

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

**Rulemaking to implement the provisions of
Senate Bill 204 (2017)**

Docket No. 17-07014

**REPLY COMMENTS OF THE ENERGY STORAGE ASSOCIATION ON THE
IMPLMENETATION OF SENATE BILL 204**

Pursuant Procedural Order No. 4 issued by the Public Utilities Commission of Nevada (“Commission”) on October 2, 2018, in Docket No. 17-07014 Investigation and Rulemaking to Implement Senate Bill (“SB”) 204 (2017), the Energy Storage Association (“ESA”) respectfully submits these reply comments for the Commission’s consideration. In our comments, ESA directly addresses concerns in opening comments about whether energy storage targets are in the public interest, noting that these concerns can be addressed in the development of a target and do not in themselves suggest a target is not in the public interest. Additionally, ESA reiterates the importance for a long-term policy signal in the form of an energy storage target to achieve the public interest.

I. ABOUT THE ENERGY STORAGE ASSOCIATION

ESA is the national trade association dedicated to energy storage, working toward a more resilient, efficient, sustainable and affordable electricity grid – as is uniquely enabled by energy storage. With more than 160 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, law firms, installers, manufacturers, component suppliers and integrators involved in deploying energy storage systems around the globe.

II. REPLY COMMENTS ON DEVELOPING AN ENERGY STORAGE TARGET

- i. *Concerns presented by parties do not affect the public interest determination for a storage target, and such concerns can be addressed in subsequent stakeholder process.*

A significant portion of opening comments by parties in this proceeding focus on potential uncertainties that purportedly make an energy storage target antithetical to the State of Nevada's electric system.¹ These are not only concerns that can be addressed in the stakeholder process to develop a target should the Commission adopt one, but they are also in many cases tangential to the question being asked by the Commission of whether an energy storage target is in the public interest. The Brattle Group study's findings, which are largely regarded by parties as robust and thorough, provide important economic modeling results to support an energy storage target that is based on the specific needs of the State of Nevada. Those benefits not only have clear and tangible value for Nevadans by creating a more resilient and flexible electric system that can facilitate a transition to higher renewable generation affordably, but the monetary value (at least for the values that can be quantified by the Brattle Group) exceeds the financial cost of deploying those assets on the system.

Several parties raised concerns with advancing an energy storage target when there are pending initiatives and electricity market trends that could result in departing load.² Furthermore, general concerns were raised about an energy storage target resulting in stranded assets that ratepayers will be required to pay for.³ First, ESA notes that the failure of Initiative No. 3 provides some certainty that was not in place when parties initially filed comments. More importantly, ESA contends that energy storage is a grid asset, providing cost-effective grid services and non-wires alternatives to traditional distribution and transmission grid investments. With that in mind, changes in load do not reduce the need for regulated utilities to provide cost-competitive transmission and distribution services and to maintain a reliable, flexible and resilient grid.

¹ Comments of the Nevada Power Company and Sierra Pacific Power Company, p. 2; Initial Comments of the Bureau of Consumer Protection, p. 3-6.

² Initial Comments of the Bureau of Consumer Protection, pp. 5-6.

³ Initial Comments of the Bureau of Consumer Protection, p. 3.

ii. *Energy storage target does not conflict with existing IRP and DRP processes.*

ESA agrees with parties who suggest that the Integrated Resource Planning (“IRP”) and Distribution Resource Planning (“DRP”) processes are the appropriate mechanism by which to procure energy storage in a way that is aligned with the system’s needs.⁴ It is not clear why the existence of these processes would make an energy storage target against the public interest. In fact, an energy storage target identifies a long-term vision for deployment of energy storage in a way that best supports the public interest by providing an affordable, reliable and resilient grid. It is the existing processes, such as the IRP and DRP, where the decisions of how to deploy those energy storage assets are made. ESA contends that a stakeholder process to determine the components of an energy storage target can address how to incorporate these long-term deployment scenarios in a way that maintains the integrity of the resource planning process. Development of an energy storage target does not require that energy storage be selected over other resources if they provide more competitive solutions in the resource planning process.

iii. *Setting long-term storage target is needed to realize the benefits quantified in the study.*

In opening comments, Staff notes that the “incremental cost-effectiveness of energy storage decreases as its market penetration grows” and concludes that setting a long-term goal is therefore not in the public interest.⁵ However, ESA notes that the modeling exercise by Brattle Group that identified a net benefit to the State of Nevada through the deployment of 1,000 MW by 2030 has already baked in this assumption. The assumption is one that can be applied to many modeling exercises, not just energy storage or even the electricity market, and does not undermine the fact that 1,000 MW have been demonstrated to provide value that exceeds the cost.

⁴ Comments of the Nevada Power Company and Sierra Pacific Power Company, p. 3-4; Regulatory Operations Staff’s Comments, p. 3.


⁵ Regulatory Operations Staff’s Comments, p. 3.

As ESA has underscored in opening comments, not only has a 1,000 MW energy storage target been determined as providing a net benefit to ratepayers and addresses all of the benefits identified in Senate Bill 204, but such a target is critical for achieving all those benefits. The amount of resources that are required to build a presence in a new market are significant, and with many states providing commitments to the deployment of energy storage in the form of clearly articulated targets, the energy storage industry is making important decisions of where to allocate their resources. Without a target, the future market potential will remain unclear, and the risks of deploying business infrastructure in the State will be too high.

III. CONCLUSION

ESA thanks the Commission for the opportunity to provide comments in support of the development of an energy storage target in the State of Nevada. We look forward to working with the Commission and other stakeholders on implementing this important legislation.

Respectfully submitted this 14th day of November, 2018.



Nitzan Goldberger
State Policy Director
Energy Storage Association

1800 M Street NW, Suite 400S
Washington, DC 20036
n.goldberger@energystorage.org
Tel. 202-276-4301