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California Adopts Historic Energy Storage Targets

(October 17, 2013) Berkeley, CA. The California Public Utilities Commission (CPUC) today set a target for California investor owned utilities to procure 1.325 GW of cost effective energy storage by 2020. The target, which is the largest of its kind worldwide, is set to increase California’s installed energy storage capacity six fold from its current 35 MW (excluding large-scale pumped hydro storage). The decision is the result of a 2-year regulatory process that studied a multitude of innovative energy storage technologies and applications for meeting the state’s growing grid needs. The CPUC has now arrived at a clear conclusion: energy storage is a vital part of the grid of the future, and should be deployed right away.

All 5 CPUC Commissioners approved the landmark decision unanimously earlier today. In her introductory comments, Commissioner Carla Peterman stated, “I believe energy storage has great potential to help us address grid reliability and renewables integration issues. This decision is an important and appropriate step, especially considering the leadership role California has and continues to play in advancing progressive energy policy.”

The CPUC’s action sets targets for California's investor owned utilities and direct access providers to procure a specified amount of energy storage every two years through 2020, with targets increasing with each solicitation. Some energy storage facilities are expected to come into service as early as 2015, meeting grid needs such as phasing out dirtier power plants, deferring expensive transmission and distribution upgrades, and helping to integrate renewables. This multi-stakeholder process and final decision was set in motion by AB 2514 (Skinner) which became law in 2010. Under AB 2514, the CPUC was required to open a proceeding to consider developing energy storage procurement targets for California utilities to integrate grid-scale storage into the state’s electrical power system if determined to be viable and cost-effective.

Assemblywoman Nancy Skinner, the author of AB 2514, expressed excitement about the decision's impact. "California passed AB 2514 so that we would have the opportunity to harness excess electricity generation and use it when needed. The CPUC's decision to ensure storage capacity will increase the reliability of our electrical grid and optimize solar, wind and other renewable resources. This decision makes our state the global leader in energy storage, spurring innovation and creating jobs across California."

Some of the Decision’s highlights include:

* Specific, biennial energy storage procurement targets for Southern California Edison, San Diego Gas & Electric, and Pacific Gas and Electric beginning in 2014 with targets increasing over time. By 2020, the three together are expected to have contracted for 1.325 gigawatts of energy storage for their operations with an absolute installation requirement no later than 2024.
* Utilities will be allowed to employ energy storage for a variety of functions throughout the electric power system, such as capacity, ancillary services, and peak shaving, which in turn will provide real-world data for further market expansion. Energy storage systems can be deployed in three “grid domains”: transmission-interconnected, distribution-interconnected and behind-the-meter-interconnected.
* Utility ownership of storage projects should not exceed 50% of all storage across all three grid domains.
* While large scale pumped storage (>50MW) projects are excluded from the target, the Commission will hold a workshop to further explore the operational characteristics and uses for pumped storage projects.

“Some years from now we will look back in history and realize that Assembly woman Skinner and Commissioner Peterman’s vision and leadership profoundly changed the way we operate the grid,” said Janice Lin, Executive Director of the California Energy Storage Alliance. "We applaud Commissioner Peterman and the whole Commission for their skillful implementation of AB 2514. Today’s momentous decision will optimize our electric power system, lower costs for consumers, enhance reliability and decrease pollution.”

The first solicitation for new energy storage capacity will be required to occur no later than December 1, 2014.

ABOUT THE CALIFORNIA ENERGY STORAGE ALLIANCE

The California Energy Storage Alliance (CESA) is a membership-based advocacy group committed to advancing the role of energy storage in the electric power sector through policy, education, outreach, and research. CESA’s mission is to make energy storage a mainstream energy resource, which accelerates the adoption of renewable energy technology and promotes a more efficient, reliable, affordable, and secure electric power system. For more information, please visit [www.storagealliance.org](http://www.storagealliance.org)

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