

Better Buildings Residential Network Peer Exchange Call Series

Residential Storage – An Essential Piece of the Climate Puzzle

November 9, 2023



Agenda and Ground Rules

- Moderator
 - Jonathan Cohen, Better Buildings Residential Network, U.S. DOE Residential Buildings Integration Program (RBI)
- Agenda Review and Ground Rules
- Residential Network Overview and Upcoming Call Schedule
- Opening Poll
- Featured Speakers
 - Jason Finkelstein, McKinsey & Company
 - Imre Gyuk, U.S. Department of Energy (DOE)
 - Benjamin Shrager, U.S. Department of Energy (DOE)
 - Meredith Roberts, Generac Power Systems, Inc.
- Open Discussion
- Closing Poll and Announcements

Ground Rules:

- 1. Sales of services and commercial messages are not appropriate during Peer Exchange Calls.
- 2. Calls are a safe place for discussion; **please do not attribute information to individuals** on the call.

The views expressed by speakers are their own, and do not reflect those of the Dept. of Energy.





Better Buildings Residential Network

Join the Network

Member Benefits:

- Recognition in media, social media and publications
- Speaking opportunities
- Updates on latest trends
- Voluntary member initiatives
- One-on-One brainstorming conversations

Commitment:

 Members only need to provide one number: their organization's number of residential energy upgrades per year, or equivalent.

Upcoming Calls (2nd & 4th Thursdays):

- 12/14: The Potential of Whole-Home Lighting Systems and Low-Voltage Homes
- 1/11: <u>TBA</u>

Peer Exchange Call summaries are posted on the Better Buildings <u>website</u> a few weeks after the call







Jason Finkelstein McKinsey & Company





Residential Energy Storage

"Residential Storage – An Essential Piece of the Climate Puzzle"

November 9th, 2023

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Partner, San Francisco

Jason Finkelstein Partner, San Francisco





Jason is a Partner in the San Francisco Office of McKinsey & Company

Jason the global leader of our distributed generation service line

☆-└____∠

He has supported clients all over the world in topics related to distributed generation across a variety of strategic, growth, and operational topics We projected significant growth in residential storage in 2018 and the market has grown in line with expectations



1. Wood Mackenzie, US Energy Storage Monitor Q3, 2023

2. "How residential energy storage could help support the power grid," McKinsey & Company.

While the underlying resi solar market has grown meaningfully, it has been outpaced by the resi battery storage market



Vast majority of residential battery storage systems are sold in conjunction with solar

The US residential storage market is driven by four key factors



Net metering reform has changed the solar value proposition

Simplified Northern California example



1. \$0.38 / kwh summer electricity price and \$0.29 / kwh winter price (PG&E average of 2021/2022 for through-cycle view); 0.7% annual retail rate escalation; bill for solar customers includes \$191 / month in solar system payments

2. \$4.50 upfront cost per installed W, 7kW PV with no battery, 30 kWh/day household consumption



NEM 3.0

Under NEM 2.0, solar owners received full retail credit for power exported to the grid – **under NEM 3.0**, **the credit is reduced by** ~75%

The decrease in export compensation leads to higher monthly electricity bills for solar owners and a longer payback period

Modelled changes in economics based on NEM 3.0



CALIFORNIA REPUBLIC

The economics of PV only and PV-plus-battery are **less** favorable under NEM 3.0

However, under NEM 3.0, the incremental value of BTM storage is expected to grow by roughly 3x

NEM 2.0 rules allowed owners to use the grid like a battery – using credits from exports to import later in the day – but this is no longer possible when export compensation is far below retail

Source: McKinsey Distributed Energy Resources (DER) tool; PG&E summer 2021 rate card

The attach rates of batteries have seen significant upticks in certain markets



Changes in policy have had significant impacts on storage markets

1. Wood Mackenzie, US Energy Storage Monitor Q3, 2023

1 Hawaii has achieved high attachment rates after implementing net metering reform

2 California attachment rates have drastically increased in response to NEM 3.0 policy changes

 Utah attachment rates have increased resulting from new virtual power plant (VPP) incentives and the decline of net metering where the state cut export rates by over 36%¹

This story could play out in other markets as residential solar penetration levels rise

State Net Metering Policies, June 2023



True metering

Full 1:1 retail rate compensation for power exported to the grid

No net metering

Compensation for exports below retail rates (e.g. net billing systems)

Modified net metering

No state-wide rules, net metering policies vary by power provider (e.g., Texas) Near net-metering but includes some additional charges for solar owners (e.g., New York)

