



COUNCIL COMMUNICATION

CC #: 8726

File #: 0800-03

Title:	Energy Storage Procurement Targets
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Meeting Date: 9/6/2017

Item #: 6.22.

RECOMMENDATION TO COUNCIL

Staff recommends the City Council adopt a resolution stating that energy storage procurement targets remain inappropriate at this time for the City of Roseville because storage is not yet cost effective. This resolution will fulfill the regulatory requirement of AB 2514. There is no fiscal impact associated with this resolution.

BACKGROUND

In September 2010, the State enacted Assembly Bill 2514. This law requires publicly owned utilities to determine appropriate procurement targets- if any- for cost-effective energy storage systems. An energy storage system is defined as “commercially available technology that is capable of absorbing energy, storing it for a period of time, and thereafter dispatching the energy.” Additionally, an energy storage system “shall be cost-effective” under this legislation.

In March 2013, the City Council adopted a resolution directing Roseville Electric to begin a process to determine and recommend energy storage targets as defined by AB 2514. The law requires procurement targets be considered and, if appropriate, be established for the periods ending December 31, 2016 and December 31, 2021. Subsequently, based on staff’s conclusion that storage technologies were significantly more costly than Roseville’s existing portfolio of resources, the City Council adopted Resolution No. 14-424, which stated that energy storage procurement targets were not appropriate for the City of Roseville at that time.

Before December 31, 2016, Roseville Electric provided an additional update to the California Energy Commission. This update described Roseville Electric’s efforts to evaluate energy storage. Specifically, Roseville Electric was undergoing two studies

evaluating energy storage, one through its Integrated Resource Planning (IRP) process with consultant Black and Veatch, the other via a joint NCPA/SCPPA contract with DNV GL.

AB 2514 requires Roseville Electric's governing board, the City Council of Roseville, to "reevaluate the determinations made [pursuant to AB 2514]... not less than once every three years." In other words, by October 1, 2017, the City Council must reevaluate the determination made in Resolution No. 14-424 that energy storage procurement targets were not appropriate at that time for the City of Roseville.

Staff has reviewed the DNV GL storage study completed June 2017. Additionally, staff has reviewed the December 2016 Lazard Levelized Cost of Storage Analysis 2.0, an update of its 2015 storage study. Both studies evaluate the costs and benefits of various storage technologies and their applications. Generally, these studies conclude that while costs have gone down, storage is not yet cost competitive with Roseville's existing portfolio of resources at current storage prices and benefits. Similarly, preliminary results of the IRP study have not shown that storage is a cost competitive solution for Roseville's portfolio needs through 2021. Accordingly, staff's recommendation remains unchanged: energy storage procurement targets remain inappropriate for the City of Roseville at this time.

However, staff will continue to evaluate cost-effective opportunities to utilize storage in Roseville Electric's integrated resource planning. Customer sited storage applications will undergo further analysis after completion of Roseville Electric's advanced metering infrastructure upgrade. Additionally, Roseville Electric has engaged a third party storage developer to evaluate the costs and modeled benefits of using a combination of storage technologies to support Roseville Energy Park operations. Finally, Roseville Electric has set aside space in its community solar project for future storage, if and when it becomes a cost-effective option.

This Council Communication and the proposed resolution fulfill the regulatory requirement of AB 2514.

FISCAL IMPACT

There is no fiscal impact associated with the execution of this resolution.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

This item is not considered a "project" as defined by the California Environmental Quality Act (CEQA). Consequently, no CEQA action is required.

Respectfully Submitted,

David Siao, Electric Resources Analyst

Michelle Bertolino, Electric Utility Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

[Resolution No. 17-379](#)