

Resolution No. 9396

Resolution of the Council of the City of Palo Alto Determining that a Target for the City of Palo Alto Utilities to Procure Energy Storage Systems is Not Appropriate Due to Lack of Cost-Effective Options

RECITALS

A. California's energy storage law, hereinafter referred to as Assembly Bill (AB) 2514, requires the governing board of each local publicly-owned electric utility (POU) to determine appropriate targets, if any, for the utility to procure viable and cost-effective energy storage systems.

B. In addition to requiring POUs to evaluate the feasibility of energy storage targets, AB 2514 also requires that all procurement of energy storage systems by a POU be cost-effective.

C. To conform to California Public Utilities Code § 2836(b)(1) and § 2836.6, and consistent with the City's Long-Term Acquisition Plan (LEAP), staff undertook a study to determine the viability and cost-effectiveness of energy storage to serve electric utility customers in Palo Alto, which included an investigation into a variety of energy storage technologies and their viability and cost-effectiveness.

D. Based on that study, staff found that the least cost energy storage technology today is more costly than the present value of energy storage in the best case application, even when a variety of factors including current CPAU load projections, rooftop PV penetration, and distribution system capacity were considered, such that energy storage systems are not cost-effective at this time.

E. At its December 4, 2013 meeting, the UAC unanimously recommended that the City Council decline to set an energy storage procurement target for the City of Palo Alto or provide rebate incentives for thermal energy storage because such targets and incentives are not cost-effective.

F. The Council has reviewed staff's study, the resulting staff report and the UAC's recommendation.

G. Based on that review, Council determines that that a target for the City of Palo Alto Utilities to procure energy storage systems is not appropriate due to lack of cost-effective energy storage options.

H. AB 2514 requires Palo Alto to reevaluate this determination concerning the need for an energy storage procurement target once every three years.

The Council of the City of Palo Alto ("City") RESOLVES as follows:

SECTION 1. To satisfy the City's obligations pursuant to AB 2514 and LEAP, the Council determines that setting a target for the City of Palo Alto Utilities to procure energy storage systems is not appropriate due to lack of cost-effective energy storage system options.

SECTION 2. The Council will reevaluate its decision not to set an energy storage system procurement target for the City of Palo Alto Utilities within three years, as required by AB 2514.

SECTION 3. The Council finds that the adoption of this resolution is not subject to California Environmental Quality Act review because it does not constitute a project under California Public Resources Code section 21065.

INTRODUCED AND PASSED: February 10, 2014

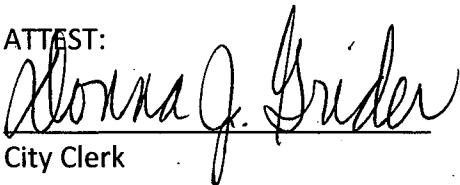
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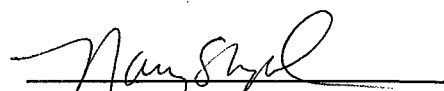
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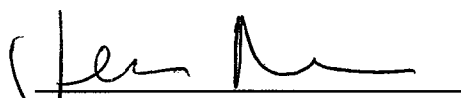
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ATTEST:

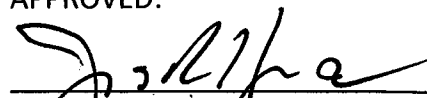
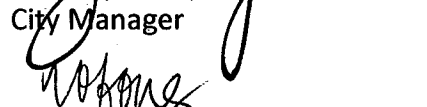

City Clerk

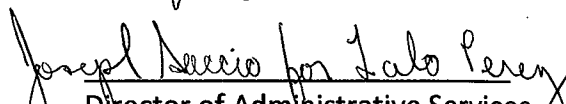

Mayor

APPROVED AS TO FORM:


[Redacted] Deputy City Attorney

APPROVED:


City Manager

Director of Utilities


Director of Administrative Services