

## California Dreaming? State Sets Energy Storage Target for Utilities

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In 2008, the state of California established a goal for investor owned utilities of 33% renewables by 2020, an amount skeptics considered wildly unrealistic. As a result of this policy support, RPS capacity installed has grown tenfold from 692 MW at the end of 2008 to an expected 7,225 MW by the end of 2013. The state has served as an incubator to test new technologies, policies, and business models for renewables. This trend continues as California turns its attention to kick starting the storage industry.

A recent order (Decision 13-10-040) from the California Public Utilities Commission establishes a 1,325 MW energy storage procurement target for investor-owned electric utilities. In addition, electric service providers and community choice aggregators must procure energy storage resources equal to 1% of their peak load by 2020.

Since energy storage is an emerging technology, procurement targets are staggered beginning in 2014. In an effort to understand potential business models and potential value of storage, the Commission requires investor owned utilities to procure energy storage across three points of interconnection – transmission, distribution, and customer-sited. All procured energy storage resources must be installed by 2024.

### Investor-Owned Utility Energy Storage Procurement Targets (MW)

Storage Grid Domain Point of Interconnection	2014	2016	2018	2020	Total
<b>Southern California Edison</b>					
Transmission	50	65	85	110	310
Distribution	30	40	50	65	185
Customer	10	15	25	35	85
<b>Subtotal SCE</b>	<b>90</b>	<b>120</b>	<b>160</b>	<b>210</b>	<b>580</b>
<b>Pacific Gas &amp; Electric</b>					
Transmission	50	65	85	110	310
Distribution	30	40	50	65	185
Customer	10	15	25	35	85
<b>Subtotal PG&amp;E</b>	<b>90</b>	<b>120</b>	<b>160</b>	<b>210</b>	<b>580</b>
<b>San Diego Gas &amp; Electric</b>					
Transmission	10	15	22	33	80
Distribution	7	10	15	23	55
Customer	3	5	8	14	30
<b>Subtotal SDG&amp;E</b>	<b>20</b>	<b>30</b>	<b>45</b>	<b>70</b>	<b>165</b>
<b>Total (all 3 utilities)</b>	<b>200</b>	<b>270</b>	<b>365</b>	<b>490</b>	<b>1,325</b>

Over the long-term, California's energy storage procurement has the potential to significantly impact the broader electric sector. The requirement will test the cost-effectiveness of energy storage technologies, evaluate the value of storage at different grid locations, and encourage the development of competing business models. At a time when storage seems as wildly unrealistic as renewable goals five years ago, this first step by California may similarly kick start an industry.

ScottMadden understands the issues and opportunities created by energy storage and other cleantech resources. We assist customers in navigating through this changing landscape. For more information or to provide comments on this topic, please [contact us](#).

### Sources:

- EIA. Electric Power Monthly. February 2013. Tables 1.14.B. (CA = 14% of non-hydro renewable generation)
- California Public Utilities Commission. Rulemaking 10-12-007. Decision 13-10-040; October 17, 2013
- California Office of the Governor. Executive Order S-14-08. November 17, 2008
- California Public Utilities Commission. Renewables Portfolio Standard Quarterly Report. 2nd Quarter 2013