



**Testimony of RENEW Northeast before the
Energy and Technology Committee in support of**

House Bill 5351

***An Act Concerning Certain Programs and to Incentivize and
Implement Electric Energy Storage Resources***

March 5, 2020

Chairmen Needleman and Arconti, Ranking Members Formica and Ferraro, and members of the Energy and Technology Committee, my name is Francis Pullaro and I am here on behalf of RENEW Northeast (RENEW),¹ its Executive Director, to offer support and recommend amendments for House Bill 5351, *An Act Concerning Certain Programs and to Incentivize and Implement Electric Energy Storage Resources*. RENEW appreciates the committee drafting this important legislation. Battery storage, whose costs have fallen significantly in recent years, can serve to moderate peak demand costs and air emissions by displacing fossil fueled resources especially natural gas resources whose dependence on constrained pipelines could leave the region vulnerable on peak winter days.²

1. A 1000-Megawatt Target and Long-Term Contracting Opportunities for Developers of Large-Sized Projects Are Essential for Realizing Low-Cost Energy Storage Deployment

RENEW strongly supports creating a state program to secure 1000 megawatts of nameplate energy storage capacity by the end of 2030 using competitive solicitations and setting annual procurement targets to encourage developers to have projects ready to compete. As of last month, over 2,000 megawatts of transmission-level energy storage projects (those over 20 megawatts in size),

¹ The comments expressed herein represent the views of RENEW and not necessarily those of any particular member of RENEW. RENEW is a non-profit association uniting environmental advocates and the renewable energy industry whose mission involves coordinating the ideas and resources of its members with the goal of increasing environmentally sustainable energy generation in the Northeast from the region's abundant, indigenous renewable resources. RENEW members own and/or are developing large-scale renewable energy projects, energy storage resources and high-voltage transmission facilities across the Northeast. They are supported by members providing engineering, procurement and construction services in the development of these projects and members that supply them with multi-megawatt class wind turbines. RENEW seeks to promote policies that will increase energy diversity, promote economic development, and achieve the Commonwealth's policy goals including those found in the Renewable Portfolio Standard (RPS) and the Global Warming Solutions Act (GWSA).

² The state's 2018 Comprehensive Energy Strategy acknowledges energy storage's ability to contribute to meeting Connecticut's greenhouse gas emissions reduction target (12), reduce peak demand and associated costs from high energy rates, and integrate renewable energy resources (63).

including several located in Connecticut, were already seeking connection to the grid through ISO New England.

2. Transmission Level Energy Storage Should Be Prioritized as It Is the Least-Cost Storage Resource

According to a Massachusetts study, the larger transmission level projects have significantly better benefit to cost ratios compared to smaller distribution level projects.³ RENEW recognizes that energy storage may also provide benefits at the distribution level. To help compensate for its higher costs, any distribution level program should ensure consumers benefit from the power of competition to produce lower prices by using solicitations for proposals from developers of energy storage systems.

3. To Lower Costs, Transmission Level Projects Should Be Eligible and EDC Involvement in Storage Should Be Limited to Contracting with Independent Developers

This bill proposes the Public Utilities Regulatory Authority (PURA) implement an energy storage program based on distribution level-only projects that are customer-sited or built and rate-based by the Electric Distribution Companies (EDCs).

RENEW recommends PURA be required to design the energy storage program to include transmission level projects (ones over 20 megawatts in size) and have them meet most of the 1000-megawatt target due to their lower cost.

For these large-scale resources, the state should leverage its existing competitive energy procurement programs to enable financing of energy storage resources at the least cost. Using existing mechanisms will ease the administrative burdens on both state agencies and developers. As these approaches are proven to developers and financiers, they will lower project risk which lowers finance costs.

If the intent of the bill limiting eligibility to distribution level projects is to exclude independent development of large-sized energy storage resources, that would preclude Connecticut consumers from benefiting from transmission level projects- the least-cost form of energy storage- and the power of competition to produce the lowest costs.

EDC participation in energy storage development should be limited to the distribution level and to points on the grid identified in need of energy storage that cannot be met by customer sited projects.

³ Massachusetts Department of Energy Resources et. al., *State of Charge Massachusetts Energy Storage Initiative* (2016) (“*State of Charge*”).

An EDC should only be able to rate-base an energy storage project to attain distribution level system benefits if the EDC solicits proposals from providers of energy storage systems for the purpose of entering into build-transfer or other contractual agreements for energy and other attributes. Unlike the pure utility rate-based model, a developer under contract to the EDC must adhere to the price and other terms of the contact and cannot assess ratepayers for cost overruns.

4. RENEW Supports Additional Procurement Opportunities for Renewable Energy Projects

The Department of Energy and Environmental Protection (DEEP) has several gigawatts of existing statutory authority remaining to procure renewable energy.

RENEW recommends DEEP (1) hold near-term procurements for the remaining 1,200 megawatts of offshore wind; and (2) issue by the end of this year two parallel procurements for land-based wind and solar resources that will capture renewable energy at today's low prices. One should be for resources above 20 megawatts and the other for resources in the 2 to 20-megawatt range that can ensure a component for local economic development benefits from the state's own land-based wind and solar resources.

Conclusion

Thank you for the opportunity to testify before you today. RENEW welcomes the opportunity to work with you to find ways to lower the cost of renewable energy, decrease the region's dependence on fossil fuels and ensure a significant role for locally sited renewable energy and energy storage resources that will boost Connecticut's economy.

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