

BEFORE THE PITTSBURG POWER COMPANY OF THE CITY OF PITTSBURG

In the Matter of:

A Resolution to Adopt No Energy Storage)
System Target for Island Energy _____)

RESOLUTION NO.14-302

The Board of Directors of the Pittsburg Power Company, a Joint Powers Authority, DOES RESOLVE as follows:

WHEREAS, the Pittsburg Power Company (PPC) Resolution 13-278 directed staff to research and evaluate the benefits from utilization of energy storage systems for Island Energy located on Mare Island, Vallejo; and

WHEREAS, energy storage systems usually are used to store electricity during the times when production from generating units exceeds consumption and the stores are used during times that consumption exceeds production or during times that energy is more expensive; and

WHEREAS, Island Energy does not own any on-site renewable energy generators or employ demand charge and time-of-use rates, therefore, most benefits offered by energy storage systems do not apply to Island Energy's current operation; and

WHEREAS, after research and evaluation, staff recommends that the Board adopt no energy storage system targets for Island Energy since energy storage systems are not feasible or cost-effective for Island Energy's current operation; and

WHEREAS, staff recommends that the Board direct staff to review its research on an annual basis and recommend appropriate targets when energy storage systems become cost-effective for Island Energy.

NOW, THEREFORE, the Board of Directors finds and determines as follows:

Section 1

The above recitals are true and correct and have served as the basis, in part, for the findings and actions of the Board set forth below.

Section 2

The PPC Board adopts no energy storage system targets for Island Energy and directs staff to review its research on an annual basis and recommend appropriate targets when energy storage systems are cost-effective for Island Energy.

Section 3

This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Pittsburg Power Company Board of Directors at a regular meeting on the 15th day of September 2014, by the following vote:

AYES: Casey, Johnson, Parent, Evola

NOES: None

ABSTAINED: None

ABSENT: Longmire



Salvatore N. Evola, Chair

ATTEST:



for Joe Sbranti, Executive Secretary



**OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565**

DATE: 8/25/2014
TO: Chair and Agency Members
FROM: Joe Sbranti, Executive Director
SUBJECT: Adoption of a Pittsburg Power Company Resolution to Adopt No Energy Storage System Targets for Island Energy
MEETING DATE: 9/15/2014

EXECUTIVE SUMMARY

The Pittsburg Power Company (PPC) Resolution 13-227 directed staff to research and evaluate the benefits from utilization of energy storage systems for Island Energy located on Mare Island, Vallejo. After research and evaluation, staff recommends that the Board adopt no energy storage system targets for Island Energy since energy storage systems are not viable or cost-effective for Island Energy's current operation.

FISCAL IMPACT

No financial impact to the Island Energy Enterprise Fund from this action.

RECOMMENDATION

PPC Board adopts no energy storage system targets for Island Energy and directs staff to review its research on an annual basis and recommend appropriate targets when energy storage systems become cost-effective to Island Energy.

BACKGROUND

Assembly Bill 2514 requires the governing board of each publicly owned electric utility to open a proceeding to determine appropriate targets, if any, for the utility to procure viable and cost-effective storage systems. The legislation also sets a deadline of October 1, 2014 for these utilities to adopt an energy storage systems procurement target, if any, to be achieved by December 31, 2016 and a second target to be achieved by December 31, 2021.

On March 18, 2013, PPC Board adopted Resolution 13-278 directing staff to research and fully to evaluate the benefits from utilization of energy storage systems and the potential impacts on electricity rates.

SUBCOMMITTEE FINDINGS

The PPC Subcommittee was informed on this recommendation during a PPC Subcommittee meeting on August 6, 2014 and raised no objections on the recommendation.

STAFF ANALYSIS

Energy storage systems store electricity on a large scale within an electrical power grid. Electricity is stored during the times when production from generating units exceeds consumption. These stores are used during times that consumption exceeds production or when energy is more expensive. One of the greatest benefits that energy storage systems provide to the power grid is that electricity productions from conventional power plants (coal, oil, natural gas) need not be scaled up and down to match the rise and fall of energy production from intermittent energy sources, such as solar and wind, so that the overall reliability of the power grid is improved.

As an electricity distribution company, Island Energy purchases wholesale electricity from the Western Area Power Administration (Western) under a Full Load Service Contract through 2024. Island Energy has no ability to employ energy storage systems on the generation or transmission level of the power grid. Island Energy does not own any on-site energy generators, which greatly lessen the benefits from utilizing energy storage systems to store energy when it is produced. Furthermore, Island Energy's electric rate structure has no time-of-use or demand charges; therefore the benefits of demand side management and time-of-use energy cost management provided by energy storage systems do not apply to Island Energy's customers.

Staff has fully evaluated the benefits and the cost of implementing energy storage systems, and has concluded that energy storage systems are not a feasible or cost-effective solution for Island Energy's current operation. Therefore, staff recommends the Board adopt no targets for energy storage systems. Should Island Energy's energy portfolio mix changes in the future, staff will re-evaluate the feasibility of implementing an energy storage system for Island Energy.

Upon approval of the attached resolution, staff will report to the California Energy Commission (CEC) about their findings and recommendation, storage system procurement targets, if any, and policies adopted by the governing board, and report any modification made to these targets as a result of the re-evaluation. By January 1, 2017, staff will submit a report to CEC demonstrating that Island Energy has complied with the energy storage system procurement targets and related polices adopted by the governing board.

ATTACHMENTS: 1. Resolution 14-

Report Prepared By: Vanessa Xie, Financial Analyst