

DOCKETED

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CITY COUNCIL

DOUG KUEHNE, Mayor
ALAN NAKANISHI,
Mayor Pro Tempore
MARK CHANDLER
JOANNE MOUNCE

CITY OF LODI

2015 "Wine Region of the Year"
ELECTRIC UTILITY DEPARTMENT

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JEFF BERKHEIMER
Electric Utility Director

November 25, 2020

Mr. John Mathias
California Energy Commission
1516 Ninth Street, MS-20
Sacramento, CA 95814

LODI ELECTRIC UTILITY ENERGY STORAGE COMPLIANCE REPORT PURSUANT TO AB 2514/AB 2227

Pursuant to Assembly Bill (AB) 2514, as amended by AB 2227 and in accordance with applicable sections of the California Public Utilities Code, the City of Lodi Electric Utility (LEU) hereby submits this letter to serve as the report due to the California Energy Commission by January 1, 2021 to demonstrate LEU's compliance with energy storage procurement targets and policies.

In March 2012, the Lodi City Council (Council) adopted Resolution 2012-24 acknowledging LEU's obligation regarding energy storage systems. In October 2013, the Council adopted Resolution 2013-183 regarding the feasibility of energy storage and supporting staff's assessment that no cost-effective energy storage systems were viable for Lodi at the time. In October 2017, the Council adopted Resolution 2017-196 once again determining, based on an analysis completed in partnership with the Northern California Power Agency (NCPA), Southern California Public Power Authority (SCPPA), and a contracted energy consultant, that no cost-effective energy storage systems were viable at that time.

NCPA, on behalf of several utilities including LEU, recently contracted with the Smart Electric Power Alliance (SEPA) to re-evaluate the costs and benefits of energy storage systems. SEPA's analysis concluded that no foreseeable battery cost reductions or retail rate increases would make energy storage systems economical for LEU under current market conditions. Therefore, on November 18, 2020, the Council adopted Resolution 2020-272 that concludes that no cost-effective energy storage technology is viable to invest in at this time for the City of Lodi. A copy of the most recent report to the City Council and corresponding resolution are included for your information. Previous City Council reports and resolutions referenced herein may be found at www.lodi.gov.

The City of Lodi will continue to evaluate the feasibility of energy storage projects and technologies, and will consider procurement opportunities should they become cost-effective.

Should you have any questions or require additional information, please contact Melissa Price, Rates & Resources Manager at (209) 333-6811.

Sincerely,


Jeff Berkheimer (Nov 24, 2020 09:40 PST)

JEFF BERKHEIMER
Electric Utility Director

AGENDA ITEM



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Regarding Evaluation of Energy Storage for Lodi Electric Utility

MEETING DATE: November 18, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution regarding the evaluation of energy storage for Lodi Electric Utility.

BACKGROUND INFORMATION: Assembly Bill 2514 (2010), amended by Assembly Bill 2227 (2012), was designed to encourage California to incorporate energy storage into the electricity grid, as codified in Public Utilities Code (PUC) Sections 2835-2839 and 9506.

The PUC requires that, by 2012, each local publicly owned electric utility (POU) initiate a process to determine appropriate targets, if any, for the utility to procure viable and cost-effective energy storage systems and adopt said targets, if determined appropriate, by 2014. On March 21, 2012, the City Council adopted Resolution 2012-24 acknowledging Lodi Electric Utility's (LEU) obligation regarding energy storage systems. On October 16, 2013, the City Council adopted Resolution 2013-183 regarding the feasibility of energy storage and supporting staff's assessment that no cost-effective energy storage systems were viable for Lodi at the time.

Each POU is then required to reevaluate its energy storage target determinations not less than every three years and report to the California Energy Commission (CEC), any applicable adopted targets and modifications to those targets as a result of the periodic evaluations. Each POU is also required to submit reports to the CEC demonstrating that it has complied with any previously adopted energy storage targets. On October 18, 2017, the City Council adopted Resolution 2017-196 once again determining, based on an analysis completed in partnership with the Northern California Power Agency (NCPA), Southern California Public Power Authority (SCPPA), and a contracted energy consultant, that no cost-effective energy storage systems were viable at that time.

