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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- ENERGY STORAGE SYSTEMS ACT

Introduced By: Senators Euer, Sosnowski, DiMario, and Zurier

Date Introduced: March 01, 2024

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

SECTION 1. Legislative findings and purpose.

The general assembly hereby finds that:

(1) An energy storage system connected to the electric power system could alleviate time and location-based constraints on the distribution and bulk power systems, including physical, economic, and environmental constraints, and result in lower costs to the general body of ratepayers if located in the right place and operated at the right time.

(2) Currently, Rhode Island does not have an interconnection tariff that recognizes the potential flexibility and dispatchability of energy storage systems.

(3) The public utilities commission should advance frameworks that would promote advancement of grid connected energy storage systems when those systems can provide net value to the general body of ratepayers.

(4) In order to secure a long-term, stable, and affordable supply of energy storage systems, it is essential that Rhode Island begin procuring and deploying energy storage systems as an alternative to costly and redundant utility distribution infrastructure.

SECTION 2. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND CARRIERS" is hereby amended by adding thereto the following chapter:

CHAPTER 33

ENERGY STORAGE SYSTEMS ACT

39-33-1. Definitions.

As used in this chapter:

(1) "Commission" means the public utilities commission.

(2) "Energy storage system" means any technology capable of converting electrical energy to some form of stored energy for reconversion to electrical energy at a later time.

(3) "Long-duration energy storage system" means energy storage systems that are capable of permanently displacing fossil fuel energy systems designed to store energy or necessary for balancing intermittent renewable energy resources.

39-33-2. Storage tariff.

No later than September 1, 2024, the public utilities commission shall engage stakeholders to adopt a framework for an energy storage system tariff for energy storage systems connected to the electric distribution system.

(1) The tariff framework should, at a minimum, address the ability of energy storage systems to charge from and discharge to the electric distribution system.

(2) The commission shall set a schedule that is designed to result in a model tariff no later than May 1, 2025, consistent with the tariff framework.

(3) Following that date, if the commission finds that the energy storage system tariff can be implemented without inequitable cross subsidization between customers, each electric distribution company as defined in § 39-1-2 that has greater than one hundred thousand (100,000) customers shall file the model tariff for review and approval by the public utilities commission in a contested proceeding. Otherwise, the model tariff shall be included as part of the electric distribution company's next general rate filing.

39-33-3. Interconnection.

(a) No later than September 1, 2024, the commission shall commence a process, which includes stakeholder engagement, to adopt a framework for an interconnection tariff for energy storage systems connected to the electric distribution system that recognizes the flexible operating characteristics of energy storage systems.

(b) Following the public utilities commission's adoption of a framework, which shall be completed no later than May 1, 2025, each electric distribution company as defined in § 39-1-2 that has greater than one hundred thousand (100,000) customers shall file a proposed energy storage system interconnection tariff for review and approval in a contested proceeding.

39-33-4. Periodic storage assessment and procurement.

(a) Not less than every three (3) years, the commission shall conduct a market survey to assess the capabilities of storage technologies and whether those capabilities have the potential to

meet the needs of, or provide net value to, the distribution system or the bulk power system.

(1) As part of its review, the commission shall consider time and location-based constraints on the distribution and bulk power systems, including physical, economic, and environmental constraints that increase costs to the general body of ratepayers.

(2) Transmission level storage, at a minimum, shall include long duration energy storage systems and short duration energy storage systems that have peaking capabilities, but may include other applications.

(b) upon a finding by the commission that storage may meet distribution system or bulk power system needs, or provide net value to the general body of ratepayers, the commission shall direct the electric distribution company with more than one hundred thousand (100,000) customers to conduct a procurement of transmission level or distribution level storage consistent with subsection (c) of this section. This review shall also consider whether any changes need to be made to previously approved storage procurement methods to meet the targets and may be conducted as part of the review of system reliability and procurement in § 39-1-27.7(b). The commission's findings about appropriate targets and procurement shall be consistent with its least cost procurement standards and that the approved procurement is cost effective, less than the cost of available supply, reliable, prudent and environmentally responsible.

(c) The electric distribution company shall issue and, subject to review and approval of the commission, select a reasonable, open, and competitive method of soliciting proposals from third parties for one or more services from energy storage projects connected to the transmission or distribution system in front of the meter, including, but not limited to, long-duration energy storage projects, that would achieve the goals in chapter 33 of title 39.

39-33-5. Administrative expense.

