

Testimony on HB 2445: Commission Treatment of Energy Storage Devices

House Energy & Utilities Committee

January 25, 2012

Rep. Tom Sloan

Mr. Chairman, Committee Members: Last Session I introduced HB 2143 directing the KCC to treat energy storage devices similarly to the part of the electric system each one serves. You may recall that the bill stated that storage serving generation would be treated, for regulatory purposes, as generation; that serving transmission as transmission, and distribution as distribution. That bill remains in Committee.

Committee members expressed some reservations about pre-determining how the KCC should regard storage for rate-making purposes. HB 2445 is not prescriptive and instead states that the KCC shall determine by January 1, 2013, for rate-making purposes how energy storage will be considered as it may serve and enhance generation, transmission, and distribution systems. You will recall that while energy storage is being developed in other states to enhance wind generation (Minnesota), solar generation (California), transmission (Texas), and distribution (KCPL's proposed Power & Light District project), no storage has been proposed in Kansas.

The Federal Energy Regulatory Commission (FERC) recognizes the value of energy storage (e.g., fly wheels) for frequency regulation. The U.S. Department of Energy (DOE) recognizes the value of storage for addressing renewable generation intermittency issues. The regional transmission organizations (e.g., the Southwest Power Pool and PJM) recognize the value of storage for ancillary service management.

While pre-determination filings to the Commission by utilities are authorized by state statute, the analytical and other investments necessary before utilities present their pre-rate case generally precludes exploring new technologies that are not mandated by the U.S. Environmental Protection Agency (EPA).

Texas law defines electric storage used to sell energy or ancillary services at wholesale as generation assets. California laws address the use of energy storage for demand-side management. HB 2445 does not direct the KCC to consider energy storage in any particular manner, simply to make a determination on how it shall be considered. They have the flexibility to treat it as appropriate appendages to other investments (e.g., generation, transmission, distribution) or to consider it a separate category of investment that may serve all other parts of the electric system. HB 2445 simply requires the Commission to establish regulatory certainty.

Thank you for your consideration of this bill. I look forward to your questions.