

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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

**REVISED IMPLEMENTATION PLAN OF  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. AND  
ORANGE AND ROCKLAND UTILITIES, INC.  
FOR A COMPETITIVE DIRECT PROCUREMENT OF SCHEDULING RIGHTS FROM  
QUALIFIED ENERGY STORAGE SYSTEMS**

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## **I. Introduction and Summary**

The New York State Public Service Commission (the “Commission”) issued the *Order Establishing Energy Storage Goal and Deployment Policy* (the “Storage Order”)<sup>1</sup> on December 13, 2018. The Storage Order required Consolidated Edison Company of New York, Inc. (“Con Edison”) to procure at least 300 MW and Orange and Rockland Utilities, Inc. (“O&R”) to procure at least 10 MW of scheduling rights from qualified energy storage systems (each, a “Contract”) to be operational by December 31, 2022. Following the first round of solicitations, in response to a petition by the Joint Utilities,<sup>2</sup> on April 16, 2021, the Commission issued the *Order Directing Modifications to Energy Storage Solicitations* (the “Modification Order”)<sup>3</sup> for the second round of solicitations. The primary changes the Modification Order makes to the terms of the second solicitation are to extend the operational deadline of the procured storage systems to December 31, 2025 and to extend the duration of the scheduling service Contract from seven to ten years. An updated implementation plan of Con Edison and O&R (together, the “Companies”) responded to the Commission’s direction for plan revisions. A second solicitation was issued in 2021 based on the updated implementation plan; however, no projects were selected. This implementation plan is meant to inform the market of a third solicitation.

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<sup>1</sup> Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Order Establishing Energy Storage Goal and Deployment Policy (December 13, 2018).

<sup>2</sup> Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Joint Utilities Petition to Modify The Energy Storage Order To Improve Procurement Results (October 30, 2020).

<sup>3</sup> Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Order Directing Modifications to Energy Storage Solicitations (April 16, 2021).

The Joint Utilities have filed a [petition](#)<sup>4</sup> to both extend the deadline for project completion from 2025 to 2028 and to increase the maximum contract length from ten to fifteen years. The RFP will describe how applicants can use later project completion deadlines and longer contract terms in their procurement responses.

This revised implementation plan is structured into discrete sections including key changes from previous solicitations described below:

- Section II presents an overview of the solicitation and describes the steps and timeline for the 2022 storage procurement process.
- Section III addresses the eligibility requirements that will be evaluated to assess parties' ability to participate in the competitive procurement.
- Section IV describes bid requirements.
- Section V includes non-exhaustive lists of quantitative and qualitative bid evaluation criteria for assessing proposals.
- Section VI describes the responsibilities of successful bidders
- Section VII describes the expected use and operations of the storage during and after the Contract term.
- Section VIII presents key terms of the Contract between the Utilities and the winning bidder. This section references the 2021 Contract.
- Section IX presents the accounting treatment for the transaction.

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<sup>4</sup> Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Petition to Modify the Energy Storage Order (November 30, 2022).

While this updated implementation plan provides some details regarding the procurement process, the Companies will provide interested parties a greater level of detail during the review of the Request for Proposal (“RFP”) and pro forma Contract included therewith.

Key changes, in addition to those described above, include:

- Inclusion of additional operational details of a distribution connected asset.
- Addition of a levelized payment option.
- Restrictions of storage systems proposed indoors; and
- Clarifications regarding how future class year projects will be evaluated.

## **II. Overview, Steps, and Timeline of Solicitation**

The Utilities will issue a common RFP to competitively secure scheduling rights from qualifying energy storage resources for a term of up to ten (or, if approved by the Commission, 15) years. Because Con Edison executed a contract for the purchase of dispatch rights of an energy storage system with a capacity of up to 100 MW in its first solicitation, Con Edison is currently targeting to procure dispatch rights to at least 200 MW, while O&R targeting is targeting to procure rights to at least 10 MW, to comply with the Storage Order. This joint procurement by the Utilities will allow for an expedited and efficient procurement process for each company.

The procurement will take place in two phases. The Phase One application will request limited information from bidders to allow the Utilities to conduct a general evaluation process. Phase One will enable the Utilities to execute their first round of market evaluation without generating unnecessary workload for themselves and the prospective bidders. Certain

information requested in Phase One will be non-binding. We have identified the sections (and in some cases subsections) of the information request that are binding as well as those that are not. Following approval from the respective Company, selected bidders will be asked to complete the Phase Two application. Information provided as part of Phase Two will become binding. This two-phased approach is intended to reduce RFP development costs for those projects that are not cost effective and give the bidders of more cost-effective projects more certainty when negotiating key project components such as land and equipment.

