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18-E-0130 - Energy Storage Deployment - 10-23-18

NEW YORK STATE
DEPARTMENT OF PUBLIC SERVICE

18-E-0130 IN THE MATTER OF ENERGY STORAGE DEPLOYMENT
PROGRAM

October 23, 2018
Town of Colonie
Public Operations Center
Main Conference Room
347 Old Niskayuna Road
Latham, New York 12110

A.L.J. SEAN MULLANY
COMMISSIONER DIANE X. BURMAN

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2 THE REPORTER: We're on the record.

3 A.L.J. MULLANY: We're on the record.

4 I call case 18E -- I'm sorry, 18-E-130, in the matter
5 of Energy Storage Deployment Program.

6 Good evening ladies and gentlemen and
7 welcome. We are here today for a public statement
8 hearing that was noticed in this proceeding on
9 October 5th, 2018. This public statement hearing
10 concerns whether or not the New York State Public
11 Service Commission should adopt, in whole or part,
12 the recommendation set forth in the New York State
13 Energy Storage Road Map and Department of Public
14 Service/New York State Energy Research and
15 Development Authority Staff Recommendations. And,
16 that lengthy title will hence forth be referred to
17 merely as the Road Map. That was filed by the Staff
18 of the New York State Department of Public Service
19 and the New York State Energy and Research and
20 Development Authority or NYSERDA, on June 21, 2018.

21 Developed by the Department of Public
22 Service and NYSERDA Staff, with input from numerous
23 stakeholders, the Road Map was prepared in response
24 to Public Service Law, Section 74. That statute
25 required that the Public Service Commission establish

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2 NYSERDA have held several technical conferences, in
3 collaboration with the New York State Green Bank, the
4 New York Independent System Operator, the Long Island
5 Power Authority and PSEG Long Island, to present the
6 Road Map recommendations and seek input from
7 stakeholders.

8 This public statement hearing
9 represents a further step to seek public input on the
10 recommendations and analytical findings in the Road
11 Map and on any other factors that should be
12 considered by the Commission, with regard to
13 promoting the development of energy storage
14 facilities.

15 My name is Sean Mullany. I am an
16 administrative law judge with the New York State
17 Department of Public Service. I'm responsible for
18 presiding over the public statement hearings being
19 held in this case. The statements that are made
20 today, will become part of the record. The court
21 reporters will prepare a verbatim transcript of this
22 hearing and it will be included in the official
23 record of this proceeding, so that your comments can
24 be considered by the members of the Public Service
25 Commission. The transcript will be available for

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2 review at -- on the Department's website, again by
3 searching for this case number, 18-E-0130.

4 Today's hearing is being held for the
5 specific purpose of providing the public with an
6 opportunity to tell the Commission your thoughts on
7 the recommendations contained in the Road Map. This
8 hearing is not an evidentiary hearing, so there will
9 not be cross examination or any question and answer
10 session, but rather a forum to hear from members of
11 the public.

12 The public statement hearing will be
13 held open for a minimum of one hour and will be kept
14 open until everyone wishing to speak, has been heard
15 or other reasonable arrangements have been made to
16 include their comments in the record. But, looking
17 out across the room, I'm confident we'll be able to
18 hear all the comments within an hour.

19 If you'd like to make a statement here
20 today, please fill out one of the speaker
21 registration cards, available at the back of the
22 hall.

23 It's not necessary to prepare any sort
24 of written statement in order to provide comments at
25 today's hearing. Speakers will be called up to

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2 present their remarks, in order to -- called up to
3 present their remarks in the order that they have
4 completed the speaker registration cards. And,
5 tonight that's convenient because so far, I only have
6 one card. I've attempted to persuade some of the
7 other attendees to offer remarks in the public
8 record, but so far without success.

9 Please speak slowly and clearly into
10 the microphone for the court reporters, so that your
11 statement can be accurately recorded and transcribed
12 for the record. This is not the only opportunity for
13 comment. If for any reason you prefer not to give a
14 statement here today, but would like to have your
15 views included in the record of this proceeding,
16 there are several other ways to do so. And, Sharon
17 Alvaro in the back of the room, has what's called a
18 fact sheet. It spells out the various ways in which
19 the public can offer comments in this proceeding.