Net metering set to end soon

Announced decisions to phase out net metering within the next year (e.g., North Carolina, Arkansas, Idaho)

CA and HI were well out ahead of the solar trend – as other markets catch-up they could look for batteries to help solve intermittency

Approximate US residential solar penetration rate by state (2022)¹, %



Current US solar **penetration rates are ~4-5%** leaving significant room for growth

High solar penetration can result in significant electricity generation during peak solar hours – creating a mismatch of when the power is needed and when it is generated

As solar penetration rates increase, batteries have been used as a tool to combat the integration of residential solar projects

Key Takeaways

Underlying attractiveness

The residential solar and storage market continues to be bolstered by powerful and generally persistent trends:



- Cost of electricity, in most markets, continues to rise
- · Technology and installation costs have seen meaningful declines, with some bumps
- The Inflation Reduction Act and extension of the Investment Tax credit offered real regulatory tailwind

Energy Resilience Residential storage plays a key role in resilience Many homeowners see enough value in this alone to choose to adopt Major weather events have been on the rise – with each passing event more and more customers will decide to turn to battery storage as an option to ensure reliability

Net Metering Reform Net metering reform has encouraged self-consumption, leading batteries to take on a critical role in helping customers shift their electricity loads

Hawaii and California both saw net metering reform drive up attachment rates into the ~90% territory

Questions?



Imre Gyuk *U.S. DOE*



Fighting Climate Change and Poverty with Residential Energy Storage

IMRE GYUK, CHIEF SCIENTIST ENERGY STORAGE RESEARCH, DOE-OE

Better Buildings 11–09-23





WILDFIRES

DROUGHTS





HURRICANES



Floods and Droughts, but also Sea Level Rise, Coastal Erosion, Reduced Crop Yield, Wild Fires, and Health Impacts

Climate Change due to Global Warming has Emerged as a Paramount Issue - World Wide! Burning Coal. Oil, Natural Gas: for our Electric Grid, Transportation, and Industry



800,000 years Atmospheric Carbon Dioxide

We must Decarbonize, we must change to Renewable Energy! But Renewable Energy is Variable. It requires Energy Storage to make it Dispatchable. We will need Lots of it! But Environmental Justice is not everything. There is also Social Justice! Decarbonization will entail a vast Reorganization Of the entire Electricity Industry.

It is important that we <u>not</u> create or proliferate an "Energy Divide" which finds less affluent communities left behind!



Population % with Earnings \geq \$5.50

World Poverty



Life Expectancy: 32.7 – 81.5 years

Correlated indices: Earnings, Literacy, Health, Access to Energy, Life Expectancy, Resilience to Disasters



Distressed Communities can be found throughout the U.S. (VT 1% - MS 40%)

Electricity price trends

Quarterly change in consumer price index of electricity prices compared with all prices since September 1980.



For the past decade electricity prices have been rising substantially



Average duration of total annual electric power interruptions, United States (2013–2020)

Weather related Grid Outages are becoming more Frequent

... and affect less affluent Communities most!



Average Energy Burden (% of Income)



Households Experiencing Energy Insecurity from Electricity Prices and Outages



Lower income households are disproportionally non-white

Energy Storage offers itself as a tool to alleviate many of these problems, e.g.

Storage to replace Fossil Fuel Peakers to reduce health effects

Cooling Stations throughout the City

Microgrids with Storage for outage mitigation

Solar + Storage for Remote Tribal communities



Current Resiliency Projects ES4SE Projects in Red

Navajo Nation, AZ

Partnering with DOE-OE, Sandia, NTUA, UEP



Commissioned May 2022

3 kW / 13 day Rechargeable Z Mn O_2 Battery Developed by UEP.

There are 18,000 Residents off-Grid on the Reservation



Atrisco Heritage Academy, Albuquerque, NM Energy Storage for Social Equity

85% Hispanic,

Reduce peak demand during occupied hours

Battery: 721 kW/4hr = 2884 kWH plus roof-mounted PV = 850 kW







Villalba, PR

Background:

The Municipality of Villalba is creating a resiliency hub by installing a storage plus solar system at the local theater building.

The resilience hub will be able to serve the local community with additional resources such as a continuity of city services, heating/cooling center, water/food distribution, phone charging, etc.

