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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. 2023

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- 2023 ENERGY STORAGE ACT

Introduced By: Representatives Handy, and McNamara

Date Introduced: March 01, 2023

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND CARRIERS" is hereby amended by adding thereto the following chapter:

CHAPTER 33

2023 ENERGY STORAGE ACT

39-33-1. Energy storage target.

It shall be the policy of the State of Rhode Island to meet the following energy storage deployment goals:

(1) One hundred fifty megawatts (150 MW) by December 31, 2027; and

(2) Five hundred megawatts (500 MW) by December 31, 2033.

39-33-2. Energy storage compensation program.

(a) On or before July 1, 2024, the office of energy resources shall initiate a process to develop one or more programs, and associated funding mechanisms, for electric energy storage resources connected to the electric distribution system, including the incorporation of electric energy storage into existing programs. The office of energy resources shall develop:

(1) One or more programs for the residential class of electric customers;

(2) One or more programs for commercial and industrial classes of 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 premises.

(b) In undertaking the actions described in subsection (a) of this section, the office shall

consider one or more programs to incentivize the deployment of energy storage technologies connected to the electric distribution system that most effectively leverage the value of such technologies to achieve objectives including, but not limited to:

(1) Providing positive net present value to all ratepayers, or a subset of ratepayers paying for the benefits that accrue to that subset of ratepayers;

(2) Providing multiple types of benefits to the electric grid, including, but not limited to, customer, local, or community resilience, ancillary services, leveling out peaks in electricity use or that support the deployment of other distributed energy resources;

(3) Fostering the sustained, orderly development of a state-based energy storage industry; and

(4) Maximizing the value from the participation of energy storage systems in capacity markets. The office of energy resources shall include consideration of all energy storage configurations that are connected to the distribution system, including systems connected in front of the meter and not located at a customer premises.

(c) The office of energy resources may select the electric distribution company, a third party it deems appropriate, or any combination thereof, to implement one or more programs for electric energy storage resources connected to the electric distribution system.

(d) The office of energy resources shall file the proposed program with the public utilities commission for review and supervision. The public utilities commission shall issue a final decision on the proposed program within one hundred twenty (120) days of the filing by the office of energy resources.

39-33-3. Energy storage rate design.

(a) The electric distribution company shall complete and file with the public utilities commission a cost-of-service study for energy storage systems connected to the distribution system in front of the meter not later than March 31, 2024. On or before July 31, 2024, the electric distribution company shall file with the public utilities commission electric rate tariffs to apply to energy storage systems interconnected and providing retail service to their distribution system. The filing shall include at least one rate tariff that is applicable to front of the meter energy storage. The tariff shall not include costs that are otherwise recouped via project sponsor-funded interconnection upgrades or otherwise paid directly by the project sponsor, and shall include rates designed to reflect cost causation and ensure that energy storage systems are incentivized to charge and discharge at times that benefit the system.

SECTION 2. 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 procurement.

(a) 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 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.

(b) The solicitation method shall be informed by a request for information on potential contract structures between electric distribution companies and third-party operators of energy storage projects, and products or services that may be procured.

(c) The solicitation process shall permit a reasonable amount of negotiating discretion for the parties to engage in arms-length negotiations over final contract terms.

(d) Each contract entered into pursuant to this section shall contain a condition that it shall not be effective without commission review and approval.

(e) Any agreement entered into pursuant to this section shall be subject to review and approval by the public utilities commission, which review shall be completed not later than one hundred twenty (120) days after the date on which such agreement is filed with the authority. The commission shall approve any such agreement if it determines that:

(1) The contract is commercially reasonable as defined in § 39-31-3;

(2) The requirements for the solicitation have been met;

(3) The contract is consistent with the state's greenhouse gas reduction targets; and

(4) The contract is consistent with the purposes of this chapter and contributes to the achievement of the energy storage goals established in § 39-33-1.

(f) The net costs of any such agreement, including costs incurred by the electric distribution companies under the agreement and reasonable costs incurred by the electric distribution companies in connection with the agreement, shall be recovered through a fully reconciling component of electric rates for all customers of electric distribution companies. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of the contracting electric distribution company.

SECTION 3. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO PUBLIC UTILITIES AND CARRIERS -- 2023 ENERGY STORAGE ACT

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This act would require the office of energy resources to initiate the process of developing one or more programs, and associated funding mechanisms, for electric energy storage resources connected to the electric distribution system, including the incorporation of electric energy storage into existing programs.

This act would take effect upon passage.

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