

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

Policy Proceeding –
Utilization of Storage Resources
as Electric Distribution Assets

Public Meeting November 19, 2020
3022877-CMR

MOTION OF CHAIRMAN GLADYS BROWN DUTRIEUILLE

This Commission continues to work diligently to ensure electric distribution companies (EDCs) transition toward a future which accommodates evolving needs of customers with increased reliability and resiliency. Presently, each major EDC has an approved long-term infrastructure improvement plan which facilitates achievement of these goals. Further, the overriding goal during this transition is to ensure that customer rates remain affordable.

As technology and customer needs change, utilities change distribution systems to accommodate public convenience, safety, and system reliability. Variables in this venture that were once nascent are now ubiquitous. Case in point, increases in behind-the-meter generation resources such as solar arrays and microturbines are increasingly challenging utilities to meet customer needs and transition from a one-directional centralized grid to a bi-directional distributed grid. Another variable in this regard is the increased utilization of the distribution grid to fuel electric vehicles.

Further, variables that threaten reliability and have always existed are now even more prevalent. Think no further than increases in major weather occurrences such as floods, hurricanes, derechos, and ice storms.

This sea change in the circumstances brings unique and new challenges to electric distribution companies. These come first in the form of potentially lower capacity utilization through increased peak demand. Second, such circumstances make ensuring reliability and resiliency more challenging than ever.

However, advances in technology appear to offer the potential to utilize novel resources which provide affordable customer rates and better utility service. In this regard, I am interested in exploring policies which can allow electric utilities the opportunity to substitute conventional distribution upgrades with alternatives that may provide sound economic investments. Of specific focus here is my interest in exploring the viability of utility investment in electric storage as a distribution asset utilized for the purposes of enhancing or maintaining reliability. As electricity

storage cost economics persistently improve, I believe discussion of this subject matter is timely. Exploring this topic is warranted since utilization of batteries on the distribution grid, in appropriate circumstances, may offer an option to foster reliability that will have a less significant rate impact than other more conventional utility restoration or improvement investments.

To that end, I wish to start a proceeding to inform the Commission on utilities' and other stakeholders' positions regarding this topic. It is my hope that the information solicited in this proceeding can guide any potential future regulatory policies related to utilization of electric storage within electric utility distribution resource planning. To commence this process, I specifically seek responses to the following inquiries:

- What applications can electric storage provide as a distribution asset for utilities that would facilitate improved reliability and resiliency?
- What are the defining characteristics of electric storage used for distribution asset planning as distinguished from generation resources? What thresholds, if any, would classify electric storage as a generation resource and therefore outside permitted distribution ratemaking and recovery?
- Is it prudent for utilities to include electric storage in their distribution resource planning and if so, where and under what circumstances? Further, is it appropriate for utilities to include such investments in rate base?

THEREFORE, I move that:

1. The Commission's Bureau of Technical Utility Services and the Law Bureau draft a Secretarial Letter consistent with this Motion.
2. The Secretarial Letter be served on all Electric Distribution Companies, the Statutory Advocates, and the Retail Energy Supply Association.
3. The Secretarial Letter be published in the Pennsylvania Bulletin.
4. Responses to the Secretarial Letter be due within thirty (30) days of publishing in the *Pennsylvania Bulletin*.

Date: November 19, 2020



**GLADYS BROWN DUTRIEUILLE
CHAIRMAN**