

**THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**IR 20-166**

**ELECTRIC DISTRIBUTION UTILITIES**

**Investigation into Compensation of Energy Storage Projects for Avoided Transmission and  
Distribution Costs**

**Supplemental Comments of Unitil Energy Systems, Inc.**

**I. Introduction**

Unitil Energy Systems, Inc. (“Unitil” or the “Company”) appreciates the opportunity to provide written supplemental comments addressing the energy storage issues identified during the May 27, 2021 Technical Session and subsequent report of the Commission Staff. The Staff report solicited additional comments from the parties on issues including, but not limited to: “(1) the impact of pending changes to the Open Access Transmission Tariff relating to load reconstitution; and (2) the relevant impacts of Senate Bill 91, if enacted.” The Company’s comments are set forth below.

**I. Impact of SB 91**

The Staff report requests comments in “the relevant impacts of Senate Bill 91, *if enacted*.” Though the State legislature adopted Senate Bill 91 (SB 91) on June 24, as of this writing the Governor has not signed the bill into law. Nevertheless, the Company offers the following observations regarding statutory changes that will take effect if and when SB 91 becomes effective.

**a. Changes to RSA 374-H:1**

RSA 374-H:1 would repeal and re-enact RSA 374-H:1 entirely and affect several material changes to the Definitions section of the Customer Energy Storage statute. For example, the definition of “Bring your own device” (“BYOD”) would no longer be defined to mean a program that encourages non-utility owned behind the meter storage to provide “the greatest value possible” to the energy system; rather, such a project need only provide “value” to the energy system. Further, the same definition has been amended to include the requirement that a BYOD program provide “just and reasonable compensation, as determined by the Commission, including avoided transmission and distribution costs, to a participating [BYOD] energy storage system for the value it provides to the electricity system.”

In its Initial Comments, the Company supported the development of a BYOD program that provides clear benefits to customers, expands access to battery storage solutions to more customers, offers devices at a range of price points, and lowers the cost of entry where possible, particularly for underserved communities. UES Initial Comments at 15-16. The Company specifically recommended that a BYOD program “[i]nclude targets that encourage participation by customers that can most readily contribute to T&D cost savings by utilizing energy storage,” and encouraged the Commission to convene a collaborative to consider, among other questions, whether specific revenue mechanisms are needed for compensating customers if value is provided. The change to the definition of “Bring your own device” in SB 91 is not inconsistent with the Company’s recommendations, and Unitil continues to believe that a BYOD program, if properly designed with appropriate compensation opportunities for projects that provide value, is worth further examination by the Commission.

The definition of “Front-of-meter storage” has been amended to mean “any storage that is not behind-the-meter storage and may include energy storage constructed, owned, and/or operated by utilities subject to the same use restrictions in RSA 374-G:4, I.”<sup>1</sup> This change is consistent with the Company’s belief, expressed in previous comments, that utilities should be permitted to own and operate front-of-meter Grid storage projects, which can enable a utility to accommodate intermittent electricity supplies and large numbers of distributed energy resources while maintaining safe, reliable service along distribution circuits, lower distribution costs, and provide benefits to all distribution customers. Initial Comments at 5. Front-of-meter Grid storage also provides the highest proportion of overall Transmission and Distribution (“T&D”) cost savings relative to other storage configurations (e.g., behind-the-meter and co-located). The amended definition of “Front-of-meter storage” implicitly recognizes the value that utility-owned and operated storage can provide.

**b. New Section RSA 374-H:2**

SB 91 adopts a new section RSA 374-H:2 entitled “Customer Energy Storage Systems” that directs the Commission to “adopt rules clarifying policy for the installation, interconnection, and use of energy storage systems by customers of utilities.” The legislation also sets forth certain “principles” to be incorporated into the rules. Assuming that SB 91 is signed into law, Unital anticipates that the Commission will open a rulemaking docket consistent with the statute, and the Company intends to be an active participant in that proceeding. As the rulemaking is a future event that will allow for the input of multiple stakeholders, the passage of SB 91 and the

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<sup>1</sup> RSA 374-G:1 states: “Notwithstanding any other provision of law to the contrary, as provided in RSA 374-G:5, a New Hampshire electric public utility may invest in or own distributed energy resources, located on or inter-connected to the local electric distribution system.” RSA 374-G:5, in turn, allows a utility to “seek rate recovery for its portion of investments in distributed energy resources from the commission by making an appropriate rate filing.”

adoption of the new section RSA 374-H:2 should not have an impact upon the above-captioned docket and the Commission's pending investigation.

