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December 30, 2020

Rachel MacDonald
Supply Analysis Office, Energy Assessments Division
California Energy Commission
1516 Ninth Street, MS 20
Sacramento, CA 95814
Rachel.MacDonald@energy.ca.gov

Re: Imperial Irrigation District AB 2514 Compliance Filing Regarding Energy Storage Procurement Target

Dear Ms. MacDonald:

Pursuant to the requirements of Assembly Bill (AB) 2514 (Skinner, Chapter 469, Statutes of 2010), Imperial Irrigation District (IID) hereby submits this report to the California Energy Commission regarding its compliance with the energy storage (ES) system procurement targets and policies adopted by the Imperial Irrigation District Board of Directors.

On September 29, 2010, the California Legislature enacted AB 2514 directing the governing board of a local publicly owned electric utility to initiate proceedings prior to March 1, 2012, to determine energy storage procurement targets, if any. This legislation, considered the foremost statute relating to utility procurement of energy storage systems, asserts a number of findings regarding the value of energy storage and barriers that hinder timely implementation.

On February 14, 2012, the IID board adopted a target of "0" megawatt for the first compliance period as IID had engaged in significant planning of high priority physical improvements to insure reliability pertaining to its operation of the bulk electric system, including one of the largest battery energy storage projects in the Western United States. It was determined that it would not be cost-effective to adopt an additional target at that time.

Since the installation of its state-of-the-art battery storage system in October 2016, staff determined that IID had the capability to provide ancillary services from the project and began exploring potential opportunities to provide these services to non-residential customers. Further, staff considered existing operational data and results of testing

December 30, 2020
Page two

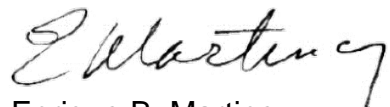
from the facility. As a result, on September 19, 2017, the IID Board of Directors adopted resolution No. 20-2017, copy attached, to increase IID's ES targets from "0" MW to 5 MW. This procurement target was intended as an expansion of IID's existing BESS but legal implications with respect to potential breach of warranty and technical issues relative to the addition of a separate system within the existing facility caused IID to reassess. Further, changes at the senior level caused disruptions in completing procurement activities. Given budget, time and pandemic-related constraints, it is unlikely that the district can meet the procurement target as adopted in the resolution.

In April of 2019, the IID Board of Directors approved the 2018 Integrated Resource Plan that contained recommendations for the procurement of new ES to assist with local transmission needs and economic dispatch. IID recognizes the need for storage has grown considerably since the publication of its 2018 IRP and has drafted a proposed Long Term Optimization Plan for Energy Resources. In development of the plan, storage was studied several times in 2019 and 2020, with the results showing value for the IID resource portfolio and economic dispatch when sized properly and competitively procured. The draft plan differs from the original IRP by focusing on storage, generation, reliability, and economic dispatch for the purpose of highlighting the value in storage and encouraging the prompt initiation of the competitive procurement process.

The plan, if adopted by IID's board of directors, would consider higher levels of storage over the next 5-10 years in addition to the initial storage procurement targets. IID staff expected to present the proposed plan for board consideration prior to the due date for this compliance reporting period. However, in September 2020, the California Independent System Operator made a major change to its market settlement process which will have a significant impact on the IID. To ensure that this change is properly evaluated and impacts provided for in the long term optimization plan, IID postponed board consideration of the proposed plan to 2021. IID anticipates it will provide the commission with an update as to modified ES procurement targets by 2nd quarter 2021.

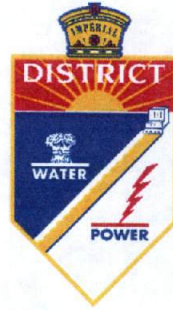
IID continues its efforts to evaluate the benefits of ES as a significant contributor in meeting the state's overall energy goals and IID's mission to provide reliable, efficient and affordably priced energy service to the communities it serves.

Respectfully submitted,



Enrique B. Martinez
General Manager

Attachment: IID Resolution No. 20-2017



**IMPERIAL IRRIGATION DISTRICT
RESOLUTION NO. 20-2017**

**ESTABLISHING TARGETS FOR THE PROCUREMENT OF ENERGY STORAGE
PURSUANT TO CALIFORNIA ASSEMBLY BILL 2514**

WHEREAS, the IID supports the development of renewable energy generation projects, including geothermal, wind, solar and biomass, within the IID energy service territory, as such development is beneficial to both the local community and greater region; and

WHEREAS, renewable energy generation tends to be variable, intermittent and off peak, therefore energy storage systems may optimize the use of significant additional generation that will be entering the grid on an accelerated basis as a result of California's energy goals; and

WHEREAS, Assembly Bill 2514 was enacted September 29, 2010, requiring the governing board of a locally publicly owned electric utility, including IID, by March 1, 2012, to open a proceeding to determine appropriate targets, if any, for the district to procure viable and cost-effective energy storage which shall be reevaluated every three years; and

WHEREAS, the IID Board of Directors, as the governing board of IID, initiated a proceeding to determine appropriate targets, if any, to procure energy storage systems in compliance with the provisions of AB 2514 on February 14, 2012 and adopted a "0" energy storage procurement target for the first compliance period; and

WHEREAS, the IID is committed in its resolve to provide reliable, efficient and affordably priced energy service; and

WHEREAS, the IID completed installation of a state-of-the-art, utility grade battery storage system in October 2016 pursuant to an agreement with the Federal Energy Regulatory Commission, separate and independent from the provisions within AB2514; and

WHEREAS, the IID has the capability to provide ancillary services from the project and is exploring potential opportunities to provide these services to non-residential customers. Further, the IID has performed analysis to determine whether additional investments in energy storage are warranted; and

WHEREAS, the IID has considered existing operational data and results of testing from its existing energy storage facility.

NOW, THEREFORE, BE IT RESOLVED that the IID Board of Directors hereby adopts a procurement target of up to 5 MW as it relates to AB 2514.

BE IT FURTHER RESOLVED that IID shall achieve this energy storage procurement target by December 2021, if such target is deemed viable and cost-effective.


PASSED AND ADOPTED this 19th day of September 2017.



IMPERIAL IRRIGATION DISTRICT



President



Secretary