

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

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
Agriculture, Natural Resources, & Energy

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.

SENATE
3rd Reading Unamended
April 23, 2018

SENATE
Amended 2nd Reading
April 19, 2018

HOUSE
3rd Reading Unamended
April 5, 2018

HOUSE
Amended 2nd Reading
April 4, 2018

by investor-owned electric utilities, based on an analysis of costs and benefits as well as factors such as grid reliability and a reduction in the need for additional peak generation or transmission capacity. The information supplied by the utilities must include appropriate data and must specify interconnection points to enable independent evaluation.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Short title.** The short title of this act is the "Energy
3 Storage Procurement Act".

4 **SECTION 2.** In Colorado Revised Statutes, **add** part 2 to article
5 2 of title 40 as follows:

6 PART 2

7 ENERGY STORAGE SYSTEMS

8 **40-2-201. Legislative declaration.** (1) THE GENERAL ASSEMBLY
9 FINDS, DETERMINES, AND DECLARES THAT:

10 (a) ENERGY STORAGE SYSTEMS PROVIDE POTENTIAL
11 OPPORTUNITIES TO:

12 (I) REDUCE SYSTEM COSTS;

13 (II) SUPPORT DIVERSIFICATION OF ENERGY RESOURCES; AND

14 (III) ENHANCE GRID SAFETY AND RELIABILITY;

15 (b) FOR THESE REASONS, IT IS IN THE PUBLIC INTEREST TO EXPLORE
16 THE USE OF ENERGY STORAGE SYSTEMS IN COLORADO AND TO INTEGRATE
17 INTO THE PLANNING PROCESS MECHANISMS FOR THE PROCUREMENT OF
18 ENERGY STORAGE SYSTEMS BY COLORADO'S ELECTRIC UTILITIES THROUGH
19 EVALUATION AND PROCUREMENT METHODOLOGIES.

20 **40-2-202. Definitions.** AS USED IN THIS PART 2, UNLESS THE
21 CONTEXT OTHERWISE REQUIRES:

22 (1) "ELECTRIC UTILITY" MEANS AN INVESTOR-OWNED ELECTRIC
23 UTILITY SUBJECT TO REGULATION UNDER ARTICLES 1 TO 7 OF THIS TITLE

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 SHALL INCLUDE:

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

12 (b) REDUCED OR ADDED GENERATION INTEGRATION COSTS;

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

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

19 (e) THE ADMINISTRATIVE COSTS INCURRED BY THE ELECTRIC
20 UTILITY; AND

21 (f) THE COST OF ENERGY STORAGE SYSTEMS.

22 **40-2-204. Implementation of procurement mechanisms -**
23 **inclusion in planning processes - rules.** (1) IF, PURSUANT TO SECTION
24 40-2-203, THE COMMISSION DETERMINES THAT IT IS IN THE PUBLIC
25 INTEREST TO ESTABLISH BY RULE MECHANISMS FOR THE PROCUREMENT OF
26 ENERGY STORAGE SYSTEMS BY AN ELECTRIC UTILITY, THE COMMISSION
27 SHALL ADOPT RULES:

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

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

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

12 (d) (I) ESTABLISHING REQUIREMENTS FOR THE FILING BY AN
13 ELECTRIC UTILITY OF ACQUISITION PLANS CONTAINING AN ANALYSIS OF
14 THE INTEGRATION AND USE OF ELECTRIC STORAGE SYSTEMS. [REDACTED]

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

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

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

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

25 (2) ON OR BEFORE MAY 1, 2019, ELECTRIC UTILITIES MAY FILE
26 APPLICATIONS FOR RATE-BASED PROJECTS, NOT TO EXCEED FIFTEEN
27 MEGAWATTS OF CAPACITY, FOR ENERGY STORAGE SYSTEMS.

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

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

6 **SECTION 4. Act subject to petition - effective date.** This act
7 takes effect at 12:01 a.m. on the day following the expiration of the
8 ninety-day period after final adjournment of the general assembly (August
9 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
10 referendum petition is filed pursuant to section 1 (3) of article V of the
11 state constitution against this act or an item, section, or part of this act
12 within such period, then the act, item, section, or part will not take effect
13 unless approved by the people at the general election to be held in
14 November 2018 and, in such case, will take effect on the date of the
15 official declaration of the vote thereon by the governor.