

**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.

COMMENTS OF THE
OREGON SOLAR ENERGY
INDUSTRIES ASSOCIATION (OSEIA)
ON DRAFT STORAGE GUIDELINES

Introduction

The Oregon Solar Energy Industries Association (OSEIA) appreciates the opportunity to offer comments on the issues contained in Order 16-316. This docket offers a unique opportunity to study the dynamics of implementing storage on the grid. The solar industry views storage as a potential key partner in integrating solar resources. We also see storage as a path to offering resilience in the utility system. We would like to see the regulatory environment be clear in managing the development of storage policies and practices so that this new industry and those industries, like solar, that are looking to partner with storage can easily identify the opportunities to utilize new storage capacity. OSEIA members are hearing from customers who are eager to explore storage opportunities combined with solar so we want to be able to articulate a clear path to a future that integrates storage.

These comments offer three main points of input. First, we recommend that a variety of projects be proposed to meet the cap outlined in HB 2193. Second, we urge the Commission to ensure that the utilities develop a broad range of potential projects to test storage, to ensure the pilot projects contain the flexibility to test a range of project models and to also recognize those project will likely come with above-market costs. Third, we recommend that the Commission consider the role of storage across the range of ongoing dockets and how the issues in each docket might overlap. The remainder of this filing will discuss each of these points in more detail. To the extent our comments significantly overlap with other parties, we will call that out.

Many Projects Up to the Cap Outlined in HB 2193

The text of HB 2193 (2015) in Section 2 reads:

“(1) If authorized under section 3 (3) of this 2015 Act, an electric company shall procure, on or before January 1, 2020, as part of a project described in section 3 of this 2015 Act, one or more qualifying energy storage systems that have the capacity to store at least five megawatt hours of energy.

(2)(a) The total capacity of qualifying energy storage systems procured under this section by any one electric company may not exceed one percent of the electric company's peak load for the year 2014."

We recommend that the Commission assume that a wide variety of projects proposed be allowed to fill the capacity outlined in the legislation rather than only one project being proposed and procured as the minimum requirement of the legislation calls for. This would meet the letter of the law but, in our view, not the spirit of the law. The statute offers a significant opportunity to get experience with storage and the best way to do gain that experience is to use the law's authority to its fullest extent rather than, again, meeting a bare minimum.

Project Design, Flexibility and Above-Market Costs

To fully take advantage of the opportunity to test various storage approaches, OSEIA urges the Commission to take into account three elements.

- 1) Considering projects from a wide range of sources: storage is a very new resource and the utilities should not be assumed to have a corner on the market of concepts and ideas for storage projects. The Commission should ensure that project proposals are able to come from many different sources. As the Energy Freedom Coalition (EFC) proposes in their comments, conducting RFI processes is a way to open the process to that diversity of viewpoints.

In order to facilitate strong proposals, the storage potential evaluations should provide comprehensive criteria of how proposals will be evaluated and ensure that information is available so that those wishing to propose storage projects understand how to create a high value proposal. For instance, both EFC and Renewable Northwest highlights the need for complete location-specific potential for storage throughout the grid. This means that utilities will need to share that kind of information in order for non-utility parties to be able to offer proposals. We support this and other similar types of information that may need to be available to ensure useful proposals.

- 2) Allowing flexibility for a range of storage options: there is no single storage solution that is currently recognized as a "silver bullet" solution. Indeed, we believe the whole point of HB 2193 is to gain experience with a range of storage frameworks. This means both behind-the-meter as well as in-front-of-the-meter formulations. This suggests a variety of business and ownership models that create storage options for all types of customers – residential, small commercial and large customers. In short, this means that only utility-scale proposals that are owned by the utilities should not be the only type of proposals that are sought or considered.
- 3) By definition, storage projects will come with above-market costs: Section 2(3) of the bill reads:

“An electric company may recover in the electric company's rates all costs prudently incurred by the electric company in procuring one or more qualifying

energy storage systems under this section, including any above-market costs associated with procurement.

This language says to us that the legislature recognizes that experimenting with this new type of resource will incur above-market costs. The Commission should certainly continue to consider cost-effectiveness in its evaluations but should not be deterred by proposals that have above-market costs. The legislature recognized that possibility and the Commission should as well.

Coordination with Other Dockets and Processes

Many of the issues raised by the prospect of new storage services are also being considered as part of other dockets. For instance, the resource value of solar (being considered in UM 1716) will need to explore the make-up of the grid in order to determine whether location of solar at particular places on the grid might impact the value solar might deliver. Knowing the make-up of the grid will impact storage as well.

In another example, if we are to truly consider storage as a resource, utilities need to start considering it within their Integrated Resource Plan (IRP) processes. Information from the HB 2193 projects should be included in future IRPs the utilities file with the Commission.

In yet another example, storage could have implications on the creation of microgrids. Further, microgrids could be used as part of potential community solar projects. This type of potential interconnection should be kept in mind as this storage docket is continued. There are a proliferation of dockets and we should take care to ensure that the issues that cross those lines are considered in their totality, not just on a docket-by-docket basis.

Conclusion

In addition to the items highlighted in these comments, we would also like to align our positions with comments filed by others.

Both Renewable Northwest and Sunverge call for meaningful and robust opportunities for stakeholder involvement. We are all in this together, learning about a new resource. We have worked best when we've worked collaboratively and made sure that information was provided as widely as possible. The Commission should enable the highest level of stakeholder participation.

Sunverge underscores the need for to specifically include benefits related to greenhouse gas emissions and renewable energy production. This aligns with OSEIA's point about ensuring coordination between dockets and other proceedings. This docket is not being held in isolation.

OSEIA does appreciate the opportunity to offer these comments and we look forward to continued conversations as this docket proceeds.