Oregon Citizens' Utility Board
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June 30, 2020

Public Utility Commission of Oregon
Attn: Natascha Smith
201 High St SE, Suite 100
Salem, Oregon 97301

Re: AR 616 Comments – Rulemaking Related to RPS Planning Process and Reports

Dear Ms. Smith:

The Oregon Citizens' Utility Board (CUB) hereby submits its written comments on the questions for stakeholders circulated on June 19, 2020 in the above-referenced proceeding. CUB's comments will respond to each of the questions posed by the Staff of the Public Utility Commission of Oregon (Staff) in turn.

1. ***What was the purpose of including 'associated energy storage' in the language SB 1547? What facts or policy reasons support your position?***

The original RPS (SB 838) passed in 2007. It established an automatic adjustment clause (Renewable Adjustment Clause or RAC) for prudently incurred costs associated with renewable energy sources and associated transmission for RPS compliant resources. Oregon's subsequent RPS, SB 1547, was passed in 2016. By that time utilities were pairing solar with storage at the same site. According to the Energy Information Agency (EIA), in 2016, there were 19 sites in US with solar paired with storage. By 2019, that figure had grown to 53 and EIA forecasts an additional 56 projects by the end of 2023.[1]

The language was added to the RPS to reflect the reality that energy storage was beginning to be directly paired with solar. This language was added to the RPS to avoid a situation in which an Oregon utility built a solar plus battery project and had to use two different mechanisms for rate recovery.

It is important to recognize that, since the passage of SB 838, the RAC already included costs related to RPS-associated transmission. This was placed in the original RPS to ensure cost recovery of transmission lines that connected a renewable project to the utility system. While all transmission moves renewable energy from its generation source to load, the associated

[1] https://www.energy-storage.news/news/large-scale-renewables-plus-storage-projects-in-us-more-than-doubled-from-2

transmission in the RPS was limited to the transmission that was added as part of the renewable project.

I was part of the group of stakeholders that negotiated the language in SB 1547. It is my belief that our intent in adding storage to the RAC was to do so on the same terms that we had included transmission in SB 838. "Associated" means that it is part of a renewable development. Energy storage that is not included as part of a renewable development was not contemplated to be eligible for cost recovery in the RAC.

2. ***Should the administrative rules require 'associated energy storage' to be located on the site of a renewable resource? What legal or policy reasons support your position?***

Yes. The Renewable Adjustment Clause is an automatic adjustment clause for renewable projects. It includes project costs associated with renewable generation, transmission, and storage that are part of that project. It does not include transmission or storage that is not part of a renewable project.

If a utility wants to propose an AAC for a transmission or energy storage investment that is not part of a renewable project, it may do so, but that is a separate issue from the Renewable Adjustment Clause.

See CUB's response to question 1 above for additional legal and policy support. From a legal perspective, SB 838's guidance was clear that a transmission investment must have been built for the purpose of interconnecting an RPS-eligible resource. It is CUB's contention, based upon first hand involvement, that the intent of SB 1547 is identical in regards to energy storage eligible for RAC cost recovery.

3. ***How else might energy storage be connected to a renewable energy resource?***

A utility system is interconnected. The western grid is interconnected. All transmission and storage is therefore "connected" to renewable energy resources. A customer who owns an EV is partially charging its battery with RPS eligible renewable resources. SB 838 and SB 1547 were the laws that established Oregon's RPS standards and the cost recovery language in them were about renewable projects including transmission and storage that were part of that project. Unless an energy storage project is physically connected to an RPS-eligible resource, it should not be eligible for RAC cost recovery.

4. ***Besides co-location, what metrics are available for determining if energy storage is associated with a renewable energy resource?***

If it is part of a single project reviewed in an IRP. For example, if an IRP chose the renewable and storage as a single project to address a capacity need for the system, then the energy storage would be eligible for RAC cost recovery.

Respectfully Submitted,

/s/ Bob Jenks

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