



**PA 21-53**—sSB 952

*Energy and Technology Committee*

## **AN ACT CONCERNING ENERGY STORAGE**

**SUMMARY:** This act establishes deployment goals, program requirements, and procurement authority for energy storage.

Beginning by January 1, 2023, the act requires the Department of Energy and Environmental Protection (DEEP) to report annually to the Energy and Technology Committee on its quantifiable progress towards meeting the following energy storage deployment goals established by the act:

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 act 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 act establishes program objectives and allows PURA to select a third party to implement the program.

The act allows DEEP to issue requests for proposals (RFPs) for energy storage projects connected at the transmission or distribution level to achieve the act's goals when combined with PURA's programs. The act requires the DEEP commissioner to select proposals if she determines that procuring energy storage is cost effective. It establishes factors she must consider when making selections and subjects any agreements to PURA's review. Under the act, 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 act 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 act requires PURA to solicit input on developing these programs from

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DEEP, the Connecticut Green Bank, the EDCs, and the Office of Consumer Counsel (OCC).

Under the act, 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 the following objectives:

1. provide positive net present value to all ratepayers, or a subset of ratepayers paying for the benefits that accrue to it;
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 act 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 act 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 act 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 act's energy storage goals. Projects may include stand-alone energy storage projects or projects paired with (1) Class I renewable energy sources (e.g., wind and solar) or (2) hydropower facilities with a nameplate capacity of up to 100 MW.

The act 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 commissioner determines that procuring energy storage is cost effective, the act requires her to begin selecting proposals.

The DEEP commissioner must consider at least the following when selecting proposals:

1. whether the proposal is in ratepayers' best interest, including the sources' delivered price;

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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 act, any agreement entered into (presumably, by EDCs) as a result of DEEP's selection is subject to PURA's review and approval. The act 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 act, 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 act 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 act. The act does not specify lengths or quantities for contract terms.