



TESTIMONY OF
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VICE PRESIDENT – GRID MODERNIZATION
EVERSOURCE ENERGY
Before the Energy & Technology Committee
March 5, 2020

RE: S.B. No. 10, AN ACT CONCERNING CERTAIN RECOMMENDATIONS REGARDING CLIMATE CHANGE.

H.B. No. 5351, AN ACT CONCERNING CERTAIN PROGRAMS AND TO INCENTIVIZE AND IMPLEMENT ELECTRIC ENERGY STORAGE RESOURCES.

My name is Jennifer A. Schilling. I am the Vice President of Grid Modernization for Eversource Energy. I am offering this testimony on S.B. 10 and H.B. 5351 that have been raised for public hearing.

a. Background on Eversource.

Eversource transmits and delivers electricity to 1.25 million customers in 149 municipalities in Connecticut; provides natural gas to 237,000 customers in 74 towns in Connecticut; and our affiliate (Aquarion Water Company) provides water service to 198,000 customers in 51 towns in Connecticut. Eversource harnesses the commitment of its approximately 8,000 employees across three states to build a single, united company around the mission of delivering safe and reliable energy, natural gas and water service, and superior customer service.

Eversource is also committed to leading the way toward a cleaner energy future for our customers and communities. Our comprehensive approach includes initiatives that range from advancing the development of off-shore wind with our partner, Orsted; providing leading energy efficiency programs and services; and challenging ourselves with an industry-leading goal of reducing carbon use in our facilities and operations, to be carbon neutral by 2030.

b. S.B. 10, Section 3: Demand Response, Energy Storage & “Associated Transmission”.

Section 3 of S.B. 10 proposes to allow the Department of Energy and Environmental Protection (“DEEP”) to conduct one or more RFPs that solicit proposals from electric distribution companies (“EDCs”) and third parties for: (1) active demand response measures; (2) passive demand response measures, including but not limited to energy efficiency and load management; and (3) energy storage systems. Section 3 also states that DEEP’s RFP can solicit proposals for the undefined term “associated transmission”.

Eversource supports our State’s goal to reduce energy consumption through demand response measures, as well as its goal to help unlock the potential of renewable generation through energy storage systems. If the following three changes are made, the Company would be able to support Section 3 of S.B. 10 as drafted:

- “Demand Response, Energy Efficiency and Load Management”: Section 3’s proposal for DEEP to conduct an RFP to procure demand response, energy efficiency and load management measures

(collectively, “Energy Efficiency Measures”) should be clarified to confirm that such measures will be supplemental to, and will not replace, the existing successful DEEP-approved Energy Efficiency Measures currently implemented in our State each year that employ numerous small businesses as vendors. Additionally, the Bill should be clarified to reflect that any incremental Energy Efficiency Measures selected by DEEP in its RFP should be aligned with the existing, well-established processes for administering customer incentives, determining savings formulas (called the “Program Savings Document”) and other existing processes to avoid customer confusion about Energy Efficiency programs.

- “Associated Transmission”: In this context, the term “transmission” refers to the high-voltage electric transmission grid, which is regulated by the Federal Energy Regulatory Commission and ISO New England (“ISO-NE”) and is owned by federally regulated electric utilities such as Eversource and The United Illuminating Company (“UI”). The term “associated transmission” is undefined and it is unclear what is included within this broad term. This is also the first Connecticut RFP we are aware of in which DEEP has asked bidders to elect to include a proposal for “transmission” that is “associated” with their bid. In prior Connecticut RFPs, federally regulated utilities such as Eversource and UI have coordinated with DEEP-selected winning bidders on any needed upgrades to the transmission grid to interconnect their projects. For these reasons, Eversource requests that the overly broad term “associated transmission” be deleted.
- “Third Party Ownership of Energy Storage”: Eversource does not object to DEEP selecting cost effective storage projects that provide system-level benefit, such as wholesale market participation, regardless of whether the asset is owned and dispatched by Eversource or a third-party. However, because electric utilities such as Eversource and UI are responsible for ensuring safe and reliable electric service to Connecticut customers, Section 3 of S.B. 10 should be clarified to reflect that Connecticut’s EDCs would operate and own any energy storage system approved by DEEP’s RFPs that is interconnected at the substation or feeder level that functions as a grid asset, displacing the need for an alternative investment in distribution system infrastructure for capacity or reliability purposes. For Eversource to be able to count on all grid assets, including energy storage, the Company must own, maintain and operate the resource based on real-time system conditions. This approach ensures that EDC system operators will have the necessary operational control of storage systems intended to maintain grid stability and ensure safe and reliable customer service. Additionally, for these reasons, the criteria listed in lines 71-79 of S.B. 10 that DEEP will use to evaluate bids should be expanded to require DEEP to evaluate each bid’s “impact on electric grid safety and reliability”.
- “Supporting Competitive Energy Storage Industry”: EDC ownership of storage systems facilitates the goal of supporting the energy storage industry with competitive procurements by EDCs to secure project engineering, procurement and construction services provided by third party vendors and contractors.