20 We do ask that any comments be
21 delivered by October 31st, 2018 because the
22 Commission may act on this matter before the end of
23 the year. If you have any questions, please see our
24 customer service representative, Sharon, in the back
25 of the room.

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2 I will not be responding to any
3 statements and you should not interpret my silence as
4 either agreement or disagreement with you position.
5 Any questions before we commence with taking your
6 statements? Okay. Hearing none, I call Daniel
7 Fitzgerald of Key Capture Energy. Good evening Mr.
8 Fitzgerald.

9 MR. GITZGERALD: Good evening.

10 A.L.J. MULLANY: Thank you for coming
11 here tonight and thank you for offering comments on
12 the record.

13 MR. FITZGERALD: It's good to be here.

14 A.L.J. MULLANY: Speak up.

15 MR. FITZGERALD: My name is Dan
16 Fitzgerald. I'm the Chief Operating Officer of Key
17 Capture Energy. Key Capture Energy is an energy
18 storage developer, headquartered in Albany, New York,
19 Jeff Bishop, Chief Executive Officer and I, started
20 the company two years ago because our experience in
21 renewable development in the State of New York,
22 showed that New York will likely achieve its goal of
23 50 percent clean energy by 2030. And, to
24 successfully achieve that goal, it will need energy
25 storage and not storage in 2030 but storage now, to

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2 complement our impressive existing renewables and
3 growing in proportion to those renewable advances.

4 I thank NYSERDA and the Commission for
5 all the work that has been put into this initiative.
6 While Key Capture Energy has been an active
7 participant in the energy storage Road Map
8 proceedings to date and has submitted both initial
9 comments and follow-up comments, we would like to
10 take this time to further participate in the
11 stakeholder process, by emphasizing a few key points.

12 First, Key Capture Energy is currently
13 constructing a 20 megawatt battery energy storage
14 project in Stillwater, New York, just 30 minutes
15 north of here. As one of the early developers, we've
16 had to take on considerable risks as we navigate with
17 the utility, the I.S.O. and the permitting agencies,
18 as this first battery storage project of this size in
19 the State.

20 While this has been challenging, it's
21 been a rewarding experience, as well. Any of the
22 anticipated market bridge incentives, need to be
23 explicitly applied to any project, in the ground, as
24 of January 1st, 2019, even if the final order is
25 issued later than that date. To not have this

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2 provision, would implicitly penalize the early movers
3 in energy storage, as well as could cause developers
4 to delay commissioning of their projects, if they
5 have to wait for more market incentives. And, it
6 also sets precedent that early movers in New York
7 State will be penalized, thus hampering innovation
8 and slowing progress within the State.

9 Second, standalone energy storage
10 systems need to be compensated for the value they
11 bring to New York. Unlike wind, solar and hydro that
12 get Federal tax credits, standalone battery storage
13 systems receive zero Federal benefits, at this time.
14 We as New Yorkers, must make the decision that we
15 will determine our own energy future, independent of
16 the Federal restrictions and constraints.

17 Standalone energy storage systems
18 bring considerable benefits to the electric grid,
19 including reduced operating reserve requirements,
20 reduced startup and shut down costs of fossil
21 generators, reduced curtailment of renewable
22 resources, reduced risk of exposure to fuel price
23 volatility and reduced local emissions for areas with
24 emission restrictions. Storage does not currently
25 get compensated for any of these benefits and the

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2 market bridge incentives should be structured to
3 provide compensation, while also allowing full
4 participation in the wholesale markets.

5 Third, the market bridge incentives
6 should be constructed so that they have a declining
7 and fixed value to ensure developer certainty. Much
8 like the first 100 megawatts of solar had the biggest
9 impact on wholesale power prices, the first 100
10 megawatts of storage on the NYSER grid, will have the
11 largest beneficial benefit to ratepayers. Key
12 Capture Energy encourages the State to front load the
13 incentives for any projects that can be online in
14 2019 and 2020. I appreciate the opportunity to
15 present to you. I thank you and I'm available for
16 any questions.

