

BEFORE THE CALIFORNIA ENERGY COMMISSION

**In the matter of:
Implementation of Renewables
Portfolio Standard Legislation
and**

Docket No. 11-RPS-01

**Implementation of Renewables
Investment Plan Legislation**

Docket No. 02-REN-1038

**COMMENTS OF REDDING ELECTRIC UTILITY
ON THE DRAFT RENEWABLES PORTFOLIO STANDARD ELIGIBILITY
GUIDEBOOK, SEVENTH EDITION**

Redding Electric Utility (Redding) appreciates the opportunity to offer the following comments to the California Energy Commission (CEC or Commission) on the March 2013 *Renewable Portfolio Standard (RPS) Eligibility Guidebook, Seventh Edition, Draft Staff Guidebook* (Draft RPS Guidebook) and the March 14, 2013 Staff Workshop.¹

I. INTRODUCTION

Redding Electric Utility (Redding) is a publicly owned electric utility that has been serving the electricity needs of the City of Redding since 1921. Redding has a variety of RPS eligible resources in its portfolio mix and is on track to meet the 33% by 2020 goal. Redding appreciates the Draft RPS Guidebook's recognition of the importance of Energy Storage as part of a comprehensive RPS program. Specifically, the acknowledgement that "*energy storage technologies can be used to store energy from a renewable energy resource to produce electricity at a later time,*" and therefore may be eligible to generate renewable energy credits

¹ The City of Redding is a member of the Northern California Power Agency (NCPA) and the California Municipal Utilities Association (CMUA). Redding also supports the broader comments filed by both NCPA and CMUA in this docket.

(RECs).² Energy Storage provides great potential for offsetting peak demand load of electricity, as well as facilitating the deliverability of renewable resources, and should be eligible to produce RECs that can be used to meet the RPS requirements mandated by Senate Bill (SB) X1-2.

Redding is investing millions of dollars in energy storage systems in order to reduce peak load. These investments provide many benefits, in that they create local jobs through the manufacturing and installation of the devices locally in the City of Redding, are dispatchable by Redding when needed, and optimize the usage of renewable resources by allowing REU to readily integrate them. These energy storage devices also meet the requirements set forth in Assembly Bill 2514 (Ch. 469, stats 2010), and the legislature's objective of increased utilization of energy storage. During the March 14, 2013 Staff Workshop, Staff included matters associated with energy storage as needing further discussion.³ Redding appreciates Staff's desire to further address issues associated with energy storage, and encourages staff to look beyond the limited scope of RPS eligibility currently contemplated in the Draft RSP Regulation.

II. ENERGY STORAGE SHOULD BE MORE BROADLY ENCOURAGED AND RECOGNIZED FOR RPS COMPLIANCE

The benefits of energy storage should be reflected in the RPS. By itself, most renewable resources – such as wind and solar – do not adequately address the need to reduce peak demand. Utilizing energy storage in conjunction with these renewable resources maximizes the benefits of these zero- and low- carbon generation alternatives by providing a way to utilize the off-peak production from the renewable resources. What is important to note, however, is that these benefits are not linked to the location of the storage facility. Indeed, storing the energy at a location closer to the load provides even greater benefits in that off-peak transmission is generally less expensive and it utilizes can relieve congestion.

There are many demonstrated benefits to utilizing energy storage. Utilizing energy storage can avoid the need for new generation resources, or at least defer construction of new facilities, as well as transmission and distribution system upgrades. It also improves grid efficiency from the generator to the consumer – especially in instances where the storage facility

² Draft RPS Guidebook, p. 89.

³ Workshop Presentation, slide 50, March 14, 2013.

is located close to the load. It provides a much needed and reliable source for integration of renewable resources, which maximizes the utilization of those resources. Energy storage can also reduce the need for high cost peak electricity, which can be more carbon intensive. While these benefits occur whether or not the resource is used in conjunction with renewable resources, there is no sound public policy or other reason to deny load serving entities the additional advantages associated with utilizing their energy storage facilities in conjunction with renewable resources.

While the most obvious benefits from energy storage come in reducing peak demand and the corresponding reduction in the need for new energy units, as noted above, the overall benefits from energy storage are much broader. As drafted, the current Guidebook would unduly restrict the utilization of energy storage for RPS purposes. Staff summarized the requirement by noting that “storage devices not integrated must be located and metered as the same facility and owned by the same entity to be considered as part of the RPS-eligible generation facility.”⁴ The Commission should further review and revise the provisions of the Guidebook that would require an energy storage facility to “*directly store energy from a renewable resource for delivery of electricity at a later time.*”⁵ The proximity of the renewable energy resource and the energy storage facility should not dictate the RSP eligibility of the electricity. As noted above, there are even *greater* benefits to energy storage when that energy is not stored on-site. The benefits associated with the use of energy storage to supplement/store renewable resources are not limited to just those facilities that are on-site with the renewable resource. Indeed, the fact that the storage can be off-site also facilitates the reductions in peak demand and reduces the demand on transmission.

Staff asked stakeholders if there are “*conditions under which a categorical determination can be made that a storage system, when co-located with a renewable electrical generation facility, is an “addition or enhancement” to that facility pursuant to Public Resources Code section 25741?*” Redding notes that the addition or enhancements of energy storage should be recognized regardless of whether the facility is co-located, and encourages the Commission to revise the Guidebook recognize the need to develop guidance specifically on this issue.

⁴ Workshop Presentation, slide 19, March 14, 2013.

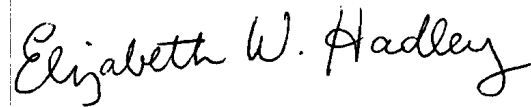
⁵ Draft RPS Guidebook, p. 90.

III. CONCLUSION

Redding appreciates the challenges associated with developing guidance on the RPS program, and the various technologies – both existing and emerging – that can be used to meet the standard. However, in order to meet various state policies, including goals to reduce greenhouse gas emissions and increase renewable energy production, all while ensuring that load serving entities can continue to provide reasonable priced and reliable electricity to its end-use customers, the Commission must also encourage and embrace the new and emerging technologies that will be an integral part of meeting these laudable objectives. To that end, Redding encourages the Commission to expand the scope and applicability of energy storage for purposes of generating RECs and being utilized to meet RSP compliance obligations.

Dated: March 25, 2013

Respectfully submitted,

A handwritten signature in black ink that reads "Elizabeth W. Hadley". The signature is written in a cursive style with a vertical line to the left of the name.

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