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August 6, 2018

Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350


MATTER 17-01276 - In the Matter of the Value of Distributed Energy Resources
Working Group Regarding Value Stack and the Staff Proposal on Value Stack Eligibility Expansion

Dear Secretary Burgess:

The New York Battery and Energy Storage Technology Consortium ("NY-BEST") is pleased to submit these supplemental comments for your consideration in the above referenced case in relation to the Staff Proposal on Value Stack Eligibility Expansion

INTRODUCTION

The New York Battery and Energy Storage Technology Consortium ("NY-BEST") is a not-for-profit industry trade association that serves as a voice of the energy storage industry for 160 member organizations on matters related to advanced batteries and energy storage technologies. Our membership covers the full span of activities related to research, development, production and deployment of energy storage devices, and currently includes: technology developers ranging in size from small start-up companies to global industry corporations, project developers, leading research institutions and universities, national labs and numerous companies involved in the electricity and transportation sectors.

NY-BEST is committed to achieving Governor Cuomo’s energy storage deployment target of 1,500 MW by 2025 and growing 30,000 jobs in this sector by 2030.
NY-BEST comments on Staff Proposal on Value Stack Eligibility Expansion

NY-BEST is committed to ensuring that methodologies and mechanisms that value energy storage are adopted through Value of Distributed Energy Resources (VDER) proceeding. Such methodologies are integral to ensuring that the State meets its Reforming the Energy Vision and renewable energy goals and achieving the Governor’s 1,500 MW energy storage deployment target by 2025. NY-BEST has actively participated in the Value Stack and Rate Design Working Groups established by the Department with the primary objective of ensuring that the values provided by energy storage are appropriately recognized and compensated and that the programs and policies adopted by the Commission will create robust and accessible markets for energy storage.

To that end, NY-BEST supports Staff’s proposal to remove the project size limits currently in place for certain NEM-eligible technologies listed in PSL 66-j and 66-l and increasing the eligible overall project size to 5 MW for technologies appearing in PSL 66-j and 66-l. We agree that with the advent of the Value Stack, the service class applied at the project site no longer affects compensation and as a result, these limits are not necessary.

NY-BEST also supports Staff’s recommendation to expand value stack compensation to the following:

1) CES Tier 1 Eligible Resources that were not already NEM eligible;
2) Stand-alone storage, as well as regenerative braking; and
3) Distributed CHP generation not already eligible under NEM (specifically, CHP projects larger than 10 kW and no larger than the VDER maximum project size, currently 5 MW).

As we have stated in numerous previous comments, NY-BEST strongly supports the inclusion of stand-alone storage as an eligible technology for Value Stack compensation. We also support including regenerative braking as eligible under the definition of energy storage. We continue to support the recommendations in the VDER Staff Report which
recommended action on stand-alone storage in early 2017\(^1\), and the Commission’s VDER Order\(^2\) to address stand-alone storage as expeditiously as possible.

In addition to providing energy and capacity, stand-alone storage provides several benefits to the grid, including:

1) Operational flexibility  
2) Enhanced or Local Capacity  
3) Ancillary and other Distribution System Services (voltage control, reactive power, etc)  
4) Peak load reduction  
5) Reduced carbon and local criteria emissions  
6) Optionality  
7) Distribution system line loss  
8) Resilience  
9) Equipment life extension  
10) Transmission and distribution (upgrade deferral, congestion relief, etc)  
11) Increased hosting capacity and enabling renewables (reduced curtailment)  

Capturing these additional values will support the State’s goals of reducing peak demand, improving system efficiency, supporting the increased penetration of renewable energy and improving the environment. Importantly, as discussed in more detail in the New York Energy Storage Roadmap\(^3\) (“Roadmap”) energy storage providers remain unable to fully monetize these benefits through existing market mechanisms.

\(^1\) NYS Department of Public Service Staff Report and Recommendations in the Value of Distributed Energy Resources Proceeding 15-E-0751, p. 47 states, “As discussed above, further work is needed to transition non-NEM eligible projects and technologies, which are currently addressed by other programs and tariffs, to a comprehensive VDER tariff. The process for continued development of this area should include: For energy storage systems not co-located with NEM-eligible generation, development of a proposal by early 2017 to enable Commission action in 2017.”

\(^2\) NYS Public Service Commission Value of Distributed Energy Resources Order, March 9, 2017, p.49

\(^3\) New York Energy Storage Roadmap and Department of Public Service/NYSERDA Staff Recommendations, June 21, 2018
While NY-BEST strongly supports expanding Value Stack eligibility to stand-alone storage, it is important to note that, as proposed by Staff, the value stack components applied solely to “injected energy” are insufficient to monetize the full benefits of storage and, as a result, will not provide adequate compensation to unlock all of the values of energy storage or help to deploy energy storage at a meaningful scale. As discussed in the Roadmap, improvements to the Value Stack, as well as the creation of new additional mechanisms that provide longer term revenue certainty and sufficient compensation for all of the values provided by energy storage, are needed to unlock the full potential of energy storage. In addition, changes in rate design that improve customer retail delivery rates, send more accurate price signals, and work in conjunction with the Value Stack, are needed to more appropriately value and compensate the benefits to the grid from behind-the-meter energy storage resources paired with load.

With respect to Staff’s proposal on expanded eligibility and the application of the individual components of the Value Stack to energy storage, NY-BEST disagrees with Staff’s proposal to provide no compensation for the environmental value (“E value”) of energy storage. Energy storage devices emit no carbon or other criteria pollutants. Energy storage charged from the grid should have its emissions impact measured by the marginal generator at the charging and discharging times and the E value established accordingly. We also urge consideration of allowing stand-alone storage to receive compensation under ICAP Alternative 2 in recognition of the value energy storage provides as a dispatchable resource. In addition, NY-BEST supports the further refinement of the DRV and LSRV values to better reflect the distribution system relief and locational benefits afforded by energy storage.

NY-BEST supports Staff’s proposal to avoid uneconomic arbitrage by requiring customers with stand-alone storage seeking Value Stack compensation to be charged for consumption under the respective utility’s Mandatory Hourly Pricing rate, resulting in both charges and credits reflecting hourly rates. We also support Staff’s proposal to exempt small energy storage from the mandatory hourly pricing requirement when the storage is sized to not exceed 115% of the customer’s peak consumption load.

Finally, NY-BEST believes Staff’s proposal with respect to stand-by and buy back provisions needs additional information and analysis, and, based on the information presented, would appear to be more appropriately addressed in proposals related to rate design and explored through the Rate Design Working Group, rather than as part of VDER Value Stack proposal.
CONCLUSION

NY-BEST greatly appreciates the efforts of DPS staff and the Commission to develop methodologies to value and compensate DERs. As stated above, we support the Staff’s proposal to expand eligibility for the Value Stack to 5 MW systems and to include stand-alone storage, including regenerative braking. However, to facilitate meeting the Governor’s 1,500 MW target for energy storage by 2025, we urge a broader application of, and further refinements and improvements to, the respective value stack components to more closely reflect the benefits of energy storage. NY-BEST also encourages the adoption of additional mechanisms to work in concert with the Value Stack, such as dynamic rate design and other policies and programs, that will unlock the potential of energy storage for the State’s electric grid.

NY-BEST and our 160 member organizations from across New York State and beyond appreciate the opportunity to provide these comments and we stand ready to assist the Department Staff and the Commission in establishing methodologies for valuing energy storage in this proceeding, as well as in the Energy Storage Roadmap and other REV-related proceedings.

If you have any questions or require additional information regarding these comments, please contact me at (518) 694-8474.

Respectfully,

Dr. William P. Acker
Executive Director