

Enrolled House Bill 2193

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CHAPTER

AN ACT

Relating to energy storage; and declaring an emergency.

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

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

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

(2) “Energy storage system” means a technology that is capable of retaining energy, storing the energy for a period of time and delivering 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 from 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 included in a project that the Public Utility Commission authorizes for development under section 3 of this 2015 Act.

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

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

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

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

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

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

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

- (A) Deferred investment in generation, transmission or distribution of electricity;
- (B) Reduced need for additional generation of electricity during times of peak demand;
- (C) Improved integration of different types of renewable resources;
- (D) Reduced greenhouse gas emissions;
- (E) Improved reliability of electrical transmission or distribution systems;
- (F) Reduced portfolio variable power costs; or
- (G) Any other value reasonably related to the application of energy storage system technology.

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

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

(2)(a) Not later than January 1, 2018, an electric company shall submit one or more proposals to the commission for developing a project that includes one or more energy storage systems.

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

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

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

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

(A) Technical specifications for each project, including:

- (i) The capacity of the project to store energy;
- (ii) The location of the project;
- (iii) A description of the electric company's electric system needs and the application that the energy storage system will fulfill as the basis for the project;
- (iv) A description of the technology necessary to construct, operate and maintain the project, including a description of any data or communication system necessary to operate the project;
- (v) A description of the types of services that the electric company expects the project to provide upon completion;
- (vi) An analysis of the risk that the electric company will not be able to complete the project; and
- (vii) Any other reasonable technical specification required by the commission pursuant to the guidelines adopted under subsection (1) of this section.

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

- (i) The estimated capital cost of the project;
- (ii) The estimated output cost of the project; and
- (iii) The amount of grant moneys available to offset the cost of the project.

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

(i) Projected in-state benefits to the electric system;
(ii) Projected regional benefits to the electric system; and
(iii) The potential benefits to the electric company's entire electric system if the electric company installs the energy storage system technology that is the basis for the project system-wide.

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

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

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

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

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

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

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

(C) Is in the public interest.

(b) After considering the factors described in paragraph (a) of this subsection, the commission may authorize an electric company to develop one or more projects that include one or more qualifying energy storage systems.

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

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

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

(2) On or before September 15, 2018.

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

Passed by House April 28, 2015

Repassed by House June 1, 2015

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate May 28, 2015

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2015

Approved:

.....M.,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State