

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on February 22, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman, concurring
James S. Alesi

CASE 17-E-0458 - Tariff Filing by Consolidated Edison Company of New York, Inc. to Modify its Electric Tariff Schedule, P.S.C. No. 10, Regarding Electric Energy Storage Systems.

ORDER APPROVING TARIFF CHANGES WITH MODIFICATION

(Issued and Effective February 22, 2018)

BY THE COMMISSION:

INTRODUCTION

On July 27, 2017, Consolidated Edison Company of New York, Inc. (Con Edison or Company) filed tariff amendments to its Electric Tariff Schedule, P.S.C. No. 10, to expand the circumstances under which electric energy storage systems would be able to export to its distribution system.

This Order approves the Company's tariff amendments related to electric energy storage systems, with clarifying modifications. The tariff amendments significantly increase energy storage technologies' ability to export power to Con Edison's primary and secondary voltage distribution systems while maintaining power quality and safe and reliable operations. The Commission expects that these tariff modifications are only the first step toward encouraging deeper penetration of energy storage technologies in Con Edison's

service territory, and that further developments to support these technologies will be considered as part of Phase Two of the Value of Distribution Energy Resources Proceeding (VDER Proceeding).¹

TARIFF FILING

Con Edison proposes to make five modifications to its tariff. First, the Company proposes to amend its tariff to apply provisions currently only applicable to batteries, such as the optional exemption from the standby rate for designated technologies, to a broad array of energy storage technologies. The broader definition of energy storage technologies would include batteries, flow batteries, fly wheels, compressed air storage systems, among others. Second, Con Edison proposes to expand the ability for energy storage systems to participate in any Non-Wire Alternative (NWA) project, instead of only specific NWA projects such as the Brooklyn-Queens Demand Management Program.

Third, Con Edison proposes to allow energy storage systems to export to the distribution system as part of participation in demand response programs, such as the Company's Rider T commercial demand response programs, with specific requirements depending upon whether the energy storage technology is equipped with an inverter or not. Energy storage technologies equipped with inverters would be allowed to export to either the secondary or primary voltage distribution system, whereas non-inverter-based technologies would only be allowed to export to the primary voltage system.

¹ Case 15-E-0751, Value of Distributed Energy Resources, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

Fourth, Con Edison proposes to exclude standalone energy storage systems from earning the Reliability Credit applicable to standby service customers.² The Company states that the Reliability Credit is designed to compensate customers for offsetting their native load, which standalone energy storage systems cannot do. Furthermore, Con Edison states that excluding standalone energy storage systems from eligibility for the Reliability Credit would eliminate cost shifts to other standby service customers, since the standalone energy storage systems would be able to avoid all delivery charges if the Reliability Credit were available.

Finally, Con Edison proposes to allow inverter-based energy storage systems to export to the secondary distribution system under Service Classification 11 - Buyback Service. Currently, customers may only export power to the primary voltage system under Buyback Service. Non-inverter-based energy storage technologies would only be allowed to export to the primary voltage system.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on August 16, 2017 [SAPA No. 17-E-0458SP1]. The time for submission of comments pursuant to the Notice expired on October 2, 2017. The comments received are addressed below.

² Standalone energy storage systems, also known as "front of the meter" or "grid-connected" systems, are those systems installed separate from other customer load, and are generally operated to participate in energy, capacity, or ancillary services markets.

COMMENTS

Comments were received from the New York Battery Energy Storage Technology Consortium (NY-BEST) on September 29, 2017. NY-BEST noted that it is generally in support of the proposed tariff amendments, but also expressed concern related to "front-of-the-meter" or standalone storage systems. NY-BEST notes that standalone storage systems would pay both wholesale supply rates and delivery rates to charge their systems, but only receive wholesale payments for its discharge. NY-BEST requests that the Commission take action in the short term, as a second phase to this proposal, to address these concerns.

DISCUSSION AND CONCLUSION

The tariff modifications proposed by the Company significantly expand the ability for energy storage systems to export to Con Edison's primary and secondary distribution systems. Expanding the ability for energy storage to participate in future NWA projects beyond the Brooklyn/Queens Demand Management Program is particularly salient as Con Edison begins to develop additional NWA project proposals which energy storage may be able to participate in. Beyond NWA programs, Con Edison's proposed tariff leaves also expand customers' ability to participate in the Company's Rider T commercial demand response programs with energy storage technologies. Allowing inverter-based energy storage technologies to export to the secondary voltage distribution system provides a new option for customers to interconnect energy storage systems while maintaining system power quality and reliability. Therefore, the tariff amendments proposed by Con Edison are approved, however, additional clarification is necessary regarding the proposed language on leaf 167.

