

State of New York
Public Service Commission

Case No. 18-E-0130

In the Matter of Energy Storage Deployment Program

**REPLY COMMENTS OF THE NEW YORK POWER AUTHORITY
ON THE NEW YORK STATE ENERGY STORAGE ROADMAP**

The New York Power Authority (NYPA) submits these reply comments in response to the New York State Department of Public Service's (DPS) notice soliciting reply comments on the *New York State Energy Storage Roadmap (Roadmap) and DPS/New York Energy Research and Development Authority (NYSERDA) Staff Recommendations*, issued on July 17, 2018.

Public sector customers are already playing a key role in the early adoption of energy storage systems and would be prime candidates for test and learn pilots on storage applications. However, while public sector entities face many of the same financial constraints as other customers, they do not have the same opportunities as other customers to access financial incentives. Further, the lengthy procurement requirements public sector customers must comply with hinders their ability to respond in a timely manner to time-limited solicitations calling for energy storage systems.

4.3 Direct Procurement

Resource Prequalification for Non-Wires Alternative Solicitations Will Support New York's Energy Storage Deployment.

As comments submitted in response to the Roadmap demonstrate, there is broad support for adopting policy and regulatory changes to support the growth of the energy storage. Public sector customers have the potential to be significant users of energy storage technologies given their obligation

to meet Executive Order (EO) 88/EO 166 requirements and other state environmental goals. However, as stated in NYPA's initial comments, mandatory procurement requirements make it difficult for public sector customers to meet otherwise reasonable non-wires alternatives (NWA) deadlines. That is why NYPA recommends that the Commission develop a "prequalification" process allowing a developer to identify a technical storage solution, obtain general approval from the utility, and secure the required equipment and contracting resources – all in advance of a specific solicitation. Upon a NWA solicitation by the utility, the developer may propose such "prequalified" solution on behalf of a public sector customer, who would otherwise be unable to respond.

Utilities Should Be Directed to Conduct Test and Learn Pilot Projects With NYPA and Public Sector Customers

Since 1990 NYPA has overseen the investment of over \$2.5 billion in public sector customers to make them more energy efficient, saving over 1.1 million tons of greenhouse gas emissions per year. Over this time NYPA has built relationships and established itself as the trusted energy advisor to a large number of State and local governmental customers. Critically, NYPA uses its experience and knowledge about each customer to match them with the right set of solutions and vendors. NYPA's work has lowered customer acquisition costs by almost 50 percent for developers. For developers in the storage industry, an industry still developing all of its potential value streams, this reduced cost is particularly important. Our innovative financing mechanisms have also lowered risk for developers and customers. Yet, we know the public sector customer class is cost and capacity constrained, and identifying the best fit storage solution can be challenging in this early period of limited commercial experience with storage systems.

In April, NYPA, SUNY New Paltz, and Central Hudson Gas & Electric partnered to install a solar plus storage system on the SUNY New Paltz campus.¹ This project is designed to demonstrate the use of smart-grid ready inverters with distributed photo voltaic (PV) and lithium-ion batteries. The aim is to evaluate system benefits and to determine best operating settings, considering both sides of the meter, as an integrated grid system. In order to monitor and analyze the benefits, different operating modes will be tested, as well as changing feeder control settings and conditions on the power distribution feeder. Based on existing and expected future PV deployments, the project team will identify how future distribution operating systems can benefit from the application of inverters with grid support functions.

NYPA is presently working with multiple public sector customers across the state on developing innovative energy storage projects, including projects paired with renewables, to implement new business models that match our customer's energy needs and risk profile. Battery use cases are tailored to individual customer goals including peak shaving, demand charge management, load shifting, firming of intermittent renewable resources, resiliency, and optimizing its hydro allocation. Where possible NYPA is looking to maximize system value by providing system benefits from the operation of the storage resources. NYPA is also designing a program to test energy storage aggregation and participate as an aggregator of distributed energy resources in the NYISO markets².

NYPA's public sector customers are eager to deploy innovative energy storage applications that will benefit their own facilities, provide benefits to the larger grid, and provide critical lessons for others contemplating energy storage projects. The State should maximize this opportunity and direct the utilities to conduct test and learn storage projects with NYPA and its public sector customers.

¹ *SUNY New Paltz unveils new, state-of-the-art solar energy system*, SUNY New Paltz News, <https://sites.newpaltz.edu/news/2018/04/suny-new-paltz-unveils-new-state-of-the-art-solar-energy-system/> (April 25, 2018).

² If NYISO market rules are modified.

4.4 Market Acceleration Incentive

The Market Acceleration Incentive Should Be Available to All Customers

In its initial Roadmap comments, NYPA requested that the Market Acceleration Incentive (MAI) be available to all customers in New York, including NYPA customers. If the Commission elects to utilize only Clean Energy Fund (CEF) monies to fund the MAI, certain entities could well be excluded because they do not contribute funds to the CEF. The Roadmap, and many commenters, noted that energy storage systems have the potential to provide significant benefits to the energy system, thereby benefiting all customers.³ Thus the Commission should ensure that the MAI is funded in a way that would allow the MAI to be available to all customers.

CONCLUSION

NYPA looks forward to the opportunity to work with DPS, NYSERDA, and other stakeholders to catalyze deployment of energy storage resources in New York State.

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³ Energy Storage Association pgs. 4, 5, 11; NY-BEST pgs. 16, 17; Key Capture Energy pg. 6