

**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 INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON ASSIGNED
COMMISSIONER AND ASSIGNED ADMINISTRATIVE
LAW JUDGE'S SCOPING MEMO AND RULING**

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In compliance with the schedule set forth in the Assigned Commissioner and Assigned Administrative Law Judge’s Scoping Memo and Ruling issued on January 5, 2016, as extended by Administrative Law Judge DeAngelis on February 10, the Independent Energy Producers Association (IEP) submits its Reply Comments on Track 2 issues.¹ In these Reply Comments, IEP responds to parties’ comments on issues related to multi-use applications, the setting of storage goals, and the treatment of station power.

I. MULTI-USE APPLICATIONS

Most parties support the principle of enabling multi-use applications for storage resources. However, enabling multi-use applications raises important questions and concerns that need to be addressed in Track 2.

¹ IEP submitted its motion to become a party to this proceeding on February 10, 2016. That motion has not yet been ruled on. If IEP’s motion is granted, IEP respectfully requests the Administrative Law Judge to instruct the Docket Office to accept these Reply Comments for filing.

A. Clear Separation of Wholesale and Retail Markets

Southern California Edison Company (SCE) commented that wholesale services must be separated and tracked separately from retail services,² and IEP agrees. The Commission, working in collaboration with the California Independent System Operator (CAISO), must ensure that the distinction between retail and wholesale services continues to be observed, and that the separation between wholesale and retail markets is made clear and transparent in the appropriate standards and rules. This issue deserves a high priority. Consideration of how best to maintain a clear separation between retail (including behind-the-meter storage) and wholesale markets should be addressed in Track 2 in order to send the proper signals to the marketplace.

B. Metering Requirements

As SCE noted, general questions related to metering and separately tracking wholesale and retail activity are appropriate for this proceeding.³ IEP concurs. It is essential for the Commission to address metering issues in Track 2 to minimize the risk of double-counting of resources serving multiple functions, to ensure appropriate separation between the wholesale and retail markets, and to provide a measure of assurance that storage resources forecasted to be available to provide capacity-based products will in fact be available and accessible to the CAISO when needed.

C. Need for Workshops

SCE suggested that workshops on metering needs and requirements should be held.⁴ IEP agrees that the Commission should sponsor a workshop to assess what specific metering standards or requirements should apply to storage resources, particularly multi-use

² SCE's Opening Comments, pp. 12, 14.

³ SCE's Opening Comments, pp. 9-11.

⁴ SCE's Opening Comments, p. 16.

storage resources, to ensure accurate accounting of the various attributes deployed behind the meter, in the retail market, or in the wholesale market. The goal should be to ensure that all resources and technologies operating in these market spaces are treated in a comparable, non-discriminatory matter with regard to interconnection and metering.

II. SETTING STORAGE GOALS

In Decision 13-10-040, the Commission authorized the utilities to procure at least 1,325 MW of operational storage capacity by 2024. To achieve this goal, the utilities were directed to conduct a series of storage Request for Offers by 2020. This process provides a reasonable and measured way for the Commission to evaluate the market and commercial performance of a varied array of storage resources and technologies. In opening comments, some parties urge that Track 2 should be the forum for the Commission to significantly increase the storage goal, *e.g.*, to 4,325 MW by 2026⁵ or 5,000 MW by 2030.⁶

The Commission's storage procurement goal, at whatever level it establishes, should be grounded in market practicalities and commercial experience. When setting the initial goal of 1,325 MW, the Commission recognized that storage is an emerging technology. Much still needs to be learned regarding the operational capabilities of the array of storage devices being proposed for development and the commercial development capabilities of storage resources. Unless the Commission's storage goal is grounded in practical market and commercial experience, the Commission risks adopting overly optimistic expectations of capacity or energy production from storage resources. More importantly, these optimistic expectations can distort the least-cost/best-fit determination of what, when, and where investments in needed distribution and transmission infrastructure should be made. The

⁵ Sierra Club's Opening Comments, pp. 5-8.

⁶ California Storage Energy Alliance's Opening Comments, pp. 10-15.

Commission should rely on real-world market and commercial experience when setting storage targets, particularly as this technology matures.

III. AUXILIARY LOAD AND STATION POWER

The Commission should ensure that all resources and technologies are treated in a non-discriminatory, comparable manner with regard to the definition and cost-allocation of auxiliary load and station load. A number of parties noted the importance of addressing this issue in Track 2,⁷ and IEP concurs. Moreover, a workshop on the treatment of station power is warranted. As a matter of practice and policy, the Commission should strive to ensure that treatment of station load and auxiliary load among all supply resources operating in wholesale markets, including storage resources and electric generators, should be comparable and non-discriminatory.

Respectfully submitted February 19, 2016 at San Francisco, California.

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⁷ California Energy Storage Alliance's Opening Comments, p. 21; SCE's Opening Comments, p. 16; Pacific Gas and Electric Company's Opening Comments, pp. 25-26.