c. H.B. 5351 – Energy Storage.

H.B. 5351 contains several provisions that seek to facilitate Connecticut’s development and reliance upon energy storage systems. Although Eversource supports efforts to expand reliance on energy storage systems, it cannot support H.B. 5352 unless the following clarifying changes are made to this Bill:

- Section 2 – An Additional PURA Proceeding on Energy Storage. Section 2(a) directs PURA to open on or before January 1, 2021, a new proceeding to implement a program or programs “for electric energy storage resources connected to the electric distribution system.” It is unclear why Section 2 directs PURA to open a new proceeding on storage when PURA has already opened a proceeding on October 7, 2019 “to investigate the topic of electric storage in Connecticut and explore programs and technology applications to most effectively leverage the value of electric storage for the net benefit of the electric distribution system.”¹ Section 2(a) of H.B. 5351 neither explains why an additional PURA proceeding on storage is needed nor how the proposed new proceeding interrelates with the existing proceeding.
- Section 2 – Storage Programs for Residential Customers. Section 2(a) also states that PURA “shall establish a program or programs for [energy storage for] the residential class of electric customers.” This provision should be clarified to confirm that PURA is not being directed to duplicate, or be redundant of, existing programs currently offered to residential customers through our State’s energy efficiency program or plan. Duplication of existing programs causes confusion for residential customers, and generates administrative inefficiencies. DEEP has already approved updates to the 2020 energy efficiency plan that allow residential customers with storage systems to participate in administered Active Demand Response (ADR) programs.
- Section 2 – Third Party Ownership of Storage. Sections 2(a) suggests that entities other than the EDCs could potentially own storage – and Section 2(d) states that a third party can implement a program or programs for energy storage systems. Consistent with the comments provided above on S.B. 10, Eversource does not object to third-party ownership of behind-the-meter storage used to provide system-wide benefit, such as wholesale market participation. However, because EDCs such as Eversource and UI are responsible for ensuring safe and reliable electric service to Connecticut customers, Section 2 of H.B. 5351 should be clarified to reflect that Connecticut’s EDCs would own and operate any DEEP or PURA-approved energy storage systems that are interconnected at the substation or feeder level that function as a grid asset, displacing the need for an alternative investment in distribution system infrastructure for capacity or reliability purposes. For Eversource to be able to count on all grid assets, including energy storage, the Company must own, maintain and operate the resource based on real-time system conditions.
- Section 3 – DEEP’s RFP for Class I Renewables Paired with Storage. Section 3 allows DEEP to solicit bids from third parties to construct and own Class I renewable energy projects that are paired with energy storage systems. But Section 3 is silent on whether the state’s EDCs can participate in DEEP’s RFP. To ensure that DEEP receives a robust response to its RFP and has a variety of different proposals to evaluate, Eversource requests that Section 3 be clarified to confirm that EDCs can also elect to submit bids for DEEP’s consideration. After a fair and objective evaluation of the bids, DEEP can make its selection and is not required to select any bids from EDCs if it is not the best bid, but they should at least be allowed to submit bids for DEEP’s consideration.

Thank you for your consideration of this testimony.

¹ See DOCKET NO. 17-12-03RE03, PURA INVESTIGATION INTO DISTRIBUTION SYSTEM PLANNING OF THE ELECTRIC DISTRIBUTION COMPANIES – ELECTRIC STORAGE, NOTICE OF PROCEEDING, DATED OCTOBER 7, 2019 at Page 1.