

NEW YORK STATE
DEPARTMENT OF PUBLIC SERVICE

CASE 18-E-0130 – In the Matter of Energy Storage Deployment Program

**REPLY COMMENTS ON THE
NEW YORK STATE ENERGY STORAGE ROADMAP**

PROVIDED BY

THE ALLIANCE FOR CLEAN ENERGY NEW YORK

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I. INTRODUCTION & SUMMARY

The Alliance for Clean Energy New York (ACE NY), respectfully submits the following Reply Comments in the above-referenced proceeding in response to the *New York State Energy Storage Roadmap* (“Roadmap”) released June 21, 2018 and the comments submitted by various stakeholders to the Commission regarding the Roadmap.

Like many of the stakeholders that commented, ACE NY sees energy storage as a crucial part of the state’s transition to 50% clean energy by 2030, and strongly supports the Governor’s 2025 target of 1,500 MWs of storage. ACE NY strongly encourages NYSERDA to continue to evaluate

energy storage progress, and to adapt policy and regulation as needed in order to meet the state's energy storage goals. ACE NY also supports the goal of aiding the progression of the energy storage market by decreasing costs.

Numerous member companies of ACE NY are engaged in developing storage projects or exploring investing in the storage market in New York. As such, in these Reply Comments we are emphasizing and supporting certain comments submitted by other stakeholders, many of whom are members of ACE NY. In summary, ACE NY:

- Supports a market bridge incentive that is frontloaded and applicable to all 2019 projects, to jumpstart the energy storage industry in New York and promote rapid deployment leading to quicker cost reductions.
- In the case of storage paired with solar, supports the development of a NY-Sun adder for pairing storage with solar across all market segments, and supports an incentive structured and timed to maximize New York's benefit from the investment tax credit (ITC).
- Supports stand-alone energy storage eligibility for the Value of Distributed Energy Resources (VDER) Tariff, compensated for 25 years as proposed in the VDER Whitepaper, and retroactive to all 2019 implemented storage projects.
- Supports policy development that can help reduce peak emissions via a recognition of the environmental benefits of storage charging and discharging to the grid at certain times. This "E-Value" should include the benefits of local pollutant reduction and should be time-varying with as much granularity as possible.
- Supports third party ownership of energy storage systems (ESS) and current limitations on investor owned utility (IOU) ownership. Further recommends that non-wires alternatives (NWAs) are not overly depended on to drive storage project development, considering the limitations they pose to developers.
- Supports a role for energy storage in the public policy needs assessment process implemented jointly by the Commission and the New York Independent System Operator (NYISO). ACE NY also encourages the Commission to work with the NYISO to develop rules and procedures to facilitate participation for ESS that are not available year-round.

Market Bridge Incentive

ACE NY agrees with numerous stakeholders, including National Resources Defense Council (NRDC) and Solar Energy Industry Association (SEIA), that the market bridge incentive should move as quickly as possible. ACE NY also concurs with Borrego Solar and other stakeholders that implementation of the market bridge incentive should be designed to maximize benefits from the ITC sunset at the end of 2019. In this vein, ACE NY supports an incentive structure that is frontloaded to decrease financing uncertainties and overcome initial market barriers. Promoting near-term implementation of storage systems will result in a faster decrease in the technology price and more rapid development of the energy storage market as a whole.

ACE NY also agrees with commenters, including New York Battery and Energy Storage Technology Consortium (NY-BEST), that projects constructed after January 1, 2019 qualify for the market bridge incentive to inform and encourage development actions in 4Q18.

Furthermore, ACE NY supports SEIA's recommendation of a NY-Sun adder and agrees with Borrego Solar's assessment that the clear and upfront signals provided by the NY-Sun MW Block Program could be effectively replicated in the energy storage market.

Interaction with the Value of Distributed Energy Resources (VDER) Tariff

ACE NY agrees with multiple stakeholders that storage should be an eligible resource for the VDER tariff, both when installed alone and when paired with a renewable energy generator. With regards to components of the value stack, specifically the "E-Value," we agree with SEIA that the current proposal of providing only seven years of compensation (or 25 years with an up to five percent reduction in value every two years) is inadequate, and instead, "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." While marginal cost of service (MCOS) issues are addressed in a separate proceeding, the 25-year period proposed in the VDER whitepaper with no reduction in value every two years is in better alignment with the period of benefits provided by ESS systems.

In agreement with multiple stakeholders including the E-Value Coalition, ACE NY supports a more granular valuation of additional environmental benefits provided by ESS. While the proposed seasonally varying E-Value is a step in the right direction, further narrowing the set of months or hours that the E-Value structure is based off would be more accurate and appropriate. Dispatchable technologies such as energy storage are capable of hitting a smaller target window of grid injections and should be encouraged to do so to supplant emissions when the grid is expected to emit the most pollution. Furthermore, local pollutants such as NO_x and SO₂ should be included in E-Value calculations, as inclusion of local pollutants is especially important to incentivize the replacement of New York's most polluting generators – particularly peaker plants – concentrated in low income communities and communities of color.

ACE NY also agrees with Borrego that, “the time-varying E-Value should be made available on an opt-in basis to all standalone and paired ESS, including ESS installed before the date that such variable E-Value is adopted,” to provide a correct incentive for optimizing use of ESS.

IOU Business Model

In conjunction with multiple commenters, ACE NY supports third-party ownership of storage as developers are in the best position to create the most value for any given project through competitive market dynamics. Current limitations on utility ownership should be maintained, as third-party ownership is essential to a thriving market given the still evolving technology and storage applications yet to be realized.

Additionally, NWA solicitations are a useful mechanism, but can pose tangible limitations on developers to respond to these time-constrained market signals. ACE NY agrees with SEIA that overreliance on such programs could result in a suboptimal pace of implementation reliant on utility determinations of need potentially favoring utility investments.

NYISO Interaction

ACE NY supports the Roadmap's call, and multiple stakeholder reiterations, for NYSERDA and other State policymakers to work with the NYISO to develop rules and procedures to facilitate participation for ESS that are not available year-round. In this way, the grid benefits of ESS deployment can be monetized and optimized.

ACE NY also agrees with NextEra Energy Transmission New York (NEETNY) that it is important for NYISO to clarify the role that energy storage will play in the public policy transmission need (PPTN) process and that storage should be considered as a potential regulated transmission solution.

Furthermore, ACE NY agrees with Borrego Solar that ESS should be exempt from any buyer side-mitigation rules enacted by the NYISO, as should renewable generation, because these resources are not able to exercise buyer's side market power.

II. CONCLUSION

ACE NY commends the New York State Department of Public Service and the New York State Energy Research and Development Authority on the development of the New York State Energy Storage Roadmap. It is a significant step forward in the advancement of energy storage, and it will continue to drive New York as a clean energy leader in the nation.

Thank you for the opportunity to comment. Respectfully submitted,

/s/

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