

2024 -- H 7811

LC005069

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- 2024 ENERGY STORAGE ACT

Introduced By: Representatives Handy, Fogarty, Cortvriend, Ajello, Tanzi, Kislak,  
Shanley, Batista, McEntee, and Felix

Date Introduced: March 01, 2024

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND  
2 CARRIERS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 33

4 2024 ENERGY STORAGE ACT

5 **39-33-1. Energy storage target.**

6 In order to support a reliable and flexible electric grid, reduce peak demand, facilitate the  
7 integration of renewable energy and distributed energy resources, and enhance resilience, it shall  
8 be the policy of the State of Rhode Island to meet or exceed the following energy storage  
9 deployment goals:

10 (1) Two hundred megawatts (200 MW) by December 31, 2028; and

11 (2) Six hundred megawatts (600 MW) by December 31, 2033.

12 **39-33-2. Energy storage compensation program.**

13 (a) On or before October 1, 2024, the office of energy resources shall initiate a process to  
14 develop one or more programs, and associated funding mechanisms, for electric energy storage  
15 resources connected to the electric distribution system, including the incorporation of electric  
16 energy storage into existing programs. The office of energy resources shall develop:

17 (1) One or more programs for the residential class of electric customers;

18 (2) One or more programs for commercial and industrial classes of electric customers; and

19 (3) A program for energy storage systems connected to the electric distribution system in

1 front of the meter and not located at a customer premises.

2 (b) In undertaking the actions described in subsection (a) of this section, the office shall  
3 consider one or more programs to incentivize the deployment of energy storage technologies that  
4 most effectively leverage the value of such technologies to achieve objectives including, but not  
5 limited to:

6 (1) Providing positive net present value to all ratepayers, or a subset of ratepayers paying  
7 for the benefits that accrue to that subset of ratepayers;

8 (2) Providing multiple types of benefits to the electric grid associated with short, long, and  
9 multi-day duration storage, including, but not limited to, customer, local, or community resilience,  
10 ancillary services, reduce peak demand or that support the deployment of other distributed energy  
11 resources;

12 (3) Fostering the sustained, orderly development of a state-based energy storage industry;

13 (4) Maximizing the value from the participation of energy storage systems in capacity  
14 markets or in reducing peak loads on the electric system. The office of energy resources shall  
15 include consideration of all energy storage configurations that are connected to the distribution  
16 system, including systems connected in front of the meter and not located at a customer premises;

17 (5) The calculation of program benefits shall include calculations of the social value of  
18 greenhouse gas (“GHG”) emissions reductions; and

19 (6) Providing technical assistance, training, and additional resources for municipal offices  
20 relating to the permitting of energy storage resources.

21 (c) The office of energy resources may select the electric distribution company, a third  
22 party it deems appropriate, or any combination thereof, to implement one or more programs for  
23 electric energy storage resources connected to the electric distribution system. Customers shall have  
24 the option to participate in the programs developed pursuant to subsection (a) of this section through  
25 third-party aggregators, who may enroll directly and participate in the programs with the energy  
26 storage devices under their management. Third-party aggregators shall be separate and independent  
27 of any third party that may be selected to implement any of the programs.

28 **39-33-3. Energy storage rate design.**

29 (a) The public utilities commission shall initiate a docket to create a rate design for energy  
30 storage systems connected to the distribution system in front of the meter on or before October 31,  
31 2024. The docket proceeding shall result in at least one rate tariff for energy storage systems  
32 connected to the distribution system in front of the meter to be effective on or before March 31,  
33 2025, that shall not include costs that are otherwise recouped via project sponsor-funded  
34 interconnection upgrades or otherwise paid directly by the project sponsor, and shall include rates

1 designed to reflect cost causation and ensure that energy storage systems are incentivized to charge  
2 and discharge at times that benefit the system.

3 (b) The electric distribution company shall file a notice on or before March 31, 2025, to  
4 the public utilities commission, of its intent to promptly file a wholesale distribution tariff with the  
5 federal energy regulatory commission. The tariff shall not include costs that are otherwise recouped  
6 via project sponsor-funded interconnection upgrades or otherwise paid directly by the project  
7 sponsor, and shall include rates designed to reflect cost causation and ensure that energy storage  
8 systems are incentivized to charge and discharge at times that benefit the system.

9 SECTION 2. Chapter 39-26.1 of the General Laws entitled "Long-Term Contracting  
10 Standard for Renewable Energy" is hereby amended by adding thereto the following section:

11 **39-26.1-10. Energy storage procurement.**

12 (a) The electric distribution company shall issue and, subject to review and approval of the  
13 commission, select a reasonable, open, and competitive method of soliciting proposals from third  
14 parties for one or more services from energy storage projects connected to the transmission or  
15 distribution system in front of the meter, including, but not limited to, long-duration energy storage  
16 projects, that would achieve the goals in chapter 33 of title 39.

17 (b) The solicitation method shall be informed by a request for information on potential  
18 contract structures between electric distribution companies and third-party operators of energy  
19 storage projects, and products or services that may be procured.

20 (c) The solicitation process shall permit a reasonable amount of negotiating discretion for  
21 the parties to engage in arms-length negotiations over final contract terms.

22 (d) Each contract entered into pursuant to this section shall not unreasonably encumber an  
23 energy storage resource from participating in regional markets or from providing other grid  
24 services.

25 (e) The net costs of any such agreement, including costs incurred by the electric distribution  
26 companies under the agreement and reasonable costs incurred by the electric distribution  
27 companies in connection with the agreement, shall be recovered through a fully reconciling  
28 component of electric rates for all customers of electric distribution companies. Any net revenues  
29 from the sale of products purchased in accordance with long-term contracts entered into pursuant  
30 to this section shall be credited to customers through the same fully reconciling rate component for  
31 all customers of the contracting electric distribution company.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would require the office of energy resources to initiate the process of developing  
2 one or more programs, and associated funding mechanisms, for electric energy storage resources  
3 connected to the electric distribution system, including the incorporation of electric energy storage  
4 into existing programs.

5           This act would take effect upon passage.

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