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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

December 3, 2020

Mark L. Johnson
Executive Director Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop S.E.
Lacey, WA 98504

Re: Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act and Matter of Amending, Adopting, and Repealing WAC 480-100-238 and Relating to Integrated Resource Planning Docket Nos. UE-190698 and UE-191023

The companies working to develop the Swan Lake and Goldendale pumped hydro storage projects (“Swan Lake” and “Goldendale”), Rye Development, along with Copenhagen Infrastructure Partners (collectively “Joint Commenters”) appreciate the opportunity to comment on the Washington Utilities and Transportation Commission’s (“Commission’s”) proposed Clean Energy Transformation Act (“CETA”) implementation and draft rules. In addition to the questions presented by the Commission in the Notice of Opportunity to File Written Comments issued on November 5, 2020, the Joint Commenters highlight an additional issue that warrants the Commission’s attention—namely how the draft rules, including the meaning of “use”, apply to energy coming in and out of storage facilities. As such, the Joint Commenters respectfully request the Commission hold an additional workshop to address the application of its CETA rules to storage facilities.

I. None of the Interpretations of “Use” Are Applicable to “Use” by a Storage Facility

The Commission provided two attachments, each having a different interpretation of “use” through proposed rule language. Both proposals envision a formerly “typical” generator to end use customer transaction, and debate whether that end use of electricity by the customer should be with bundled (with the Renewable Energy Credit or “REC”) or unbundled (without the REC). However, neither approach seems to anticipate a “detour” of the electricity through a storage resource and the accounting that is needed to address that detour.

II. How “Use” Applies to Storage Facilities Should Be Discussed in a Future Workshop

The round trip “detour” of the electricity raises highly technical issues that could potentially devalue energy storage, including, but not limited to:

- Where is the generated electricity “used”? At the charging of the storage resource, or at the ultimate customer’s meter?
- If storage is addressed as a “detour” of the electricity, is the efficiency drop in the round trip a “use”, or is the conversion of variable energy to renewable capacity and dispatchable

energy (and related available ancillary services) still an attribute of the “energy” in a renewable energy credit?

- If deemed completely used at the storage resource, is the REC retired? If retired, is the redispatch of the energy from an unspecified source with a carbon liability? Or does the proportion of renewable energy used to charge the storage resource retain, at a minimum, its renewable attributes as a renewable capacity resource and a provider of ancillary services? If not, where is and should the value of the conversion of variable energy to dispatchable capacity and resulting energy loss in the storage/redispatch round trip be accounted for?
- Is the accounting different if the storage resource is owned by the utility in either the bundled or unbundled case?
- Is it different if the storage resource is: (1) located on and/or participating in the wholesale (transmission) or retail (distribution) market/system; or (2) co-located with generation behind an interconnection (differing wholesale market scenarios currently being addressed by the CAISO).¹

The Joint Commenters respectfully request the Commission hold a workshop to resolve questions like these, either in this consolidated docket or a separate proceeding specific to storage. To the extent the Commission chooses to address or provide guidance on how the “use” issues already identified pertain to storage before any storage-specific workshop, the Joint Commenters request that the Commission simply confirm that the rules only apply to energy that has neither charged nor been discharged from a storage resource.

III. CETA Does Not Provide Guidance on Storage

While CETA clearly contemplates, and directly references, storage, it does not provide relevant guidance for including, valuing of, or accounting for storage when utilities plan for and acquire storage resources.

First, CETA requires that a utility must, to the maximum extent feasible “in the acquisition of new resources constructed after May 7, 2019, rely on renewable resources and *energy storage*.”² CETA also restricts use of any new hydroelectric generation for compliance to only new “diversions, bypass reaches, or reservoir expansions are necessary for the operation of a *pumped storage facility*” that does not conflict with fish recovery plans and complies with all local, state and federal laws and regulations.³ Finally, CETA defines “distributed energy resource” as “mean[ing]

¹ CAISO MEMORANDUM, *Decision on Hybrid Resources Policy Proposal (Nov. 11, 2020)* available at <http://www.caiso.com/Documents/DecisiononHybridResourcesPhase2Proposal-Memo-Nov2020.pdf>; , UTILITY DIVE, *CAISO Approves Hybrid Storage Policies as California Preps to Add 1.5 GW by 2022 (Nov. 24, 2020)* available at <https://www.utilitydive.com/news/caiso-approves-hybrid-storage-policies-as-california-preps-for-addition-of/589609/>

² RCW 19.405.040(6)(a)(iii)

³ RCW 19.405.050(5)(a)

a nonemitting electric generation or renewable resource ... that ... provides *storage* ... and ... is located on the distribution system, any subsystem of the distribution system, or behind the customer meter.”⁴ These references support further exploration as to how storage should be included in the Commission’s CETA rules.

Storage is also indirectly included in CETA through Resource Plans and Clean Energy Action Plans requirements. For example, pursuant to RCW 19.280.030(1)(e), utilities with more than 25,000 customers must conduct “[a]n assessment of methods, commercially available technologies, or facilities for integrating renewable resources, including but not limited to *battery storage and pumped storage*.” This provision specifically acknowledges the role of storage in integrating variable renewable resources through the requirement to conduct an assessment of storage for that integration. However nothing in CETA further addresses how storage can assist in meeting regulatory requirements, or otherwise how storage should be assessed and valued, given its properties to provide integration of renewable resources through providing capacity and dispatchability, along with other ancillary services to a system that will be increasingly served by variable renewable resources.

Additionally, RCW 19.280.030(2)(d) requires investor owned utilities, but not consumer owned utilities, to “identify renewable resources, nonemitting electric generation, and *distributed energy resources* that may be acquired and evaluate how each identified resource may be expected to contribute to meeting the utility's resource adequacy requirement” when adopting a Clean Energy Action Plan. This provision contains a reference to distributed energy resources (“DER”), but RCW 19.280 does not include a definition of DER. CETA does define DER, which includes storage, but only storage interconnected to a distribution system or located on the customer’s side of the meter. This definition, if applied for DERs in an assessment of storage in a utility’s Clean Energy Action Plan, would not include pumped storage, unless it was interconnected to a distribution system (highly unlikely given the scale necessary for a pumped storage project). The CETA definition of DER does perhaps indirectly reference storage as a capacity resource, since it is included in the provision requiring a utility to address resource adequacy; however, the reference to storage is indirect and limited, only on a distribution system, and only one of several DERs listed in the CETA definition.

⁴ See RCW 19.405.020(13) (limiting storage as a resource in this context to location on the distribution system or the customer’s side of the meter).

The Joint Commenters appreciate the Commission's consideration of these issues and look forward to working with Stakeholders throughout the remainder of the CETA implementation.

Sincerely,



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