

RI House Committee on Corporations
Rhode Island State House
82 Smith Street
Providence, RI 02903

March 21, 2024

RE: H 7811 AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- 2024 ENERGY STORAGE ACT

Dear Members of the House Committee on Corporations:

As stakeholders in PUC Docket 5000, the general assembly's mandated study of energy storage, and on behalf of Hillview Environmental, LLC, our firm writes in support of H 7811. The transformation required by the Act on Climate and our mandate to be 100 percent renewable by 2033 cannot occur without enabling the essential role of storage in stabilizing our energy system and avoiding traditional, excessive infrastructure investments.

A critical component of the energy storage conversation is the planning for co-locating renewable generation and energy storage. It is critically important that the programs developed through this bill encourage siting storage and renewable generation together, otherwise it will lend credibility to the argument made by RI Energy that standalone energy storage systems will just game the energy value markets and act as a burden on the retail grid. Generation and storage combined is the path to a reliable, sustainable electric grid. Storage alone is not a solution, just a part of the puzzle.

This Act orders the OER and RIE, with PUC approval, to develop programs to connect energy storage systems to the distribution system. The Act directs RI Energy to develop "a reasonable, open, and competitive method of soliciting proposals from third parties for energy storage projects." Our state energy plan and our renewable energy statutes all indicate the possibility that distributed energy resources (efficiency, demand side management, distributed generation, storage) can and will reduce system costs. In fact, after a very thorough analysis, the energy plan concludes that continuing business as usual is our most expensive alternative. In a transformative scenario, a locally managed and self-reliant energy system promises to significantly reduce total operating costs, including (as one example) the cost of utility infrastructure investment and maintenance expenses and associate overhead, just as has been evidenced with the recent authorization and trend of RI municipalities reacquiring their streetlights. Any procurement method under this Act will need to be designed to account for such transformative impact and properly credit storage for the costs it can help our energy system avoid.

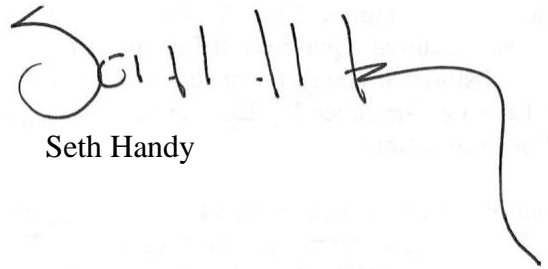
Any least cost procurement analysis has to consider the opportunity to reduce existing and established system costs rather than just the value of offsetting need for incremental investment. In docket 5000, RI Energy represents that they target incremental energy storage investments that will provide "deferred benefit," meaning those that can delay the time at which RI Energy needs to make an infrastructure investment. They put out Requests for Proposals that offer to compensate third parties for the value of that deferral – i.e., the saved time value of money needed for that investment. Their analysis has not, until recently, incorporated the possibility that an alternative third-party proposal might completely offset the need for that identified system investment. It is hard to imagine how any valid "least cost procurement" analysis could accurately value alternative proposals just by deferral value rather than the opportunity for total displacement.

Rate tariffs must be designed to accurately compensate projects for all the benefits and cost avoidance impacts they can and ought to provide. Unless regulators and the utility acknowledge and compensate distributed energy resources like distributed generation and storage for the system benefits they provide,

they will always undervalue and (consequently) will not get the full benefits. We cannot expect to get benefit that we will not pay for. Our utility has consistently denied - or at the very least severely undervalued - the systemic value of distributed energy solutions. That is exemplified by its failure to identify a non-wires alternative to system reliability procurement needs and by its repeated statements that there is no cause to set or pay a locational incentive in the Renewable Energy Growth program. RI Energy's economic interest in natural gas and wire/pipe-based solutions does not incent it to analyze system constraints, structure proposals or select third party proposals that are more economical than its preferred alternative.

Please pass H 7811. Thank you for your great leadership on this and your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Seth Handy". The signature is stylized with a large initial "S" and a long, sweeping underline that extends to the right and then curves downwards.

Seth Handy