



4305 Santa Fe Avenue, Vernon, California 90058
Telephone (323) 583-8811

January 3, 2017

John Mathias
California Energy Commission
1516 Ninth Street, MS-20
Sacramento, CA 95814

RE: City of Vernon AB 2514 Compliance Report Regarding Energy Storage Systems Procurement Target

Dear Mr. Mathias:

Pursuant to the requirements of Assembly Bill (AB) 2514 (Skinner, Chapter 469, Statutes of 2010), the City of Vernon (Vernon) hereby reports to the California Energy Commission (CEC) regarding its compliance with the energy storage (ES) system procurement targets and policies adopted by the City of Vernon Council.

On September 2, 2014, the City Council approved a resolution that there are no viable and cost-effective energy storage opportunities for Vernon Gas & Electric (VG&E) and, therefore, no targets were to be set either December 31, 2016 or December 31, 2021 pursuant to AB 2514. A copy of the Staff Report recommending that action is attached hereto. Consistent with the 2014 City of Vernon Council energy storage procurement resolution, VG&E has not made any energy storage commitments to date.

However, Vernon's efforts on energy storage procurement have been and continue to be substantial. Vernon is actively investigating energy storage systems through the RFP process that the City uses to purchase electric and gas products. VG&E works with Southern California Public Power Authority (SCPPA) to gain greater access to a broader pool of power resources, through a competitive power procurement bidding process. SCPPA issues an annual request for Proposals (RFP) for renewable energy, inclusive of a request for information (RFI) for storage projects, which receives hundreds of responses every year. While most of those responses concern renewable energy generation projects, an increasing number are storage projects and renewable-plus-storage projects.

In anticipation of the next AB 2514 compliance period, the City is actively working with other SCPPA members to develop energy storage RFP in 2017 with the intent to receive sufficient energy storage proposals and properly value the cost-effectiveness of energy storage systems. The City is collaborating with other municipalities and the SCPPA's Energy Storage and Renewable Working Groups to actively review existing and new ES project proposals. In addition, VG&E will continue to conduct its own

Exclusively Industrial

analysis of ES viability and benefits, and look for appropriate opportunities to encourage the cost-effective deployment of ES systems as it executes its Integrated Resource Plan.

Please contact Octavian Ngarambe, City of Vernon Resource Planner, with any questions about Vernon's ES procurement resolution.

Sincerely,

Kelly Nguyen
Director of Vernon Gas & Electric Department
City of Vernon

A handwritten signature in cursive script, appearing to read "Kelly Nguyen", written in black ink.

ENCLOSURES:

Staff Report - Energy Storage Viability Report