

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF OREGON**

UM 1751

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON,

Implementing Energy Storage Program  
Guidelines pursuant to House Bill 2193.

COMMENTS OF THE INTERSTATE  
RENEWABLE ENERGY COUNCIL, INC.  
ON THE COMMISSION’S PROPOSED  
STORAGE POTENTIAL EVALUATION  
REQUIREMENTS

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REQUIREMENTS**

Pursuant to the Commission’s request for comments issued on August 19, 2016 in the above-captioned proceeding, the Interstate Renewable Energy Council, Inc. (“IREC”) hereby submits its comments on the Commission’s proposed storage potential evaluation requirements.

Earlier in this proceeding, IREC submitted comments responding to the Commission’s request regarding the guidance it should provide to utilities on the storage potential analysis required under section 3(2)(b) of HB 2193 (the “Act”). IREC applauds the Commission’s effort at integrating IREC’s and other stakeholders’ comments regarding the energy storage analysis, and believes the Commission is headed in the right direction in terms of implementing this provision of the Act. Specifically, IREC appreciates the Commission’s determination that draft evaluations must be submitted prior to project proposals in order for the Commission, stakeholders and the public to review and provide comments.<sup>1</sup> Circulation of draft energy storage

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<sup>1</sup> Under the Commission’s proposed guidelines, draft evaluations are due June 1, 2017, and comments will be shared at an informal workshop on July 31, 2017. Then final evaluations are submitted, with project proposals, on January 1, 2018.

evaluations will promote transparency in the process by helping ensure that evaluations clearly describe the methodology used to evaluate electric systems' storage potential, including inputs and analyses.

Stakeholders, including IREC, also provided extensive comments on what the evaluations should contain. IREC is generally pleased with the proposed content of the energy storage evaluations, and in particular appreciates the Commission's determination that evaluation of energy storage opportunities should be location-specific. IREC also appreciates the Commission's recognition that the evaluation reports must rank-order storage opportunities by value, and must "show the utilities' work" by including a description of the methodology for evaluating storage potential.

IREC furthermore strongly supports the "workshop" approach that the Commission is proposing to flesh out the details of the energy storage evaluations. However, while we think workshops that allow for robust dialogue and input from stakeholders is the right path to pursue, we want to ensure that these workshops result in clear and detailed directives to guide the utility's next steps. It will therefore be critical that the Commission convene the workshops expeditiously, ensure that critical issues are given thorough consideration, and guarantee its guidance is clear and specific once the workshops are concluded.

IREC is particularly interested in the details regarding how the utilities will "identify system locations with the greatest storage potential." In most cases, storage's value depends on the services it provides, which in most cases will depend on the physical location of the storage facility. The analysis is therefore an opportunity for utilities, the Commission and stakeholders to take a close look at the electric system before proposals are submitted and identify which locations could achieve the greatest benefits from integration of a range of energy storage

technologies. This will result in better project locations under the procurement target, but may also offer benefits to other projects that may be initiated by customers or utilities outside of the procurement target.

Thus, we encourage the Commission to, at a minimum, address the following questions through the workshop process:

- How will the utilities convey their analysis regarding the storage potential of their system (e.g., will they provide “heat maps” identifying where particular energy storage services may currently, or in the future, be needed and most valuable)?
- How granular will the utilities’ analysis be (i.e., at a regional and/or substation level, and/or down to the line section)?
- What data and tools will be used by the utilities to conduct the system evaluation?
- What values, services and/or benefits will be evaluated to determine the storage potential? For example, will storage’s ability to alleviate renewables integration concerns and facilitate penetration of customer-sited distributed energy resources (DERs) be included?
- Can the utilities include benefits that accrue directly to the electricity customer in considering locations with the greatest storage potential?

The Commission should also discuss at the workshop how to ensure that the evaluations take into account the potential benefits of distribution and customer-sited storage on the utility’s system. While load growth remains the dominant driver for utilities’ long range planning, the storage evaluation is an opportunity for Oregon utilities to begin to proactively plan for future growth of DERs and to consider how strategic deployment of these resources can offer the greatest benefits to the grid and to customers.

The evaluation reports should analyze optimal locations on the electric system for each storage benefit, including deferred investment in generation, transmission or distribution of electricity; reduced need for additional generation of electricity during peak demand; improved integration of different types of renewable resources; reduced greenhouse gas emissions and other pollution and/or emissions; improved reliability of electrical transmission or distribution; reduced portfolio variable power costs; and any other value reasonably related to the application of ESS technology. § 3(1)(a).

The workshops should also establish a process whereby the utilities ensure that they have sufficient information from market participants about the full potential of energy storage services. The Commission's draft guidelines suggest this process may involve a Request for Information (RFI) by the electric companies; exactly how the RFI and responses would be integrated into the Commission's timeline for the draft and final storage potential analysis will require further discussion at the workshops.

Finally, even a modest attempt at producing meaningful and informative storage potential analyses will require a concerted effort by the utilities. Thus, the Commission should ensure that the utilities are given sufficient time to undertake such effort, while also ensuring that the final evaluations serve a purpose beyond simply helping the utilities select specific projects to propose under the procurement mandate. This will result not only in better project locations under the procurement target, but will also enable that evaluation to be used by customers who may want to propose specific projects to help meet the utilities' storage requirement and/or who want to site storage for their own purposes, while also optimizing the benefits for the grid.

For this latter reason in particular, the workshops should discuss how customer-specific benefits, such as energy arbitrage, customer energy management, and increased reliability or

back-up of electric service, will be taken into account in the storage potential evaluations. While IREC appreciates that these benefits may not fit into the utility determinations of which projects to select as the most cost-effective for their procurement decisions, these services are important to the “stacking” equation and should be included in the interest of helping the State develop a more robust understanding of the full potential and benefits of storage.<sup>2</sup>

In sum, IREC believes for the reasons herein that the Commission should convene the proposed workshops expeditiously, ensure that the issues above are given thorough consideration, and guarantee its final guidance on the evaluations is clear and specific.

IREC appreciates the opportunity to submit these comments. We look forward to reviewing and commenting on any revisions to the Commission’s proposed guidance on the storage potential evaluations, and otherwise continuing our engagement in this proceeding.

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Respectfully submitted,

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<sup>2</sup> IREC intends to address this topic in greater detail in the comments due September 30, 2016.