STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

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

COMMENTS OF AES CLEAN ENERGY, LLC

ON

NEW YORK'S 6 GW ENERGY STORAGE ROADMAP: POLICY OPTIONS FOR CONTINUED GROWTH IN ENERGY STORAGE (UPDATED)

May 20, 2024

I. Introduction

AES Clean Energy Development, LLC ("AES"), submits these comments in response to the New York State Energy Research and Development ("NYSERDA") and the New York Department of Public Service's ("Commission") updated *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage*[1] ("Roadmap") published on March 14, 2024. AES continues to support the Roadmap and the energy storage program in New York as we work to achieve the "70 x 30" clean energy goals of the Climate Leadership and Community Protection Act ("CLCPA"). AES appreciates the opportunity to provide comments for consideration.

AES supports the Roadmap and urges the Commission to issue the associated Order and confirm the new goal of 6 GW of energy storage by 2030. AES would also encourage NYSERDA to swiftly issue its retail and bulk solicitation following the Order.[2] Battery storage is a crucial part of the reliability of the grid of the future and with a significant amount of energy storage resources in the NYISO interconnection queue, New York is poised to be an energy storage resource ("ESR") leader. Further, the Roadmap estimates that ESR will reduce the projected future electric system costs by $2 billion, in addition to the health and climate benefits.[3] AES and other developers require timing clarity for investment certainty. With delays, mature projects that could come online more quickly would be at risk. New York will also be delayed in creating an ESR market, potentially causing siting and development cost increases and challenges. Solicitation delays create uncertainty for ESR projects and pose a risk to the grid and success of the CLCPA.

II. AES Clean Energy

AES was founded in 1981 and is a U.S.-based Fortune 500 global energy company with headquarters in Arlington, Virginia and offices in many locations in the U.S., including New York City. Across the country, AES owns and operates a portfolio of more than 6.9 GW of renewable energy projects including more than 550 utility-scale and community solar, wind, energy storage, and hybrid projects across 26 states. AES is a committed, solutions-oriented climate leader. AES has spent more than two decades building projects in New York and is one of the state's leading developers. AES' development pipeline in New York includes more than 2.8 GW of clean energy projects including utility-scale solar, wind, community solar, and energy

[1] New York Department of Public Service and NYSERDA. New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage, filed March 14, 2024. ("Roadmap"). [New York's 6 GW Energy Storage Roadmap 2024 Update.]

[2] Roadmap at p. 94.

[3] Roadmap at p. 1.

storage. AES owns and operates one of the largest renewable energy portfolios in New York with 62 projects representing more than 850 MW of energy resources including Valcour Wind, a portfolio of 612 MW of operating wind projects.

III. Comments

a. Deployment Trajectory Assumptions

Given the program cost increases of $290 million – $310 million,[4] AES suggests that NYSERDA review its targeted allotment of 4-hour and 8- hour duration batteries. Since approximately 1/3 of the storage needs are projected to be from 8-hour duration storage,[5] and that it is currently more expensive to build than 4-hour duration, NYSERDA might consider revisiting that breakdown to address the program cost increase and encourage critically needed development of bulk energy storage projects. In addition, NYSERDA might consider reviewing how solar and storage program cost assumptions interact. Due to the index structure, cost increases in the ESR program may lead to a lower cost in the Tier 1 REC program.

b. Storage asset assumptions

In the updates to the storage asset assumptions for the program cost analysis,[6] the program cost increase reasons were not apparent without more data. AES requests that NYSERDA consider providing more details about their modeling. Or perhaps, NYSERDA could share more details about how they plan to evaluate energy storage bids. Developers would benefit and be able to execute more ESR projects with additional transparency of the evaluation process. Understanding NYSERDA's scoring metrics for ESR projects will ensure developers can make informed decisions and be able to better provide New York with vital battery storage projects.

[4] Roadmap at p. 2.
[5] Roadmap at p. 93.
[6] Roadmap at p. 91.

c. Capacity Margins

For the capacity assumptions, AES requests that NYSERDA clarify that its capacity assumptions[7] are consistent with other modelling assumptions such as, energy, ancillary services, and capital expenditures. NYSERDA could provide more detail on "blend independent third-party capacity price forecasts" because differences in blending could result in inconsistent assumptions. As much as possible, the same fundamental assumptions should be applied to calculating energy, ancillary services, BESS capex, and capacity prices.

IV. Conclusion

AES is supportive of the Roadmap and eager to contribute to the battery storage program in New York. Energy storage is critical to the reliability of the grid in New York as more renewable energy comes online. AES remains a committed partner in achieving the goals of the CLCPA.

[7] Roadmap at p. 93.