

Public Hearing – March 5, 2020
Energy and Technology Committee

Testimony Submitted by Commissioner Katie S. Dykes

House Bill No. 5351 – An Act Concerning Certain Programs and to Incentivize and Implement Electric Energy Storage Resources

Senator Needleman, Representative Arconti, Senator Formica, Representative Ferraro, and members of the Energy and Technology Committee, thank you for the opportunity to present testimony regarding House Bill No. 5351 – An Act Concerning Certain Programs and to Incentivize and Implement Electric Energy Storage Resources. The purpose of this bill is to encourage the deployment of 1,000 megawatts of energy storage by December 31, 2030 and ensure that the deployment minimizes electric distribution system costs, maintains electric grid reliability and reduces greenhouse gas emissions. The Bill also authorizes the Commissioner of the Department of Energy and Environmental Protection (DEEP or the Department) to solicit proposals for demonstration projects consisting of small scale Class I renewable energy sources that are co-located with electric energy storage.

The Department **supports** this bill because it will further progress toward an affordable, clean, and modern electric distribution system. DEEP, however, respectfully suggests some changes to Section 3 of the bill, as further set forth below.

Storage Target

Section 1 establishes the most ambitious storage target as a percentage of load in the region: 1,000 MW by 2030. As the electric grid becomes cleaner with a higher penetration of intermittent resources, storage will be a key resource, not just here in Connecticut but throughout the country. Bringing significant development capital to Connecticut now will place the state in an advantageous position in the future.

Section 2 directs the Public Utilities Regulatory Authority (PURA) to open a proceeding to develop and implement a program to develop electric storage resources connected to the electric distribution system. In developing the program, PURA must consider the following three objectives: (1) economic value to ratepayers, (2) grid benefits, and (3) a sustained orderly development of an electric industry in Connecticut. Requiring all three objectives ensures maximum value to electric ratepayers and all residents of Connecticut.

DEEP Procurement Authority

Section 3 authorizes DEEP to solicit proposals from demonstration projects with energy storage co-located with Class I renewables. DEEP supports this as a tool to help the state reduce greenhouse gas emissions from the electric sector and begin demonstrating best practices for integrating storage resources with intermittent zero carbon resources. However, DEEP requests minor technical changes to this section, as outlined in Attachment A, to:

1. Clarify the language to indicate whether the procurement authority extends to the storage itself, or is limited to the Class I resource co-located with storage;
2. Require DEEP to consult with the Attorney General, along with other entities, in its solicitation process, consistent with other procurements;
3. Allow proposals to contain the option of utility ownership or operation of the energy storage system at the end of the contract term;
4. Authorize DEEP to direct the utilities to enter into contracts of up to 20 years with selected projects;
5. Authorize PURA to direct the electric distribution companies to either retain or sell the RECs;
6. Authorize DEEP to use consultants to conduct this solicitation, consistent with past procurement practice; and
7. Make PURA the first arbiter of any contract disputes arising out of contracts entered into pursuant to this section and providing rights of appeal from any PURA determination.

DEEP welcomes the opportunity to work with the Committee on the concepts in this bill. Thank you for the opportunity to present testimony on this proposal. Should you have any questions, please do not hesitate to contact Mandi Careathers, the Department's legislative liaison, at Mandi.Careathers@ct.gov.