
OLR Bill Analysis

sSB 952

AN ACT CONCERNING ENERGY STORAGE.

SUMMARY

This bill establishes (1) deployment goals, program requirements, and procurement authority for energy storage and (2) a municipal utility reporting requirement on carbon reduction progress.

The bill requires the Department of Energy and Environmental Protection (DEEP) to report to the Energy and Technology Committee, annually, beginning January 1, 2023, on its quantifiable progress against the following energy storage deployment goals established in the bill:

1. 300 megawatts (MW) by December 31, 2024;
2. 650 MW by December 31, 2027; and
3. 1,000 MW by December 31, 2030.

The bill requires the Public Utilities Regulatory Authority (PURA), by January 1, 2022, to (1) initiate a proceeding to develop and implement one or more programs and associated funding mechanisms for electric energy storage resources connected to the electric distribution system and (2) report to the Energy and Technology Committee on the proceeding's status. The bill establishes program objectives and allows PURA to select a third party to implement the program.

The bill allows DEEP to issue requests for proposals (RFPs) for energy storage projects connected at the transmission or distribution level to achieve the goals established in the bill when combined with PURA's programs. The bill requires the DEEP commissioner to select proposals if she determines that procuring energy storage is cost

effective. The bill establishes factors she must consider when making selections and subjects any agreements to PURA's review. Under the bill, the electric distribution companies (EDCs, i.e., Eversource and United Illuminating) recover agreement costs from, and credit revenues to, electric ratepayers.

EFFECTIVE DATE: July 1, 2021, except the DEEP reporting requirement on energy storage deployment goals is effective upon passage.

§ 2 — PURA PROCEEDING AND PROGRAMS

The bill requires PURA to initiate a proceeding to develop and implement one or more programs and associated funding mechanisms for electric energy storage resources connected to the electric distribution system. In its proceeding, PURA must establish:

1. at least one program for residential electric customers,
2. at least one program for commercial and industrial electric customers, and
3. a program for energy storage systems connected to the distribution system in front of the meter and not located at a customer's premises.

The bill requires PURA to solicit input on developing these programs from DEEP, the Connecticut Green Bank, the EDCs, and the Office of Consumer Counsel (OCC).

Under the bill, PURA must consider one or more programs and rate designs to encourage deployment of electric energy storage technologies connected to the distribution system that most effectively leverage the technology's value to achieve objectives that:

1. provide positive net present value to all ratepayers, or a subset of ratepayers paying for the benefits that accrue to that subset;
2. provide multiple types of benefits to the electric grid (e.g., resilience, ancillary services, leveling out peaks in electricity

- use, or supporting deployment of other distributed resources);
3. foster sustained, orderly development of a state-based electric energy storage industry; and
 4. maximize the value from the participation of energy storage systems in capacity markets.

PURA must also consider programs and rate designs to encourage uses of electric energy storage technologies connected to the electric distribution system that avoid or defer investment in traditional electric distribution system capacity upgrades.

The bill requires PURA to consider all energy storage configurations that are connected to the distribution system, including those connected in front of the meter and not located at a customer's premises.

The bill allows PURA to select any combination of the Green Bank, DEEP, the EDCs, or another third party it deems appropriate to implement one or more electric energy storage programs.

§ 3 — DEEP SOLICITATION AND PROCUREMENT

Project Selection

The bill allows DEEP, in consultation with the state's procurement manager and the OCC, to issue RFPs for energy storage projects connected at the transmission or distribution level that would, when combined with programs PURA establishes, achieve the bill's energy storage goals. Projects may include stand-alone energy storage projects or projects paired with Class I renewable energy sources (e.g., wind and solar).

The bill requires the DEEP commissioner, as part of her determination on whether procuring energy storage is cost effective, to publish and make available for public comment a cost effectiveness test that considers each applicable benefit provided by energy storage. If the DEEP commissioner determines that procuring energy storage is cost effective, the bill requires her to begin selecting proposals.

The bill requires the DEEP commissioner to consider at least the following when selecting proposals:

1. whether the proposal is in ratepayers' best interest, including the sources' delivered price;
2. whether the proposal promotes electric distribution system reliability, including during winter peak demand;
3. any positive impacts on the state's economic development, as determined in consultation with the Department of Economic and Community Development commissioner;
4. whether the proposal is consistent with the state's greenhouse gas reduction requirements under the Global Warming Solutions Act; and
5. whether the proposal is consistent with the state's Comprehensive Energy Strategy and Integrated Resources Plan.

PURA Review and Cost Recovery

Under the bill, any agreement entered into (presumably, by EDCs) as a result of DEEP's selection is subject to PURA's review and approval. (The bill does not explicitly allow DEEP to direct EDCs to enter into agreements.) The bill requires PURA to (1) finish reviewing an agreement within 120 days after it was filed with PURA and (2) approve an agreement if it is cost effective and in electric ratepayers' best interest.

Under the bill, EDCs must recover an approved agreement's net costs through a fully reconciling rate component on electric ratepayer bills. Costs include those incurred by the EDCs under the agreement and reasonable costs associated with the agreement. The bill also requires EDCs to credit customers through the same fully reconciling rate component for any net revenues from selling products purchased under long-term contracts entered into under the bill. (The bill does not specify lengths or quantities for contract terms.)

§ 4 — MUNICIPAL UTILITY REPORT

Starting by January 15, 2022, the bill annually requires municipal utilities to report to DEEP on the quantifiable progress of their carbon reduction. Under the bill, the report must determine, in a manner DEEP prescribes, each municipal utility’s contribution toward the state’s emission reduction requirements under the state’s Global Warming Solutions Act.

By law, a “municipal utility” is a municipality, municipal department or agency, or district that manufactures, sells, or distributes gas or electricity for light, heat, or power (CGS § 12-265).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 24 Nay 2 (03/18/2021)