



PA 22-55—HB 5327

Energy and Technology Committee

AN ACT CONCERNING ENERGY STORAGE SYSTEMS AND ELECTRIC DISTRIBUTION SYSTEM RELIABILITY

SUMMARY: This act sets more requirements for electric distribution companies (EDCs, i.e., Eversource and United Illuminating) seeking to build, own, or operate energy storage systems (see BACKGROUND). It also requires the Public Utilities Regulatory Authority (PURA) to direct the EDCs to each submit up to three proposals for an energy storage pilot program.

Prior law generally allowed (1) EDCs to build, own, or operate storage systems and (2) PURA to authorize an EDC to recover from ratepayers prudently incurred costs and investments related to these systems, first through a fully reconciling component of ratepayer bills, and then, at the company's next rate case, through base distribution rates. The act limits this provision to energy storage systems that enhance distribution reliability or resiliency. It also requires, rather than allows, PURA to authorize EDCs to recover their prudently incurred costs and investments for these systems, but PURA must do so only through a contested case during the company's next rate case. The act eliminates the company's ability to recover its costs through a fully reconciling rate component.

For completed systems, both generally and under the pilot program, the act requires EDCs to maximize the value from the system's participation in wholesale electricity, capacity, or other markets, as applicable, while maintaining distribution system reliability. Under the act, the companies must credit any net revenues the system generates through market participation to ratepayers to offset the completed system's cost.

EFFECTIVE DATE: October 1, 2022, except the pilot program provisions are effective upon passage.

ENERGY STORAGE PILOT PROGRAM

The act requires PURA to direct each EDC to submit up to three proposals by January 1, 2023, for a pilot program for each company to build, own, and operate energy storage systems to demonstrate and investigate how these systems can improve critical infrastructure resiliency and electric distribution system reliability. It requires PURA to approve or modify an EDC's proposal if it concludes that investment in energy storage systems under the proposal is reasonable, prudent, and provides value to ratepayers.

The act allows EDCs to recover prudently incurred costs associated with the pilot program, first through a fully reconciling component of electric rates for all customers and then, at the company's next rate case, through base distribution rates. It specifies that the pilot program requirements do not limit or cap provisions

OLR PUBLIC ACT SUMMARY

described above generally allowing EDCs to build, own, or operate energy storage systems.

BACKGROUND

Energy Storage Systems

By law, an “energy storage system” is any commercially available technology able to absorb energy, store it for some time, and then dispatch it (e.g., a battery). The system must also be able to:

1. use mechanical, chemical, or thermal processes to store electricity generated at one time for later use;
2. store thermal energy for direct use for heating or cooling at a later time in a way that avoids the need to use electricity later;
3. use mechanical, chemical, or thermal processes to store electricity generated from renewable energy sources for later use; or
4. use mechanical, chemical, or thermal processes to capture or harness waste electricity and store this electricity generated from mechanical processes for later delivery (CGS § 16-1(a)(48)).