Both Con Edison and O&R will accept bids exclusively for storage projects sized over 5 MW and connected to the transmission or distribution system that can directly participate in the New York Independent System Operator, Inc.’s (“NYISO”) wholesale markets and/or provide distribution benefits (if applicable). The Utilities may identify higher value locations in the RFP and give preference to resources located in those areas during the bid evaluation and selection process. They may also identify the preferred voltage level at which they seek energy storage systems’ interconnection to their systems. More geographic specificity and detail will be provided in the RFP documents. The procurement is expected to follow the following steps and timeline.

<b>No.</b>	<b>Action</b>	<b>Con Edison and O&amp;R Dates</b>
1	Issue RFP and Term Sheet	December 30, 2022
2	Bidders submit Phase One proposals	February 28, 2023
3	Bid review complete and bidders notified	March 31, 2023
4	Phase Two bidders submit proposals	June 30, 2023
5	Phase Two bidders notified	July 31, 2023
6	Contracts executed (within six months from selection)	

By December 30, 2022, Con Edison and O&R will release the RFP and the associated Term Sheet. Formal Phase One bids from prospective vendors will be due on February 28, 2023. The Companies will assess the bidders' Phase One proposals and notify bidders of their Phase One results by March 31, 2023.

Bidders selected from Phase One will receive a request to complete the Phase Two portion of the solicitation. Bidders that are chosen for Phase Two will have until June 30, 2023 to submit Phase Two bids. The evaluation criteria and binding aspects of the bid are described in Section V of this implementation plan. The Companies expect to notify winning bidders of Phase Two by July 31, 2023.

The precise timeframe for concluding contracts with the winning bidders and their subsequent installation of storage systems will depend on a variety of factors including the bidder's requested modifications to the Contract (if any) as well as the ability of all parties to obtain senior management and, in some cases, Board of Directors' approval in a timely manner. The Companies have and will continue to leverage the shared experience of previous storage solicitations to develop a process that will enable the most efficient and timely path to Contract execution. The Companies reserve the right to modify the dates of the procurement timeline as required with notification to all participants. The Companies expect that Contracts will be executed during the fourth quarter of 2023.

### **III. Bidder Eligibility Criteria**

All bidders must demonstrate their basic eligibility in their proposal. Bidders will not be required to submit this information separately from their Phase One proposal but should be

aware of these evaluation criteria. The intent of this criteria is to ensure only viable projects and well-developed proposals that can meet the in-service deadline are submitted. The eligibility section of the response will ask for the following information:

1. Company and organizational information.
2. Credit information.
3. Three years of audited financial statements and year-to-date audited financial statements.
4. Bidder's demonstrated experience in deploying the proposed commercialized storage technology at a scale of at least 2 MW in a single project in an expeditious manner (to ensure the bidder can meet the in-service deadline of December 31, 2025, or any later date ordered by the Commission).
5. Experience operating and maintaining Energy Storage Systems.
6. Experience registering and operating assets in the NYISO.

#### **IV. Bid Requirements**

In addition to the information requested to assess the bidder's minimum eligibility, the following types of information will also be requested in the RFP. Section V details whether the information is binding or non-binding for different phases of the RFP.

- **Project information** – Information including location, interconnection point, high level technical specification, and equipment selection.



- **Operating information** – Information including charge/discharge characteristics, round trip efficiency, dispatch time limitations, response rates, cycle limitations, and ancillary services rates.
- **Project costs and offer price** – The costs will include all costs to construct, interconnect, own, operate, and maintain the storage project including but not limited to capital expenditures, annual O&M costs, electric distribution and electric supply charges for station use, and distribution charging energy costs. The offer price will reflect the total price the bidder is willing to accept with bidders able to specify an offer price for one of two payment structures: (1) to be paid in two parts: an initial upfront payment and annual equal payments thereafter as specified in the RFP, and (2) annual payments of equal amounts during the course of the Contract. The offer price will be the total expected from both the Companies and New York State Energy Research and Development Authority (“NYSERDA”)<sup>5</sup>.
- **Site control** – Bidders will need to demonstrate site control, discuss the merits of the proposed site, provide a preliminary site layout accommodating local zoning rules for the proposed project, specify the legal and property interest through which the bidder has control over the land, provide current title reports, and provide survey drawings completed for the proposed project. Based on current fire safety regulations and the

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<sup>5</sup> The offer price will be provided via two separate payments from either Con Edison or O&R on the one hand and NYSERDA on the other. The two payments will together equal the offer price. The split between the two will be provided during the contracting phase. More information about NYSERDA’s incentive from the first solicitation can be found here: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7b9824DFE0-EE5A-4EBA-9018-3B57341B4551%7d>

risk that indoor batteries of the required size may not receive the requisite permits to operate, Con Edison will not consider proposals for indoor batteries in New York City.

