



# New York Battery and Energy Storage Technology Consortium, Inc.

VIA ELECTRONIC FILING

April 21, 2021

Hon. Michelle L. Phillips  
Secretary to the Commission  
New York State Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, New York 12223-1350

**RE: Case No. 18-E-0130 – In the Matter of Energy Storage Deployment Program  
Case No. 16-M-0411 – In the Matter of Distributed System Implementation Plans**

Dear Secretary Phillips:

The New York Battery and Energy Storage Technology Consortium (“NY-BEST”) submits these comments in response to the “Petition of Niagara Mohawk Corporation d/b/a National Grid for Approval to Dispatch and Wholesale Market the Output from Utility-Owned Energy Storage System Project” filed on January 12, 2021 and pursuant to the State Administrative Procedure Act (SAPA) Notice in the New York State Register (I.D. No. PSC-08-21-00003-P) published on February 24, 2021.

NY-BEST is a not-for-profit industry trade association with a mission to grow the energy storage industry in New York. We act as a voice of the energy storage industry for more than 180 member organizations on matters related to advanced batteries and energy storage technologies. Our membership includes global corporations, start-ups, project developers, leading research institutions and universities, and numerous companies involved in the electricity and transportation sectors.<sup>1</sup>

Thank you for your consideration in this matter.

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<sup>1</sup> NY-BEST comments represent the interests of the organization as a whole and not the views of any particular member. Our members have diverse interests and the organization’s views are intended to be reflective of the interests of the energy storage industry collectively.

Sincerely,

A handwritten signature in black ink that reads "Will V. Acker". The signature is fluid and cursive, with the first name "Will" being the most prominent.

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## **NY-BEST COMMENTS – NATIONAL GRID PETITION**

### **Case No. 18-E-0130 – In the Matter of Energy Storage Deployment Program**

### **Case No. 16-M-0411 – In the Matter of Distributed System Implementation Plans**

The New York Battery and Energy Storage Technology Consortium (“NY-BEST”) submits these comments in response to the “Petition of Niagara Mohawk Corporation d/b/a National Grid for Approval to Dispatch and Wholesale Market the Output from Utility-Owned Energy Storage System Project” filed on January 12, 2021 and pursuant to the State Administrative Procedure Act (SAPA) Notice in the New York State Register (I.D. No. PSC-08-21-00003-P) published on February 24, 2021.

#### **Background**

National Grid filed a Petition seeking to bid the output from its Company-owned energy storage system (ESS) project located at National Grid’s East Pulaski Substation (the Project) into the wholesale markets administered by the New York Independent System Operator, Inc. (NYISO).

Recognizing that this Petition, if approved, could represent a significant departure from legal precedent and Commission policy, NY-BEST contacted National Grid for additional information. National Grid staff generously provided NY-BEST with a briefing on the project. As the National Grid Petition explains, the Project was installed pursuant to the March 9, 2017, Commission Order on Distributed System Implementation Plans directive to deploy at least two separate energy storage projects by no later than December 31, 2018. National Grid states that the Project was installed to meet peak load reduction needs during the summer months to mitigate at-risk load. The Petition proposes that any financial gains from NYISO market transactions would accrue to the benefit of National Grid’s customers and allow the Company to more effectively utilize the capabilities of the Project during those times of the year when the Project is not needed for local reliability. The Petition requests that the Commission approve the Company’s plan to bid energy, capacity, and/or ancillary services available from the Project into the NYISO markets.

National Grid maintains that the plan to bid the services from this existing Project would provide valuable learning experience in advance of their deployment of bulk energy storage projects as directed by the Commission’s December 2018 Energy Storage Deployment Order<sup>2</sup>. National Grid explains that it intends to hire the same power marketer company with respect to the Project as it selected for the two bulk ESS projects to provide technical advisory services regarding participation in the wholesale market. National Grid’s Wholesale Electric Supply (WES) group would receive a weekly/daily forecast from the Company’s control center operation with the Project’s availability, and the WES group will electronically submit generation offers for the Project into the DA Energy/Ancillary Market for the next dispatch day.

The Petition states that initially the Company would focus on Project participation in the energy and ancillary services markets but does not preclude ICAP market participation. Noting that ICAP market participation introduces additional complexity, National Grid asserts that it may pursue participating in that market, to the extent it determines the pros outweigh the cons of future ICAP market participation.

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<sup>2</sup> 1 Case 18-E-0130, In the Matter of Energy Storage Deployment Program, Order Establishing Energy Storage Goal and Deployment Policy (December 13, 2018) (“Energy Storage Order”)

National Grid's proposal would allocate 100 percent of the net revenues from the dispatch and wholesale marketing of the Project to the Company's customers through the Legacy Transition Charge (LTC) mechanism in their tariff, which is applied to all delivery customers.

### **NY-BEST Concerns – Setting a Precedent and Creating a Slippery Slope for Utility-Owned Energy Storage**

While NY-BEST understands and appreciates National Grid's goals to fully utilize its East Pulaski ESS project for the benefit of customers and to enhance its experience and understanding of the wholesale market, NY-BEST is concerned that approval of the Petition would mark a significant departure from well-established Commission precedent with respect to utility-ownership of Distributed Energy Resources (DERs) and energy storage.

