

# DOUGLASS & LIDDELL

AN ASSOCIATION OF  
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September 4, 2012

Energy Division ([edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov))  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Attention: Tariff Unit

**Re: Comments of the California Energy Storage Alliance on  
Draft Resolution E-4519**

Dear Sir or Madam:

The California Energy Storage Alliance (“CESA”)<sup>1</sup> submits these comments to urge the California Public Utilities Commission (“Commission”) to revise Draft Resolution E-4519 (“Draft Resolution”) which addresses CESA appeal of the Energy Division Staff’s disposition of CESA’s protest of Pacific Gas and Electric (“PG&E”)’s supplemental Advice Letter 3253-G-A/3940-E-A (“Protest”).<sup>2</sup>

CESA commends the Energy Division Staff’s substantial effort and willingness to research and analyze these important and complex issues, including their review of CESA’s research and analysis. CESA appreciates and strongly supports the Draft Resolution’s direction to include in the revised SGIP Handbook a 5% line loss differential between peak and off-peak times for the calculation of round-trip efficiency for advanced energy storage (“AES”).

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<sup>1</sup> The California Energy Storage Alliance consists of A123 Systems, Beacon Power, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Deeya Energy, Energy Cache, East Penn Manufacturing Co., EnerVault, Fluidic Energy, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Growing Energy Labs, HDR Engineering, Ice Energy, Kelvin Storage Technologies, LG Chem, LightSail Energy, Panasonic, Primus Power, Prudent Energy, RedFlow Technologies, RES Americas, Saft America, Samsung SDI, Seo, Sharp Labs of America, Silent Power, SolarCity, Stem, Sumitomo Electric, Sumitomo Corporation of America, SunEdison, Sunverge, TAS Energy, 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>

<sup>2</sup> PG&E’s Advice Letter 3253-G-A/3940-E-A was filed on behalf of the Self-Generation Incentive Program (“SGIP”) Administrators (“PAs”)<sup>2</sup>, and details revisions to the SGIP Handbook to implement Decision 11-09-015.

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CESA does, however, request that the Commission reconsider the issues raised by CESA in its Protest and its appeal of the Energy Division's Staff's disposition of its Protest, that were rejected or deemed out of scope by the Draft Resolution. CESA does not restate here the background or detailed explanation of the points made in its Protest or appeal of disposition of its Protest, but briefly enumerates and summarizes its recommendations.

1. Temporary Greenhouse Gas Exemption for Energy Storage. CESA requested that AES systems be determined to at least temporarily be in compliance with the greenhouse gas ("GHG") emissions requirements set forth in statute (and implemented in D. 11-09-015) in order to allow Energy Division Staff additional time to monitor the methodology and basis for GHG compliance for distributed AES. The Draft Resolution finds:<sup>3</sup>

This protest is outside the scope of issues raised in PG&E's AL 3253-G-A/3940-E-A. Further, we agree with the SGIP PAs that the protest runs counter to D.11-09-015 and Section 379.6 (b) of the Public Utilities Code, which states: "Eligibility for incentives under the program shall be limited to distributed energy resources that the Commission, in consultation with the State Air Resources Board, determines will achieve reductions of greenhouse gas emissions pursuant to the California Global Warming Solutions Act of 2006." To provide a categorical exemption from the GHG emissions reduction requirement for AES, even temporarily, would violate the provisions of Section 379.6 (b). Therefore, we reject Protest 2a.

In these comments, CESA is not challenging the Draft Resolution's rejection of a "categorical exemption...even temporarily". CESA argues instead that both the letter and the spirit of the above-cited provision of the Public Utilities Code and the Commission's many decisions regarding energy efficiency, renewable energy and other clean, GHG emissions-reducing, emerging technologies allow for – if not actively endorse – a determination that considers the future-oriented emissions reductions, not just current emissions performance. Hence the entirely appropriate language "...[the Commission] determines *will achieve* reductions of greenhouse gas emissions pursuant to the California Global Warming Solutions Act of 2006 [Emphasis added] ". As is the case with other statutory and Commission-authorized clean energy programs, a determination of performance may include a future perspective if there is a determination that there will be sufficient market transformation so that the overall performance of the program over time (not just the current period's performance) will meet the emissions or energy savings goals.

CESA has argued that distributed AES technologies will certainly successfully meet this "market transformation test" over time. Therefore – rather than placing an unnecessary

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<sup>3</sup> Draft Resolution, at page 6.

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requirement on energy storage that could unduly hinder the deployment of this grid-optimizing resource – it is more appropriate to provide a forceful and temporary incentive for the adoption of advanced energy storage, which in fact “*will achieve* reductions of greenhouse gas emissions pursuant to the California Global Warming Solutions Act of 2006. [Emphasis added]. ”

2. Round-Trip Efficiency Methodology Based on On-Peak and Off-Peak Emissions Factors. CESA recommend a methodology for purposes of calculating minimum roundtrip energy efficiency requirements for AES that would be GHG-neutral or better by comparing average emissions during off-peak charging with marginal avoided emissions for on-peak discharge. CESA pointed out that distributed AES will most likely be slow-charged over many hours (when California’s powerplant fleet is more energy efficient) and discharged for only a short period during peaks (when the fleet is relying on its most marginal, high-emitting plants).

CESA continues to believe that the data and projections of California’s future powerplant fleet performance support its methodology. CESA also accepts, however, that such future projections are impossible to do precisely or with certainty – especially a marginal analysis which is called for here – and that different methodological approaches may each be reasonable amid uncertainty. If the Commission does not accept CESA’s proposed methodology at this point, it still makes sense to monitor the actual marginal emissions performance of the fleet over time, both off- and on-peak, to see if adjustments to the methodology and/or projections are called for. Given the present stage of the energy storage industry and paucity of historical data, any employed methodology should be able to be easily revisited regularly to promote enhanced accuracy.

3. Greenhouse Gas Exemption for Energy Storage Coupled with Renewable Generation. CESA has argued that AES systems charged from renewables will certainly reduce GHG emissions, and, as such, should be deemed to be in compliance with the GHG reduction mandate. For ease of administration, CESA recommended that SGIP should follow the federal renewable energy investment tax credit precedent and not insist upon complete and total charging from renewables but at least a 75% level for eligibility. CESA continues to believe that the methodology is appropriate to meet the specific goals of Section 379.6(b) of the Public Utilities Code and D.11-09-015, as well as their spirit, and recommends its adoption, at either the 75% or perhaps a higher level of renewables charging from AES.

4. System Sizing Limitations for AES Paired with Distributed Generation. CESA recommends that the system sizing limitations for AES paired with distributed generation should be removed. This size limitation was originally established in D.08-11-044, which states that “the size of the AES should not exceed the capacity of the accompanying generation.” (pg. 18). The Draft Resolution submits that a petition for modification is the appropriate filing to modify a decision issued in a formal proceeding, as is the case for this issue.

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CESA again commends the Energy Division Staff for their thoughtfulness and respectfully urges the Commission to revise the Draft Resolution to reflect the above recommendations. CESA looks forward to working with the Commission and the PAs on an updated and improved SGIP.

Very truly yours,



Donald C. Liddell

DCL/md

cc: Commissioner Michael R. Peevey  
Commissioner Timothy Alan Simon  
Commissioner Michel Peter Florio  
Commissioner Catherine J. K Sandoval  
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