

# Sustainability & Climate Change Reporter



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### California Passes First U.S. Renewable Energy Storage Law

The California Legislature's passage of the [energy storage bill](#), AB 2514, is the first measure in the U.S. that could require utilities to store part of the electricity they generate. If a goal is established as a result of AB 2514, it could provide an important incentive to the development of clean energy that renewable portfolio standards ("RPS") have been unable to do on their own.

#### RPS Goals

California, like 28 other states and the District of Columbia, has adopted [standards](#) for increasing the amount of renewable energy utilities procure to sell to their retail customers. In California's case, a 2006 [statute \(PDF\)](#) established a goal of 20 percent by the end of 2010, and [two executive orders \(PDF\)](#) set a target of 33% by 2020. California's three investor-owned utilities, however, will fall [short](#) of the 2010 goal by around five percent.

#### Energy Storage

AB 2514 adds another layer of incentive, or potential incentive, by giving the California Public Utilities Commission ("CPUC") authority to determine whether and, if so, what targets to set for energy storage systems that the three investor-owned utilities (Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric) must meet by 2015 and 2020. The bill as passed does not go as far as the original proposal, which would have set a fixed storage goal of at least 2.25 percent of peak demand by 2015 and five percent by 2020. But, if CPUC does set a target, it should provide a significant boost to development of energy storage technologies.

#### Making Progress

The real issue may be whether the technology can meet the statutory and regulatory goals. All indications are that it can. A new [report](#) by Pike Research indicates that the grid energy storage market could jump from \$1.5 billion this year to \$35 billion by 2020. With California adopting

AB 2415, and if the CPUC follows through with actual adoption of a goal, that could be a significant positive signal.

The statute gives the CPUC until March 2012 to start a proceeding to determine whether to set targets, but utilities such as Pacific Gas & Electric and others are not waiting. As the NEXT 100 blog describes, PG&E is working on technologies such as [pumping compressed air](#) into an underground reservoir for usage during peak hours and [pumping water](#). Others are working on [battery storage](#) technologies, such as the new \$17 million loan guarantee from the Department of Energy to AES for development of a lithium ion battery storage for 20 megawatts.

Lane Powell PC | Your Pacific Northwest Law Firm®

**Seattle**

1420 Fifth Avenue  
Suite 4100  
Seattle, WA 98101-2339  
Phone: 206.223.7000  
Fax: 206.223.7107

**Portland**

601 SW Second Avenue  
Suite 2100  
Portland, OR 97204-3158  
Phone: 503.778.2100  
Fax: 503.778.2200

**Olympia**

111 Market Street NE  
Suite 360  
Olympia, WA 98501  
Phone: 360.754.6001  
Fax: 360.754.1605

**Anchorage**

301 West Northern Lights Blvd.  
Suite 301  
Anchorage, AK 99503  
Phone: 907.277.9511  
Fax: 907.276.2631

**London**

Office 2.24  
148 Leadenhall Street  
London, EC3V 4QT, England  
Phone: 020.7645.8240  
Fax: 020.7645.8241