As a general matter, the "principles" to be considered by the Commission in establishing rules related to energy storage in New Hampshire are high-level, aspirational and not objectionable. However, Commission's rulemaking inquiry cannot be guided solely by these principles. For example, while the Commission may consider that "[i]t is in the public interest to limit barriers to the installation, interconnection, and use of customer-sited, behind the meter energy storage systems," or that "[u]tility approval processes and any required interconnection reviews of energy storage systems shall be simple, streamlined, and just and reasonable for all parties," the Commission must also recognize that the interconnection of energy storage and other distributed energy resources to an electric utility's distribution system is a highly technical and complex process. The Commission should take caution to ensure that any rules developed pursuant to RSA 374-H:2 appropriately balance the policy objectives expressed by the legislature with the principles of safety and reliability that are essential to distribution system planning and maintenance, and ensure that the cost of interconnection, including the cost of system upgrades or modifications necessitated by an interconnecting project or projects, are assigned appropriately.

Stakeholder input will be critical to the development of rules related to the installation, interconnection, and use of energy storage systems. Electric distribution companies, including Unitil, can provide critical information regarding their respective distribution systems, planning processes, and experiences in other jurisdictions, and should have opportunities throughout the rulemaking process to ensure that any rules or procedures are consistent with the maintenance of a safe and reliable electric distribution system. The Commission should consult extensively with

stakeholders, including but not limited to New Hampshire electric distribution companies, prior to developing a straw proposal for any rulemaking pursuant to RSA 374-H:2, and thereafter allow for comment and input as is customary in the rulemaking process.

**c. New Section RSA 374-H:3**

If enacted, SB 91 will renumber the current RSA 374-H:2 as RSA 374-H:3, and otherwise makes minor but substantive revisions with respect to certain considerations in the Commission's investigation into energy storage. For example, the Commission must now consider "[h]ow public policy can best establish accurate and efficient price signals for energy storage projects that *avoid actual* transmission and distribution costs *or* reduce wholesale electricity market prices," rather than price signals that "*value the ability*" of energy storage projects to avoid T&D costs "*while simultaneously*" reducing wholesale prices. (Emphasis added.) Unitil's recommendations with respect to establishing appropriate rate designs remain unchanged from the Company's Initial Comments. Moreover, the Company continues to believe that compensation for avoided T&D costs should reflect the strength of commitment and actual performance of the resource, such that energy storage projects that commit to availability and response and deliver on those commitments are compensated accordingly.

The Company previously noted that the Locational Value of Distributed Generation study completed on July 31, 2020 in Docket DE 16-576, as well as the ongoing Value of DER study that is underway in the same docket, will likely inform compensation for avoided T&D costs and other values. The Company believes that it is important to take the Company's existing planning criteria into consideration when evaluating alternatives. Each distribution system has been designed and constructed based upon a certain set of planning criteria. Careful consideration would be required before applying a different set of planning criteria to an existing distribution

system. Competing alternatives should be designed and estimated with the same level of reliability, availability and capacity of the traditional investment. Compensation for avoided T&D costs and other quantifiable benefits must be considered carefully to ensure savings can be quantified and double-counting does not occur.

**d. Changes to RSA 374-G:2**

SB 91 makes several critical clarifying amendments to RSA 374-G:2. Notably, the bill revises the definition of “Distributed energy resources” to clarify that “energy storage” is distinct from “electric generation equipment.” This clarification is consistent with Unitil’s Initial Comments in this docket. The legislation also now exempts any “electric generation equipment” that otherwise qualifies as energy storage as defined in RSA 374-H:1, III will not be subject to the use requirements on RSA 374-G:3.<sup>2</sup> While the Company continues to believe that energy storage and electric generation equipment are separate, this exemption nevertheless resolves any argument that the restrictions of RSA 374-G:3, I applies to utility-owned energy storage, and as such is consistent with the Company’s initial comments.

**II. Impact of Open Access Transmission Tariff Changes**

Unitil has conferred with Eversource and reviewed its comments regarding the impact of pending changes to the Open Access Transmission Tariff (“OATT”) relating to load reconstitution. The Company concurs with Eversource’s position on this matter. Similarly, the Company concurs with Eversource’s position regarding the impact of Section IV of SB 91, if enacted.

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<sup>2</sup> This exemption is further clarified in an amendment to RSA 374-G:4, II.