BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
BOB BURNS, CHAIRMAN
ANDY TOBIN
BOYD W. DUNN
SANDRA D. KENNEDY
JUSTIN OLSON

IN THE MATTER OF POSSIBLE MODIFICATIONS TO THE ARIZONA CORPORATION COMMISSION’S THIRD REVISED ENERGY RULES | Docket No. RU-00000A-18-0284

COMMENTS OF THE ENERGY STORAGE ASSOCIATION

Pursuant the Arizona Corporation Commission’s (“Commission”) Staff’s request for written comments and proposed language to the third revised draft of proposed modifications to the Commission’s Energy Rules in Docket Number RU-00000A-18-0284 on February 18, 2020, ESA respectfully submits these comments for the consideration of the Commissioners and Commission Staff (“Staff”).

ESA appreciates the opportunity to provide comments on modifications to the Commission’s third revised energy rules. As noted in our comments on this docket last year, ESA shares the Commission’s concern that updates to existing energy rules are required to reflect the immense technological changes that have taken place over the past decade, and the State of Arizona’s interest in driving a transition to a low-carbon and more efficient electric grid.

ESA applauds the Commission for engaging stakeholders over the last several years on reforming the existing energy rules to better reflect the changing system needs and availability of technologies. ESA provided comments in March 2019 to Staff’s previous request for comments on the draft Energy Rules. ESA appreciates the opportunity to continue to provide information
and input to the Commission and Staff in this docket. In our comments today, ESA requests clarification on the Distributed Renewable Storage Requirement. Additionally, ESA would like to make recommendations regarding elements of the Clean Peak Standard requirement.

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 190 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. Further, our members work with all types of energy storage technologies and chemistries, including lithium-ion, advanced lead-acid, flow batteries, zinc-air, compressed air, and pumped hydro among others. A number of our members have deployed or are presently developing grid energy storage projects in Arizona.

II. COMMENTS

ESA applauds the Commission focus on ensuring the least-cost, best-fit portfolio of generation resources and grid infrastructure assets are deployed to enhance Arizona’s electric system. Energy storage is complementary to any portfolio of resources, regardless of the grid’s carbon content, owing to its ability to make the grid more flexible and affordable. Energy storage enhances resilience to withstand or recover from extreme weather conditions, including through deployment on the distribution system and at customer premises. Storage can also significantly reduce the need for spare generation capacity to meet peak demand and thereby save ratepayers the expense of carrying the burden of underutilized assets.

Storage also supports different state policy objectives, such as reducing carbon emissions
through enabling the increased penetration of renewable energy resources and reducing dependency on emitting technologies. Storage can serve as a cost-effective and low impact solution for integrating growing levels of renewable energy, both by complementing or substituting for more expensive traditional transmission facilities and by avoiding curtailment of renewable energy and other clean energy resources. At the distribution level, energy storage systems can facilitate adoption of clean energy resources such as customer-sited photovoltaic ("PV") systems by enhancing hosting capacity along the distribution grid.

ESA commends the Commission for inclusion of a storage provision in the Energy Implementation Plan, which details enhancements to the existing Renewable Energy Standard Tariff ("REST") and development of a Clean Peak Standard. ESA supports the current proposal to treat both the REST and Clean Peak Standard as standards, not goals. However, ESA requests further modification and clarification to the Clean Peak Standard to ensure that program effectively meets the Commission’s intention in its proposed Energy Rules.

ESA recommends that the Clean Peak Standard section of the Energy Implementation Plan specify that the 30% requirement for retail sales from Clean Energy Resources is additional to the status quo (i.e., 30% of all retail sales beyond the current baseline level of retail sales from Clean Energy Resources sales in the state). The revised Energy Rules propose that at least 30% of retail kWh sales come from Clean Energy Resources by 2035. However, the state of Arizona already receives 28.5%\(^1\) of its electricity from nuclear energy resources. Given that nuclear energy would count towards the 30% Clean Peak Standard, the existing nuclear energy in the state would nearly fulfill this entire requirement, leaving merely 1.5% of the standard to be met by other Clean Energy Resources—which would be quickly saturated and achieved without any

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further deployment. The addition of language making clear that the 30% Clean Peak Standard is additional to the current baseline of sales from Clean Energy Resources will ensure that new clean resources are developed and thus contribute to greater diversification of Arizona’s clean energy resource portfolio as the Commission intends.

III. CONCLUSION

ESA appreciates the opportunity to provide these comments and recommendations on the implementation of reforms to the energy rules. ESA looks forward to working with the Commission and other stakeholders to develop the specific programmatic elements to support the vision of the Commission. Given the extensive engagement with stakeholder on these key issues to date, it is critical that the Commission advance important reforms to the energy rules soon.

Respectfully submitted this 17th day of March, 2020.

Jason Burwen
Vice President, Policy
Energy Storage Association
901 New York Avenue, Suite 510
Washington, DC 20001