Villalba is one of five municipalities that formed the Mountain Energy Consortium (CEM) post Hurricane Maria

Previous microgrid analysis was performed for all of the municipalities as part of a larger effort of Sandia supporting CEM





Microgrid Location



DOE Initiative ES4SE: Energy Storage for Social Equity

14 communities selected to receive detailed Technical Assistance

4 communities were chosen to partner in constructing an energy storage facility.

https://www.pnnl.gov/projects/energy-storage-social-equity

Fourteen Communities Tribal, Rural, and Urban

Native Renewable, Flagstaff, AZ Cher-Ae Heights Indian Community Trinidad, CA Ayika Solutions Incorporated, Atlanta, GA Hoʻāhu Energy Cooperative Molokai, Kaunakakai, HI Together New Orleans, New Orleans, LA Honor the Earth, Callaway, MN **Coast Electric Power Association, Kiln, MS** Joule Comm. Power & Open Door Mission, Rochester, NY Warm Springs Community Action Team, Warm Springs, OR Rogue Climate, Coos Bay, OR Coyote Steals Fire Energy Group, Pendleton, OR Makah Tribe, Neah Bay, WA Klickitat Valley Health, Goldendale, WA **Oneida Nation, Oneida, WI**

First Funding Set

Native Renewables

- 15 off-grid homes for the Navajo Nation and the Hopi Tribe (Arizona)
- **\$415,000 \$525,000**

Ayika Solutions/Harambee House

- Community shelter in Savannah, Georgia
- **\$36,000**

Ho'ahu Energy Cooperative

- 15 off-grid homes in Molokai, Hawaii
- **\$150,000 220,000**

Coast Electric Power Association

- Resilience for wastewater treatment plant in
- Hancock County, Mississippi
- **\$297,000 \$310,000**

We need much more Energy Storage! And we need it bigger, and safer, less expensive, and longer in duration. And we need to apply it in equitable ways. If we don't do this, we are in very deep Trouble.



Benjamin Shrager U.S. DOE



U.S. DEPARTMENT OF OFFICE OF ELECTRICITY

Energy Storage Technology The Grid Perspective

Ben Shrager, Office of Electricity 11/9/23

Electricity Delivery System

The electric power system is undergoing a dramatic structural transformation. The electric grid, a vast complex machine, will require significant re-engineering.



Markets: Emerging LDES Use Cases



LDES Use case	High VRE demand potential, GW	Aggressive Li-ion demand potential, GW
Load management services	<mark>28</mark> 28	<mark>30</mark> 30
Firming for PPAs	10 10	1
Microgrid resiliency	<mark>24</mark> 24	<mark>26</mark> 26
Utility resource planning	157 85 242	17 77 94
Transmission and distribution deferral		
Energy market participation	117 <u>101</u> 217	18 <mark>119</mark> 137



+ Policy: A Checkered Landscape



Conditions for LDES deployment are:

Unfavorable





LONG DURATION STORAGE SHOT TARGET



Affordable grid storage for clean power – any time, anywhere

DOE has supported 30+ storage technologies

		Li-Ion & Li-Metal			High-Temperature Sensible
BIGITECTIONAL Electric Storage		Na-Ion	ica	Thermal	Phase Change
	Electrochemical	Na-Metal	em		Low-Temperature Storage
		Lead Acid	Thermal & Ch		Thermo-Photovoltaic
		Zinc			Thermochemical
		Other Metals (Mg, Al)		al	Chamical Carriers (e.g. Ar
		Redox Flow		mic	Chemical Camers (e.g., Ar
		Reversible Fuel Cells		Che	Hydrogen
		Electro-Chemical			Thermostatically Controlled
	nical	Pumped Storage Hydro	ads	s	Building Mass
		Compressed Air	د	ldin	Ice & Chilled Water
	eche	Liquid Air	ieration &	kible Bui	Organic Phase Change Ma
	lectrom	Flywheels			Salt Hydrate
		Geomechanical		Fley	Thermochemical
	<u> </u>	Gravitational	Ger		Desiccant
osscutting	er nics		xible (ble ation	Ramping
	Pow Electro	Power Electronic Systems	Fle	Flexi Generi	Behind-the-Meter Generati
5					





Store

Li Ion

Na-based

Business-as-usual conditions alone won't achieve \$0.05/kWh Levelized Cost of Storage (LCOS)



ELECTRICITY



Technology Strategy Assessment

Findings from Storage Innovations 2030 Lithium-ion Batteries July 2023

LDSS Technology Strategy Assessments



 Results from the Flight Paths and Framework stakeholder engagement and analysis efforts

Eleven Reports Released

- 1. Methodology
- 2. Lithium-ion Batteries 8.
- 3. Lead-Acid Batteries
- 4. Flow Batteries
- 5. Zinc Batteries
- 6. Sodium Batteries
- 7. Pumped Storage