- **Interconnection** – Information requested will include general information, expected commercial operation date (“COD”), location, application status, schedule of interconnection steps, counterparty information, studies and agreements, and costs. For transmission connected projects, participation in the NYISO 2021 Class Year or an earlier class year is required. Projects on the distribution system should be prepared to describe the merits of the location based on available capacity based on experience and information found in the hosting capacity maps.<sup>6</sup> Bidders with distribution projects should also plan an interconnection design to match the area’s level of reliability. For example, if the service territory requires new load to be interconnected at an N-2 reliability design, then the energy storage solution must be interconnected at the N-2 reliability standard.
- **Technical information** – Information requested will include system design, operational parameters, maintenance practices, safety plans and background, and warranty coverage.
- **Permitting and scheduling** – Information requested will include a comprehensive list of the permits required for the bidder’s project and the schedule for the project.

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<sup>6</sup> Con Edison hosting capacity maps: <https://www.coned.com/en/business-partners/hosting-capacity>

- **Financing and credit** – Information requested will give a complete picture of how the project will be financed (including information about the entity providing financial surety) should the bidder contract with one of the Utilities.

**V. Bid Evaluation Criteria**

The Utilities will assess each storage proposal based on both quantitative and qualitative factors. While some information provided in Phase One is non-binding, the Utilities anticipate that bidders submit reliable information in Phase One to permit evaluation of Phase One bids. If there are changes to responses between Phase One and Phase Two, the Companies may ask for justification of the change. The Utilities expect to highlight in the RFP and supporting documents what bidders need to submit in each phase of the RFP as indicated in the following table:

<b>Title</b>	<b>Phase One</b>	<b>Phase Two</b>
Experience	Binding	
Financials	Binding	
Bidder Information	Binding	
Project Information	Non-binding	Binding
Operating Information	Non-binding	Binding
Project Cost & Bid Price	Non-binding	Binding
Site Control	Non-binding	Binding
Interconnection	Non-binding	Binding

Technical Information	Non-binding	Binding
Permitting & Schedule	Non-binding	Binding
Financing & Credit	Non-binding	Binding
Bidder Checklist	Partial	Complete
Bidder Team	Non-binding	Binding
Warranty	Non-binding	Binding
Contract	Redline Term Sheet	Full Contract Redline

The Companies expect to use quantitative and qualitative factors similar to those used during the Companies' 2019 & 2021 bulk storage procurements to evaluate Phase 1 and Phase 2 Bids as summarized below:

**Quantitative Factors**

Bidders should provide only their best offer price without consideration to the source of the funding. Projects will be ranked based on their Quantitative Scores. The number of projects and capacity (MW) level to which the Companies will procure is a function of the offer price, offer scoring based on evaluation criteria, and the availability of the NYSERDA Incentive.

Con Edison and O&R will use the following formula based on its forecast of value, benefits, and pricing to evaluate bidder proposals:

$$\text{Quantitative Score} = \text{Net Market Value} + \text{Distribution Benefit} + \text{Environmental Benefit} - \text{Offer Price}$$

$$\text{Net Market Value} =$$

$$\text{(Energy Value + Ancillary Services Value + Capacity Value) –}$$
$$\text{(Charging Cost + NYISO Fees)}$$

Where:

- **Energy Value** is projected revenues from NYISO energy markets over the project's delivery term.
- **Ancillary Services Value** is projected revenues from participation in 10-minute and 30-minute operating reserves markets over the project's delivery term. Where applicable, participation in voltage support service under its Market Services Tariff (Rate Schedule 2) will be considered.
- **Capacity Value** is projected revenues from NYISO capacity markets over the project's delivery term.
- **Charging Cost** is expected costs of charging the project at projected LBMP prices.
- **NYISO Fees** includes participation fees, and related charges made by the NYISO to the asset scheduler/bidder.
- **Distribution Benefit** considers quantifiable benefits associated with a storage system's location within the Con Edison or O&R distribution system. Where applicable, a Marginal Cost of Service ("MCOS") distribution value will be assigned to offers based on proposed Interconnection Point in Con Edison and O&R's service territory<sup>7</sup>. The Companies will evaluate bids with proposed interconnections that match the contingency design level of the applicable load.

