



Proposal for Potential Electric Storage Procurement Targets and Mechanisms In California

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Presentation Outline

- California law requiring CPUC consideration of storage procurement targets for all load-serving entities
- Summary of June 2013 Commissioner Peterman straw proposal issued for comment in CPUC proceeding on potential storage procurement targets and mechanisms
- Feedback received in comments so far
- Next steps





California Storage Law

- Assembly Bill 2514 (Skinner), signed into law in 2010, requires the CPUC to consider whether to set procurement targets for electric storage by October 2013
- Law requires storage to be “viable” and “cost-effective”





CPUC Storage Rulemaking

- Work to date in CPUC proceeding (since December 2010) has focused on:
 - Identifying key barriers to storage deployment
 - Identifying storage “use cases” to help bring structure to diverse set of technologies and applications
 - Utilizing/upgrading cost-effectiveness models to better value storage costs and benefits
 - EPRI model
 - DNV/KEMA work for California Energy Commission





Straw Proposal: Guiding Principles

1. Optimization of the grid, including peak reduction, contribution to reliability needs, or deferment of transmission and distribution upgrade investments;
2. Integration of renewable energy;
3. Reduction of greenhouse gas emissions to 80 percent below 1990 levels by 2050, per California's goals.

[all tie directly to AB 2514 statutory goals]





Straw Proposal: Framework

- Sets specific MW goals for energy storage procurement targets by utility and by use-case category, total of 1325 MW by 2020
 - Transmission-interconnected (700 MW)
 - Distribution-interconnected (425 MW)
 - Customer side of the meter (200 MW)
- Intended for new/emerging storage technologies
- Four total solicitations conducted every two years, starting in late 2014
- Bids would be selected using a reverse-auction mechanism
- Storage projects in deployment stage (not strictly research) would count towards targets





Straw Proposal: Cost Containment

- Utilities would propose bid evaluation metrics, subject to CPUC approval prior to the first solicitation
- Load-serving entities could be relieved of a portion of each obligation with an affirmative showing of cost unreasonableness or lack of competitiveness of a solicitation
- Each utility presenting solicitation results to the CPUC would show results from cost-effectiveness models developed to date, as basis for comparison
- Ongoing evaluation and analysis of progress, with opportunity for mid-course corrections, as needed





Feedback so far

- Utilities/LSEs support conducting solicitations though prefer to avoid mandates
- Nearly universal opposition to reverse auction; most parties prefer RFOs and/or bilateral contracting
- Desire for flexibility across time periods and/or use-case categories
- Cost concerns overall from numerous parties; targets may be too high, especially in near term
- Concern about exclusion of large pumped-hydro storage projects
- Third-party ownership vs. utility ownership
- Coordination with long-term procurement, renewables procurement, etc.

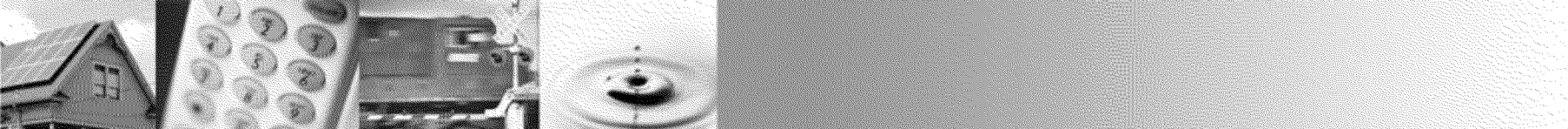




Next Steps

- Formal comments were submitted July 3, 2013; replies came in July 19, 2013
- Proposed decision issued by Commissioner Peterman in September 2013 for full Commission consideration in October 2013
- Lots of implementation work once framework adopted (late 2013 through mid-2014)
- Possible first storage-only solicitation in late 2014





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