

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 18-0275.01 Duane Gall x4335

HOUSE BILL 18-1270

HOUSE SPONSORSHIP

Hansen and Becker J.,

SENATE SPONSORSHIP

Tate,

House Committees
Transportation & Energy

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING ENERGY STORAGE, AND, IN CONNECTION THEREWITH,**
102 **REQUIRING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH**
103 **MECHANISMS FOR INVESTOR-OWNED ELECTRIC UTILITIES TO**
104 **PROCURE ENERGY STORAGE SYSTEMS IF CERTAIN CRITERIA ARE**
105 **SATISFIED.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill directs the public utilities commission to adopt rules establishing mechanisms for the procurement of energy storage systems

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
April 4, 2018

1 40.

2 (2) "ENERGY STORAGE SYSTEM" MEANS COMMERCIALY
3 AVAILABLE TECHNOLOGY THAT IS CAPABLE OF RETAINING ENERGY,
4 STORING THE ENERGY FOR A PERIOD OF TIME, AND DELIVERING THE
5 ENERGY AFTER STORAGE BY CHEMICAL, THERMAL, MECHANICAL, OR
6 OTHER MEANS.

7 (3) "PROCURE" OR "PROCUREMENT" MEANS TO ACQUIRE BY
8 OWNERSHIP OR BY A CONTRACTUAL RIGHT TO USE THE ENERGY FROM, OR
9 THE CAPACITY OF, AN ENERGY STORAGE SYSTEM.

10 **40-2-203. Procurement mechanisms - determination by**
11 **commission - rules.** (1) ON OR BEFORE FEBRUARY 1, 2019, THE
12 COMMISSION SHALL CONSIDER WHETHER TO ESTABLISH, BY RULE, AS PART
13 OF THE PLANNING PROCESS, MECHANISMS FOR THE PROCUREMENT OF
14 ENERGY STORAGE SYSTEMS BY AN ELECTRIC UTILITY; EXCEPT THAT THESE
15 MECHANISMS MUST NOT AFFECT ANY OPEN PROCEEDINGS, ONGOING
16 RESOURCE ACQUISITIONS, OR COMPETITIVE BIDDING PROCESSES THAT
17 EXISTED ON FEBRUARY 1, 2018.

18 (2) IN MAKING THE DETERMINATION REQUIRED BY SUBSECTION (1)
19 OF THIS SECTION, THE COMMISSION SHALL CONSIDER WHETHER THE
20 PROCUREMENT OF ENERGY STORAGE SYSTEMS BY AN ELECTRIC UTILITY
21 CAN PROVIDE BENEFITS, INCLUDING:

22 (a) INCREASED INTEGRATION OF ENERGY INTO THE GRID OF THE
23 ELECTRIC UTILITY;

24 (b) IMPROVED RELIABILITY OF THE GRID;

25 (c) A REDUCTION IN THE NEED FOR THE INCREASED GENERATION
26 OF ELECTRICITY DURING PERIODS OF PEAK DEMAND; AND

27 (d) THE AVOIDANCE, REDUCTION, OR DEFERRAL OF INVESTMENT

1 BY THE ELECTRIC UTILITY.

2 (3) FOR THE PURPOSES OF SUBSECTION (1) OF THIS SECTION, THE
3 COMMISSION SHALL ESTABLISH, BY RULE AND PURSUANT TO SECTION
4 40-2-204, MECHANISMS FOR THE PROCUREMENT OF ENERGY STORAGE
5 SYSTEMS IF THE COMMISSION CONCLUDES THAT, IN CONSIDERATION OF ALL
6 KNOWN AND MEASURABLE BENEFITS AND COSTS, THE BENEFITS TO
7 CUSTOMERS OF THE ELECTRIC UTILITY ARE LIKELY TO EXCEED THE COSTS
8 OF THE PROCUREMENT OF ENERGY STORAGE SYSTEMS. SUCH BENEFITS
9 AND COSTS MAY INCLUDE:

10 (a) A REDUCTION IN THE NEED FOR THE ADDITIONAL GENERATION
11 OF ELECTRICITY DURING PERIODS OF PEAK DEMAND;