The commission is authorized to hire one or more consultants to assist with each task set forth in this chapter and may assess its actual costs to each electric distribution company as defined in § 39-1-2 that has greater than one hundred thousand (100,000) customers in a manner to be determined by the commission.

SECTION 3. Section 39-26.1-4 of the General Laws in Chapter 39-26.1 entitled "Long-Term Contracting Standard for Renewable Energy" is hereby amended to read as follows:

39-26.1-4. Financial remuneration and incentives.

In order to achieve the purposes of this chapter, electric distribution companies shall be entitled to financial remuneration and incentives for long-term contracts for newly developed renewable energy resources, which are over and above the base rate revenue requirement established in its cost of service for distribution ratemaking. Such remuneration and incentives shall

compensate the electric distribution company for accepting the financial obligation of the long-term contracts. The financial remuneration and incentives described in this section shall apply only to long-term contracts for newly developed renewable energy resources. For long-term contracts approved pursuant to this chapter before January 1, 2022, the financial remuneration and incentives shall be in the form of annual compensation, equal to two and three quarters percent (2.75%) of the actual annual payments made under the contracts for those projects that are commercially operating, unless determined otherwise by the commission at the time of approval. For long-term contracts approved pursuant to this chapter on or after January 1, 2022, including contracts above the minimum long-term contract capacity, the financial remuneration and incentives shall be in the form of annual compensation up to one percent (1.0%) of the actual annual payments made under the contracts through December 31, 2026, for those projects that are commercially operating. For all long-term contracts approved pursuant to this chapter on or after January 1, 2027, financial remuneration and incentives shall not be applied, unless otherwise granted by the commission. For any calendar year in which the electric distribution company's actual return on equity exceeds the return on equity allowed by the commission in the electric distribution company's last general rate case, the commission shall have the authority to adjust any or all remuneration paid to the electric distribution company pursuant to this section in order to assure that such remuneration does not result in or contribute toward the electric distribution company earning above its allowed return for such calendar year.

SECTION 4. Chapter 39-26.1 of the General Laws entitled "Long-Term Contracting Standard for Renewable Energy" is hereby amended by adding thereto the following section:

39-26.1-10. Energy storage programs.

(a) The general assembly finds that while the commission develops new energy market rules for the use of energy storage systems, it is in the public interest to support the deployment of the following energy storage capacity:

(1) Ninety megawatts (90MW) by December 31, 2026;

(2) One hundred ninety-five megawatts (195MW) by December 31, 2028;

(3) Six hundred megawatts (600 mw) by December 31, 2033; and

(4) Subsequent targets may be proposed and set pursuant to chapter 31 of title 39.

(b) The Rhode Island infrastructure bank, in consultation with the office of energy resources, shall develop one or more programs and shall distribute funds made available pursuant to this chapter to meet the goals established in subsection (a) of this section.

(c) The Rhode Island infrastructure bank may take in funds from the following sources in support of this program:

(1) Money appropriated in the state budget to the fund or otherwise made available to the infrastructure bank;

(2) Money made available to the fund through federal programs or private contributions;

(3) Application or other fees paid to the infrastructure bank to process applications; and

(4) Any other money made available to the bank.

(d) The program(s) shall establish supplemental funding efforts to support the deployment of energy storage systems for:

(1) Residential classes of electric customers;

(2) Low-income residential classes of electric customers;

(3) Commercial and residential classes of electric customers; and

(4) Energy storage systems connected to the distribution or transmission system in front of the meter and not associated with a customer's electric load.

(e) The program shall provide for grants, no-interest loans, and low-interest loans to support:

(1) The co-locate energy storage systems with distributed energy resources; or

(2) Energy storage systems that would allow for the interconnection of distributed energy resources without distribution system upgrade costs.

(f) Any local distribution company that serves greater than one hundred thousand (100,000) customers shall not be eligible for the financial support described in this section.

(g) The infrastructure bank shall have the authority to adopt, amend, and implement such rules and regulations as may be necessary and desirable to effectuate the purposes of this section.

SECTION 5. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- ENERGY STORAGE SYSTEMS ACT

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This act would require the public utilities commission to engage stakeholders to adopt a framework for an energy storage system tariff for energy storage systems connected to the electric distribution system and would further set energy storage systems capacity and direct the Rhode Island infrastructure bank to develop programs to distribute funds to meet the energy storage systems capacity goals.

This act would take effect upon passage.

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