

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1751

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Implementing Energy Storage Program
Guidelines pursuant to House Bill 2193.

Staff Comments

Introduction

House Bill 2193 (2015) requires the Commission to implement a program to facilitate electric companies' procurement of energy storage facilities. HB 2193 authorizes electric companies to submit proposals for procuring one or more qualifying energy storage systems that have the capacity to store at least five megawatt hours of energy and requires the Commission to evaluate the proposals under a framework created for this purpose. HB 2193 authorizes electric companies to build any energy storage facility "approved" by the Commission and to recover costs of the facility in retail rates.

The Commission has issued three sets of draft guidelines to implement the energy storage procurement program, including "Project Guidelines" for electric companies to use in considering and designing energy storage projects; "Proposal Guidelines," outlining the information electric companies must submit with their proposals for energy storage projects; and "Storage Potential Evaluation Requirements," which provide a framework for the Commission's evaluation of the companies' proposals. The Storage Potential Evaluation Requirements include a four-part process to facilitate the Commission's review of project proposals.

The Commission seeks comments on each of the three sets of draft guidelines and the four-part process. Comments on the Proposal Guidelines and Project Guidelines are due no later than September 30, 2016. Comments regarding the Storage Potential Evaluation Requirements and the four-part process are due September 16, 2016.

Section C. Storage Potential Evaluation Requirements

1. Staff will convene workshops starting in late 2016 to develop a framework for the electric companies' evaluations. Staff will present the agreed-upon framework to the Commission at a special public meeting

no later than March 31, 2017. At a minimum, the following issues should be addressed, examined, and—if possible—resolved at the workshops:

- a. Establish a consistent list of use cases or applications to be considered in the evaluation;
- b. Determine the time frame for analyses;
- c. Determine the valuation methodology or methodologies for estimating storage potential in each use case or application;
- d. Establish criteria for identifying the main opportunities for investment in storage;
- e. Determine the approach for identifying system locations with the greatest storage potential; and
- f. Establish the level of detail required in the evaluation results and required supporting data.

2. The electric companies will then prepare and file with the Commission draft evaluations by June 1, 2017. At a minimum, the draft evaluations should:

- a. Identify storage potential by use case or application for specified time frames;
- b. Identify higher- and lower-value applications;
- c. Describe criteria for designating higher- and lower-value applications and explain how the criteria were applied;
- d. Identify system locations with the greatest storage potential;
- e. Describe the methodology for determining storage potential, explain how methodology was applied, and identify all limiting factors that affect estimates of storage potential by application;
- f. Provide all input, assumptions, and other calculations used to designate higher-and lower-value applications and identify locations with greatest potential;
- g. Provide high-level summary of results of electric company's RFI, including description of RFI and the number and types of responses; and h. Include any other provisions identified in the Staff-led workshops.

3. The Commission and stakeholders will have the opportunity to review and comment on the draft evaluations. We will hold a special public meeting by July 31, 2017, for informal input from the Commission and stakeholders on the draft evaluations.

4. The electric companies will file final versions of their evaluations with their formal project proposals, which must be filed by January 1, 2018.

Staff Comments

The following comments include an item-by-item explanation of Staff's understanding of the proposed requirements in Section C(1)(a)-(e) in an attempt to ensure Staff's understanding aligns with Commission and stakeholder expectations.

Section C(1) – Scope of work.

The Commission intends that Staff conduct a stakeholder process to create a framework with multiple components including 1) the identification of the elements necessary to inform the utilities construction of valuation methodologies, 2) an approach for identifying the most promising storage investment opportunities, 3) an approach for identifying locations that hold the greatest storage potential, and 4) criteria for identifying the main opportunities for storage investment.

Section C(1)(a) - Establish a consistent list of use cases or applications to be considered in the evaluation.

The Commission is asking stakeholders, through a Staff led workshop process, to make best efforts to collaboratively identify the various applicable energy storage use cases that utilities would evaluate in their energy storage system evaluations. Here Staff would either present a list of potential straw-proposal use cases or ask the utilities to present a draft list of potential use cases to the stakeholders for review and comment. The resulting stakeholder discussion would identify and ultimately establish a consistent list of use cases to be considered by the utilities as they evaluate energy storage opportunities presented by their unique system characteristics. Once the utilities submit their storage program proposals the Commission and stakeholders would have another opportunity to comment on the established use cases.

Section C(1)(c) – Determine the valuation methodology or methodologies for estimating storage potential in each use case or application.

The Commission is asking stakeholders, through a Staff led workshop process, to make best efforts to develop the necessary elements of the utilities' valuation methodology or methodologies for estimating storage potential in each use case or application. Here the Commission is not asking Staff and stakeholders to develop the methodology. The Commission intends for Staff to work with the utilities and stakeholders to determine what elements, or necessary parts of a storage valuation methodology, should be incorporated into the complex modeling runs conducted by the utilities as they analyze system storage opportunities and system evaluations to determine what storage program proposals are most viable. The Commission does not intend to require use of one methodology to evaluate storage potential. Instead, the utilities will develop their methodology in connection with their project proposals and stakeholders and Staff could comment on the methodology the utility developed in connection with the project approval process before the Commission.

Section C(1)(d) – Establish criteria for identifying the main opportunities for investment in storage.

The Commission is asking stakeholders, through a Staff led workshop process, to make best efforts to craft criteria that provide guidance to the utilities regarding the structuring of their storage proposals. And, the Commission would consider these criteria in the assessment of any utility submitted storage proposal. Staff does not view the criteria developed in the stakeholder process as final but instead as advisory. During the proposal submittal process, stakeholders and Staff could comment on the sufficiency of the criteria developed during the stakeholder process and how effectively the utilities have applied the criteria in their system evaluations and storage proposals.

Section C(1)(e) – Determine the approach for identifying system locations with the greatest storage potential.


The Commission is asking stakeholders, through a Staff led workshop process, to make best efforts to inform and guide the utilities to a common approach for identifying system locations with the greatest storage potential. Again Staff views this effort as collaborative. As before, Staff does not view the product developed in the stakeholder process to be final. The Commission would allow stakeholders to comment on the approach developed in connection with the Commission's review of any project proposal.

Summary

The Commission is directing Staff to lead a stakeholder process to produce guidance on use cases, valuation, criteria for investment, and other similar elements to assist the utilities in evaluating storage opportunities and submitting storage proposals. The construction of a valuation methodology, form and support for the criteria used by the utilities, and the use cases analyzed are the responsibility of the utility and will be part of each utility's storage project proposals. Stakeholders will, just as they would in another case before the Commission, have the opportunity to review and comment on the utility submittals.

This concludes Staff's comments.

Dated at Salem, Oregon, this 16th day of September, 2016



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