

ASSEMBLY, No. 4106

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Requires electric service providers to integrate energy storage systems into long-term planning process.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning energy storage systems and supplementing
2 P.L.1999, c.23 (C.48:3-49 et al.).
3

4 BE IT ENACTED by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. This act shall be known and may be cited as the “Energy
8 Storage System Procurement Act.”
9

10 2. a. The Legislature finds and declares that energy storage
11 systems provide potential opportunities to reduce electric
12 distribution and transmission power grid costs, support
13 diversification of energy resources, and enhance electric power grid
14 safety and reliability.

15 b. The Legislature therefore determines that, for these reasons,
16 it is in the public interest to explore the use of energy storage
17 systems in this State and to integrate into the electric distribution
18 and transmission power grid planning process mechanisms for the
19 procurement of energy storage systems by the State’s electric public
20 utilities, basic generation service providers, and electric power
21 suppliers through energy storage system evaluation and
22 procurement methodologies.
23

24 3. As used in P.L. , c. (C.) (pending before the
25 Legislature as this bill):

26 “Basic generation service provider,” “board,” “electric power
27 supplier,” and “electric public utility” shall have the same meaning
28 as provided in section 3 of P.L.1999, c.23 (C.48:3-51).

29 “Electric service provider” means a basic generation service
30 provider, an electric power supplier, or an electric public utility.

31 “Energy storage system” means a commercially available
32 technology that is capable of retaining electrical energy, storing
33 electrical energy for a period of time, and delivering electrical
34 energy after storage by chemical, thermal, mechanical, or other
35 means.

36 “Grid” means an electric distribution system or electric
37 transmission system operated by an electric public utility.

38 “Procure” or “procurement” means to acquire by ownership or
39 by a contractual right to use electrical energy from, or the capacity
40 of, an energy storage system.
41

42 4. a. No later than 180 days after the completion of the report
43 required pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8), the
44 board shall adopt rules and regulations providing for mechanisms
45 for the procurement of an energy storage system by an electric
46 service provider as part of the electric distribution and transmission
47 system planning process for an energy storage system; except that
48 the rules and regulations providing for the mechanisms shall not

1 affect any board-approved acquisitions or competitive bidding
2 processes for an energy storage system that existed prior to the
3 effective date of P.L. , c. (C.) (pending before the
4 Legislature as this bill).

5 b. In adopting the rules and regulations required pursuant to
6 subsection a. of this section, the board shall use its best efforts to
7 create conditions under which the procurement of an energy storage
8 system by an electric service provider shall provide systemic
9 benefits, including:

10 (1) an increased integration of energy into the distribution and
11 transmission grid of an electric public utility;

12 (2) an improved reliability of the grid;

13 (3) a reduction in the need for the increased generation of
14 electricity during periods of peak electric demand; and

15 (4) the avoidance, reduction, or deferral of investment by an
16 electric service provider.

17 c. In consideration of all known and measurable benefits and
18 costs to an electric service provider, the board, in adopting rules and
19 regulations pursuant to subsection a. of this section, shall:

20 (1) establish a mechanism for the inclusion of benefits and costs
21 associated with energy storage systems into the planning conducted
22 by an electric service provider;

23 (2) require an electric service provider to submit to the board,
24 and allowing an electric service provider to submit to a third party
25 approved by the board, appropriate data and analysis of potential
26 energy storage system acquisitions in an electric service provider's
27 planning processes, including potential interconnection points;

28 (3) ensure that an energy storage system connected to the grid
29 shall not compromise the security, safety, or reliability of the grid
30 or any part of the grid;

31 (4) establish that any energy storage system may be owned by
32 an electric service provider or by any other person;

33 (5) establish requirements for the filing by an electric service
34 provider of an electric storage system acquisition plan containing an
35 analysis of the integration and use of an electric storage system,
36 which shall include the requirement that an energy service provider
37 submit in its acquisition plans any modeling assumption used to
38 assess the costs and benefits of an energy storage system and model
39 contracts for procurement of an energy storage system; and

40 (6) require an electric service provider to include other
41 information as the board may require in its documentation relating
42 to grid planning.

43 d. The board shall treat information provided to the board or to
44 an approved third party, pursuant to paragraph (2) of subsection c.
45 of this section, as confidential and ensure that the board and any
46 approved third party manages the information in accordance with
47 any applicable State and federal law concerning customer data and
48 personally identifiable information. If the board finds that a third

1 party has failed to comply with any applicable State or federal law
2 concerning customer data and personally identifiable information,
3 the board may deem that third party ineligible to bid or develop an
4 energy storage system in a subsequent grid resource plan.

5
6 5. An energy service provider may file an application with the
7 board for an energy storage system not exceeding 15 megawatts of
8 capacity prior to the board adopting rules and regulations pursuant
9 to subsection a. of section 4 of P.L. , c. (C.) (pending
10 before the Legislature as this bill).

11
12 6. Nothing in P.L. , c. (C.) (pending before the
13 Legislature as this bill) is intended to prohibit or deter any cost-
14 effective energy storage system deployment, as determined by the
15 board, that existed prior to the effective date of
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17
18 7. This act shall take effect immediately.
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21 STATEMENT
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23 This bill directs the Board of Public Utilities (BPU) to adopt
24 rules and regulations providing for mechanisms for the procurement
25 of an “energy storage system,” as that term is defined in the bill, by
26 a basic generation service provider, an electric power supplier, and
27 electric public utility (electric service provider) as part of the
28 electric distribution and transmission system planning process for
29 an energy storage system; except that the rules and regulations are
30 not to affect any BPU-approved acquisition or competitive bidding
31 process for an energy storage system that existed prior to the
32 effective date of the bill.

33 In adopting the rules and regulations, the BPU is to use its best
34 efforts to create conditions under which the procurement of an
35 energy storage system by an electric service provider is to provide
36 systemic benefits, including: (1) an increased integration of energy
37 into the distribution and transmission grid of an electric public
38 utility; (2) an improved reliability of the grid; (3) a reduction in the
39 need for the increased generation of electricity during periods of
40 peak electric demand; and (4) the avoidance, reduction, or deferral
41 of investment by an electric service provider. In consideration of
42 all known and measurable benefits and costs to an electric service
43 provider, the BPU rules and regulations are to: (1) establish
44 mechanisms for the inclusion of benefits and costs associated with
45 an energy storage system into the planning conducted by an electric
46 service provider; (2) require an electric service provider to submit
47 to the BPU and any BPU-approved third party, appropriate data and
48 analysis of potential energy storage system acquisition in an electric

1 service provider's planning processes, including potential
2 interconnection points; (3) ensure that an energy storage system
3 connected to the grid is not to compromise the security, safety, or
4 reliability of the grid or any part of the grid; (4) establish that any
5 energy storage system may be owned by an electric service provider
6 or by any other person; (5) establish requirements for the filing by
7 an electric service provider of an acquisition plan containing an
8 analysis of the integration and use of an electric storage system; and
9 (6) require an electric service provider to include other information
10 as the BPU may require in its documentation relating to grid
11 planning.

12 The bill requires the BPU to treat information provided to it or
13 an approved third party, as confidential and ensure that the BPU
14 and any approved third party manages the information in
15 accordance with any applicable State and federal law concerning
16 customer data and personally identifiable information.

17 The bill allows an energy service provider to file an application
18 with the BPU for an energy storage system not exceeding 15
19 megawatts of capacity prior to the BPU adopting the rules and
20 regulations required in the bill. The bill exempts from its
21 provisions any cost-effective energy storage system deployment, as
22 determined by the BPU, that existed prior to the effective date of
23 the bill.