



ENERGY  
TECHNOLOGY  
SAVINGS

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By Electronic Mail

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

September 10, 2018

Re: Case 18-E-0130 – NYSERDA/PSC Staff Recommendations on Energy Storage Roadmap

Dear Secretary Burgess,

Enclosed please find comments submitted by Energy Technology Savings, Inc. regarding the Energy Storage Roadmap.

Please let me know if you have any questions or need any further information.

Sincerely,

A handwritten signature in cursive script that reads "Valerie Ross".

Valerie Ross  
VP Compliance  
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**Comments of Energy Technology Savings Regarding the Energy Storage Roadmap**

Energy Technology Savings, Inc., (“ETS”), is a leading provider of smart grid management platforms serving large multifamily and commercial property owners. ETS platforms empower building owners, facilities management, and tenants through energy acquisition savings and the implementation of technologies to help reduce energy consumption through modification of energy management behaviors. ETS is also a registered Energy Services Company (“ESCO”) and an Aggregator participating in both NYISO and Con Edison Demand Response Programs. ETS submits these remarks in response to the Notice Soliciting Comments regarding the Energy Storage Roadmap.

**4.4 - Market Acceleration**

Staff recommends that NYSERDA develop an Energy Storage Market Acceleration bridge incentive to accelerate adoption of customer-sited, distribution or bulk systems. In particular, NYSERDA recommends a NYSERDA-initiated storage adder within NY-Sun for pairing storage with PV, followed by a program for standalone storage systems, and possible NWA incentive.

ETS is supportive of such bridge incentives and believes they are necessary in order to incentivize customer-sited storage projects. This is especially true in the multifamily sector, where capital projects must meet certain standards for Return on Investment (ROI). If the project’s ROI is greater than a certain number of years, the project will not be approved to move forward. Providing incentives will lower the cost of the system, and therefore, enable additional projects to meet ROI requirements for multifamily properties and increase the implementation of energy storage systems. Similar logic would apply for commercial buildings as well since the

cost of such systems is often the driving factor when making decisions for capital expenditures for many building types.

#### **4.5.1 – Continue to Reduce Soft Costs**

ETS agrees with the importance of reducing soft costs for energy storage systems. As described above, the ROI of a project in a multifamily setting will ultimately determine whether or not the project is approved. As soft costs are reduced, the overall cost of the system will be lower, and thereby there will be a better ROI result. Again, this will increase the probability that additional energy storage systems will be implemented in multifamily buildings. This will help the State work towards its energy storage goals.

#### **4.5.1 – Energy Storage Permitting**

ETS is appreciative of the work that is taking place by NYSERDA, the Fire Department of New York and NYC Department of Buildings, as well as others regarding permitting and building codes impacting energy storage in New York. This work is of vital importance and will help to formulate the policies which will impact the energy storage industry for years to come. It is important that such systems are installed in a safe and efficient manner. The permitting process must continue to be refined and improved in order to allow the installation of such systems to go forward in a timely fashion, without major delays. As the process is enhanced, additional suppliers of storage will recommend energy storage systems to their customers, and customers will have comfort in knowing that many systems have now been installed without major delays or extra costs. This is particularly important in NYC. Customers are interested in putting in battery storage in the city, however, the indoor restrictions cause some to decide against installing the systems. In some cases, the systems can be installed outdoors, but there can be major cost increases associated with building protective shelters for the battery systems. In many cases, finding space outdoors for the systems is near impossible in NYC as well. As

these barriers are removed, suppliers and customers will be more willing to install such storage systems in NYC.

#### **4.1.1 - -Delivery Service Rate Design**

Staff recommends that utilities develop an optional rate, built on the current standby rate, implementing a more granular time- and location-varying daily as-used demand rate. Staff also recommends that such tariff should serve as an opt-in rate for any demand-metered customer.

ETS agrees that rates should be more granular by time and location in order to best capture the actual benefits supplied by the storage resource. Systems must be used in such a way as to maximize the benefits in locations in need of such resources, and at times of peak energy usage. Batteries have the capability to charge at non-peak times and be discharged at peak times, and should be compensated for such capabilities. Furthermore, energy storage can be utilized to balance power from distributed energy resources such as solar, combined heat and power, and electric vehicles – rate design should not penalize energy storage utilization supporting distributive energy resources regardless of time of use.

ETS believes that the rate should be opt in for now, so that the results can be studied to ensure that all potential down sides will be discovered.

#### **4.7.1 – Bulk System Focus**

##### **Exempt Energy Storage from buyer-side mitigation rules-**

Staff suggests that subjecting energy storage resources in mitigated capacity zones to buyer-side mitigation measures could result in the wholesale markets failing to accommodate legitimate State policy interests such as those effectuated by this Roadmap. ETS would like to echo this concern. As discussed above, the major benefit of energy storage systems is their ability to charge at nonpeak times and to discharge during peak times. It is imperative that no rules be put into place which would restrict the ability of storage systems to provide these benefits. The far majority of energy storage systems will have no ability to suppress capacity

prices. If such rules are arbitrarily applied to multifamily or commercial energy storage systems, the systems will have no economic value to customers, and will not be installed.

#### **4.1.2 - Commodity and Delivery Costs for Storage Charging and Discharging**

In this section, Staff states that the rules for charging and discharging must be re-examined so that desired grid benefits are encouraged (e.g., off-peak charging and injecting electrons or reducing load on -peak). Limiting energy storage systems from engaging in uneconomic retail rate arbitrage was examined but may be mitigated by the differences between peak and off-peak pricing. The appropriate application of delivery service costs for discharging energy storage must also be addressed.<sup>1</sup>

As described above, ETS believes that the key to enabling the implementation of energy storage resources is the ability to charge off-peak and discharge on peak as well as balancing distributive energy resources regardless of time of use. If the rules and pricing are not properly addressed, there may be a roadblock that would impede the State from achieving its energy storage goals.

#### **4.1.4 Carbon Reduction Benefits and Shaping the E Value in the VDER Value Stack**

The roadmap proposes that shaping the E Value will better reflect marginal carbon emissions and send a more dynamic signal to DERs to reduce carbon emissions for New York's electricity system.

ETS advises shorter and seasonably flexible participation windows to pilot new rate designs and enable optimal market participation signals.

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<sup>1</sup> Case 18-E- 0130, *New York State Energy Storage Roadmap and Department of Public Service/New York State Energy Research and Development Authority Staff Recommendations* (Issued June 21, 2018) at P. 32.

ETS appreciates the opportunity to provide comments regarding the Energy Storage Roadmap.

Respectfully Submitted:

*Valerie Ross*

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