

BLUEWAVE

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March 21, 2024

The Honorable Joseph J. Solomon Jr.
Chair, House Committee on Corporations
Rhode Island General Assembly
Providence, RI 02903

re: House Bill 7811 – BlueWave Written Testimony in Support

Dear Chair Solomon and Members of the Committee,

BlueWave appreciates the opportunity to provide this written testimony in support of House Bill 7811 – 2024 Energy Storage Act – being heard before the House Committee on Corporations (“Committee”) today.

BlueWave's vision is to protect our planet by transforming access to renewable energy. As a pioneering clean energy developer, BlueWave has developed and built more than 150 MW of solar projects to date. As built, these projects collectively generate enough solar energy to avoid more than 144,000 metric tons of carbon emissions annually. BlueWave is also actively developing energy storage projects, including both transmission- and distribution-scale projects, to ensure our grid is reliable and efficient in a clean energy future. BlueWave is proud to be a certified B Corp, scoring in the top 5% of companies assessed towards certification in Governance, and named Best for the World for Governance.

Energy storage is an essential technology to achieving Rhode Island’s climate goals, as well as achieving and maintaining 100 percent renewable energy by 2033. Energy storage is a key enabler of Rhode Island’s clean energy transition. Storage can charge when renewable energy is plentiful and discharge when and where electricity is needed most. It can facilitate and integrate high levels of distributed solar, offshore wind, electrified buildings, and decarbonized transportation, even as Rhode Island is building out a more resilient, reliable electricity system. Importantly, energy storage is technically and economically ready to deliver these benefits today. However, state policy leadership is needed to overcome market and regulatory barriers and ensure that the benefits of energy storage are fully captured and equitably delivered.

Since this bill was considered last session, the Public Utilities Commission (“PUC”) conducted an examination into the value of energy storage in Rhode Island.¹ The Report clearly finds that energy storage can deliver significant benefits to the state, and we urge the Legislature to pass this bill to develop the policies and programs that will allow the state to capture these benefits.

Energy Storage Target

Energy storage is a dynamic resource that can provide many benefits to customers, to the grid, and towards the state’s greenhouse gas emissions reduction targets. We support a 600 megawatt energy

¹ RI PUC, Docket 5000. *Examination of the Value of and Need for Energy Storage Resources in Rhode Island*. Available at: https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-10/RIPUC%20Final%20Storage%20Report_Docket%205000.pdf

storage deployment target by 2033. Deployment targets give regulatory agencies and clean energy developers a concrete goal to reach and these targets will signal Rhode Island's commitment to energy storage as an asset that will play an integral role in the transition to a clean economy. A 600 megawatt target is achievable and in line with nearby states. Connecticut has a 1,000 megawatt target, New York has a 6,000 megawatt target, and Maine has a 400 megawatt target, all by 2030. Massachusetts recently updated its target to adjust based on the level of renewable energy deployment, but we expect that the target will equal ~3,000 megawatts by 2030. Setting a target will tell the market that Rhode Island is committed to storage as a part of its energy portfolio as significant renewable generation is brought online and keep the state on pace with its neighbors.

Compensation Programs

Deployment targets alone will not drive investment in the state's energy storage industry. There must be mechanisms in place to achieve the target. Thus, the directive provided to the Office of Energy Resources ("OER") through this bill to develop energy storage compensation programs is critically important. The bill gives flexibility to OER to account for the unique benefits of storage in designing programs. Storage programs can be designed in such a way to support deployment and provide significant ratepayer benefit. Connecticut Green Bank performed a cost-benefit analysis of a program to compensate standalone front-of-the-meter ("FTM") energy storage for performing in response to utility-called events and found significant positive ratepayer benefits from implementing such a program. The benefits of energy storage are substantial, and we urge Rhode Island to capitalize on this opportunity.

Rate Design

Rate design for charging load is a significant barrier to the deployment of FTM energy storage (i.e., storage connected directly to electric grid, not at an electric customer premises) on the utility distribution system. Currently, energy storage systems are assigned electric rates designed for commercial and industrial customers, which do not reflect the unique and flexible operating profiles of energy storage, nor the fact that storage is not consuming energy but rather engaging in a sale for resale. As a result, misapplied rate design can lead to distribution charges that make otherwise beneficial energy projects uneconomic and inhibit deployment. The PUC Report recognizes this challenge and the need for new tariffs to apply to energy storage.² Both Massachusetts and Connecticut are in the midst of considering energy storage-specific rates, and we encourage Rhode Island to monitor those efforts and apply relevant lessons learned.

Procurements

Section 2 directs the Electric Distribution Company ("EDC") to procure energy storage connected to the distribution or transmission system. Such a procurement has the potential to deliver significant benefits to the State, including integrating large-scale renewable energy purchases like offshore wind, improving grid reliability, and mitigating peak demand. Procurement through long-term contracts is a proven tool to deploy renewable energy at scale that is increasingly being used in the region for energy storage. Procurements ensure that energy storage projects have access to contracted revenue, significantly

² RI PUC, Docket 5000. *Examination of the Value of and Need for Energy Storage Resources in Rhode Island*, pp. iv. "The Report concludes that Rhode Island's existing storage procurement mechanisms feature critical design limitations that can be addressed and improved through the implementation of at least two new tariffs: a retail service tariff for standalone energy storage resources and an interconnection tariff specific to storage resources."

reducing capital costs. New York is currently considering the procurement of an additional 3,000 MW of bulk (i.e., >5 megawatt) energy storage to achieve its goal of 6,000 MW by 2030, and Connecticut's Department of Energy and Environmental Protection is procuring 450 MW of transmission-connected energy storage to help achieve the state's goal of 1,000 MW by 2030. The procurement provisions would put Rhode Island on a parallel track with its peers, would advance the industry, and would ensure that Rhode Island meets the targets set forth in this bill.

Conclusion

This bill opens the door for the dynamic storage industry to participate in solving the cost, reliability, and emissions challenges facing Rhode Island today and in the future. Energy storage, as a standalone resource or paired with a clean energy resource, can be programmed to capture a number of value streams. The flexibility and authority provided through this bill will allow for the design of programs and procurements that compensate storage for operating in the ways that most benefit the State.

Sincerely,

/s/ Sean Burke

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