

**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.

RULING

DISPOSITION: COMMENTS REQUESTED TO INFORM STRAW  
PROPOSAL

House Bill 2193 requires us to adopt, no later than January 2017, guidelines for Portland General Electric Company and PacifiCorp to use in submitting proposals for energy storage projects. The bill requires the utilities to procure, by January 2020, one or more energy storage systems with the capacity to store at least 5 MWh of electricity.

As a next step in this proceeding, we are considering drafting a straw proposal of the guidelines. To inform this process, we encourage parties to comment on the following questions.

**What guidance should the Commission provide on the storage potential analyses?**

Section 3.2.b of HB 2193 requires the utilities to include with each proposal an evaluation of the potential to store energy in their systems. The bill specifies that the evaluation should include analysis of operations and system data and how storage would complement the utility's action plans, as well as identify areas with opportunity to incentivize energy storage. We are considering whether this evaluation should be prepared early in the process and filed ahead of individual proposals.

1. Should the evaluations of storage potential be filed separately?
2. What guidance, if any, should we provide about the analyses to be conducted?
3. Should utilities systematically identify and rank order the areas of opportunity?
4. What guidance, if any, should we provide about the details of the evaluation report filed with the Commission?
5. What should the evaluation report include and in what detail?
6. What process, if any, should we use for review and comment on the analysis results? For example, should the utilities prepare a draft report for stakeholder and Commission review and comment?

We recognize that the utilities may issue requests for information (RFIs) to test vendors and projects.

7. Should the utilities report on the outcome of these RFIs? Should the results of such RFIs be included in the evaluation report?
8. If yes, what action, if any, should we take on the report?

**Should the Commission consider setting guidelines for competitive bidding?**

The Commission may require utilities to follow competitive bidding guidelines.

9. Should we establish guidelines for competitive bidding for storage projects?
10. If yes, what guidelines should we prescribe? To what extent should the existing competitive bidding guidelines serve as the model?
11. What role, if any, should we have in reviewing bid results?

**How should the Commission encourage diversity among projects?**

Section 3.1.b of HB 2193 directs us, in developing the guidelines, to consider ways in which to encourage utilities to invest in different types of energy storage systems.

12. How should we encourage investment in different systems?
13. Should we require utilities to submit proposals for multiple storage projects that test the use of storage in different applications, test different ownership structures, demonstrate promising new uses and technologies, or test some other critical differentiating factor among projects?
14. What differences in storage projects should be promoted (e.g., different use cases, different technologies, different ownership structures)?
15. To what extent should the goal be to test and prove new and innovative applications or technologies?

**What information should utilities include with a proposal?**

Section 3.2.c of HB 2193 details the information and analysis to be included with a proposal, such as technical specifications, estimated capital and output costs, and system benefits.

16. What, if anything, should the guidelines add, clarify, or otherwise address as to these requirements?
17. What additional information should utilities provide with their proposals, and why?

Section 3.2.c.D requires that utilities submit, with each proposal, an evaluation of the cost-effectiveness of the project, conducted in a manner we establish. We want to ensure a thorough assessment of a proposal including both a quantitative and qualitative assessment of the benefits, costs, and risks of the project (recognizing some benefits, in particular, may not be quantifiable).

18. How should we calculate cost-effectiveness?
19. How should the cost-effectiveness of a proposal be compared to other proposals and to traditional non-storage solutions?
20. What information and assessments should we require with a proposal to demonstrate the utility has conducted a full quantitative and qualitative assessment?

**How should the Commission evaluate proposals?**

Section 3.3 of HB 2193 requires us to consider each proposal and determine whether it is consistent with the guidelines, reasonably balances the value for ratepayers and utility operations and the costs of the project, and is in the public interest. After considering these factors we may authorize the utility to develop one or more of its projects.

21. What criteria should we use to evaluate and compare projects? Should different criteria be used for different types of projects (e.g., should the criteria for evaluating and ranking a transmission investment deferral project be different than the criteria for evaluating a project that tests an emerging use or technology)?
22. Should we prioritize projects with immediate impacts, stress projects that hold promise of substantial benefits over the long-run, or seek a balance between projects serving different ends?
23. Should we give greater weight to certain kinds of projects (say projects with a higher benefit-cost ratio) than to others?
24. For a given use case, should we require utilities to evaluate alternatives to the use of storage?
25. How should we weigh non-quantifiable benefits?

Responses are due on or before June 22, 2016.

Dated this 1<sup>st</sup> day of June, 2016 at Salem, Oregon.



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Ruth Harper  
Administrative Law Judge