

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE

Consideration of Alternatives to Transmission or Conventional Generation to Address Local Needs in the Transmission Planning Process

October 10, 2013

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CESA appreciates the opportunity to submit these comments on the CAISO Staff paper entitled *Consideration of Alternatives to Transmission or Conventional Generation to Address Local Needs in the Transmission Planning Process*, issued September 4, 2013 (“TPP Alternatives Paper”). Now is clearly the time to consider how energy storage can provide non-conventional solutions to meet local area needs that otherwise would require new transmission or conventional generation infrastructure. CESA’s comments primarily highlight the importance of close coordination of the methodology described in the TPP Alternatives Paper with parallel agency and utility activity discussed below that is also well underway

Although much detail remains to be filled in, the proposed TPP methodology should prove critical in grid area situations where a non-conventional alternative such as energy storage or some mix of preferred resources could be selected as the preferred solution in the CAISO’s transmission plan rather than the transmission or generation solution that would be avoided by implementing the non-conventional solution. This process should be expected to seamlessly compliment adoption of flexible resource adequacy capacity requirements that specifically include energy storage for inter-hour, load following, and ramping needs.

CESA makes the following specific recommendations for improvements to the TPP Alternatives Paper:

- Input for the catalog should state how much energy storage can contribute to transmission issues, and why the duration categories are valuable for alleviating the need for new transmission.
- More clarity should be provided as to how energy storage will be considered in the TPP. The TPP Alternatives Paper focuses more on the benefits of demand response, and does not specifically identify how energy storage will be considered in the TPP.

- The TPP Alternatives Paper should much more clearly detail the process to be used for the 2013/2014 Reliability Assessment that has identified procurement targets in the LA Basin and San Diego. While it's a step in the right direction to provide quantities, there needs to be transparency in how the values were determined, as well as the process for evaluating these proposals and more information about how energy storage will be considered. Specifically, the CAISO detail proposed alternatives that are submitted into the open request window.
- The TPP Alternatives Paper should provide more detail as to procurement milestones for non-conventional alternatives will be defined, both via the LTPP process as well as the TPP.

CESA recognizes that once the CAISO identifies a potentially effective non-conventional solution to meet an identified local area need and presents this solution in an annual transmission plan alongside the transmission or conventional generation solution it could eliminate, the CAISO must continue to monitor the progress of the various elements of the solution toward implementation and their readiness to provide the needed services. It makes good policy sense that the CAISO must be able to make a timely decision to revert to the best feasible solution in the event that the non-conventional alternative is not materializing as needed.

CESA agrees that the correct focus of the methodology for the LA Basin and San Diego is to first identify the amount of non-conventional alternatives and the needed performance attributes that could effectively address the local reliability needs in these two priority areas as part of a basket of resources. This identification should include the evaluation of specific benefits energy storage may potentially provide in these areas, including, but not limited to:

- Fast and tightly controllable response relative to other resources;
- No interruption or limitation on customer service;
- Utilization of curtailed renewable energy, allowing energy that might have been curtailed to contribute to CA's RPS;
- Voltage/VAR support as needed;
- Other ancillary services such as regulation and spin at times when transmission support is not needed.

This information should then inform any CPUC decisions on authorizing procurement of additional preferred resources in these areas and inform the procurement activities of SCE and SDG&E. The 2013-14 transmission planning process should also evaluate various transmission options for addressing the reliability needs of the LA Basin and San Diego areas and potentially recommend identified options for CAISO Board approval. Of course, it is entirely appropriate

that the CAISO staff plans to coordinate this transmission evaluation effort with the CPUC's ongoing RA and LTPP Track 4 proceedings.

On August 26, 2013, the SCE filed LTPP Track 4 direct testimony calling for development of preferred resources, transmission, and conventional gas-fired generation to replace SONGS. SCE proposed a preferred resource and energy storage "Living Pilot" to procure and evaluate the ability of preferred resources to meet LCR in addition to the CPUC's LTPP Track 1 procurement requirement. SCE says in its testimony that it intends its Living Pilot to help inform electric system operators, transmission planners, and procurement entities about the ability and availability of preferred resources and energy storage to perform where and when needed to meet local reliability, while ensuring grid stability and resiliency.

The CAISO's proposed TPP methodology very clearly should also be closely coordinated with the *Southern California Reliability Preliminary Plan* presented jointly by the staffs of the CEC, the CPUC and the CAISO on September 9, 2013. As or more important in the near term, is the interaction between the TPP Alternatives Paper and exploring the suitability of preferred resources and energy storage in the Johanna & Santiago areas to mitigate contingencies on the Serrano and Ellis corridors as described in the *Draft Preferred Resource Pilot Targeted Scope* published by SCE under the auspices of the CPUC's Policy and Planning Division on September 25 2013.