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Testimony to House Energy and Technology- April 6, 2017

H.501. Energy Storage

Andrea Cohen, Manager, Government Affairs and Member Relations, VEC

Thank you for the opportunity to testify on this important topic. As a member-owned Cooperative VEC's primary interest is to provide our members with safe, cost-effective, reliable, and environmentally responsible electric service. Every decision, and every legislative position we take, is towards this purpose. As VEC's CEO Christine Hallquist testified to this committee on March 29, 2017, VEC's goal is to integrate battery storage, with existing and new solar installations and demand side management technologies, to provide benefits and opportunities to VEC members.

It is our position that any deployment of storage must be cost effective and paid for fairly. We cannot afford to pay for products and services that we do not need, or pay above market rates when we do. VEC's service territory includes 8 of the 10 Vermont towns with the highest poverty levels, and 41% of our members are on fixed incomes. In order for storage solutions to be successful they must be economically sustainable for our members.

We also urge that as you consider this bill and any future action on battery storage, that you defer to the distribution utility grid experts for decisions about where, when, and how much storage is deployed. Storage must be sited and sized appropriately from a grid perspective and only the distribution utilities have the expertise to make these decisions. For example in VEC service territory opportunities include reducing curtailment of existing renewable energy but risks could include storage that is sited or sized inappropriately from a grid perspective.

We support the red-lined draft of H.501 that was submitted to the committee this morning. We support a balanced report by DPS that identifies the potential opportunities as well as risks of battery storage for Vermont. We support broadening the use of the Clean Energy Development Fund (CEDF) for storage research and pilot projects.

Regarding the CEDF provisions it is important that projects not necessarily "attached" to renewable projects, but that otherwise support renewable projects, be included. For example, storage on the SHEI interface, where renewable curtailment currently occurs, could potentially reduce those curtailments. Those types of storage projects should be eligible for a CEDF pilot project. Perhaps the language could read "energy storage ~~attached to~~ **that supports a renewable energy resource**".

At this time we do not support the use of public funds to subsidize particular technologies, or specific deployment requirements. As CEO Hallquist testified last week, utilities do not need carrots or sticks in regards to battery storage because it is in our interest to deploy solutions if they are cost effective.

In sum we appreciate your interest in assisting the state in promoting strategic electricity storage solutions.

- It is absolutely essential that the electric distribution utilities are the decision makers to ensure that any storage solutions are located, sized and priced appropriately.
- We are still in the technology research and testing stage. It is premature for the state to invest in any particular products or technologies outside of pilot project and research.
- We support the DPS doing research and reporting back to you about the status of the battery storage in the state and potential opportunities.