

March 6, 2020

The Honorable Norman Needleman
Chair, Energy and Technology Committee
State Senate
Legislative Office Building, Room 3900
300 Capitol Avenue
Hartford, CT 06106

The Honorable David Arconti
Chair, Energy and Technology Committee
State House of Representatives
Legislative Office Building, Room 4034
300 Capitol Avenue
Hartford, CT 06106

Re: NECEC Testimony on HB5351, An Act Concerning Certain Programs and to Incentivize and Implement Electric Energy Storage Resources

Dear Chair Needleman, Chair Arconti, and Members of the Energy and Technology Committee,

The Northeast Clean Energy Council (“NECEC”) appreciates the opportunity to submit written testimony regarding HB5351, *An Act Concerning Certain Programs and to Incentivize and Implement Electric Energy Storage Resources* heard by the Energy and Technology Committee on March 5, 2020. This bill would put in place mechanisms needed to kick-start the energy storage industry in Connecticut and we urge the Committee to support the bill.

NECEC is a clean energy business, policy, and innovation organization whose mission is to create a world-class clean energy hub in the Northeast, delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced and “smart” technologies.

Energy storage is a dynamic resource that can provide many benefits to customers, to the grid, and towards the state’s greenhouse gas emissions reduction targets. We commend the inclusion of a 1,000 megawatt energy storage deployment target by 2030. Deployment targets give regulatory agencies and clean energy developers a concrete goal to reach and this target signals Connecticut’s commitment to energy storage as an asset that will play an integral role in the transition to a clean economy.

Deployment targets alone will not drive investment in the state’s energy storage industry. There must be mechanisms in place to achieve the target. Thus, the authority provided to the Public Utilities Regulatory Authority (“PURA”) through this bill to develop energy storage

programs and rate designs is critically important. The bill also gives flexibility to PURA to account for the unique benefits of storage, including a recognition of the ability to offset distribution upgrades, in designing programs. This flexibility will be important in designing programs that allow different storage configurations (e.g., standalone storage, storage paired with solar, etc.) to effectively participate and deliver benefits. We appreciate, and support, the authorization of storage programs and rate designs that recognize the value that energy storage can provide to a number of constituencies and provide commensurate compensation.

NECEC supports HB5351 to incentivize the deployment of energy storage that can provide value to the electric grid and to customers. Below we outline three recommendations that we believe would further strengthen this bill:

1. Direct PURA to develop C&I storage programs. NECEC supports the development of programs that incentivize storage across all customer classes, including residential, commercial, and industrial customers. Currently, HB5351 directs PURA to establish a residential energy storage program or programs, but leaves programs for commercial and industrial (“C&I”) customers as optional. C&I customers can deploy storage at scale to provide both local and grid reliability services and contribute to peak demand reductions. NECEC encourages giving clearer guidance to PURA to develop programs that will provide price signals for C&I customers to invest in storage resources that help them reduce costs, stay competitive, and deliver grid-wide savings. This change will ensure that Connecticut schools, businesses, and institutions have access to the same benefits that C&I customers are already reaping in neighboring states such as Massachusetts, where successful program designs are leading to reduced energy costs. Programs can be designed to ensure that storage is operated to capture benefits that accrue to all ratepayers through reduced capacity, energy, and ancillary service costs.
2. Modify Public Act 18-50 to grant PURA flexibility in the design of future clean energy programs. Public Act 18-50 established annual solicitation(s) as the only option for procuring the energy and renewable energy credits from eligible clean generating facilities. While this construct has been employed for the duration of the Low-emission Renewable Energy Credit (“LREC”) and Zero-emission Renewable Energy Credit (“ZREC”) programs, PURA should have the authority to consider other options for procuring energy and renewable energy credits. Annual solicitations may not be the most effective means of contracting with distributed energy resources and other constructs, such as declining block incentive structures like the Solar Massachusetts Renewable Target (“SMART”) program, should be considered.
3. Extend the Residential Solar Incentive Program (“RSIP”) by 50 megawatts to prevent lapses in program availability. Successor programs to replace net metering are to begin in 2022. However, the Connecticut Green Bank, which administers RSIP, estimates that the current authorization from the General Assembly will maintain the program only until mid- to late-2020. Without a legislative fix, this could lead to a prolonged lapse in incentives for residential customers to deploy solar. In this vein, RSIP could be modified to include a mechanism that encourages pairing the solar resource with storage. Residential solar-plus-storage provides backup capability to the resident that is not provided by solar alone. At scale, residential solar-plus-storage enables a more dynamic grid in which excess solar power is stored during the day and dispatched after sunset to meet cooling demand and reduce peak demand costs.

HB5351 opens the door for the dynamic storage industry to participate in solving the cost, reliability, and emissions challenges facing Connecticut today and in the future. Energy storage, as a standalone resource or paired with a clean energy resource, can be programmed to capture a number of value streams. The flexibility and authority provided to PURA through this bill will allow the regulatory agency to design programs that incentivize storage to operate in the ways that most benefit the state.

We thank the Committee for raising this bill and we urge passage with the recommendations outlined above. Please contact us with any questions. We look forward to working with the General Assembly as this bill progresses.

Sincerely,



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cc: Members of the Energy and Technology Committee