing energy storage rulemaking, it would be unreasonable and premature to invest heavily into energy storage projects that have not been evaluated for technological viability and cost effectiveness, and therefore no capital funding for energy storage should be authorized for 2011 and 2012." (Proposed Decision, p. 1171).

There are no Findings of Fact, Conclusions of Law, or Ordering Paragraphs in the Proposed Decision that explain, let alone justify, disallowance of funding for SDG&E's energy storage projects. This means that the Proposed Decision is legally deficient as well as an expression of bad public policy.

AB 2514 expressly contemplates the Commission's approval of the kind of energy storage projects that SDG&E is implementing at P.U. Code Section 2836(a)(4):

"Nothing in this section prohibits the commission's evaluation and approval of any application for funding or recovery of costs of any ongoing or new development, trialing, and testing of energy storage projects or technologies outside of the proceeding required by this chapter."

II. THE PROPOSED DECISION IS LEGALLY INCORRECT IN SUGGESTING THAT SDG&E MUST SEEK APPROVAL OF FUNDING FOR ITS ENERGY STORAGE PROJECTS IN A STANDALONE APPLICATION.

The Discussion in the Proposed Decision, at Section 6.4.3, should be removed because it recommends that SDG&E waste limited Commission time and resources on replicating what SDG&E has already done consistent with the direction of the Commission:

"If SDG&E desires funding for its energy storage projects, it should do so by filing an application. That application should include a proposal for the funding of energy storage projects using a competitive solicitation process, consistent with the Commission's guidance on generation procurement adopted in D.12-04-046." (p. 225).

Commission Decision 10-06-047, issued in the Smart Grid Rulemaking, expressly directs utilities to seek approval of the kind of energy storage projects included in SDG&E's general rate case Application as SDG&E has done:

“Ordering Paragraph 14. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company each shall seek approval of Smart Grid investments either through an application and/or through General Rate Cases.” (p. 127).

Commission Decision 11-12-012 expressly determined that SDG&E's Application for Approval of funding for its Smart Grid Deployment Plan should be addressed in a form such as this proceeding:

“All specific Smart Grid projects that require Commission approval must come before the Commission in an application or a general rate case filing that contains detailed information concerning the proposal. Those forums are the appropriate ones for determining the costs and benefits associated with a specific Smart Grid project . . .” (p. 8).

III. FUNDING FOR SDG&E'S ENERGY STORAGE PROJECTS IN THIS PROCEEDING SHOULD BE APPROVED BECAUSE THEY ARE NEEDED AND COST-EFFECTIVE.

There is substantial evidence in the record supporting the reasonableness of the funding approval SDG&E requests for its energy storage projects that no party to this proceeding has questioned, let alone contested.

SDG& has used Commission approved best procurement practices in issuing competitive requests for proposals for each of the energy storage projects for which it requests Commission funding approval. Disallowance of funding for its energy storage projects that are well along in development with third party commercial vendors would give the unwelcome appearance of punishing SDG&E for taking a leadership role consistent with law and Commission policy.

Detailed information gained from deployment of SDG&E's energy storage projects in the field to date has been informally shared with Commission staff Commission consultants, and stakeholders in developing evidence of generic cost-effectiveness of uses of energy storage that is one of the purposes of the Energy Storage Rulemaking.

Disallowance of funding for SDG&E's energy storage projects could have substantial negative impact on the Energy Storage Rulemaking. It definitely would send dramatically mixed signals to an energy storage industry and investment communities that have very recently been given a very positive market signal in the recent LTPP decision.