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<sup>7</sup> Con Edison Benefit Cost Analysis Handbook, Revised August 19, 2016, DPS Case 14-E-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

- **Environmental Benefit** is an environmental value that will be determined and assigned to each offer, where applicable.
- **Offer Price** is the price submitted by bidders.

### **Qualitative Factors**

Con Edison and O&R will use the following qualitative criteria:

- **Location** – Con Edison and O&R will evaluate proposals on whether the proposed project is in a preferred load area as designated by Con Edison and O&R.
- **Project Viability** – This is an evaluation of the likelihood that the project can be successfully developed and can meet use case requirements for the agreement period. Evaluation will consider the project’s viability, risks, and likelihood of meeting Commission requirements for operational projects by December 31, 2025 or the date directed by the Commission. Projects with earlier completion dates are preferred.
- **Credit Quality** – This is an evaluation of the bidder’s ability to perform all financial and financing obligations under the Contract.
- **Adherence to Terms** – Measures bidder adherence to the pro forma Contract and Term Sheet. Redlines to the pro forma Contract will be provided by bidders as part of their proposal package and reviewed by Con Edison and O&R during the evaluation period. Preference will be given to offers that most closely adhere to the pro forma Contract to ensure its timely execution.

- **System Design** – Evaluates system specifications, warranties, expected operational parameters and associated restrictions/limitations on use of the energy storage system. Preference will be given to proposed systems that demonstrate capabilities to meet Con Edison and O&R’s use case while minimizing restrictions
- **Developer Experience** – This considers the extent of the bidder’s storage and New York experience (*e.g.*, previous development or operating experience). The experience of the integrator and Engineering, Procurement and Construction (EPC) contractor will also be evaluated, but preference and additional weight will be given to developer experience relative to others.
- **Safety** – Evaluates potential safety risks, and mitigation plans associated with the bidder implementation plans.
- **Bidder Concentration** – Con Edison and O&R will consider the amount of MW per bidder for a diversity of projects.

## **VI. Winning Bidder Responsibilities**

Winning bidders will be required to enter a Contract granting Con Edison or O&R scheduling rights for the entire output of the resource for the duration of the Contract. As such, the Company will serve as the asset’s energy manager for the purpose of scheduling and dispatching the asset for wholesale market participation and/or to provide distribution benefits. Winning bidders must register the storage asset with the NYISO and provide the necessary staffing, communications, metering, and telemetry required to participate in the NYISO markets for installed capacity, day- ahead and real time energy and reserves. Winning bidders will retain

ownership of the storage asset and will be required to operate and maintain the system for the duration of the Contract in a manner that maintains the contracted minimum capacity (MW) rating and availability for the duration of the scheduling Contract.

Each Con Edison and O&R Contract winner must register the asset(s) with the NYISO and comply with all required NYISO and Federal Energy Regulatory Commission (“FERC”) rules such that they can designate the Company as energy manager to bid the storage systems in the NYISO wholesale markets for installed capacity, energy, operating reserves, and frequency regulation, where applicable. The Company will have sole responsibility to bid the storage asset into the NYISO markets and will receive all NYISO revenues and pay any NYISO charges associated with operating the battery according to the designated schedule for the duration of the Contract. At the end of the Contract, the Company and developer will notify NYISO of the successor energy manager with sufficient lead time to effectuate any required changes.

Winning bidders must demonstrate that they have obtained all required site control, approvals, and authorizations to construct, interconnect, own and operate the storage resource, and sell scheduling rights to the Company for the term of the Contract.

## **VII. Storage Operations Expectations**

Wholesale market revenues are expected to primarily come from capacity and/or 10-minute spinning reserve markets. Energy sales will occur to support capacity and spinning reserve commitments and any potential energy arbitrage. Distribution projects may generate load relief or reliability benefits. Participation in other market services may also be pursued upon mutual agreement. The Company has the sole right to designate the asset to operate for



either NYISO revenues or for distribution system needs (if applicable) during the Contract period and within warranty limitations.