17 A.L.J. MULLANY: Thank you Mr.
18 Fitzgerald. My first question is, can I have a copy
19 of your remarks?

20 MR. FITZGERALD: Yes. Should I hand
21 them right to you?

22 A.L.J. MULLANY: That would be great
23 if you could.

24 MR. FITZGERALD: All right. I have
25 one for the court reporter, as well.

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2 A.L.J. MULLANY: And, I -- I would
3 like the -- thank you. Do you happen to have a copy
4 for Commissioner Burman?

5 MR. FITZGERALD: I do.

6 A.L.J. MULLANY: Great.

7 MR. FITZGERALD: It's got some of my
8 edits on it and everything.

9 MS. BURMAN: Thank you.

10 A.L.J. MULLANY: I just want the
11 record to reflect that during Mr. Fitzgerald's
12 remarks, we've been joined by Commissioner Diane
13 Burman of the Public Service Commission, who's
14 sitting to my right.

15 MS. BURMAN: Thank you.

16 A.L.J. MULLANY: Mr. Fitzgerald, would
17 you mind if I ask you some questions?

18 MR. FITZGERALD: Not at all.

19 A.L.J. MULLANY: Okay. I would ask
20 for you to come back up. I'm -- I'm interested if,
21 and I don't know if you're in a position to do so
22 tonight, but I am interested in some of the benefits
23 to the grid that you had described in your remarks,
24 for example, the reduced operating reserve
25 requirements. I have some experience in working on

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2 reserve requirements from the jurisdictional
3 perspective. So, I'm familiar with the function they
4 serve in supporting the grid but I'm interested to
5 know about your perspective on do you have any
6 quantitative analysis of the potential benefits that
7 storage might provide vis-a-vis the operating reserve
8 requirement?

9 MR. FITZGERALD: I believe so and I
10 believe they were submitted in our earlier written
11 comments.

12 A.L.J. MULLANY: Okay. Okay. Good,
13 so we could look those up.

14 MR. FITZGERALD: We have several young
15 very smart analysts who show me spread sheets that
16 sometimes go beyond me --

17 A.L.J. MULLANY: Yeah.

18 MR. FITZGERALD: -- that have -- that
19 we've done that analysis.

20 A.L.J. MULLANY: Okay. Good. And,
21 does that extend -- do -- do those analyses extend to
22 some of the other benefits that you cited in your
23 remarks tonight?

24 MR. FITZGERALD: Yes, in particular
25 emissions offsets, we've done a large amount of

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2 analysis for it.

3 A.L.J. MULLANY: Okay. And, have you
4 -- was that the result of collaboration with other
5 active parties in this sector or this is -- was this
6 an initiative of -- of your company alone?

7 MR. FITZGERALD: It was mostly
8 independent. We did meet with NYSERDA on several
9 occasions to discuss it and spoke with the D.E.C. at
10 one point on it, as well.

11 A.L.J. MULLANY: Okay. Terrific.
12 Thank you, sir. I appreciate it.

13 MR. FITZGERALD: Thank you.

14 A.L.J. MULLANY: Okay. Do we have
15 anyone else here present at the time -- at the -- at
16 the time, that would like to offer remarks on the
17 record?

18 As I mentioned earlier, we're going to
19 keep the record open for a minimum of one hour in
20 case somebody does change their mind or somebody else
21 arrives and would like to speak on the record. But,
22 for now, we're just going to go off the record.

23 (Off the record)

24 THE REPORTER: We're on the record.

25 A.L.J. MULLANY: Thank you. So, let

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2 the record reflect that it's shortly before seven
3 p.m. and the room is now empty of members of the
4 public. We haven't had any other requests to speak
5 on the record.

6 So, my thanks to Department Staff and
7 the O.C.S. Staff and to Commissioner Burman for being
8 here and also, thanks to the Town of Colonie for
9 letting us use this hall. And, we are adjourned.

10 (The proceeding adjourned)

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2 STATE OF NEW YORK

3 I, HANNAH ALLEN, do hereby certify that the foregoing was
4 reported by me, in the cause, at the time and place, as
5 stated in the caption hereto, at Page 1 hereof; that the
6 foregoing typewritten transcription consisting of pages 1
7 through 14, is a true record of all proceedings had at the
8 hearing.

9 IN WITNESS WHEREOF, I have hereunto
10 subscribed my name, this the 29th day of October, 2018.

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13 HANNAH ALLEN, Reporter

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