

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



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Order Instituting Rulemaking to Continue  
Implementation and Administration of California  
Renewables Portfolio Standard Program

Rulemaking 08-08-009  
(August 21, 2008)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE  
ALLIANCE ON ADMINISTRATIVE LAW JUDGE'S RULINGS  
REGARDING PRICING APPROACHES AND STRUCTURE FOR A  
FEED-IN TARIFF AND GRANTING EXTENSION IN PART AND  
ADDING PRICE STRUCTURE EXAMPLE FOR COMMENT**

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October 26, 2009

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OF THE STATE OF CALIFORNIA**

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ADDING PRICE STRUCTURE EXAMPLE**

Pursuant to the *Administrative Law Judge’s Ruling Regarding Pricing Approaches and Structures for a Feed-In Tariff*, issued on August 27, 2009 and a subsequent *Administrative Law Judge’s Ruling Granting Extension in Part and Adding Price Structure Example for Comment* issued by Burton W. Mattson on September 11, 2009, (“ALJ’s Rulings”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these reply comments addressing certain statements made by SCE and TURN in their Comments filed on October 19.

**I. CESA SUPPORTS FIT PAYMENT SYSTEMS THAT FULLY RECOGNIZE THE VALUE OF ENERGY STORAGE TO NON-DISPATCHABLE RENEWABLES AND THE SYSTEM AS A WHOLE.**

CESA notes, and states its support for, recent formal closely related comments by California Attorney General Edmund G. Brown: “The PUC report notes the possibility of solar thermal resources with storage (p. 31), but does not discuss the possibility of solar PV with

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<sup>1</sup> CESA is an *ad-hoc* advocacy group made up of renewable energy system integrators, consultants and energy storage system manufacturers. CESA’s mission is to expand the role of energy storage to promote faster adoption of renewable energy and a more stable and secure electricity grid in California. CESA’s membership consists of A123 Systems, Beacon Power, Chevron Energy Solutions, Debenham Energy, Enersys, Fluidic Energy Inc., Ice Energy, Inc., Prudent Energy, PVT Solar, StrateGen Consulting, Xtreme Power Solutions and ZBB Energy Corporation. The positions taken in these Reply Comments do not necessarily represent the views of any of CESA’s member companies.

storage. Such a combination could provide a short-term substitute for additional natural gas capacity needed to ensure necessary system reliability, and is worth exploring.”<sup>2</sup>

CESA notes its agreement with Southern California Edison’s point that “the decision whether to include storage should be left to the project owner, relying on the pricing signals provided by the utility TOD weighting factors.”<sup>3</sup>

However, CESA does not agree with certain other comments made by SCE including the following.

- “To set up an administratively determined price premium for projects that have storage, as this example suggests, is to take on the task of determining the value of energy storage and extends the purpose of the FIT from facilitating renewable distributed generation to providing direct incentives for storage.”<sup>4</sup>

CESA believes that this is a “distinction without a difference.” As is evident from the experience of utilities and grid operators that have significant levels of non-dispatchable renewables in their system, storage is becoming an essential part of such systems. Although it is not essential for storage to a component of all renewables projects that participate in the FIT, storage does increase the value to the entire system if included in these projects, and therefore the payments schedules should reflect storage’s value and pay a premium for FIT projects that include storage.

- “SCE is supportive of a pricing structure that allows different technologies (e.g. with or without storage) to propose different levelized pricing proposals and the highest value proposals to be selected through the competitive process.”<sup>5</sup>

CESA does not support such a process. SCE’s suggestion actually goes to the heart of the FIT program – for renewables as well as for storage. As such, SCE’s proposal fails to appreciate that the purpose of the FIT program, with respect both to renewables and to storage, is to provide a level of payment for the delivery of qualifying renewables and storage that is

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<sup>2</sup> “Comments of California Attorney General Jerry Brown on California Public Utilities Commission 33% Renewable Portfolio Standard Implementation Analysis Preliminary Results, August 27, 2009” page 6.

<sup>3</sup> SCE Comments, page 19.

<sup>4</sup> SCE Comments, pp. 19-20.

<sup>5</sup> SCE Comments, page 20.

sufficiently high to incent the development and deployment of those technologies and that is sufficiently certain in advance to encourage such projects to be explored and developed.

TURN states that: “TURN agrees with the general grouping of renewable products into the three proposed categories. However, TURN suggests that the inclusion of any energy storage service should be included in product categorization.”<sup>6</sup> CESA is in agreement with that statement if TURN means that any renewables categorization scheme should include two “sub-sets” to indicate the inclusion or exclusion of storage with that particular category of renewables (e.g. “peaking ‘as-available’ *with* storage” and “peaking ‘as-available’ *without* storage”, etc. would be treated as distinct categories with distinct payment schedules within a larger categorization).

## **II. CONCLUSION.**

CESA appreciates this opportunity to comment on the ALJ’s Rulings, and looks forward to working with the Commission and other parties to evolve FIT pricing levels and the program in general. As noted in our opening comments, SB 32 sets forth several principles that call for higher pricing for renewable energy projects firmed and/or delivered on peak with energy storage.

Regardless of the final pricing structure that is adopted by the Commission and implemented by the administrators CESA believes it is essential to incent the use of storage by requiring appropriately higher payments for storage-inclusive projects (potentially based upon both the quantity and nature of the storage resources).

Respectfully submitted,



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Date: October 26, 2009

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<sup>6</sup> TURN Comments, page 5.

## VERIFICATION

I, Donald C. Liddell, am counsel for the California Energy Storage Alliance and am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the California Energy Storage Alliance on Administrative Law Judge's Rulings Regarding Pricing Approaches and Structure for a Feed-In Tariff and Granting Extension in Part and Adding Price Structure Example for Comment*, filed in *R.08-08-009*, are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

Executed on October 26, 2009 at Woodland Hills, California.



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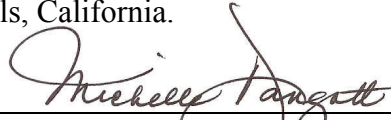
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the *Reply Comments of the California Energy Storage Alliance on Administrative Law Judge's Rulings Regarding Pricing Approaches and Structure for a Feed-In Tariff and Granting Extension in Part and Adding Price Structure Example for Comment* on all parties of record in proceeding *R.08-08-009* by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on October 26, 2009, at Woodland Hills, California.

  
\_\_\_\_\_  
Michelle Dangott

## CERTIFICATE OF SERVICE – R. 08-08-009

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