VIA ELECTRONIC DELIVERY

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223-1350

RE:  Case 18-E-0018 – In the Matter of Proposed Amendments to the New York State Standardized Interconnection Requirements (SIR) for Small Distributed Generators

Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources

JOINT UTILITIES’ REPLY TO PARTIES’ COMMENTS ON MODEL TARIFF FOR COMPENSATION OF A HYBRID ENERGY STORAGE SYSTEM AND DISTRIBUTED GENERATION SYSTEM

Dear Secretary Burgess:


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1 Cases 18-E-0018 et al, In the Matter of Proposed Amendments to the New York State Standardized Interconnection Requirements (SIR) for Small Distributed Generators (the “SIR Proceeding”). Letter to Secretary Kathleen Burgess from Joint Utilities (filed June 19, 2018) (“Model Tariff”), Att. A.
(“NY-BEST”), Clean Energy Collective (“CEC”), and Advanced Energy Economy Institute (“AEE”) (collectively the “Commenting Parties”) on the Model Tariff.3

To start, the Joint Utilities would correct the Commenting Parties’ view that the Model Tariff would preclude energy storage systems (“ESS”) paired with Value Stack-eligible generating equipment from making an election of the capacity component of compensation.4 Contrary to that interpretation, the Model Tariff was drafted to be integral to the existing tariff provisions for Value Stack, which specify how and when the capacity election may be made.5 Similarly, as the Joint Utilities explained when they filed the Model Tariff, “full Value Stack compensation, inclusive of the Capacity Component Credit … is only available when an export to the utility’s distribution system can be clearly identified as originating from electric generating equipment eligible for Value Stack compensation.”6 The Model Tariff achieves this result only requiring resources under Option 2.c (which does not allow for a clear identification of whether exports are from eligible generation) to take “Value Stack Capacity Component Alternate 3 compensation”7 and permitting resources under Option 2.a and 2.b to make a capacity compensation election.8

Comments were filed on October 8, 2018 in response to notice seeking comments in the New York State Register, I.D. PSC-32-18-00017-P, p. 30. While the notice did not provide for reply to comments, the Joint Utilities submit this reply to correct errors of fact and interpretation and respond to specific requests by the Commenting Parties in order to provide a full record and to promote the fair, orderly, and efficient conduct of this proceeding.


SIR Proceeding, Borrego Comments, pp. 3-4; NY-BEST Comments, pp. 3-4; CEC Comments, pp. 1-2; AEE Comments, pp. 2-3.

SIR Proceeding, Model Tariff.

Id., p. 2.

Id.

Id.
Next, the Commenting Parties urge that (1) all hybrid systems, including those not charging with eligible generation, should be able to make a capacity compensation election; (2) the utilities should track and base VDER compensation on the level of renewable attributes for projects electing Option 2.c or, in the alternative, to approximate the level of renewable attributes for compensation, and (3) a single meter is sufficient for Option 2.a.9 Not only have the Joint Utilities explicitly addressed these issues in their in July 2017 comments,10 but more critically the Commission agreed with the Joint Utilities’ proposal on this issue and found that it meets the Commission’s “needs and goals” in the VDER Proceeding.11 This belated challenge to these aspects of the Model Tariff is effectively long out-of-time arguments in support of rehearing.12 Furthermore, the arguments lack merit as explained below.

Both Borrego13 and AEE14 recommend that all hybrid systems, including those charging with a resource other than eligible renewable power, should be able to elect Alternative 1 (“Alt 1”) or Alternative 2 (“Alt 2”) Installed Capacity (“ICAP”) compensation under VDER. This would effectively provide ESS charged with grid power an opportunity to engage in uneconomic arbitrage, increasing the revenue shift to non-participating customers. The compensation rates for Alt 1 and Alt 2 are specifically designed for intermittent solar and would be inappropriate to apply to generation from other technologies. Both Alt 1 and Alt 2 would effectively provide

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9 SIR Proceeding, Borrego Comments; NY-BEST Comments; CEC Comments; and AEE Comments.
12 Petitions for rehearing of an order must be filed within 30 days of the order’s issuance. See 16 NYCRR Sec. 3.7(a).
13 SIR Proceeding, Borrego Comments, p. 3.
14 SIR Proceeding, AEE Comments, p. 2.
ESS charged with grid power more compensation than the installed capacity value they can provide, increasing the revenue shift to non-participating customers. As the Joint Utilities have described, dispatchable resources such as ESS electing Alt 2 could receive as much as 64 percent more than the capacity value they provide.\(^{15}\)

Regarding the single meter configuration for the implementation of Option 2.a., this option hinges on demonstration of exclusive charging of the ESS with eligible generation. The Commenting Parties suggest that this can be managed within the control systems installed at the paired ESS and eligible generation site. Specifically, NY-BEST recommends that, “cost effective solutions such as inverter-based metering should be applied.”\(^{16}\) However, the utility must be able to verify that the control systems operate as expected, and if they fail, be responsible for properly billing or compensating the interconnection customer. Billing and compensation sources must be utility-owned, revenue-grade meters that interface with utility metering and billing systems and are time-synched where necessary.

The Commenting Parties suggest the Joint Utilities should provide compensation for ESS resources charging with a blend of grid and renewable energy based on the actual or estimated blend of system discharges to the distribution system. While interesting in concept, this approach would be impossible to implement and would be inconsistent with the Commission’s determination in the *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard* to establish Renewable Energy Credits (“RECs”) as to implement the State’s clean energy goals.\(^{17}\) Specifically, this proposal fails to


\(^{16}\) SIR Proceeding, NY-BEST Comments, p. 4.

\(^{17}\) Cases 15-E-0302 et al., *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Program*, Order Adopting a Clean Energy Standard (issued August 1, 2016).
consider that batteries and inverters have physical characteristics that dissipate energy based on both actual injections and discharges (due to variable losses in both directions through the inverters). The proposal also fails to consider normal degradation of charge within a battery over time and parasitic load (from inverters, control systems, and HVAC systems). A separate master meter for the site is required to account for these additional losses and load. These factors make it impossible to track and report monthly renewable generation for an ESS that blends grid and renewable energy under Option 2.c in compliance with the New York Generation Attributes Tracking System (“NYGATS”).

Borrego’s example to illustrate its “electron tagging” method raises concerns. While the Joint Utilities can determine an overall source of imports and exports from the grid, an eligible generator, and an ESS, even with time-synched meters it is not possible to “tag” or otherwise track specific electrons to specific input and export timeframes.

Finally, Borrego,18 CEC,19 and NY-BEST20 make an alternative proposal to accept a system’s eligibility for the federal Investment Tax Credit (“ITC”) as proof of a level of renewable attributes and/or as the basis for estimating a blend of renewable discharge. This proposal is also flawed, as the ITC provides no assurance of performance after the five-year commitment period and the ITC’s annual 75 percent renewable certification is incompatible with NYGATS monthly reporting obligations. In addition, using this approach would either create uncertainty concerning the validity of the data reported in NYGATS, or increase the revenue shift to non-participating customers if the presumed renewable injections receiving

18 SIR Proceeding, Borrego Comments, p. 4.
19 SIR Proceeding, CEC Comments, p. 2.
20 SIR Proceeding, NY-BEST Comments, p. 4.
Environmental-value credits were not eligible for RECs for the full 25-year period. This is not a viable alternative to “electron tagging.”

The Joint Utilities urge the Commission to consider the issues set forth above and appreciate the opportunity to provide these reply comments.

Respectfully submitted,

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