Connecticut Set to Advance 580 MW Energy Storage Incentive & Compensation Program
June 2021

PURA Energy Storage Program, Docket No. 17-12-03RE03
Status: Straw Proposal Issued, Awaiting Draft Order

On January 5, the Public Utilities Regulatory Authority (PURA) issued a Straw Electric Storage Program to achieve 580 MW of customer-sited energy storage in Connecticut by 2030. The program:

- Provides declining block incentives based on per kWh installed capacity;
- Provides performance payments for response to events called by distribution utilities; and
- Sets interim targets of 100 MW by 2024 and 300 MW by 2027.

On June 16, Governor Lamont signed SB 952 into law, directing PURA to implement programs for energy storage systems connected to the distribution system, providing clean statutory authority for the program. The passage of the bill will likely trigger a draft order from PURA describing next steps, and revisions to the Straw Proposal.

Program Summary

Note: The below is a summary of the Straw Proposal issued by PURA on Jan 5, 2021. It is not established policy and will likely undergo significant revision before any Final Order is issued.

Deployment Targets

The PURA Straw Proposal seeks to deploy 580 MW of energy storage by December 31, 2030. This is the level recommended by ESA and the Northeast Clean Energy Council ("NECEC") to target the 2 percent of most expensive hours of summer peak demand, and would meet a majority of the 1,000 MW goal set by SB 952. The Proposal also sets interim targets and divides deployment capacity targets equally between residential and commercial and industrial ("C&I"), as described in Table 1.

Table 1. PURA Straw Proposal Deployment Targets

<table>
<thead>
<tr>
<th>CUSTOMER CLASS</th>
<th>2022-2024</th>
<th>2025-2027</th>
<th>2028-2030</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>50 MW</td>
<td>100 MW</td>
<td>140 MW</td>
<td>290 MW</td>
</tr>
<tr>
<td>Commercial and Industrial</td>
<td>50 MW</td>
<td>100 MW</td>
<td>140 MW</td>
<td>290 MW</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>580 MW</td>
</tr>
</tbody>
</table>
Incentive and Compensation Structure

The program seeks to achieve the deployment of the energy storage resources through a combination of performance payments and upfront incentives.

Table 2. Incentive and Performance Payment Design

<table>
<thead>
<tr>
<th>Upfront Incentives</th>
<th>Performance Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starts at $280 per kWh installed capacity</td>
<td>$225 per season for average capacity dispatched during events</td>
</tr>
<tr>
<td>Capped at $7,500</td>
<td>30-60 3-hour events per summer (June 1 – September 30)</td>
</tr>
<tr>
<td>Doubled for low- and moderate-income customers</td>
<td>Must allow utility or third-party operator to actively dispatch</td>
</tr>
<tr>
<td>Declines to $130 per kWh installed capacity as capacity levels are deployed</td>
<td>Consistent with Eversource ConnectedSolutions Program</td>
</tr>
</tbody>
</table>

Program Limitations

ESA is broadly supportive of the proposed program, but key limitations could impede achievement of its goals. ESA described these limitations in detail in multiple joint filings with NECEC (Comments, Interrogatories, and a Summary Brief); a partial summary of key program limitations is as follows:

- **Eligibility Requirements**
  - Owners and operators must transfer rights to participate in wholesale capacity markets to the Connecticut Green Bank.
    - Note that SB 952 now requires PURA programs to “maximize the value from the participation of energy storage systems in capacity markets,” which portends a change in final program design on this point.
  - Storage system owners and operators are required to enroll in a “passive dispatch” setting to receive the upfront incentive, which would put the battery on automatic charge and discharge cycles. This would limit the batteries owners’ ability to optimize value, conflict with other programs, and needlessly degrade the battery.
  - Storage systems must demonstrate a minimum round-trip efficiency of 80%, potentially excluding technologies that contribute to system benefits from participating.

- **Commercial and Industrial Incentives**
  - The Commercial and Industrial incentive is capped at $7,500, only incentivizing 26 kWh of installed capacity – one to two orders of magnitude less than most C&I energy storage systems.
  - The capacity blocks for the declining incentive steps are very small, reducing incentives after only 2 MW. A single C&I system could trigger decline in block incentives, making
the program difficult to predict for developers.

- **Program Scope**
  - The program does not include front-of-the-meter (“FTM”) energy storage systems connected to the distribution system that are not located at customer premises, which provide many of the same benefits as customer-sited systems.
    - Note that SB 952 now requires PURA to establish a program for FTM energy storage systems on the distribution systems that are not at a customer premises, which portends a change in final program design on this point.

**For More Information**

The Straw Proposal can be accessed here: [PURA Straw Electric Storage Program](#)

ESA’s policy summary of SB 952 can be accessed here: [Connecticut Sets Energy Storage Deployment Target of 1,000 MW by 2030](#)

ESA’s 2019 report on incentive programs can be accessed here: [Energy Storage Incentive Programs](#)

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