



NW Energy Coalition
for a clean and affordable energy future

June 2, 2021

Mark Johnson, Executive Director/Secretary
Washington Utilities and Transportation Commission
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Re: In the Matter of Developing Rules for the Treatment of Energy Storage for Compliance with RCW 19.405.030 — RCW 19.405.050, Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act, Docket UE-210183

Dear Mr. Johnson:

The NW Energy Coalition (Coalition) submits the following written comments pursuant to the Notice of Opportunity to File Written Comments dated May 3, 2021 in docket UE-210183.

The Coalition is an alliance of more than 100 organizations united around energy efficiency, renewable energy, fish and wildlife preservation and restoration in the Columbia basin, low-income and consumer protections, and informed public involvement in building a clean and affordable energy future. In these written comments, the Coalition offers overarching comments and direct responses to the Washington Utilities and Transportation Commission (UTC or Commission) questions.

Overarching Comments:

The basis for energy storage's value as a resource under CETA is in the requirement for utilities to incorporate energy storage into their planning and acquisition decisions for new resources used to meet the standards in RCW 19.405.040 and 19.405.050:

In meeting the standard under subsection (1) of this section, an electric utility must, consistent with the requirements of RCW 19.285.040, if applicable, pursue all cost-effective, reliable, and feasible conservation and efficiency resources, and demand

response. In making new investments, an electric utility must, to the maximum extent feasible:

- (i) Achieve targets at the lowest reasonable cost, considering risk;
- (ii) Consider acquisition of existing renewable resources; and
- (iii) In the acquisition of new resources constructed after May 7, 2019, rely on renewable resources **and energy storage**, insofar as doing so is consistent with (a)(i) of this subsection. (RCW 19.405.040(6)(a), RCW 19.405.050(3)) (emphasis added).

Utility integrated resource plans must further include:

(e) An assessment of methods, commercially available technologies, or facilities for integrating renewable resources, **including but not limited to battery storage and pumped storage**, and addressing overgeneration events, if applicable to the utility's resource portfolio (RCW 19.280.030, emphasis added)

The Coalition therefore recommends the following principles be incorporated into the development of the rules for the treatment of energy storage under CETA:

1. Energy storage supports in the delivery of energy and integration of renewables, but is not generation and therefore should not generate or retire RECs. It is distinct from renewable resources and is instead a technology that utilities must rely on when making new investments to meet the preference standards of RCW 19.405.040 — RCW 19.405.050.
2. Energy storage needs to be valued in the planning process, including within Integrated Resource Plans (IRP), Clean Energy Implementation Plans (CEIP), and distribution system planning, in order to fulfill the preference standards in RCW 19.405.040(6)(a) and RCW 19.405.050(3). Methods for valuing energy storage within these processes should incorporate and expand on the modeling guidelines detailed in the Commission's Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition.¹ The Commission's 2017 Policy Statement remains relevant, and is consistent with CETA, noting: "Energy storage, with its ability to enhance a utility's flexibility and improve its ability to respond to changing customer needs – without increasing emissions – is the type of investment that utilities should be weighing as they endeavor to adapt to the changing industry."² The Coalition urges the Commission and utilities to take necessary steps to implement the policy statement, including incorporating the value of energy storage as a flexibility resource that helps integrate CETA-compliant generation into planning and procurement decisions.

¹ "Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition." Washington Utilities and Transportation Commission, Dockets UE-151069 and U-161024 (2017).

² Ibid., page 11, para. 40.

3. CETA compliance reports should include information on the use of storage including, but not limited to, type, size, location, purpose, values provided, and how that storage functions in the system.

Responses to Questions:

1. *What information regarding the use of storage in meeting its CETA requirements should be included in the utility's CETA compliance report?*

To fulfill the preference standards in RCW 19.405.040 — RCW 19.405.050, CETA compliance reports should include type, size, location, purpose, values provided, and how that energy storage resource functions in the system.

2. *How should the energy used and provided by energy storage resources be accounted for to ensure that nonpower attributes of renewable generation are not double counted? What compliance and reporting requirements would assure verification and prevent double counting?*

There should be no RECs associated with storage as it is not the source, generator or final user of nonpower attributes. Compliance with RCW 19.405.040(1)(a) and RCW 19.405.050(1) should be focused on the character of the generation and the delivery to final utility consumer. Beyond accounting for line losses, the specific operations of intervening equipment on the transmission and distribution system is not a factor in determining compliance with the 2030 or 2045 CETA standards. IRPs, CEIPs, and distribution system planning should be used to ensure that utilities fulfill the preference standards in RCW 19.405.040(6)(a) and RCW 19.405.050(3).

