

# House Bill 2193

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Energy and Environment)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Directs electric companies, if authorized by Public Utility Commission, to procure one or more energy storage systems that have capacity to store specified amount of electricity. Requires procurement to occur not later than January 1, 2020. Creates process for authorizing procurement of energy storage systems.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

Relating to energy storage; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1. Sections 2, 3, 4 and 5 of this 2015 Act are added to and made a part of ORS chapter 757.**

**SECTION 2. As used in sections 2 to 5 of this 2015 Act:**

(1) **"Electric company" means an electric company, as defined in ORS 757.600, that makes sales of electricity to retail electricity consumers in an amount that equals three percent or more of all electricity sold to retail electricity consumers.**

(2) **"Energy storage system" means commercially available technology that is capable of retaining energy, storing the energy for a period of time and transmitting the energy after storage.**

(3)(a) **"Procure" means to acquire by ownership a qualifying energy storage system or to acquire by contract the right to use the capacity of or the energy transmitted by a qualifying energy storage system.**

(b) **"Procure" includes the acquisition of ancillary services that are related to an acquisition described in paragraph (a) of this subsection.**

(4) **"Qualifying energy storage system" means an energy storage system that is cost-effective.**

(5) **"Retail electricity consumer" means a retail electricity consumer, as defined in ORS 757.600, that is located in this state.**

**SECTION 3. (1) If authorized under section 4 (3) of this 2015 Act, an electric company shall procure, as part of the program described in section 4 of this 2015 Act, one or more qualifying energy storage systems:**

(a) **That have the capacity to store:**

(A) **Not less than five megawatts of electricity; and**

(B) **Not more than an amount of electricity that is equal to one percent of the electric company's peak load for the year 2014.**

(b) **On or before January 1, 2020.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1           **(2) An electric company may recover in the electric company’s rates all costs prudently**  
 2 **incurred by the electric company in procuring one or more qualifying energy storage systems**  
 3 **under this section, including any above-market costs associated with procurement.**

4           **SECTION 4. (1) Not later than January 1, 2017, the Public Utility Commission shall by**  
 5 **rule or order adopt guidelines for an electric company to use in submitting a proposal under**  
 6 **subsection (2) of this section. In developing the guidelines, the commission shall:**

7           **(a) Establish a methodology to analyze whether an application of an energy storage sys-**  
 8 **tem is cost-effective.**

9           **(b) Consider the potential benefits of energy storage systems, including whether energy**  
 10 **storage systems:**

11           **(A) Defer investment in generation, transmission or distribution of electricity;**

12           **(B) Reduce peak demand for electricity;**

13           **(C) Improve the integration of different types of renewable resources;**

14           **(D) Reduce greenhouse gas emissions; or**

15           **(E) Improve the reliability of electrical transmission or distribution systems.**

16           **(c) Consider ways in which to encourage electric companies to invest in different types**  
 17 **of qualifying energy storage systems.**

18           **(d) Consider any other factor reasonably related to the procurement of qualifying energy**  
 19 **storage systems.**

20           **(2)(a) Not later than January 1, 2018, an electric company shall submit one or more pro-**  
 21 **posals to the commission for developing a project that includes one or more qualifying energy**  
 22 **storage systems.**

23           **(b) Each proposal submitted under this subsection must include an evaluation of the po-**  
 24 **tential to store energy in the electric company’s electric system, including an analysis of:**

25           **(A) The electric company’s current operations and the electric company’s electric system**  
 26 **data, including customer-side data, distribution data, transmission data and data related to**  
 27 **existing energy storage systems, including any energy storage system developed as part of**  
 28 **a pilot or demonstration project. The analysis shall be used to identify areas in the electric**  
 29 **company’s electric system where there may be cost-effective opportunities for energy stor-**  
 30 **age systems.**

31           **(B) The effect of a qualifying energy storage system on any existing plan submitted to**  
 32 **the commission in which the electric company proposes an integrated, least-cost combination**  
 33 **of resources to meet the expected needs of the electric company’s customers.**

34           **(c) Each proposal submitted under this subsection also must include a description of each**  
 35 **proposed project. The description must include:**

36           **(A) Technical specifications for each project, including:**

37           **(i) The capacity of the project to store energy;**

38           **(ii) The location of the project;**

39           **(iii) A description of the electric company’s electric system needs and the application**  
 40 **that the energy storage system will fulfill as the basis for the project;**

41           **(iv) A description of the technology necessary to construct, operate and maintain the**  
 42 **project, including a description of any data or communication system necessary to operate**  
 43 **the project;**

44           **(v) A description of the types of services that the electric company expects the project**  
 45 **to provide upon completion;**

1 (vi) An analysis of the risk that the electric company will not be able to complete the  
2 project; and

3 (vii) Any other reasonable technical specification required by the commission pursuant  
4 to subsection (1) of this section.

5 (B) The estimated cost of each project, including:

6 (i) The estimated capital cost of the project;

7 (ii) The estimated output cost of the project; and

8 (iii) The amount of grant moneys available to offset the cost of the project.

9 (C) The benefits of each project to the electric company's electric system, including:

10 (i) Projected in-state benefits to the electric system;

11 (ii) Projected regional benefits to the electric system; and

12 (iii) The potential benefits to the electric company's entire electric system if the electric  
13 company installs the technology that is the basis for the project system-wide.

14 (D) An evaluation of the cost-effectiveness of each project, as established by the com-  
15 mission under subsection (1) of this section.

16 (3)(a) The commission shall consider each proposal submitted to the commission under  
17 subsection (2) of this section and evaluate each proposal to determine whether the proposal:

18 (A) Is consistent with the guidelines adopted by the commission under subsection (1) of  
19 this section;

20 (B) Reasonably balances the benefits of qualifying energy storage systems to ratepayers  
21 and the development of energy storage systems and the technology necessary to construct,  
22 operate and maintain energy storage systems; and

23 (C) Is in the public interest.

24 (b) In considering the factors described in paragraph (a) of this subsection, the commis-  
25 sion may authorize an electric company to develop a project that includes one or more  
26 qualifying energy storage systems.

27 (4) If authorized to develop a project under subsection (3) of this section, an electric  
28 company shall develop the project in accordance with any competitive bidding guidelines  
29 prescribed by the commission.

30 **SECTION 5.** In the manner required by ORS 192.245, the Public Utility Commission shall  
31 report on the implementation of sections 2 to 5 of this 2015 Act to the interim committees  
32 of the Legislative Assembly related to energy:

33 (1) On or before September 15, 2016;

34 (2) On or before September 15, 2017; and

35 (3) On or before September 15, 2018.

36 **SECTION 6.** This 2015 Act being necessary for the immediate preservation of the public  
37 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect  
38 on its passage.

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