

## **SB 1582 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Energy and Environment**

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**Meeting Dates:** 2/9, 2/11

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#### **WHAT THE MEASURE DOES:**

The measure requires electric companies to establish distributed power plant programs that compensate customer-owned distributed energy resources (DERs), such as batteries, load control devices, and electric vehicles, for providing grid services. Programs must be submitted to the Public Utility Commission (PUC) to either deny, approve, or modify the program. Electric companies are directed to offer a standard, open-access tariff with compensation based on the type of grid service and technology provided. The bill directs the PUC to set annual procurement targets and performance incentives, allows cost recovery through rates, and permits additional incentives for customers facing higher energy burdens. Electric companies must report annually. The bill takes 91st day following adjournment sine die.

#### **Detailed Summary:**

##### **Program Development:**

- Requires each electric company to develop and file with the PUC a distributed program for the procurement of grid services to be provided by distributed energy resources within 120 days of the Act's effective date.
- Requires the PUC to deny, approve, or modify the proposed program or an amendment to a program, within 120 days, and to provide an opportunity for public comment.
- Requires at a minimum an electric company's initial program to provide compensation from system-wide peak load reduction provided by a battery.
- Requires electric company to file an amendment to incorporate load control devices and electric vehicles, to the extent they were not included in the initial program, within 12-months of the initial approval.

##### **Standard Offer and Compensation:**

- Requires the electric company to offer customers a standard offer, open tariff for grid services provided by DERs.
- Directs that compensation schedule be based on the type of grid service and the kind of DER technology providing it.
- Establishes that eligible grid services include: system-wide or local peak load reduction, provision of zero emission electricity to meet peak demand, avoidance or deferral of transmission or distribution upgrades expansion and other location-specific grid services, voltage support, emergency services, and any other grid services determined by the PUC.
- Establishes eligible classes of DERs include but are not limited to: battery energy storage devices; load control devices, including but not limited to, smart thermostats and water heaters and other load control devices approved by the commission; and electric vehicles.

##### **Customer Participation & Payments:**

- Establishes minimum operational parameters that each program must specify for each grid service based on the class of DERs that provide the service.
- Provides parameters for a customer enrolling in a program.
- Requires an electric company to provide directly enrolled customer with an upfront payment and performance compensation for each enrolled device.
- Establishes operational parameters, that include but are not limited to an electric company being able to communicate and send a dispatch signal to verify performance as well as the ability to disenroll a customer or

device for repeated nonperformance.

- Authorizes a program to provide higher upfront payment for class of customers based on differential energy burdens on low- and moderate-income customers and other economic, social equity or environmental justice factors.
- Allows an electric company to recover in rates prudently incurred costs associated with the program.

**Procurement Targets & Incentives:**

- Directs the PUC to develop and adopt annual procurement targets, that require a meaningful increase, and performance incentives for achieving targets.
- Stipulates that performance incentives must include financial incentives and may include financial penalties for failing to achieve procurement targets.
- Establishes process for adding a grid service to program.

**Reporting:**

- Requires each electric company to file an annual report with the PUC on the status of the electric company's distributed power plant program, including the capacity enrolled in the program no later than January 31<sup>st</sup> of each year.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-1 The amendment modifies definitions and timelines for program implementation. In addition, the amendment expands the allowable classes of DERs and allows an electric company to procure grid services through a competitive process. The amendment authorizes an electric company, or affiliate to be an aggregator subject to certain standards. The amendment requires a limited program evaluation to be included in the next integrated resource plan.

**Detailed Summary:**

- **Definitions** - Modifies definition of distributed energy resource and electric company limiting Acts application to electric companies with more than 25,000 retail consumers in the state.
- **Program Development Timelines** - Modifies application and approval timeline.
- **Grid Services** - Authorizes an electric company to procure grid services through a competitive process approved by PUC.
- **Distributed Energy Resources** - Expands classes of DERs to include solar energy systems and devices and building performance and operational strategies. Removes limitation that an enrolled DER be for a customer's "personal" benefit.
- Requires that requirements adopted by electric company for participating in the program be objective, transparent, and no more restrictive than necessary.
- **Aggregators** - Authorizes electric company, or affiliate to be an aggregator. Directs the PUC to establish standards for the participation of aggregators as well as reasonable terms and conditions to govern the participation of aggregators. Establishes notification requirements to participate as an aggregator including a data-sharing agreement. Requires certain notification to electric company customers related to data-sharing.
- **Limited Program Evaluation** - Requires electric company to evaluate, using certain considerations and estimates, establishing a program that provides compensation for system-wide peak load reduction provided by energy storage device that is a battery. Requires that the evaluation be included in the next integrated resource plan filed with the PUC.

**BACKGROUND:**

The Oregon Public Utility Commission (PUC) regulates investor-owned electric and natural gas utilities providing service to ensure they offer safe and reliable energy at reasonable rates. Oregon law allows the PUC to approve a rate if the government enacts or adopts an ordinance, charter provision, resolution, or other regulation requiring that retail electricity consumers within the boundaries of the government must be served with resources such as energy from community-based resources, including microgrids, among others, that provide community co-benefits (ORS 757.603).

Distributed generation refers to electricity generated by decentralized, small-scale energy systems that are installed near the energy consumer where it will be used. These systems are called distributed energy resources and commonly include solar panels, small wind turbines, electric vehicles, and energy storage systems such as batteries. A distributed energy resource management system is a software platform that can connect to the distributed energy resources to help manage and optimize them within the electrical grid. Using distributed power and energy resources can facilitate energy security during outages on the main grid and allow for energy independence.