

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

Conference Committee

*This Unproofed and Unofficial Version Includes All Amendments
Adopted in the First House, Second House, and the Conference Committee*

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.

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 ESTABLISH, BY RULE, AS PART OF THE PLANNING
13 PROCESS, MECHANISMS FOR THE PROCUREMENT OF ENERGY STORAGE
14 SYSTEMS BY AN ELECTRIC UTILITY; EXCEPT THAT THESE MECHANISMS
15 MUST NOT AFFECT ANY ONGOING RESOURCE ACQUISITIONS OR
16 COMPETITIVE BIDDING PROCESSES THAT EXISTED ON FEBRUARY 1, 2018.

17 (2) IN ADOPTING THE RULES REQUIRED BY SUBSECTION (1) OF THIS
18 SECTION, THE COMMISSION SHALL USE ITS BEST EFFORTS TO CREATE
19 CONDITIONS UNDER WHICH THE PROCUREMENT OF ENERGY STORAGE
20 SYSTEMS BY AN ELECTRIC UTILITY WILL PROVIDE SYSTEMIC BENEFITS,
21 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) PURSUANT TO SUBSECTION (1) OF THIS SECTION, AND IN
3 CONSIDERATION OF ALL KNOWN AND MEASURABLE BENEFITS AND COSTS
4 TO AN ELECTRIC UTILITY, THE COMMISSION SHALL ADOPT RULES:

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

8 (b) REQUIRING ELECTRIC UTILITIES TO PROVIDE TO THE
9 COMMISSION, AND ALLOWING ELECTRIC UTILITIES TO PROVIDE TO THIRD
10 PARTIES AS APPROVED BY THE COMMISSION, APPROPRIATE DATA AND
11 ANALYSIS OF POTENTIAL STORAGE ACQUISITIONS IN THEIR PLANNING
12 PROCESSES, INCLUDING POTENTIAL INTERCONNECTION POINTS. THE
13 COMMISSION SHALL TREAT INFORMATION PROVIDED TO THE COMMISSION
14 OR TO APPROVED THIRD PARTIES UNDER THIS SUBSECTION (3)(b) AS
15 CONFIDENTIAL AND ENSURE THAT THE COMMISSION AND ANY APPROVED
16 THIRD PARTY MANAGES THE INFORMATION IN ACCORDANCE WITH ALL
17 COMMISSION RULES AND FEDERAL AND STATE LAWS CONCERNING
18 CUSTOMER DATA AND PERSONALLY IDENTIFIABLE INFORMATION. IF THE
19 COMMISSION FINDS THAT A THIRD PARTY HAS FAILED TO COMPLY WITH
20 ANY APPLICABLE RULES, LAWS, OR CONDITIONS OF APPROVAL UNDER THIS
21 SUBSECTION (3)(b), THE COMMISSION MAY DEEM THAT PARTY INELIGIBLE
22 TO BID OR DEVELOP STORAGE SYSTEMS IN THE SUBSEQUENT ELECTRIC
23 RESOURCE PLAN.

24 (c) ENSURING THAT ANY STORAGE SYSTEM PROJECT ADDED TO THE
25 ELECTRIC GRID WILL NOT COMPROMISE THE SECURITY, SAFETY, OR
26 RELIABILITY OF THE ELECTRIC GRID OR ANY PART OF THE ELECTRIC GRID;

27

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

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

6 (II) THE REQUIREMENTS UNDER THIS SUBSECTION (3)(e) MUST
7 INCLUDE THE REQUIREMENT THAT AN ELECTRIC UTILITY PROVIDE IN ITS
8 ACQUISITION PLANS:

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

11 (B) MODEL CONTRACTS FOR PROCUREMENT OF ENERGY STORAGE
12 SYSTEMS.

13 (f) REQUIRING THE ELECTRIC UTILITY TO INCLUDE SUCH OTHER
14 INFORMATION AS THE COMMISSION MAY REQUIRE IN ITS DOCUMENTATION
15 RELATING TO PLANNING.

16 (4) ON OR BEFORE MAY 1, 2019, ELECTRIC UTILITIES MAY FILE
17 APPLICATIONS FOR RATE-BASED PROJECTS, NOT TO EXCEED FIFTEEN
18 MEGAWATTS OF CAPACITY, FOR ENERGY STORAGE SYSTEMS. NOTHING IN
19 THIS SECTION IS INTENDED TO PROHIBIT OR DETER COST-EFFECTIVE
20 STORAGE DEPLOYMENT.

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

23 **40-2-101. Creation - appointment - term - subject to**
24 **termination - repeal of part.** (3) (b) (I) This ~~article~~ PART 1 is repealed,
25 effective ~~July~~ SEPTEMBER 1, 2019.

26 **SECTION 4. Act subject to petition - effective date.** This act
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly (August
2 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
3 referendum petition is filed pursuant to section 1 (3) of article V of the
4 state constitution against this act or an item, section, or part of this act
5 within such period, then the act, item, section, or part will not take effect
6 unless approved by the people at the general election to be held in
7 November 2018 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.