



AES Energy Storage
4300 Wilson Boulevard
Arlington, VA 22203
tel 1 703 522 1315
www.aesenergystorage.com

April 3, 2017

Mr. Steven V. King,
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Comments of AES Energy Storage on Draft Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition, Dockets U-161024 and UE-151069

AES Energy Storage, LLC (“AES”) appreciates the opportunity to provide feedback on the draft report and policy statement on treatment of energy storage technologies in integrated resource planning and resource acquisition (“Policy Statement”) as requested by the Washington Utilities and Transportation Commission (“Commission”) in Dockets UE-151069 and U-161024, issued on March 6, 2017.

AES is a pioneer in the commercialization of battery based energy storage on the grid, placing the first lithium ion grid battery in service in 2008. Today, AES is a global leader in commercial energy storage solutions. Its solutions unlock value from existing power infrastructure, improve flexibility and reliability of the power system, and provide customers with a complete alternative to traditional peaking power plants.

Overall, we agree with comments made by the Energy Storage Association (ESA) and Renewable Northwest. AES strongly supports the Commission’s draft Policy Statement and is highly encouraged to see leadership from the Commission towards addressing some of the key issues that have existed in traditional generation, T&D systems planning for years. Several of the issues discussed in the Policy Statement are critical to ensure that investment decisions made in future truly provide the least-cost solution for rate-payers. We believe that the content and guidance provided in the Policy Statement have the capability to be a national role model for policymakers in other States to refine existing resource planning standards.

In particular, we applaud the Commission to have provided the focus on the following three items:

- **Prudency:** AES strongly agrees with the Commission that inclusion of storage in resource planning should be an issue of showing prudence in determining long-term investments for the grid. Consideration of grid-scale storage as a capacity resource provides the opportunity for us to right-size and future-proof our grid.
- **Benefits:** It is important to ensure that we set a level playing field with respect to accounting all the benefits that energy storage resources bring to the grid. AES agrees



strongly with the Commission on using the “net cost” method outlined in ESA’s comments. AES believes that this approach will truly allow for an “apples to apples” comparison of storage with some of the other capacity alternatives.

- **Procurement:** AES agrees with the Commission that any future procurement for generation and T&D needs should be technology neutral and clearly identify the needs of the system. As an example, in 2013 Southern California Edison (SCE) was seeking 2,000 MW of new peak capacity to address a pending reliability issue, with the specific requirement that at least 50 MW of the capacity addition must be in the form of energy storage. SCE issued an “all source” solicitation in which any technology capable of providing peaking capacity was eligible to compete. Over one thousand responses were submitted involving a variety of technologies, including large scale combined cycle, simple cycle gas turbines, demand response, and energy storage. After extensive evaluation of each proposal on a long-term economic market model, SCE ended up selecting 261 MW of energy storage as a viable solution to meet its peak load needs, far in excess of (over five times) the quantity mandated by its regulator, demonstrating that energy storage can be a competitive solution.

Thanks for the opportunity to provide feedback. AES looks forward to working with the Commission and other stakeholders to utilize energy storage as an option to create a clean, reliable and affordable future grid.

Sincerely,

A handwritten signature in blue ink, appearing to read "Praveen Kathpal", is written in a cursive style.

Praveen Kathpal
Vice President
AES Energy Storage LLC