

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

Order Instituting Rulemaking to Enhance
the Role of Demand Response in Meeting
the State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON ASSIGNED COMMISSIONER'S RULING DIRECTING
ACTIVITIES IN RESPONSE TO NATURAL GAS LEAK AT ALISO
CANYON STORAGE AND SEEKING COMMENTS**

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits these comments on the *Assigned Commissioner’s Ruling Directing Activities in Response to Natural Gas Leak at Aliso Canyon Storage and Seeking Comments*, issued by assigned Commissioner Michel Peter Florio on March 23, 2016 (“Ruling”).

I. INTRODUCTION.

With the recent natural gas leak at the Aliso Canyon natural gas storage facility causing the facility to be capped at 15 billion cubic feet of storage, there is significant concern about

¹ 1 Energy Systems Inc., Advanced Microgrid Solutions, AES Energy Storage, Alstom Energy, Aquion Energy, Bright Energy Storage Technologies, Brookfield, California Environmental Associates, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., eMotorWerks, Inc., Energy Storage Systems, Inc., Enphase Energy, GE Energy Storage, Geli, Gordon & Rees, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IMERGY Power Systems, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, Johnson Controls, JuiceBox Energy, K&L Gates, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Mitsubishi Corporation (Americas), NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, Powertree Services Inc., Primus Power Corporation, Qnovo, Recurrent Energy, RES Americas Inc., Saft America Inc., Samsung SDI, Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sovereign Energy, Stem, SunEdison, SunPower, Toshiba International Corporation, Trina Energy Storage, Tri-Technic, UniEnergy Technologies, Wellhead Electric, 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://storagealliance.org>).

electric grid reliability in summer and winter 2016 in the Los Angeles (“LA”) Basin. Without access to the full 80 billion cubic feet of gas storage capacity at the Aliso Canyon facility, there may be up to 14 days of electricity service interruptions to millions of utility customers in this upcoming summer.² Given the urgency and severity of this electric grid reliability issue, CESA fully supports the Ruling for quickly exploring changes and/or expansions to existing demand response (“DR”) programs and activities, including directing Southern California Edison Company (“SCE”) to “take immediate steps to enhance their demand response efforts.”³

CESA commends SCE for its responsiveness and flexibility in expanding and/or modifying its existing DR programs in its DR proposal in response to the ruling. In light of the urgency and severity of the electric grid reliability issue in the LA Basin, CESA believes, however, that SCE’s incremental approach may be insufficient and that more is possible. SCE’s DR proposal focuses broadly on increasing marketing and outreach efforts to potential customers for existing DR programs (*e.g.*, Base Interruptible Program, Summer Discount Plan) as well as delaying retirements of select DR programs (*e.g.*, Peak Time Rebate, Demand Bidding Program).⁴ SCE requests \$6.722 million in incremental funding for this program expansion.

To CESA, the urgency and severity of this electric grid reliability issue in the LA Basin may call for larger scale program expansions and/or modifications. While SCE appropriately focuses on fast-response DR resources – since gas storage capability can affect real-time gas-fired generation – further programs could augment these types of solutions as well as provide day-ahead market participation to mitigate in-basin ramping and peak-load needs. CESA

² *Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin*, published on April 5, 2016, p. 3.

³ *Assigned Commissioner’s Ruling Directing Activities in Response to Natural Gas Leak at Aliso Canyon Storage and Seeking Comments*, issued on March 23, 2016, p. 1.

⁴ *Southern California Edison Company’s (U 338-E) Proposal in Response to Assigned Commissioner’s Ruling Directing Activities in Response to Natural Gas Leak at Aliso Canyon Storage*, submitted on April 4, 2016.

therefore believes that SCE and the Commission should consider higher levels of funding not only for expanded DR activities but also for new DR programs that encourage the deployment of energy storage-enabled DR resources.

II. ENERGY STORAGE ENABLED DEMAND RESPONSE WARRANTS GREATER CONSIDERATION IN ADDRESSING ALISO CANYON CHALLENGES.

For numerous reasons, energy storage-enabled DR should be considered in the portfolio of solutions to the grid reliability issues faced by Aliso Canyon. Energy storage is dispatchable on a frequent basis, can be quickly deployed, and is fast-responding (*i.e.*, can respond to real-time signals). Energy storage resources can shift the timing of loads in order to reduce net ramping needs across time, and can, depending on transmission availability, charge from either local or out of basin resources, potentially reducing the need for in-basin generating capabilities at peak periods. Energy storage also represents a wide range of technologies with multiple capabilities in terms of duration and services provided. Unlike some DR resources, energy storage has the added benefit of being dispatchable in real-time, as needed by SCE and or the California Independent System Operator’s (“CAISO’s”) system.

Despite these advantages and potential, SCE’s proposal does not specify how energy storage can be included in existing DR program rules, and instead generally focuses on increasing the deployment of load-controlling devices and increasing marketing and outreach efforts to recruit new customers.

CESA recommends an expansion or modification of the SCE proposal to better allow energy storage resources to provide DR services during peak and emergency events and to appropriately value energy storage resources for being their high dispatchability. Furthermore, CESA recommends that SCE consider re-purposing existing and planned energy storage resources in the LA Basin for reliability DR purposes. For example, planned energy storage

projects from SCE's 2013 Local Capacity Requirement ("LCR") Request for Offers ("RFO") could be accelerated for approval and interconnection to be installed and operational by summer and/or winter 2016. In the process, SCE could work with counterparties to re-purpose these projects for local grid reliability purposes. A focus on repurposing of resources, in addition to SCE proposal on procuring new resources for its DR programs, expands the range of solutions and benefits the urgency of the Aliso Canyon challenge. With the appropriate incentives and payments, existing resources serving customer needs (*e.g.*, demand charge management) could be incentivized to be re-purposed for local reliability needs. Existing and planned resources have the benefit of having most or all required interconnection and permitting in place, enabling these resources to more immediately offer key reliability DR services.

Lastly, additional energy storage resources could be procured to provide reliability DR services through bilateral contract negotiations, another preferred resources procurement authorization (similar to the one done through the 2013 LCR RFO), and/or a custom demand response auction mechanism ("DRAM") as suggested in the Ruling. While the timing of these processes would need to be strongly managed and quickly processed to provide benefits prior to 2017, planning now for the procurement of these new DR resources provides both normal benefits as well as a hedge against any potential for the Aliso Canyon challenges to extend into 2017. Based on the scale of this challenge, Aliso Canyon-related electric grid reliability issues in the LA Basin could extend beyond 2016.

As part of these proposed solutions, multi-year contracting mechanisms for DR resources may be required to create market certainty and incentivize developers and financiers to invest in these market opportunities. Minimum contract terms of at least 10 years would be ideal for energy storage resources deployed to facilitate DR.

III. CONCLUSION.

CESA appreciates the opportunity to submit these comments on the Ruling and looks forward to working with SCE and the Commission to prepare for and mitigate the potential grid reliability issues in the LA Basin.

Respectfully submitted,



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