Earlier this summer, NCPA, on behalf of several utilities including LEU, contracted with the Smart Electric Power Alliance (SEPA) to re-evaluate the costs and benefits of energy storage systems. This report included information from technology assessments, market analyses, as well as costs and benefits for implementing energy storage systems. SEPA's analysis concluded that no foreseeable battery cost reductions or retail rate increases would make energy storage systems economical for LEU under current market conditions. As such, LEU continues to maintain that energy storage is not a viable or cost-effective technology to invest in at this time.

The Risk Oversight Committee received a report on the evaluation of energy storage systems for Lodi at its October 15, 2020 meeting and recommended City Council approval of LEU's assessment regarding the viability of energy storage at this time.

APPROVED: _____
Steve Schwabauer, City Manager

FISCAL IMPACT: Not applicable.

FUNDING: Not applicable.

Jeff Berkheimer
Electric Utility Director

PREPARED BY: Jiayo Chiang, Electric Utility Resources Analyst

RESOLUTION NO. 2020-272

A RESOLUTION OF THE LODI CITY COUNCIL REGARDING EVALUATION OF ENERGY STORAGE FOR LODI ELECTRIC UTILITY

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WHEREAS, pursuant to Assembly Bill 2514, as amended by Assembly Bill 2227, each local publicly-owned electric utility (POU) must initiate a process to determine appropriate targets, if any, for the utility to procure viable and cost-effective energy storage systems and adopt said targets, if determined appropriate, by 2014; and

WHEREAS, each POU is then required to reevaluate its energy storage target determinations not less than every three years and report to the California Energy Commission (CEC), any applicable adopted targets and modifications to those targets as a result of the periodic evaluations; and

WHEREAS, each POU is also required to submit reports to the CEC demonstrating that it has complied with any previously-adopted energy storage targets; and

WHEREAS, on March 21, 2012, the City Council adopted Resolution No. 2012-24 acknowledging Lodi Electric Utility's (LEU) obligation regarding energy storage systems; and

WHEREAS, on October 16, 2013, the City Council adopted Resolution No. 2013-183 regarding the feasibility of energy storage and supporting staff's assessment that no cost-effective energy storage systems were viable for Lodi at the time; and

WHEREAS, on October 18, 2017, the City Council adopted Resolution No. 2017-196 once again determining, based on an analysis completed in partnership with the Northern California Power Agency (NCPA), Southern California Public Power Authority (SCPPA), and a contracted energy consultant, that no cost-effective energy storage systems were viable at that time; and

WHEREAS, NCPA, on behalf of several utilities including LEU, recently contracted with the Smart Electric Power Alliance (SEPA) to re-evaluate the costs and benefits of energy storage systems; and

WHEREAS, SEPA's analysis concluded that no foreseeable battery cost reductions or retail rate increases would make energy storage systems economical for LEU under current market conditions; and

WHEREAS, LEU continues to maintain that energy storage is not a viable or cost-effective technology to invest in at this time; and

WHEREAS, the Risk Oversight Committee received a report on the evaluation of energy storage systems for Lodi at its October 15, 2020 meeting and recommended City Council approval of LEU's assessment regarding the viability of energy storage at this time.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby conclude that, by adoption of this resolution, no cost-effective energy storage technology is viable to invest in at this time for Lodi.

Dated: November 18, 2020

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I hereby certify that Resolution No. 2020-272 was passed and adopted by the City Council of the City of Lodi in a regular meeting held on November 18, 2020 by the following vote:

AYES: COUNCIL MEMBERS – Chandler, Nakanishi, and Mayor Kuehne

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Mounce

ABSTAIN: COUNCIL MEMBERS – None



JENNIFER CUSMIR
City Clerk

Lodi Electric Utility AB 2514 Compliance Submittal to CEC Nov 2020

Final Audit Report

2020-11-24

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