12 (b) REDUCED GENERATION INTEGRATION COSTS;

13 (c) AVOIDED OR ADDED COSTS TO THE ELECTRIC UTILITY FOR THE
14 INTEGRATION OF ENERGY STORAGE SYSTEMS;

15 (d) THE BENEFITS ARISING FROM A REDUCTION IN THE EMISSION OF
16 AIR POLLUTANTS;

17
18 (e) THE BENEFITS OF DIVERSIFYING THE TYPES OF RESOURCES USED
19 FOR THE GENERATION OF ELECTRICITY;

20 (f) THE ADMINISTRATIVE COSTS INCURRED BY THE ELECTRIC
21 UTILITY; AND

22 (g) THE COST OF ENERGY STORAGE SYSTEMS.

23 **40-2-204. Implementation of procurement mechanisms -**
24 **inclusion in planning processes - rules.** (1) IF, PURSUANT TO SECTION
25 40-2-203, THE COMMISSION DETERMINES THAT IT IS IN THE PUBLIC
26 INTEREST TO ESTABLISH BY RULE MECHANISMS FOR THE PROCUREMENT OF
27 ENERGY STORAGE SYSTEMS BY AN ELECTRIC UTILITY, THE COMMISSION

1 SHALL ADOPT RULES:

2 (a) ESTABLISHING MECHANISMS FOR THE INCLUSION OF
3 BENEFITS AND COSTS ASSOCIATED WITH ENERGY STORAGE SYSTEMS INTO
4 THE PLANNING CONDUCTED BY ELECTRIC UTILITIES;

5 (b) REQUIRING ELECTRIC UTILITIES TO PROVIDE TO THE
6 COMMISSION APPROPRIATE DATA AND ANALYSIS OF POTENTIAL STORAGE
7 ACQUISITIONS IN THEIR PLANNING PROCESSES, INCLUDING POTENTIAL
8 INTERCONNECTION POINTS;

9 (c) ESTABLISHING THAT ENERGY STORAGE SYSTEMS CAN BE
10 ELIGIBLE FOR UTILITY RATE RECOVERY;

11 (d) ESTABLISHING THAT AN ENERGY STORAGE SYSTEM MAY BE
12 OWNED BY AN ELECTRIC UTILITY OR BY ANY OTHER PERSON;

13 (e) (I) ESTABLISHING REQUIREMENTS FOR THE FILING BY AN
14 ELECTRIC UTILITY OF ACQUISITION PLANS CONTAINING AN ANALYSIS OF
15 THE INTEGRATION AND USE OF ELECTRIC STORAGE SYSTEMS.

16 (II) THE REQUIREMENTS UNDER THIS SUBSECTION (1)(e) MUST
17 INCLUDE THE REQUIREMENT THAT AN ELECTRIC UTILITY PROVIDE IN ITS
18 ACQUISITION PLANS:

19 (A) MODELING ASSUMPTIONS USED TO ASSESS THE COSTS AND
20 BENEFITS OF ENERGY STORAGE SYSTEMS; AND

21 (B) MODEL CONTRACTS FOR PROCUREMENT OF ENERGY STORAGE
22 SYSTEMS.

23 (e) REQUIRING THE ELECTRIC UTILITY TO INCLUDE SUCH OTHER
24 INFORMATION AS THE COMMISSION MAY REQUIRE IN ITS DOCUMENTATION
25 RELATING TO PLANNING.

26 (2) ON OR BEFORE MAY 1, 2019, ELECTRIC UTILITIES MAY FILE
27 APPLICATIONS FOR RATE-BASED PROJECTS, NOT TO EXCEED FIFTEEN

1 MEGAWATTS OF CAPACITY, FOR ENERGY STORAGE SYSTEMS.

2 **SECTION 3.** In Colorado Revised Statutes, 40-2-101, **amend**
3 (3)(b)(I) as follows:

4 **40-2-101. Creation - appointment - term - subject to**
5 **termination - repeal of part.** (3) (b) (I) This ~~article~~ PART 1 is repealed,
6 effective ~~July~~ SEPTEMBER 1, 2019.

7 **SECTION 4. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, and safety.