

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

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap

Rulemaking 15-03-011  
(Filed March 26, 2015)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
ON THE PROPOSED DECISION OF COMMISSIONER PETERMAN  
ON MULTIPLE USE APPLICATION ISSUES**

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**CALIFORNIA ENERGY STORAGE ALLIANCE**

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In accordance with the Rules and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> hereby submit these reply comments on the *Proposed Decision on Multiple Use Application Issues*, issued by Commissioner Carla Peterman on November 3, 2017 (“Proposed Decision”).

**I. INTRODUCTION.**

CESA appreciates the Commission’s work to develop the Multiple-Use Application (“MUA”) Framework. In comments on the framework, CESA seeks to ensure that this Framework supports MUAs, rather than restricting MUAs. To this end, CESA recommends broad authorization of MUAs so long as key principles are met and certain ‘guard rails’ are adhered to. Many of these key principles are reflected in some way through the proposed rules,

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<sup>1</sup> 8minutenergy Renewables, Able Grid Energy Solutions, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, American Honda Motor Company, Inc., Brenmiller Energy, Bright Energy Storage Technologies, BrightSource Energy, Brookfield, California Environmental Associates, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, EDF Renewable Energy, ElectriQ Power, eMotorWerks, Inc., Energport, Energy Storage Systems Inc., GAF, Geli, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NICE America Research, NRG Energy, Inc., Ormat Technologies, OutBack Power Technologies, Parker Hannifin Corporation, Qnovo, Recurrent Energy, RES Americas Inc., Sempra Renewables, Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, STOREME, Inc., Sunrun, Swell Energy, Viridity Energy, Wellhead Electric, 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://storagealliance.org>).

but CESA remains concerned that overly strict or conservative rules may “leave value on the table,” against the spirit and intent of the Storage rulemaking and MUA focus. Many similar concerns are reflected in parties’ comments. CESA’s reply comments can therefore be summarized as follows:

- A principles-based approach offers more flexibility to broadly authorize MUAs if they meet key principles and checks.
- Rule 10 is unreasonable and flawed and should be stricken entirely based on concerns highlighted by both the energy storage seller and buyer communities.
- The need for energy storage resources to recharge is already considered in Rule 6.
- The application of the MUA framework to technologies and areas outside the scope of this proceeding is not a timely or relevant issue for this proceeding.
- There are sufficient grounds to keep this proceeding open.

**II. A PRINCIPLES-BASED APPROACH OFFERS MORE FLEXIBILITY TO BROADLY AUTHORIZE MULTIPLE-USE APPLICATIONS IF THEY MEET KEY PRINCIPLES AND CHECKS.**

CESA reiterates its preferred ‘checklist approach’ as proposed in our June 16, 2017 comment,<sup>2</sup> as opposed to the proposed rules-based MUA Framework that establishes a more prescriptive set of authorized MUAs. San Diego Gas and Electric Company (“SDG&E”) echoes the same concerns that the overly prescriptive definitions may hinder various MUAs and similarly favors adopting the MUA Framework as “illustrative guidance.” SDG&E also noted that the investor-owned utilities (“IOUs”) are already allowing for bidders to sell other attributes of their energy storage systems. CESA agrees and believes that a principles-based approach would allow for broad authorization of different MUAs so long as certain key ‘checks’ are met. CESA shares SDG&E’s concerns that the proposed rules in the MUA Framework will be incorporated into actual competitive solicitations and associated documentation, which CESA fears may limit the range of MUAs that could be provided by energy storage systems even as the MUA Framework is intended to enable MUAs. Rather, positioning the proposed rules in the MUA Framework as guidance would ensure that certain key principles (*e.g.*, incrementality, reliability, performance assurance, etc.) are met while being an adaptive framework.

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<sup>2</sup> *Comments of the California Energy Storage Alliance on Joint Staff Proposal and Workshop*, filed on June 16, 2017. pp 3-10.

Furthermore, the advantage of a principles-based MUA approach is that it is broad, flexible, and adaptable, and does not overly prescribe rules based on ‘extreme cases’, such as the MUA case highlighted by Southern California Edison Company (“SCE”), where a resource provides two offsetting services.<sup>3</sup> CESA believes that there are very few instances where this would happen, and it is not entirely clear why that resource should not be paid for both services, which are distinct and separately valued, especially if the resource ensures the outcomes of the expected service occur. A principles-based approach creates broad authorizations of MUAs and limits outlier cases through key principles that must be met.