- Hydropower
- Compressed Air Energy Storage
- 9. Thermal Energy Storage
- 10. Supercapacitors

ENERG

11. Hydrogen Storage

Thermal Energy Storage Overview



TES cost estimation and idealized path forward



Recent federal legislation galvanizes support for energy storage at DOE

- Bipartisan Infrastructure Law (BIL)
 - 60 new DOE programs (48 demonstration & deployment)
 - Expands funding for 12 existing programs
 - \$505 million for LDES demo program (OCED)
 - \$10 billion for grid infrastructure programs (GDO)

- Inflation Reduction Act (IRA)
 - Funds investments and incentives totaling \$370 billion
 - US to remain global leader in clean energy technology, manufacturing, and innovation
 - Includes investment tax credits (ITCs) and production tax credits (PTCs) for energy storage and new loan authorities given to DOE



Demonstration Announcements

- September 22, 2023: \$325 million announced for long-duration energy storage demonstrations out of Office of Clean Energy Demonstrations (OCED)
 - 15 projects announced in 17 states
 - Intraday (10 to 36 hours) and multiday (36 to 160+ hours)
 - Innovative technologies including second life EV batteries, flow batteries, zinc batteries, and iron batteries
 - Six innovative demonstration projects selected at National Lab sites
- August 1, 2023: \$19 million announced out of OE for innovative lithium-ion long-duration energy storage



THANK YOU

Ben Shrager

Storage Strategy Engineer Energy Storage Division



www.energy.gov/oe/

Sign Up for Office of Electricity Email Updates at https://bit.ly/OfficeOfElectricity









Faceboo



Meredith Roberts Generac



Residential Storage: An essential piece of the climate puzzle

November 9, 2023



About Generac Power Systems

Over 60 years of energy resiliency leadership.

Energy management products from thermostats, batteries, C&I solutions and more.

Mega Trends..

"Grid 2.0" – Evolution of the traditional electrical utility model



- Increasing intermittent generation sources and electrification of everything
- Supply/demand imbalances and energy prices drive migration to distributed energy resources

Home as a Sanctuary



Increasing importance of the home with more people working from home and aging in place
More intelligent and connected home and desire for improved energy efficiency

Impact of climate change



- More volatile and severe weather driving increased power outage activity
- Global regulation accelerating renewable investments

Growing investment in global infrastructure creating new opportunities



- Upgrading of aging and underinvested legacy systems
- Expanding investment for increasingly critical technology infrastructure



How far we've come

2002 off grid systems

• Standalone solutions for isolated sites – cabins, agricultural applications \$4.90/watt.

2012 Net Metering battles

• At \$1.00/watt, solar had become more accessible, utilities started sounding alarms of a duck curve

2022 – Penetration on some feeders is exceeding capacity • With cost at \$0.02/watt, some areas are heavily installed and restricting export.

Where we are now -

DOE releases VPP liftoff report, funds start flowing for GRIP awards



DOE's Imperatives For VPP Commercial Liftoff:

- Scale DER adoption through equitable benefits
- Expand VPP enrollment
- Standardize VPP operations
- Integrate into utility planning & incentives
- Integrate into wholesale markets



Note: One-time implementation costs and enrollment incentives for new batteries are annualized over five years. Source: Industry interviews.

Number of third party VPPs procured by utilities in each state (2022)



Note: One VPP operating across states is counted multiple times (once for each state) Source: Wood Mackenzie Grid Edge Services

Annual projected investment in DERs, \$B (2020-2030E)



A Growing Problem – Supply/Demand Imbalance

SUPPLY RELIABILITY DETERIORATING

- Climate change & severe weather
- One-way system prone to outage
- Infrastructure underinvestment
- Penalties for carbon intensity
- Increasing intermittency







DERS* and the grid

When the grid stays up – assets & aggregations to keep it that way

When the grid goes down – microgrids & individuals stay powered

* Distributed Energy Resources



California ISO @California ISO · 20h

When an Energy Emergency Alert (EEA) 2 is called, the ISO requests emergency energy from all resources and has activated its demand response program. Use less #power to help avoid rotating #poweroutages. Learn more about #ISO EEAs: bit.ly/3cPV40e

California ISO **Energy Emergency Alerts**

EEA Watch:

Analysis shows all all resources in use or committed for use, energy available resources are committed or deficiencies expected. forecasted to be in Market participants encouraged to offer use, and energy deficiencies are supplemental energy and expected. ancillary service bids.