3. *Should compliance and reporting rules related to energy storage be differentiated based on any of the following: (a) The storage technology, such as battery storage or pumped hydro storage (b) The location of the storage resource within the grid, such as collocated with a generating resource, interconnected in the transmission or distribution system, or at a retail customer's premise? (c) The ownership of the storage resource, such as a utility subject to CETA, a non-utility operator, or a retail end use customer.*

No, the compliance and reporting rules related to energy storage should not be differentiated but the energy storage characteristics listed in this question should be tracked and included in the CETA compliance reports. To the extent that an energy storage resource is collocated with a renewable generating resource, the rules should address what information is required to determine appropriate accounting for the delivery of that generating resource. To the extent that an energy storage resource is located on the transmission or distribution system, it should be treated as a transmission and distribution system asset, which does not require CETA accounting rules.

4. *For a storage resource that is interconnected in the power grid, one possible approach to compliance is to treat it like a generating resource. The storage*

resource would be registered in the Western Renewable Energy Generation Information System (WREGIS). It would retire RECs for the renewable electricity used to charge the storage device and report verified data on discharge of electricity into the grid. WREGIS would create renewable energy credits (RECs) for the electricity discharged into the grid. If it used a combination of renewable and fossil sources for charging, a multi-fuel calculation would be applied to ensure that RECs are created only for the renewable portion of electricity generated into the grid. Please comment on the advantages, disadvantages, and necessary elements of this approach.

Energy storage should not be treated as a generating resource. It should not generate or retire RECs. Any process that tried to account for each step of energy transfer by requiring retirement and reissuing of RECs would be extremely cumbersome, complicated and probably inaccurate. A utility should be reporting what energy it acquired from compliant generators and used to serve load.

To obtain enough energy to serve load, utilities will have to account for some losses, just as they plan for anticipated line losses. RECs are not retired and reissued because of line losses; rather, utilities should acquire the necessary amount of renewable and nonemitting energy required to serve customers and comply with the standards.

5. *For a storage resource that is collocated with a renewable generating facility: (a) Should the storage accounting rules specify that RECs are created based on the amount of electricity generated or on the amount of electricity delivered into the grid? (b) How should power from the grid used to charge the storage resource be accounted for?*

RECs should continue to be based on the amount of energy generated and the associated nonpower attributes.

6. *For a storage resource located at a retail customer's premise, should the electricity used to charge the resource be included in the load of the utility for purposes of CETA? If the storage resource returns electricity to the grid, should this electricity be subtracted from the load of the utility for purposes of CETA?*

If the utility billed the retail customer for the power, then it is part of the load and should meet CETA standards. If the Commission determines that additional accounting rules are necessary to address distributed energy resources, the Coalition would recommend that this issue be included in that rulemaking.

7. *Use of a storage resource will result in electricity being delivered to load at a different time than the electricity was generated. WREGIS creates RECs with a vintage specified as month and year. Is month and year vintage information sufficient to ensure that renewable energy claims are accurate and that double*

counting of renewable generation does not occur? If not, what vintage detail should be required and why?

Yes, month and year vintage information should be adequate for the purpose of compliance, as compliance will be measured over the compliance period.

8. *If a storage facility operator charges an energy storage facility with a combination of renewable and non-renewable electricity, what verification, documentation, or calculation requirements would ensure that the output of the storage resource is accurately accounted for as renewable or non-renewable?*

Documentation for storage facilities charged using renewable and nonrenewable electricity is not necessary for the purpose of complying with RCW 19.405.040(1)(a) and RCW 19.405.050(1). Instead, compliance and reporting rules should focus on source documents provided by the generator and the documentation that planning and resource acquisition requirements were met by the utility.

9. *Are there any energy storage accounting requirements used by other jurisdictions or by voluntary programs or protocols that the Commission should consider, either as guidance in adopting rules for CETA or to avoid potential conflicts in approaches?*

The Coalition recommends that the Commission ensure that utilities are properly valuing energy storage in their planning and acquisition. Valuation methodologies such as the values for effective load carrying capability of energy storage and renewable + storage hybrid systems should be consistent, or at least comparable to, other utilities with high renewable and clean energy obligations.

In conclusion, the Coalition believes that CETA provides ample policy support for utility acquisition and use of energy storage to meet CETA standards. However, CETA does not treat energy storage as a renewable or nonemitting electricity generation resource. CETA rules should therefore not attempt to provide CETA compliance credit based on the precise input/output of an energy storage facility. Instead, CETA rules should provide sufficient guidance to ensure that energy storage is properly valued for the benefits it provides to utilities and customers in the form on flexibility, renewable energy integration, and other use cases.

Respectfully submitted,

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