

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

Order Instituting Rulemaking on the Commission's  
Own Motion to Improve Distribution Level  
Interconnection Rules and Regulations for Certain  
Classes of Electric Generators and Electric Storage  
Resources.

R.11-09-011  
Filed September 22, 2011

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
TO ORDER INSTITUTING RULEMAKING**

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November 14, 2011

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Pursuant Rule 14 of the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, and the *Order Instituting Rulemaking on Commission’s own Motion to Improve Distribution Level Interconnection Rules and Regulations for Certain Classes of Electric Generators and Electric Storage Resources* (“OIR”) the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submits these reply comments to comments filed by certain parties to the OIR.

**I. INTRODUCTION.**

In its Opening Comments, CESA pointed out that the topic of energy storage is a topic addressed in this proceeding in the OIR, but that much greater attention should be paid as to how energy storage should be accounted for in the interconnection process when a Final Scoping Memo is issued in this proceeding. The fact that the word “storage” does not appear at all in any of the Opening Comments filed by parties simply reinforces CESA’s point. CESA also cautioned against the so-called “Rule 21 Settlement Process” should not be allowed to deprioritize this critically important proceeding as follows:

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<sup>1</sup> The California Energy Storage Alliance consists of A123 Systems, Applied Intellectual Capital/East Penn Manufacturing Co., Inc., Beacon Power Corporation, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Debenham Energy, Deeya Energy, EnerSys, EnerVault, Exide Technologies, Fluidic Energy, General Compression, Greensmith Energy Management Systems, HDR, Inc., Ice Energy, International Battery, Inc., LG Chem, LightSail Energy, Inc., MEMC/SunEdison, Powergetics, Primus Power, Prudent Energy, RedFlow, RES Americas, Saft America, Inc., Samsung SDI, SANYO, Seeo, Sharp Labs of America, Silent Power, Sumitomo Electric, SunPower, Suntech, SunVerge, SustainX, Xtreme Power, and Younicos. 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://www.storagealliance.org>.

“The activities of the Commission’s Rule 21 Working Group have evolved into a “Settlement Process” that was initially contemplated as suitable for resolution in R.11-05-005, but is now proposed as a subject of this proceeding.<sup>2</sup> CESA suggests that care should be taken by the Commission to assure that issues related to energy storage are dealt with here and in R.10-12-007, and not de-prioritized and swallowed by the Rule 21 Settlement Process.” (p. 3).

Comments filed by the utilities demonstrate that CESA’s concern is a valid one, and CESA therefore urges the Commission to address the issues in the Initial Scoping Memo with the (worst case) assumption in mind that the Rule 21 Settlement Process will never produce anything of value to anyone.

**II. THE COMMISSION SHOULD REJECT ANY SUGGESTION THAT THIS PROCEEDING SHOULD BE DELAYED ON ACCOUNT OF ANY OTHER PROCESS OR PROCEEDING.**

All three of the utilities argue that this proceeding should effectively be “put on ice” until the Rule 21 Settlement Process runs its course. Southern California Edison makes the utilities recommendation very plainly: “The OIR states that “[t]his rulemaking *may* be used by the Commission as the procedural forum for the recently initiated settlement efforts to address matters related to Rule 21. SCE strongly recommends that the Commission use this OIR as the procedural forum for the Distribution System Interconnection Settlement Process (“Rule 21 Settlement Process” or “Settlement Process”) rather than an independent rulemaking, and requests that the Commission postpone issuing a Final Scoping Memo until the Rule 21 Settlement Process is complete.”<sup>3</sup> SCE does not note, however, that the “process” has no valid authority or existence under California law or the orders or decisions of the Commission.

Of course the Commission may decide to include all or part of the papers developed in the course of the Rule 21 proceeding, and indeed it should probably take advantage of all or part of that work to inform the record in this proceeding at the appropriate time. In its Opening Comments, SCE also goes on to say the following:

“Many of the issues that the Commission is seeking to address in the Preliminary Scoping Memo are being discussed, and may be resolved, in the Rule 21 Settlement Process, which is expected to be complete in December 2011. These issues are complex and technical, and therefore, require an open exchange of information among parties in order to develop a common understanding of the

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<sup>2</sup> See, *ALJ’s Ruling Clarifying the Impact of Rule 21 Settlement Efforts*, September 2, 2011.

<sup>3</sup> SCE, p. 2, PG&E, p. 2 And SDG&E, p. 3.

problems related to interconnection under Rule 21 and to develop the most efficient solutions to those problems. Furthermore, the Settlement Process, while confidential, was, and continues to be, open to all parties seeking to participate in the discussion and resolution of these issues. Accordingly, no party would be disadvantaged by having the issues raised in this OIR addressed in the Settlement Process.” (p. 2).

However, SCE appears to equate the “parties” to the Rule 21 Settlement Process as identical to those participating as parties to this proceeding. It appears that the activities of those parties involved in the Rule 21 Settlement Process have voluntarily “bound” themselves to non-disclosure obligations “borrowed” from the Commission and the Federal Energy Regulatory Commission (“FERC”). Putting aside possible breaches and waivers of confidentiality, or due process, the simple fact is that the utilities inappropriately advocate for interposing an ill-defined and open-ended informal activity ahead of the parties to this proceeding and the Commission, which was initiated on the Commission’s own motion. The informal work being done currently is important but it should not stand in the way of equally or more important subjects, including energy storage.

### **III. CONCLUSION.**

CESA appreciates this opportunity to respond to comments submitted by certain parties on the OIR, and looks forward to working with the Commission and other stakeholders throughout the entire proceeding.

Respectfully submitted,



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