Excluding standalone energy storage systems from being able to earn the Standby Reliability Credit is reasonable, since such customers would be able to wholly avoid any contribution to grid-costs imposed by the energy storage system, including costs specific to that customer. Furthermore, the Standby Reliability Credit is designed to reward customers for managing both their generation and non-generator load behind the customer's meter for the benefit of the distribution system, however, for "front of the meter" energy storage systems there is no other load to reward customers for managing and customers would earn payments for their discharge through existing wholesale market payments or through the Buyback Rate. While the Company's proposal is reasonable, the specific proposed tariff language on leaf 167 is too vague and requires clarification.

Con Edison's proposed language, "... with the primary purpose of exporting and not to off-set non-Electric Energy Storage system load and related support equipment," would allow the Company to determine whether or not a customer would receive the Reliability Credit based on the Company's perception of a customer's intentions or purpose. As this may lead to unnecessary disputes between customers and the Company, Con Edison is directed to make necessary modifications to define standalone energy storage systems, and further modify tariff leaf 167 to specify that standalone energy storage systems are not eligible to earn the Reliability Credit. Con Edison shall file such further amendments in compliance with this Order within seven days of the effective date of this Order, to be effective on not less than one day's notice. Newspaper publication requirements for this filing are waived.

In addition, subsequent to the tariff revisions filed by Con Edison in this proceeding, the Commission approved a number of tariff modifications in Case 16-E-0060, specifically

leaves 16³ and 162.⁴ Since those subsequent Commission-approved provisions were not included in Con Edison's proposed tariff revisions in this proceeding, Con Edison is directed to further modify applicable tariff leaves to incorporate the previously-approved provisions from Case 16-E-0060. Con Edison shall file these further tariff amendments on not less than one day's notice, to be effective on March 1, 2018. Newspaper publication requirements for this filing are waived.

Regarding NY-BEST's concern that standalone energy storage systems would be charged retail rates for charging and wholesale rates for discharging, these issues will be considered in the Value Stack and Rate Design working groups as part of Phase Two of the VDER Proceeding. The Value Stack working group is tasked to examine the value of exported power to utility distribution systems and develop payment mechanisms based on the value of such exports.⁵ The Rate Design working group is tasked to examine the rates and charges utilities collect from customers for their use of the grid.⁶ The Commission expects Department of Public Service Staff and parties to the VDER Proceeding to work expeditiously to bring proposals on these

³ Case 16-E-0060, Con Edison Electric Rates, Order Approving Tariff Amendments with Modifications (issued January 19, 2018).

⁴ Case 16-E-0060, supra, Order Approving Tariff Amendments on a Permanent Basis and Directing Further Modifications (issued November 20, 2017).

⁵ Documents related to the Value Stack working group can be found on DMM in Matter 17-01276.

⁶ Documents related to the Rate Design working group can be found on DMM in Matter 17-01277.

issues forward for Commission consideration in accordance with the 2018 Working Group process and schedule.⁷

The Commission orders:

1. The tariff amendments filed by Consolidated Edison Company of New York, Inc. and listed in the Appendix, shall become effective on March 1, 2018, except as described in the body of this Order.

2. Consolidated Edison Company of New York, Inc. shall file tariff amendments, as described in the body of this Order, within seven days of the issuance of this Order, to be effective on not less than one day's notice.

3. Consolidated Edison Company of New York, Inc. shall file tariff revisions incorporating previously approved provisions by the Commission from Case 16-E-0060 on not less than one days' notice to become effective on March 1, 2018.

4. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 as to newspaper publication for the tariff amendments directed in Ordering Clause Nos. 2 and 3 are waived.

5. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

⁷ Case 15-E-0751, supra, Revised VDER Value Stack and Rate Design Working Group Process and 2018 Schedule (submitted December 22, 2017).

6. This proceeding is closed pending compliance with the above Ordering Clauses.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

SUBJECT: Filing by CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Amendments to Schedule P.S.C. No. 10 - Electricity

Second Revised Leaves Nos. 15, 461

Third Revised Leaf No. 470

Fourth Revised Leaf No. 162

Fifth Revised Leaves Nos. 16, 78

Sixth Revised Leaves Nos. 79, 167

Seventh Revised Leaf No. 384

Issued: July 27, 2017 Effective: December 1, 2017
Postponed to March 1, 2018.

SAPA: 17-G-0458SP1 - STATE REGISTER - August 16, 2017

NEWSPAPER PUBLICATION: August 17, 24, 31 and September 7, 2017