STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Energy Storage Deployment Program | Case 18-E-0130

New York State Energy Storage Roadmap and Department of Public Service/New York State Energy Research and Development Authority Staff Recommendations

Dated: September 11, 2018

Comments to the New York State Department of Public Service

From the Solar Energy Industries Association

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I. Introduction

The New York State Department of Public Service ("DPS") and the New York State Energy Research and Development ("NYSERDA") released the "New York State Energy Storage Roadmap and Department of Public Service / New York State Energy Research and Development Authority Staff Recommendations" ("Roadmap") on June 21, 2018. DPS is seeking comments on the Roadmap and its recommendations and held a series of technical conferences across the state to receive input from stakeholders. The Solar Energy Industries Association ("SEIA") is pleased to submit these initial comments on the Roadmap.

SEIA is the national trade association of the United States solar energy industry. SEIA represents approximately 1,000 firms across the county, with many of these firms doing business in New York, and more than 60 member firms that list a specific New York operating address. SEIA member companies are increasingly pairing solar with energy storage systems ("ESS") to provide better value for customers. Paired solar and ESS are likely to play a large role in helping New York meet its overall clean energy objectives.

Following the Staff's instructions, SEIA submits these brief comments based on the Roadmap's section headers. We limit our initial comments to three topics a) compensation for ESS b) utility ownership of ESS, and c) the proposed market acceleration initiative.

II. 4.1.3 – Value Stack (VDER)

A. DRV Compensation Period for ESS Should Be Revisited

SEIA supports the recommendation that ESS should be an eligible resource for the Value of Distributed Energy Resources ("VDER") tariff. As we pointed out in the Clean Energy Parties ("CEP") comments on the Draft Staff Whitepaper Regarding VDER Compensation for Avoided Distribution System Costs, the proposal to fix the demand reduction value ("DRV") for twenty-five years with an up to five percent reduction in value every two years (Alternative #1), or for seven years with no reduction (Alternative #2) is an improvement over the current Phase One DRV delivery mechanism.[1]

However, this proposal does not accurately reflect the value of the DER in avoiding or deferring utility distribution costs. Energy storage, like other forms for DER, provides grid and societal benefits throughout its operational lifetime. Given that the costs that energy storage systems

[1] Clean Energy Parties, "Comments on Draft Staff Whitepaper regarding VDER Compensation for Avoided Distribution Systems Costs," August 27, 2018, (Case 15-E-0751/Matter 17-01276).

typically avoid are amortized over at least ten years, and possibly much longer, the current proposal of providing only seven years of compensation (or 25 years but with such an up to five percent reduction in value every two years) significantly shortchanges this resource. Instead, as we pointed out in the CEP comments, the amortization period of the avoided cost that informs the MCOS value should match the period over which a DER is eligible to receive compensation. Given that there are differences in the ways utilities approach these calculations and many fundamental MCOS modeling and calculation issues yet to be addressed, the 25-year period proposed in the VDER whitepaper with no reduction in value every two years is a reasonable placeholder, and would be better aligned with the period over which the ESS would provide benefits to the grid.

III. 4.2.2 – IOU Business Model

A. Third-Party Ownership of ESS is Essential and Should Not Be Revisited

SEIA strongly supports the current limitations on investor owned utility ("IOU") control of ESS that were initially set by the Reforming the Energy Vision Track One Order.[2] These limitations should be maintained. Third-party ownership of ESS is essential and should not be revisited unless third party storage development fails to deliver expected deployment. If markets fail to deploy storage, DPS must also seek to understand whether additional regulatory barriers should be removed to encourage greater deployments by third parties. The IOU's proper role should be agent of resource procurement.

Furthermore, we note that using Non-Wires Alternative ("NWA") solicitations to procure ESS can pose significant limitations on developers who are then forced to respond to market signals from utilities, often without the required lead time to bring projects to a nearly implementable stage. For these reasons, NWAs should not exclusively drive project development and the VDER tariff should be a heavily relied-on tool for furthering storage in New York.

IV. 4.4 Market Acceleration Incentive

A. SEIA Supports the Market Acceleration Incentive & Encourages Similar Incentives Deployed on Long Island

SEIA supports the market acceleration incentive as a tool to help New York reach the 1,500 MW energy storage goal. The DPS and NYSERDA should move as quickly as possible to finalize this incentive and allow ESS developers to advantage of the federal investment tax credit that will begin declining at the end of 2019. We further support the development of a NY Sun adder for pairing storage with solar across all market segments using Clean Energy Fund resources. Furthermore, we strongly recommend coordination with the Long Island Power Authority to establish a similar incentive structure in the PSEG service territory to help create a truly statewide storage market.

Respectfully submitted,

[2] New York State Public Service Commission, "REV Track One Order," February 26, 2015, (Case 14-M-0101).

/s/

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