division of energy resources
Minnesota Department of Commerce

85 7th Place East, Suite 500, St. Paul, MN 55101-2198
Main: 651.296.4026 tty: 651.296.2860 fax: 651.297.7891

May 17, 2012

To: Minnesota Utility Conservation Improvement Program Stakeholders

RE: Extension of Energy Storage Device Guidance for Inclusion in Conservation Improvement Program Portfolios

The Minnesota Department of Commerce, Division of Energy Resources (the Department) provided the following guidance to state utilities regarding residential and commercial utility energy storage devices for inclusion in Conservation Improvement Program (CIP) activities in June 2011. This guidance was issued for 18 months and is set to expire December 31, 2012. In response to the need to collect more data regarding this technology, the Department is extending this guidance through June 30, 2014. Residential and commercial utility-controlled energy storage devices may be included as an eligible expense in a utility's CIP portfolio. As part of this notice, the Department is also allowing utilities to establish an energy savings methodology.

The goals of utility conservation programs are to:

- Promote awareness and adoption of energy efficient technologies
- Help households and businesses reduce their energy costs
- Defer costly utility infrastructure investments
- Reduce emissions and conserve resources

Energy storage devices, such as utility load-controlled battery storage technologies may be consistent with these goals.

The Department requests that utilities seeking to claim energy savings resulting from the implementation of customer sited energy storage devices collect energy and demand data from these deployments so as to better determine the value to the utility's system. In addition to collecting actual energy and demand savings data, utilities should collect information related to the operation of these systems, such as the frequency and duration that utilities control these systems in both charge and discharge modes, as well as any other information that would show the value associated with the deployment of these systems. The Department will allow utilities to gather the savings information until June 30, 2014 after which time adjustments may be made to the energy and demand savings estimates based on actual data.

The Department looks forward to working with Minnesota utilities and our statewide public consumer and customer groups to evaluate the benefits of customer-sited energy storage devices as part of utility load management program activities.

Sincerely,

William Grant
Deputy Commissioner
Division of Energy Resources

Utility Energy Storage Devices

Residential and commercial utility-controlled energy storage devices may be included as an eligible expense in a utility's CIP portfolio.

Date of Issuance: June 6, 2011
Previous Date of Expiration: December 31, 2012
Date of Extension: April 10, 2012
New Date of Expiration: June 30, 2014

Applicability of Guidance:

Cooperative and municipal utilities and associations may count expenditures and savings for energy storage devices consistent with current policy for other load management devices. Load management expenses may total up to 50% of the minimum amount of spending required under Minnesota Statutes §216B.241. Equipment costs should be listed under participant incentives and labor and administration costs under delivery, administration and evaluation labor. Energy and demand savings (kWh and kW) for new participants (customers should have load control for energy storage devices) should be reported under the conservation portion of the project.

Any additional costs or incentives provided to a participating customer (including bill incentives) should be counted under the load management portion of the utility's CIP report. All energy and demand savings from existing customers (those who continue to participate in the program) should be counted under the load management section of the project.

Investor-owned utilities may make a reasonable level of investment in this technology through a pilot program under program development or R&D activities, or through a pilot program that is separately approved by the Department.

Treatment of Energy Savings:

The following energy saving estimates and peak demand estimates will be used for utility control of customer sited energy storage:

- Energy savings (kWh) estimate: Calculated by multiplying the installed capacity of energy storage devices in kW by the hours of availability during peak demand periods
- Peak demand savings (kW) estimate: Equal to the total installed capacity in kW of installed energy storage capacity