**III. RULE 10 IS UNREASONABLE AND FLAWED AND SHOULD BE STRICKEN ENTIRELY BASED ON CONCERNS HIGHLIGHTED BY BOTH THE ENERGY STORAGE SELLER AND BUYER COMMUNITIES.**

CESA and multiple energy storage providers (Advanced Microgrid Solutions, Stem, Sunrun, and Tesla) commented that provisions of Rule 10 around listing and incorporating other services in bid submissions for utility solicitations is unreasonable and unnecessary and impinges on confidentiality around other revenue streams.<sup>4</sup> SDG&E agreed that “a provider should be able to choose how to structure its bid, choose what services to offer, and price its bid as it sees fit.”<sup>5</sup> Both SCE and Stem also highlighted the difficulties in verifying the information provided on other contracted services and revenue sources.<sup>6</sup> Pacific Gas and Electric Company (“PG&E”) also inferred a similar point by noting how it should only need to ‘buy’ services sought in a competitive solicitation,<sup>7</sup> which would render unnecessary the need to disclose additional information on other contracted services and revenue streams of a bidding energy storage system. Given the comments from ‘both sides of the table’ on how Rule 10 is unreasonable and unnecessary, CESA recommends that the Commission strike Rule 10 from the MUA Framework.

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<sup>3</sup> SCE’s comments at p. 4.

<sup>4</sup> Stem’s comments at p. 5, Advanced Microgrid Solution’s comments at p. 3, Sunrun’s comments at p. 9, and Tesla’s comments at pp. 6-8.

<sup>5</sup> SDG&E’s comments at p. 5.

<sup>6</sup> SCE’s comments at p. 4 and Stem’s comments at pp. 3-4.

<sup>7</sup> PG&E’s comments at p. 5.

**IV. THE NEED FOR ENERGY STORAGE RESOURCES TO RECHARGE IS ALREADY CONSIDERED IN RULE 6.**

The Utility Reform Network (“TURN”) requested that Rule 6 be revised to consider the need for energy storage resources to recharge to fulfill its contractual obligations.<sup>8</sup> CESA does not disagree that the need for energy storage resources to recharge is important to ensuring that reliability obligations are met, but disagrees with TURN’s assertion that Rule 6 requires revision. CESA views TURN’s request as superfluous given that the second sentence of Rule 6 already addresses TURN’s concerns, as CESA understands it. Rather than adding additional language in Rule 6 to be overly prescriptive or duplicative, the need to ensure performance of different reliability services will be reflected in contracts and performance requirements. Accounting for the need for energy storage systems to recharge is the responsibility of the operator who holds the reliability obligation. Just as a fuel-based generation facility must manage fuel supply and inventory to deliver on a reliability service obligation, an energy storage facility would have to do the same in terms of its ‘fuel supply’ – *i.e.*, having sufficient state of charge to deliver on its reliability service obligations. This is an obvious requirement inferred in contracts and performance requirements that does not need to be specified in Rule 6.

**V. THE APPLICATION OF THE MUA FRAMEWORK TO TECHNOLOGIES AND AREAS OUTSIDE THE SCOPE OF THIS PROCEEDING IS NOT A TIMELY OR RELEVANT ISSUE FOR THIS PROCEEDING.**

As a principle, CESA supports frameworks that are technology agnostic and puts all technology classes on a level playing field. Clean Coalition and SDG&E both noted that the MUA Framework should apply to other technologies that are capable of MUAs as well, such as solar with advanced inverters.<sup>9</sup> This point is not applicable to the Energy Storage OIR MUA Framework. The Energy Storage proceeding is statutorily focused on energy storage solutions, has already revisited eligibility criteria for some energy storage procurement, and is scoped not as a proceeding on MUAs for all Commission matters, but specifically to support and develop the MUA capabilities of energy storage solutions, as the Proposed Decision correctly noted.<sup>10</sup>

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<sup>8</sup> TURN’s comments at pp. 1-2.

<sup>9</sup> Clean Coalition’s comments at pp. 4-5.

<sup>10</sup> Proposed Decision, p. 8: “however, it is the ability for storage to provide multiple services, and the active role that storage has been playing in this space, that makes storage unique and necessitates new rules. If and when other resources begin to actively participate in the provision of multiple services, we anticipate that we would consider a similar set of rules.”

The Commission should not delay in moving forward with an initial MUA Framework for energy storage systems. While there may be other technologies that are capable of MUAs, CESA believes energy storage is a unique and versatile technology that is capable of smartly responding to different signals, incentives, and contractual requirements to provide multiple services that other technologies may not as capable of providing.


**VI. THERE ARE SUFFICIENT GROUNDS TO KEEP THIS PROCEEDING OPEN.**

Multiple parties noted how substantial additional work is needed on energy storage rules and related matters through the proposed working groups, including the cost allocation for different types of MUAs and the determination of incrementality of services, which could require a formal proceeding to address these matters.<sup>11</sup> CESA agrees that more needs to be done on not only establishing an MUA Framework, but also to implement it. These points in addition to CESA's highlighted issue areas in our opening comments provide sufficient grounds for keeping this proceeding open.

**VII. CONCLUSION.**

CESA appreciates the opportunity to submit these reply comments and looks forward to further collaboration with the Commission, IOUs, and other stakeholders in this proceeding.

Respectfully submitted,

  
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Date: December 4, 2017

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<sup>11</sup> PG&E's comments at pp. 1, 6, SCE's comments at p. 5, and Stem's comments at pp. 2-3.