Real-time analysis shows

EEA 2 EEA 3 ISO requests ISO unable to meet minimum emergency energy from all resources and activated emergency demand response program. Consumers urged to conserve energy.

Contingency Reserve requirements. Controlled power curtailments imminent or in progress according to utility's emergency plan. Maximum conservation requested.



Tuesday, September 6

Emergency Alert

CalOES, Conserve energy now to protect public health and safety. Extreme heat is straining the state energy grid. Power interruptions may occur unless you take action. Turn off or reduce nonessential power if health allows, now until 9pm.

now

DERS – Distributed Strength

California's DSGS/DEBA program

- Provides incentives for enrollment and capacity provided for grid emergencies
- Program year just concluded
- Approximately \$500m

Generac Selected to Negotiate Federal Grants to Deploy Batteries, Solar and Grid Services



Barriers at the state & local level



Meredith.roberts@generac.com



Smart Tools for Efficient HVAC Performance (STEP) Campaign





Scan this QR code to visit our website Contact: christian.valoria@pnnl.gov

The STEP Campaign aims to increase adoption of smart diagnostic tools to streamline HVAC system performance testing and troubleshooting, reducing energy-wasting faults and improving occupant comfort.



HVAC Contractors and Technicians

- Reduce callbacks, improve consistency and quality, streamline processes
- Find out where to get training on smart diagnostic tools
- Be recognized for successful adoption of smart diagnostic tools!



HVAC Training Organizations

- Offer qualified training on System
 Performance with smart diagnostic tools
- Promote your training events
- Be recognized for providing training!



Utilities and Program Implementers

- Streamline quality installation and quality maintenance programs
- Improve engagement with your contractors
- Be recognized for programs that utilize smart diagnostic tools!



Weatherization Organizations

- Ensure your ASHP/CAC installations are operating at optimized efficiency
- Develop pilot with PNNL team
- Be recognized!



ORGANIZING PARTNERS













Explore the Residential Program Guide

Resources to help improve your program and reach energy efficiency targets:

- <u>Handbooks</u> explain *why* and *how* to implement specific stages of a program.
- <u>Quick Answers</u> provide answers and resources for common questions.
- <u>Proven Practices</u> posts include lessons learned, examples, and helpful tips from successful programs.
- <u>Technology Solutions</u> NEW! present resources on advanced technologies, HVAC & Heat Pump Water Heaters, including installation guidance, marketing strategies, & potential savings.
- <u>Health + Home Performance Infographic</u> spark homeowner conversations.



https://rpsc.energy.gov





Health + Home Performance Infographic

Do You Have a "Healthy Home?" A qualified contractor can help you assess and address indoor air quality, improve your comfort, and cut your utility bills. Answers to a few basic questions can help you get started: · How old are your heating and cooling systems? Ensuring your system is updated and well maintained can save money and improve health and comfort. Is your home insulated? Properly installed insulation in your walls and attic, at levels recommended for your home's climate, will cut bills, and improve comfort. ▦▦ · Have you ever noticed mold in your home? Visible mold likely means humidity levels need to be better addressed or indicates a potential leak or water damage. · Are your windows caulked and doors weather-stripped? These relatively simple fixes reduce air leaks and help maintain indoor temperature levels. • Are your appliances ENERGY STAR[®] rated? ENERGY STAR appliances are energy efficient and help you save money. . Do you know if your home's heating and cooling systems include proper levels of ventilation? Effective ventilation is important for both health and safety. Ventilation, along with frequently replaced air filters, can help make sure your home is bringing in fresh air as needed, and keep out pollutants when outdoor air quality is poor due to ozone, fire, or other factors. **GET** started FIND A OUALIFIED CONTRACTOR * Home Performance with ENERGY STAR® at ENERGYSTAR.gov/HomePerform Building Performance Institute at bpi.org/locator-tool ENERGY A RENEWABLE ENERGY

DOE's Health + Home Performance Infographic reveals the link between efficiency and health – something everyone cares about. Efficiency programs and contractors can use the question-and-answer format to discover a homeowner's needs.

The infographic is ideal for the "kitchen table" conversations where people decide what to do – and who they want to do it. It also has links for homeowners to find a qualified contractor if they do not already have one.

<u>Download</u> this infographic from DOE's Better Buildings Residential Network.

Looking for photos to help tell your energy efficiency story? Visit our image libraries: <u>https://www.energy.gov/eere/better-buildings-residential-network/articles/image-libraries</u>

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Please send any follow-up questions or future call topic ideas to: bbresidentialnetwork@ee.doe.gov



