



Senate

General Assembly

File No. 291

January Session, 2021

Substitute Senate Bill No. 952

Senate, April 6, 2021

The Committee on Energy and Technology reported through SEN. NEEDLEMAN of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ENERGY STORAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) On or before January 1, 2023,
2 and annually thereafter, the Department of Energy and Environmental
3 Protection and the Public Utilities Regulatory Authority shall report, in
4 accordance with section 11-4a of the general statutes, to the joint
5 standing committee of the General Assembly having cognizance of
6 matters relating to energy regarding the quantifiable progress of energy
7 storage deployment against the following goals:

- 8 (1) Three hundred megawatts by December 31, 2024;
9 (2) Six hundred fifty megawatts by December 31, 2027; and
10 (3) One thousand megawatts by December 31, 2030.

11 Sec. 2. (NEW) (*Effective July 1, 2021*) (a) On or before January 1, 2022,
12 the Public Utilities Regulatory Authority shall initiate a proceeding to

13 develop and implement one or more programs, and associated funding
14 mechanisms, for electric energy storage resources connected to the
15 electric distribution system. The authority shall establish (1) one or more
16 programs for the residential class of electric customers, (2) one or more
17 programs for commercial and industrial classes of electric customers,
18 and (3) a program for energy storage systems connected to the
19 distribution system in front of the meter and not located at a customer
20 premises. The authority shall solicit input from the Department of
21 Energy and Environmental Protection, the Connecticut Green Bank, the
22 electric distribution companies and the Office of Consumer Counsel in
23 developing such programs.

24 (b) On or before January 1, 2022, the authority shall report the status
25 of the proceeding described in subsection (a) of this section, in
26 accordance with the provisions of section 11-4a of the general statutes,
27 to the joint standing committee of the General Assembly having
28 cognizance of matters relating to energy.

29 (c) In undertaking the proceeding described in subsection (a) of this
30 section, the authority shall consider one or more programs and rate
31 designs to incentivize the deployment of electric energy storage
32 technologies connected to the electric distribution system that most
33 effectively leverage the value of such technologies to achieve objectives
34 including, but not limited to, (1) providing positive net present value to
35 all ratepayers, or a subset of ratepayers paying for the benefits that
36 accrue to that subset of ratepayers; (2) providing multiple types of
37 benefits to the electric grid, including, but not limited to, customer, local,
38 or community resilience, ancillary services, leveling out peaks in
39 electricity use or that support the deployment of other distributed
40 energy resources; (3) fostering the sustained, orderly development of a
41 state-based electric energy storage industry; and (4) maximizing the
42 value from the participation of energy storage systems in capacity
43 markets. The authority shall include consideration of all energy storage
44 configurations that are connected to the distribution system, including
45 systems connected in front of the meter and not located at a customer
46 premises. The authority shall also consider programs and rate designs

47 to incentivize uses of electric energy storage technologies connected to
48 the electric distribution system that avoid or defer investment in
49 traditional electric distribution system capacity upgrades.

50 (d) The authority may select the Connecticut Green Bank, the
51 Department of Energy and Environmental Protection, the electric
52 distribution companies, a third party it deems appropriate or any
53 combination thereof, to implement one or more programs for electric
54 energy storage resources connected to the electric distribution system,
55 as directed by the Public Utilities Regulatory Authority.

56 Sec. 3. (NEW) (*Effective July 1, 2021*) (a) The Commissioner of Energy
57 and Environmental Protection, in consultation with the procurement
58 manager identified in subsection (l) of section 16-2 of the general
59 statutes and the Office of Consumer Counsel, may issue requests for
60 proposals for energy storage projects connected at the transmission or
61 distribution level, including stand-alone energy storage projects and
62 energy storage projects paired with Class I renewable energy sources,
63 that would achieve the goals in section 1 of this act in combination with
64 programs established by the Public Utilities Regulatory Authority. If the
65 Commissioner of Energy and Environmental Protection determines that
66 procuring energy storage is cost effective, the commissioner shall
67 proceed with the selection of proposals. In making this determination,
68 the commissioner shall publish and make available for public comment
69 a cost-effectiveness test that considers each applicable benefit provided
70 by energy storage.

71 (b) In making any selection of such proposals, the commissioner shall
72 consider factors, including, but not limited to, (1) whether the proposal
73 is in the best interest of ratepayers, including, but not limited to, the
74 delivered price of such sources, (2) whether the proposal promotes
75 electric distribution system reliability, including during winter peak
76 demand, (3) any positive impacts on the state's economic development,
77 (4) whether the proposal is consistent with the requirements to reduce
78 greenhouse gas emissions in accordance with section 22a-200a of the
79 general statutes, and (5) whether the proposal is consistent with the

80 policy goals outlined in the Comprehensive Energy Strategy adopted
81 pursuant to section 16a-3d of the general statutes and the Integrated
82 Resources Plan adopted pursuant to section 16a-3a of the general
83 statutes. In considering whether a proposal has any positive impacts on
84 the state's economic development, the Commissioner of Energy and
85 Environmental Protection shall consult with the Commissioner of
86 Economic and Community Development.

87 (c) Any agreement entered into pursuant to this section shall be
88 subject to review and approval by the Public Utilities Regulatory
89 Authority, which review shall be completed not later than one hundred
90 twenty days after the date on which such agreement is filed with the
91 authority. The authority shall approve any such agreement if it is cost
92 effective and in the best interest of electric ratepayers. The net costs of
93 any such agreement, including costs incurred by the electric distribution
94 companies under the agreement and reasonable costs incurred by the
95 electric distribution companies in connection with the agreement, shall
96 be recovered through a fully reconciling component of electric rates for
97 all customers of electric distribution companies. Any net revenues from
98 the sale of products purchased in accordance with long-term contracts
99 entered into pursuant to this section shall be credited to customers
100 through the same fully reconciling rate component for all customers of
101 the contracting electric distribution company.

102 Sec. 4. (NEW) (*Effective July 1, 2021*) On or before January 15, 2022,
103 and annually thereafter, each municipal utility, as defined in section 12-
104 265 of the general statutes, shall report, in accordance with section 11-4a
105 of the general statutes, on the quantifiable progress of its carbon
106 reduction to the Department of Energy and Environmental Protection.
107 Such report shall be in a manner prescribed by the department to
108 determine such municipal utility's contribution toward the state's
109 emission reduction requirements pursuant to section 22a-200a of the
110 general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2021</i>	New section
Sec. 3	<i>July 1, 2021</i>	New section
Sec. 4	<i>July 1, 2021</i>	New section

Statement of Legislative Commissioners:

In Section 1(c), technical clarifying changes were made.

ET *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact resulting from the bill, which requires the Public Utilities Regulatory Authority (PURA) to design and implement programs related to electric energy storage. The bill requires PURA to create a funding mechanism for such programs. It is anticipated that any such funding mechanism will fall outside of state resources, such as through the ratemaking mechanism for electric utilities or financing programs through the Connecticut Green Bank.

While the bill requires that PURA consider the best interests of ratepayers for selecting related projects, the bill permits utilities to recover all prudent costs from ratepayers from costs associated with such storage projects. To the extent that costs are recovered, there may be an adverse impact on ratepayers.

The Out Years

State Impact: None

Municipal Impact: None

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)