As articulated in the Comments submitted on this matter by the Independent Power Producers of New York (IPPNY)<sup>3</sup> and Sunrun<sup>4</sup>, the Commission's 2014 REV Track One Order<sup>5</sup> and 2017 DSIP Order<sup>6</sup> clearly delineate the narrow limitation of permissible utility ownership of energy storage: for energy storage projects integrated at the distribution level to provide distribution level services and that competitive markets and risk-based capital should fund asset development. This position was further reinforced in the Commission's 2018 Energy Storage Order when the Commission found no compelling reason to modify its stated preference for third parties to develop ESS projects. Importantly, the Commission's Energy Storage Order specifically outlines the expectation that utilities will obtain experience in the wholesale markets operating as a Distribution System Platform provider framework with third-party owned energy storage projects. The Commission's position on utility-ownership was emphasized again in its April 16, 2021 *Order Directing Modifications to Energy Storage Solicitations*, stating:

*“The Commission finds that competitive ownership of energy storage assets, and of DERs in general, is a core principle and the existing limitations on utility ownership of energy storage should be maintained if possible.”<sup>7</sup>*

The National Grid Petition clearly goes beyond the Commission's narrow definition for permissible utility ownership of energy storage and, if approved by the Commission, has the potential of creating a “camel's nose under the tent” scenario which could lead to additional cases of utility-owned storage seeking to participate in non-distribution level services. This would seriously undermine the playing field for third-party energy storage providers and would have a chilling effect on the budding energy storage industry in New York State, as well as impede progress toward the State's 3 GW by 2030 energy storage deployment goal at a time when energy storage markets are growing across the country.

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<sup>3</sup> IPPNY Comments on National Grid Petition

<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={8E72B338-872B-44D0-A35B-B407011BE259}>

<sup>4</sup> Sunrun Comments on National Grid Petition

<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={1915B115-D605-4AF1-B59E-119C7CFC45B4}>

<sup>5</sup> Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision (“REV Proceeding”)

<sup>6</sup> Cases 16-M-0411 et al., In the Matter of Distributed System Implementation Plans, Order on Distributed System Implementation Plan Filings (issued March 9, 2017) (“2017 DSIP Order”)

<sup>7</sup> PSC Case 18-E-0130, Order Directing Modifications to Energy Storage Solicitations, April 16, 2021, p.10

NY-BEST also agrees with the comments from Sunrun that encourage the Commission to work with the energy storage industry and stakeholders to improve the policies and markets for competitive energy storage development in New York. NY-BEST has and continues to advance proposals for improving competitive market conditions for energy storage—from reform of contract demand charges to improvements to utility procurements of energy storage-- and we look forward to continuing to work with National Grid, DPS Staff and the Commission on these initiatives.

### **Additional Considerations – Energy Storage as an NWA Solution**

NY-BEST is sensitive to the issues raised by National Grid and we note especially that the East Pulaski project was completed as a Non-Wires Alternative project providing distribution system services. Energy storage as an NWA solution is an important application that provides a cost-effective alternative to traditional poles and wires. We encourage the Commission, Department staff and utilities to continue to work with industry to deploy energy storage as an NWA solution to provide needed grid services. A third-party ownership model, or alternative commercial structure to separate the market-facing competitive use of the storage and the distribution services use of the storage, could be employed to participate in NYISO wholesale markets while not compromising the precedent on ownership.

### **Recommendations**

NY-BEST recommends the Commission reject National Grid’s petition or, in the alternative, direct National Grid to divest the East Pulaski ESS and enter a third party ownership arrangement, or an alternative commercial structure, so that it can participate in the NYISO wholesale markets.

In the event that the Commission disagrees with our arguments above and instead opts to approve the National Grid Petition, due to the unique nature of the project, NY-BEST strongly encourages the Commission to place strict limitations on such approval. Specifically, in this context, we recommend that:

- 1) The approval should be time-limited. NY-BEST suggests no more than a five-year time frame after which the project should be divested.
- 2) The approval should be unique to this specific project and be case-specific so as not to establish a precedent for other existing or future utility-owned energy storage projects.
- 3) National Grid should be required to publicly share its learnings from the project with semi-annual reports to stakeholders.
- 4) The Commission should reaffirm its previous guidance that utility ownership of ESS should be restricted to extremely narrow circumstances, recognizing that third-party providers will be capable of developing ESS for both wholesale market needs as well as distribution utility needs.
- 5) The Commission should provide clarity and rigorous analysis to the NWA process such that it demonstrates commitment to investing in third-party owned storage facilities meeting NWA obligations, and that third party ownership is evaluated in a manner which supports the State's commitment to storage as an NWA solution.

## Conclusion

NY-BEST fully appreciates the goals of the National Grid Petition: to benefit customers and learn more about energy storage dispatch in the wholesale markets and we welcome opportunities to work with National Grid on competitive market-based initiatives to achieve these ends. However, NY-BEST is concerned that the Petition, if approved by the Commission, could undermine a well-established narrow definition of the allowable uses of utility-owned energy storage and, if not carefully managed, could lead to erosion of key competitive market tenets previously adopted by the Commission. We appreciate the opportunity to provide these comments and thank the Commission for its consideration.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Will Acker", written in a cursive style.

Dr. William Acker  
Executive Director