December 12, 2017

Rob Klee
Commissioner
Department of Energy and Environmental Protection
79 Elm Street
Hartford, CT 06106-5127

Re: Procurement of Clean Energy and Renewable Resources Pursuant to Public Acts 13-303, 15-107 and 17-144

Dear Commissioner Klee:

The Northeast Clean Energy Council (NECEC) and the Energy Storage Association (ESA) commend the Department of Energy and Environmental Protection (DEEP or Department) for notifying stakeholders of its intent to procure clean energy and renewable resources pursuant to Public Acts 13-303, 15-107 and 17-144, as announced in the November 8, 2017, Notice of Proceeding.[1] We welcome and support the solicitation of bids from offshore wind, fuel cells, and anaerobic digestion, all of which are and will be important resource types for Connecticut's future energy mix. Prior to the intended December 15 issuance date for the draft request for proposals (RFP), however, NECEC and ESA write to urge the Department to use its recent statutory authority to additionally solicit proposals for energy storage. Adding energy storage as a solicited resource will unlock a tremendous opportunity for ratepayers, adopting customers, and the Connecticut transmission and distribution systems with essentially no downside or risk.

NECEC is a clean energy business, policy, and innovation organization whose mission is to create a world-class clean energy hub in the Northeast, delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including energy efficiency, wind, solar, energy storage, microgrids, fuel cells, demand response, and advanced and "smart" technologies. Many of our members are already doing business in Connecticut, and many more are interested in doing so in the near future.

ESA was established 27 years ago to foster development and commercialization of energy storage technologies. Since then, its mission has been the promotion, development and commercialization of competitive and reliable energy storage delivery systems for use by electricity suppliers and their customers across the United States. ESA members represent a diverse group of entities, including electric utilities, energy service companies, independent power producers, project developers, technology manufacturers and component suppliers.

Earlier this year, our organizations were excited to see the enactment of the provisions of Public Act 17-144 related to the solicitation of certain eligible resource types. As DEEP is undoubtedly familiar, the legislation included the following authorization:

[1] Available online at http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/1bcb357b78aec8df852581d200699d4a/$FILE/2017.11.08_FINAL%20Notice%20of%20Procurement%20Proceeding.pdf.

> *On or after October 1, 2013, the Commissioner of Energy and Environmental Protection, in consultation with the procurement manager identified in subsection (l) of section 16-2, the Office of Consumer Counsel and the Attorney General, may solicit proposals, in one solicitation or multiple solicitations, from providers of [run-of-the-river] the following resources or any combination of the following resources: Run-of-the-river hydropower, landfill methane gas, [or] biomass, fuel cell, offshore wind or anaerobic digestion, provided such source meets the definition of a Class I renewable energy source pursuant to section 16-1, as amended by this act, or energy storage systems.*[2]

NECEC and ESA would like to seek further clarity on how DEEP plans to proceed on incorporating energy storage into the solicitation for Class I resources. Specially, we note that energy storage technology is a unique resource that requires careful consideration when being incorporated into a solicitation process with other renewable energy resources. Our organizations and the members we represent who conduct business in Connecticut would welcome the opportunity to contribute to the development of a solicitation process that provides fair access to energy storage systems.

In our view, the legislative authority for energy storage systems granted to DEEP carries the potential to provide immense value for the State of Connecticut. We are confident that the inclusion of energy storage systems in the solicitation of Class I resources – if developed effectively – will demonstrate to DEEP a robust and diverse pool of energy storage developers and solution providers ready to deliver value to the Connecticut grid and its customers. Proposals would likely encompass a broad range of storage configurations, including standalone energy storage systems, systems co-located with other eligible resources, and portfolios of distributed, behind-the-meter (BTM) installations. All such proposals would be well positioned to help reduce costs for Connecticut customers, thanks to the ability of storage to reduce peak energy and capacity needs, lower ancillary service requirements, defer and avoid traditional investments in transmission and distribution infrastructure, better integrate renewable energy resources, and reduce emissions intensity, among many other system and customer benefits.[3]

Designing the draft RFP to accept proposals from energy storage systems will add value. DEEP stands to gain considerable insight into the availability and competitiveness of energy storage solutions designed to meet Connecticut's needs, and the Department will of course be under no obligation to select storage proposals it feels are not in the best interest of ratepayers. Even as Connecticut is still in the early stages of engaging with energy storage and determining the role that it will play in the future, recent experiences with the distribution companies' grid-side enhancement proposals[4] suggest that DEEP should proactively seek information from a wider variety of storage proposals, particularly those that will be third-party-owned/developed and those that will be customer-facing/BTM. The bids received should be seen as a substantial learning opportunity for the Department as it looks to augment its familiarity with and understanding of diverse energy storage opportunities for Connecticut.

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[2] Public Act 17-144: https://www.cga.ct.gov/2017/act/pa/pdf/2017PA-00144-R00HB-07036-PA.pdf.
[3] These benefits were recognized by the Department in its draft 2017 Comprehensive Energy Strategy (CES), p. 58: http://www.ct.gov/deep/lib/deep/energy/ces/2017_draft_comprehensiveenergystrategy.pdf.
[4] http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/a91a7bfe748803d1852580ba00753f96/$FILE/2017.02.01_FINAL%2015-5%20Final%20DER%20Integration%20Demonstration%20Project%20Notice.pdf.

To develop a competitive solicitation where energy storage receives fair consideration, the Department can look to other states that have successfully deployed energy storage systems through competitive solicitations. California's investor owned utilities have been procuring energy storage systems through biannual solicitations since 2014. The evaluation methodology includes specific considerations of energy storage, including energy service value, ancillary services value, and capacity value.[5] Additionally, Southern California Edison conducted an all-source RFP for specific areas of their system in response to the closure of the San Onofre Nuclear Generating Station that compared a number of resources and technologies under the same solicitation.[6] Closer to Connecticut, the two large-scale procurements[7] underway in Massachusetts have also been designed to accept bids from projects seeking to pair energy storage with respective eligible resources. Both the Section 83D (clean energy generation) and 83C (offshore wind) solicitations were authorized by legislation[8] and structured by agency officials to allow bidding resources to be paired with energy storage systems.

Conclusion

NECEC and ESA greatly appreciate the Department's consideration of these comments as it refines and finalizes its draft request for proposals pursuant to the upcoming procurement of clean energy and renewable resources. Once again, we strongly urge DEEP to include energy storage systems in the forthcoming draft RFP, a move that will unlock value for customers and cement interest in Connecticut as an early hot-bed for energy storage deployment. Please consider NECEC, ESA, and our member companies as resources as you review these and other stakeholder comments received. We very much look forward to continued dialogue surrounding the recommendations we have raised here.

Sincerely,

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Jamie Dickerson, NECEC
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[5] Pacific Gas and Electric Evaluation Methodology in 2016 Bidders Conference Webinar (*see* https://www.pge.com/includes/docs/pdfs/b2b/wholesaleelectricsuppliersolicitation/Energy_Storage_2016/2016_EnergyStorage_ParticipantsWebinar_Final.pdf)
[6] Southern California Edison Local Capacity Requirements RFO Bidders Conference Webinar (*see* https://www.sce.com/wps/wcm/connect/4a1e7afb-9a7b-4337-a685-c02d6c7764b7/BiddersConferencePresentationLCRRFO.pdf?MOD=AJPERES)
[7] More information on 83D and 83C available at https://macleanenergy.com/.
[8] Chapter 188 of the Acts of 2016. See Section 12 here: https://malegislature.gov/Laws/SessionLaws/Acts/2016/Chapter188.