

STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 05/20/15

Action: Do Pass With Amendments To The A-Eng Bill. (Printed B-Eng.)

Meeting Dates: 05/20

Vote:

Yeas: 4 - Beyer, Monroe, Riley, Thomsen

Nays: 1 - Girod

Prepared By: James LaBar, Committee Administrator

WHAT THE MEASURE DOES:

Defines “energy storage system” as technology capable of retaining energy, storing energy for period of time and delivering energy after storage. Defines “electric company” as company that sells electricity to 25,000 or more retail electricity consumers. Specifies that, subject to authorization by Public Utility Commission (PUC), electric companies are directed to procure one or more qualifying energy storage system with capacity to store at least five megawatt hours of electricity on or before January 1, 2020. Restricts total capacity of storage system procured by one company to less than one percent of company’s 2014 peak load; authorizes PUC to waive limit under specified circumstances. Permits PUC, in consultation with Oregon Department of Energy, to waive energy storage limit if one or more electric utilities, as defined in ORS 757.600, participates in procuring and sharing benefits and costs of storage system. Allows energy company to recover in rates all cost prudently incurred in procuring one or more energy storage systems. Directs PUC to adopt, no later than January 1, 2017, guidelines for submittal of proposals by energy companies. Directs energy companies to submit to PUC, no later than January 1, 2018, one or more proposals for developing project that includes one or more energy storage systems. Establishes proposal requirements and PUC evaluation criteria. Prohibits PUC from using, or allowing use of, information and analyses submitted with proposal to be used for other purpose and, to protect information, directs PUC to determine procedures under which person may view information and analyses and adopt protective order that includes reasonable restrictions requested by utility. Directs PUC to report to interim legislative committees related to energy by September 15, 2016 and September 15, 2018. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Measure is technology-agnostic, but industry realizes the declining price in battery storage
- Concerns about high-ceiling amount in measure and possible rate effects
- Public Utility Commission’s role in process, especially regarding rate impacts
- Energy storage system development with consumer-owned utilities

EFFECT OF COMMITTEE AMENDMENT:

Changes definition to electric company to company that sells electricity to 25,000 or more retail electricity consumers. Permits PUC, in consultation with Oregon Department of Energy, to waive energy storage limit if one or more electric utilities as defined in ORS 757.600, participates in procuring and sharing benefits and costs of storage system.

BACKGROUND:

Energy storage technology includes batteries, flywheels, compressed air energy storage, thermal, and pumped hydro-power. Individual energy storage projects augment the electric grid by capturing excess electrical energy during periods of low demand and storing it in other forms until needed. The energy can later be converted back to its electrical form and returned to the grid as needed. One of the distinctive characteristics of the electric power sector is that the amount of electricity that can

be generated is relatively fixed over short periods of time, although demand for electricity fluctuates throughout a typical day. Electricity storage devices can manage the amount of power required to supply customers at times when need is greatest, which is during peak load. Many renewable energy sources, most notably solar and wind, produce intermittent power. Energy storage is one option to provide more reliable energy supplies.

If authorized by the Public Utility Commission, House Bill 2193B would direct electric companies to procure qualifying energy storage systems with a specified capacity by 2020 and allow the company to recover in rates the cost of procurement.