BLUEWAVE

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Emma Rodvien, Senior Economic and Policy Analyst
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

re: Examination of the Value of and Need for Energy Storage Resources in Rhode Island – Report to the Rhode Island Senate in Response to Resolution 416

Dear Ms. Rodvien,

BlueWave appreciates the opportunity to provide comment to the Rhode Island Public Utilities Commission ("Commission") in response to the July 10th draft report on the Examination of the Value of and Need for Energy Storage Resources in Rhode Island ("Draft Report"). BlueWave further appreciates the Commission's efforts to conduct a stakeholder process culminating in the Draft Report. The Draft Report's findings are clear: storage can provide significant value to the state of Rhode Island and its ratepayers, and the barriers to deployment (e.g., lack of appropriate rate design) should be removed to enable storage to deliver this value.

BlueWave's vision is to protect our planet by transforming access to renewable energy. As a pioneering clean energy developer, BlueWave has developed and built more than 150 MW of solar projects to date. As built, these projects collectively generate enough solar energy to avoid more than 144,000 metric tons of carbon emissions annually. BlueWave is also actively developing energy storage projects to ensure our grid is reliable and efficient in a clean energy future. BlueWave is proud to be a certified B Corp, scoring in the top 5% of companies assessed towards certification in Governance, and named Best for the World for Governance.

The Draft Report makes clear that storage can deliver significant potential value to the distribution system in the near term and will further be critical to the maintenance of a cost-effective, decarbonized electric grid beyond 2030. Below, BlueWave provides comment on the Draft Report.

Chapter 2 – RI Benefit Cost Framework Evaluation of Energy Storage Resources

BlueWave agrees with the finding that "storage can create potentially significant value."[1] BlueWave is concerned, however, with the subsequent statement that the value may not exceed the cost. There is no data underlying this assumption, and it is a premature conclusion to reach before the benefits have even been quantitatively evaluated. As such, we encourage the Commission to move forward with its ultimate recommendation to design an import and export tariff that recognizes the value that energy storage provides to today's ratepayers, future ratepayers, the state's clean energy and climate goals, long term system reliability, economic development, and more.

The Commission's scenario analysis investigates, at a high level, the different benefits that storage can provide during different states of charge and during charge or discharge. These benefits, if internalized

[1] Draft Report, at 21.

and properly incentivized, will lead to a cleaner and more efficient distribution system. A full quantitative exploration of these benefits is warranted.

Chapter 3 – Qualitative Analysis of Existing Energy Storage Procurement

BlueWave acknowledges that there are several existing programs intended to drive storage deployment, though we agree with the Commission's finding that these programs could be structured more efficiently to drive meaningful deployment. Specifically, for front-of-the-meter ("FTM") energy storage, the only option available is wholesale market participation. Wholesale market participation does provide significant benefits to Rhode Island ratepayers, however it is difficult to develop an energy storage project on wholesale market participation alone. This is due to many factors, including: difficulty receiving financing for wholly merchant revenue, relatively low capacity market revenue, externalized environmental and emissions benefits, and externalized distribution system benefits. Thus, BlueWave strongly supports the finding that the existing procurement paradigm leaves significant value on the table.

Chapter 4 – Procurement Policy Analysis

While the Commission may not view storage as necessary to meeting the 100% Renewable Energy Standard by 2033, storage may still be necessary to meeting and maintaining that commitment reliably. As New England states decarbonize, it is well-recognized that energy storage (in varying durations) will be needed to maintain reliability.[2]

BlueWave believes that the near-term development of a FTM storage-specific tariff is a prudent step for the Commission to take. Our experience with storage tariff development in Massachusetts and Connecticut is that these processes are exceedingly long, due in part to the complexity and flexibility of energy storage. The processes in Massachusetts and Connecticut have each been ongoing for over two years since initial steps were taken. Thus, we encourage Rhode Island to begin this process now. Preparing for the decarbonized future by taking the initial step of designing a storage-specific tariff will set the state up well for a changing grid. Then, should policymakers decide to incent storage deployment beyond the tariff, policymakers would have a good sense of the necessary incentive, leading to the most efficient outcome.

Lastly, BlueWave strongly supports incorporation of flexible interconnection into the interconnection tariff. Energy storage presents an opportunity to reevaluate interconnection for distributed energy resources. Leveraging technological advancement and innovation both on the developer and on the utility side of interconnection can lead to a smoother process and we encourage consideration of flexible interconnection.

[2] For instance, see Brattle Group. (2019). *Achieving 80% GHG Reduction in New England by 2050*, at page 15. Available at: https://www.brattle.com/wp-content/uploads/2021/05/17233_achieving_80_percent_ghg_reduction_in_new_england_by_20150_september_2019.pdf.

Chapter 5 – Outline for PUC Tariff Framework Proceeding

BlueWave appreciates the thoughtfulness of the proposal for how to develop a retail service tariff framework. We agree with the conclusion that storage tariffs are novel and should not follow the same process as a normal tariff proceeding. This process being led by the Commission, as opposed to the utility, is more likely to drive meaningful stakeholder engagement and deliver a tariff that works for all parties involved. Again, we encourage this process to begin as soon as possible as the five steps outlined in the Draft Report will likely take substantial time and effort.

Other Comments

The Draft Report appears focused on storage connected to the distribution system. We acknowledge this is likely due to the fact that the transmission system is beyond the Commission's jurisdiction, however we note that transmission-connected storage can also deliver significant benefits to the state of Rhode Island, its ratepayers, and its climate policy.[3,4] Leveraging economies of scale, transmission-scale storage can help cost-effectively develop the grid of the future.

Conclusion

BlueWave appreciates the opportunity to submit comments on the Draft Report. We are encouraged that the Commission finds potential significant value in energy storage deployment and we look forward to engaging in the contemplated processes to properly value storage deployment. We similarly look forward to continuing engagement with the Legislature on removing additional barriers to distribution- and transmission-scale storage deployment in the state. Please contact me with any questions.

Sincerely,

/s/ Sean Burke
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[3] For instance, see: New York State Energy Research and Development Authority. (2022). *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*. Available at: https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Programs/Energy-Storage/ny-6-gw-energy-storage-roadmap.pdf.

[4] See also: State of Maine Governor's Energy Office. (2022). *Maine Energy Storage Market Assessment*. Available at: https://www.maine.gov/energy/sites/maine.gov.energy/files/inline-files/GEO_State%20of%20Maine%20Energy%20Storage%20Market%20Assessment_March%202022.pdf.