

B-Engrossed
House Bill 2193

Ordered by the Senate May 26
Including House Amendments dated April 23 and Senate Amendments
dated May 26

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.

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 energy. 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

1
2 Relating to energy storage; and declaring an emergency.

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

4 **SECTION 1. As used in sections 1 to 3 of this 2015 Act:**

5 (1) **“Electric company” means an electric company, as defined in ORS 757.600, that makes**
6 **sales of electricity to 25,000 or more retail electricity consumers in this state.**

7 (2) **“Energy storage system” means a technology that is capable of retaining energy,**
8 **storing the energy for a period of time and delivering the energy after storage.**

9 (3)(a) **“Procure” means to acquire by ownership a qualifying energy storage system or**
10 **to acquire by contract the right to use the capacity of or the energy from a qualifying energy**
11 **storage system.**

12 (b) **“Procure” includes the acquisition of ancillary services that are related to an acqui-**
13 **sition described in paragraph (a) of this subsection.**

14 (4) **“Qualifying energy storage system” means an energy storage system included in a**
15 **project that the Public Utility Commission authorizes for development under section 3 of this**
16 **2015 Act.**

17 (5) **“Retail electricity consumer” means a retail electricity consumer, as defined in ORS**
18 **757.600, that is located in this state.**

19 **SECTION 2. (1) If authorized under section 3 (3) of this 2015 Act, an electric company**
20 **shall procure, on or before January 1, 2020, as part of a project described in section 3 of this**
21 **2015 Act, one or more qualifying energy storage systems that have the capacity to store at**
22 **least five megawatt hours of energy.**

23 (2)(a) **The total capacity of qualifying energy storage systems procured under this section**
24 **by any one electric company may not exceed one percent of the electric company's peak load**
25 **for the year 2014.**

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 **(b) The Public Utility Commission may waive the limit described in paragraph (a) of this**
2 **subsection if the commission determines, in consultation with the State Department of En-**
3 **ergy, that a qualifying energy storage system is of statewide significance and one or more**
4 **electric utilities, as defined in ORS 757.600, participates in procuring the qualifying energy**
5 **storage system and shares the costs and benefits associated with procuring the qualifying**
6 **energy storage system.**

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

10 **SECTION 3. (1) Not later than January 1, 2017, the Public Utility Commission shall by**
11 **rule or order adopt guidelines for an electric company to use in submitting a proposal under**
12 **subsection (2) of this section. In developing the guidelines, the commission shall:**

13 **(a) Examine the potential value of applying energy storage system technology, including:**

14 **(A) Deferred investment in generation, transmission or distribution of electricity;**

15 **(B) Reduced need for additional generation of electricity during times of peak demand;**

16 **(C) Improved integration of different types of renewable resources;**

17 **(D) Reduced greenhouse gas emissions;**

18 **(E) Improved reliability of electrical transmission or distribution systems;**

19 **(F) Reduced portfolio variable power costs; or**

20 **(G) Any other value reasonably related to the application of energy storage system**
21 **technology.**

22 **(b) Consider ways in which to encourage electric companies to invest in different types**
23 **of energy storage systems.**

24 **(c) Consider any other factor reasonably related to the procurement of qualifying energy**
25 **storage systems.**

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

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

31 **(A) The electric company's current operations and the electric company's electric system**
32 **data, including customer-side data, distribution data, transmission data and data related to**
33 **existing energy storage systems, including any energy storage system developed as part of**
34 **a pilot or demonstration project. The analysis shall be used to identify areas in the electric**
35 **company's electric system where there may be opportunities to incentivize the value poten-**
36 **tially derived from energy storage systems.**

37 **(B) How the addition of an energy storage system would complement proposed actions**
38 **submitted pursuant to any plan submitted to the commission in which the electric company**
39 **has proposed an integrated, least-cost combination of resources to meet the expected needs**
40 **of the electric company's customers.**

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

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

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

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

1 (iii) A description of the electric company's electric system needs and the application
2 that the energy storage system will fulfill as the basis for the project;

3 (iv) A description of the technology necessary to construct, operate and maintain the
4 project, including a description of any data or communication system necessary to operate
5 the project;

6 (v) A description of the types of services that the electric company expects the project
7 to provide upon completion;

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

10 (vii) Any other reasonable technical specification required by the commission pursuant
11 to the guidelines adopted under subsection (1) of this section.

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

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

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

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

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

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

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

19 (iii) The potential benefits to the electric company's entire electric system if the electric
20 company installs the energy storage system technology that is the basis for the project
21 system-wide.

22 (D) An evaluation of the cost-effectiveness of each project, conducted in a manner es-
23 tablished by the commission by rule or order.

24 (d) The information and analyses required to be submitted to the commission under this
25 subsection may contain critical energy infrastructure information, trade secrets and other
26 confidential research, development or commercial information the public disclosure of which
27 could threaten the security and safety of an electric company's electric system or allow un-
28 fair competition or business advantages. The commission may not use or allow the use of the
29 information and analyses for any purpose other than the purposes described in this section
30 and, in order to protect the information:

31 (A) Shall determine the procedures under which a person may view the information and
32 analyses; and

33 (B) Shall adopt a protective order that includes reasonable restrictions requested by an
34 electric company in good faith on removing material from commission offices, not allowing
35 copying or photographing of the material, not allowing electronic transmission of the mate-
36 rial or only allowing limited viewing of the material in restricted areas.

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

39 (A) Is consistent with the guidelines adopted under subsection (1) of this section;

40 (B) Reasonably balances the value for ratepayers and utility operations that is potentially
41 derived from the application of energy storage system technology and the costs of con-
42 struction, operation and maintenance of energy storage systems; and

43 (C) Is in the public interest.

44 (b) After considering the factors described in paragraph (a) of this subsection, the com-
45 mission may authorize an electric company to develop one or more projects that include one

1 or more qualifying energy storage systems.

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

5 **SECTION 4.** In the manner required by ORS 192.245, the Public Utility Commission shall
6 report on the implementation of sections 1, 2 and 3 of this 2015 Act to the interim commit-
7 tees of the Legislative Assembly related to energy:

8 (1) On or before September 15, 2016; and

9 (2) On or before September 15, 2018.

10 **SECTION 5.** This 2015 Act being necessary for the immediate preservation of the public
11 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
12 on its passage.
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