



House Bill No. 5327

Public Act No. 22-55

***AN ACT CONCERNING ENERGY STORAGE SYSTEMS AND
ELECTRIC DISTRIBUTION SYSTEM RELIABILITY.***

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

Section 1. Subsection (c) of section 16-244e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(c) (1) The Public Utilities Regulatory Authority [may] shall authorize an electric distribution company to recover its prudently incurred costs and investments, which shall be determined by the authority in a contested case, for any energy storage system such electric distribution company builds, owns or operates [through a fully reconciling component of electric rates for all customers of electric distribution companies, until] to enhance distribution reliability or resiliency at the time of the electric distribution company's next rate case, at which time such costs and investments shall be recoverable through base distribution rates consistent with the principles set forth in sections 16-19 and 16-19e.

(2) For any completed energy storage system, the company shall maximize the value from the system's participation in wholesale electricity, capacity or other markets, as applicable, while maintaining

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distribution system reliability. Any net revenues from such participation shall be credited to ratepayers to offset the cost of the completed system in rates.

Sec. 2. (NEW) (*Effective from passage*) (a) The Public Utilities Regulatory Authority shall direct each electric distribution company, as defined in section 16-1 of the general statutes, to submit on or before January 1, 2023, no more than three proposals to the authority for a pilot program for the company to build, own and operate energy storage systems, as defined in section 16-1 of the general statutes, for the purpose of demonstrating and investigating how energy storage systems can improve resiliency of critical infrastructure and improve reliability of the electric distribution system.

(b) The authority shall approve or modify a proposal if it concludes that investment in such energy storage systems is reasonable, prudent and provides value to ratepayers.

(c) An electric distribution company may recover its prudently incurred costs made pursuant to this section through a fully reconciling component of electric rates for all customers until the electric distribution company's next rate case, at which time such costs and investments shall be recoverable through base distribution rates consistent with the principles set forth in sections 16-19 and 16-19e of the general statutes.

(d) For any completed energy storage system, the company shall maximize the value from the system's participation in wholesale electricity, capacity or other markets, as applicable, while maintaining distribution system reliability. Any net revenues from such participation shall be credited to ratepayers to offset the cost of the completed system in rates.

(e) The provisions of this section shall not be construed to impose any

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limitations or caps upon section 16-244e of the general statutes, as amended by this act.