




## STAFF REPORT

**DATE:** September 20, 2017

**TO:** Mayor and Members of the City Council

**FROM:** John R. Gillison, City Manager

**INITIATED BY:** Jason C. Welday, Director of Engineering Services/City Engineer   
Trina Valdez, Management Analyst I

**SUBJECT:** **CONSIDERATION OF A RESOLUTION DECLINING TO ESTABLISH A PROCUREMENT TARGET FOR ENERGY STORAGE SYSTEMS FOR THE RANCHO CUCAMONGA MUNICIPAL UTILITY**

### RECOMMENDATION:

Staff recommends that the City Council adopt the attached resolution declining to establish a procurement target for Energy Storage Systems for the Rancho Cucamonga Municipal Utility.

### BACKGROUND:

On September 17, 2014, City Council approved Resolution No. 14-168 to decline establishing a procurement target for energy storage system for the Rancho Cucamonga Municipal Utility (RCMU) as required by Assembly Bill 2514. In addition to adoption of this resolution, RCMU staff was directed to continue to review new energy storage technology to determine if establishing a procurement target in the future would be appropriate and return to City Council by October 1, 2017.

RCMU has continued to evaluate energy storage system options and in 2016, staff installed a micro grid at City Hall through grant funding. A typical micro grid consists of smart controls, a battery energy storage system and a small-scale solar photovoltaic generation system sized to meet the particular characteristics and load requirements of the building. The demonstration project included a 100-kW battery storage system which is designed to prove the benefits of micro grids and help the utility gain experience with micro grid planning, installation and operations. The project is still in the final phases of validating communication, performance, and analyzing the control algorithm to maximize the peak reduction. Additional data will be collected and analyzed over the next six months to verify the cost effectiveness of battery storage options.

### ANALYSIS:

Staff has concluded that the available options of energy storage systems are currently not cost effective or do not meet the needs of the utility at this time. RCMU is recommending that the City Council decline to establish a procurement target for energy storage. The City's decision to decline establishing a procurement target must be reevaluated at least once every three years and be reported to the California Energy Commission. RCMU will continue to review new energy storage technology to determine if establishing a procurement target in the future would be appropriate and will return to City Council by October 1, 2020.

### FISCAL IMPACT:

Not Applicable.

### COUNCIL GOAL(S) ADDRESSED:

Not Applicable.

### ATTACHMENTS:

Attachment 1 – Resolution 17-093

**RESOLUTION NO. 17-093**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CUCAMONGA, CALIFORNIA DECLINING TO ESTABLISH A PROCUREMENT TARGET FOR ENERGY STORAGE SYSTEMS FOR THE RANCHO CUCAMONGA MUNICIPAL UTILITY**

**WHEREAS**, the State of California established Assembly Bill (AB) 2514 requiring that the governing board of a local publicly owned utility initiate a process to determine appropriate targets, if any, for the utility to procure viable and cost effective energy storage systems to be achieved by December 31, 2016, and December 31, 2021; and

**WHEREAS**, AB 2514 also requires that the governing board adopt any procurement targets for energy storage systems, if it is determined to be appropriate and cost effective, by October 1, 2017, and report this information to the California Energy Commission; and

**WHEREAS**, the Rancho Cucamonga Municipal Utility is a publicly owned utility in the State of California and is therefore subject to AB 2514 and reporting requirements; and

**WHEREAS**, based on information and factors analyzed by the City, the City has concluded that the available options of energy storage systems are currently not cost effective and do not meet the needs of the Rancho Cucamonga Municipal Utility. The City has determined to decline establishing a procurement target for energy storage; and

**WHEREAS**, AB 2514 requires the City to reevaluate this determination at least once every three years and report to the California Energy Commission; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CUCAMONGA, HEREBY RESOLVES:**

**SECTION 1.** The City declines establishing a procurement target for energy storage pursuant to AB 2514 due to the lack of cost-effective energy storage options; and

**SECTION 2.** The City will reevaluate the decision to decline establishing a procurement target for energy storage, at least once every three years and report the findings to the California Energy Commission; and

**SECTION 3.** This resolution shall take effect immediately upon its adoption.

**PASSED, APPROVED, AND ADOPTED** this 20th day of September 2017.