During the contract term of distribution connected assets, the Companies will operate the battery to maximize wholesale market revenues while prioritizing distribution needs as they emerge. The contract the Company signs with the asset owner will include a level of contract demand that the asset owner is willing to pay and any charging restrictions included in the interconnection agreement. The asset owner will have the responsibility to ensure that automated charging limitations will prevent contract demand from rising above the level specified by the asset owner. The level of contract demand and/or any interconnection agreement charging restrictions must, at a minimum, allow for a full charge cycle. These restrictions should be known prior to contracting.

Additionally for distribution connected assets, the Company will minimize as-used daily demand charges by incorporating the economic cost of charging during those as-used daily demand hours into the NYISO bidding strategy.

At the end of the Contract term, all dispatch rights will revert to the asset owner who will be responsible for meeting any/all NYISO requirements to continue participation in the wholesale markets, if desired.

## **VIII. Contract Terms**

The Companies anticipate that the Contract terms will be similar to the pro forma Contract used in their 2021 bulk storage solicitation. Key changes include adding a levelized payment option and corresponding letter of credit reductions. Additionally, the terms will reflect possible extensions of both the required Commercial Operation Date and maximum contract length pending Commission approval as described above. The Contract used in 2021 can be found [here](#).

## **IX. Ratemaking and Accounting Treatment**

The Companies will treat any upfront and annual lump sum Contract payments to energy storage developers other than any portion funded through the Market Acceleration Business Incentive (“MABI”) as a regulatory asset to be amortized over Contract term with the Companies’ weighted average cost of capital applied to any unamortized balances. All costs associated with this program not directly associated with a contract will be amortized over a ten (or, in the event the Commission approves it) a 15-year period.

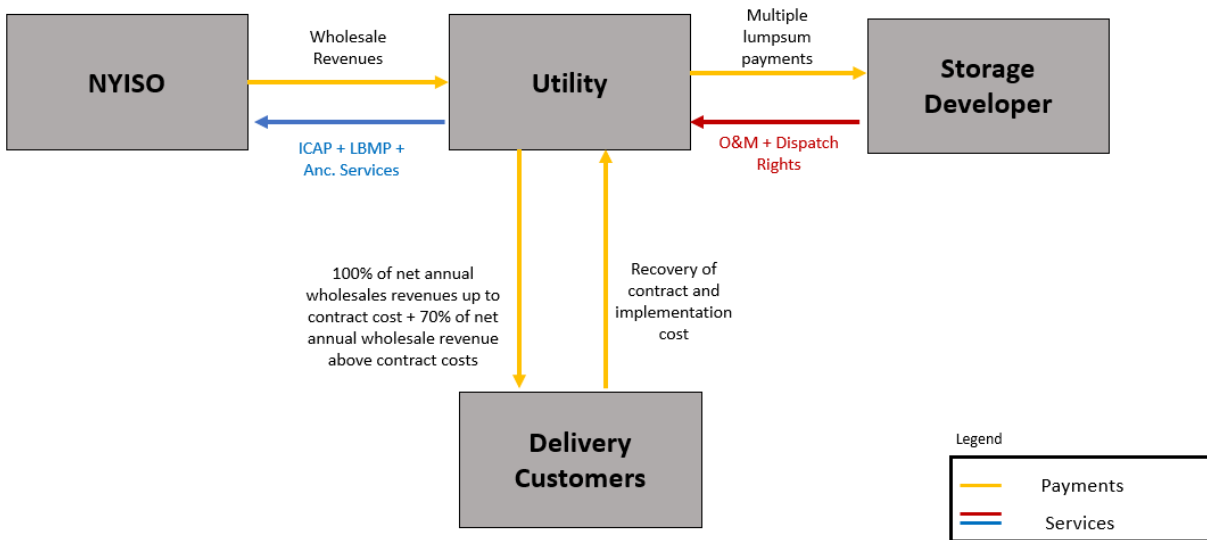
Cost recovery for Con Edison is addressed in the Monthly Adjustment Clause (“MAC”)<sup>8</sup> and Other Charges and Adjustments (“OTH”)<sup>9</sup> while cost recovery for O&R is addressed in the Energy Cost Adjustment (“ECA”)<sup>10</sup>.

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<sup>8</sup> The MAC is included in Con Edison’s Schedule for Electricity Service, P.S.C. No. 10 – Electricity.

<sup>9</sup> The OTH is included in Con Edison’s Schedule for PASNY Delivery Service, P.S.C. No. 12 – Electricity.

<sup>10</sup> The ECA is included in O&R’s Schedule for Electric Service, P.S.C. No. 3 – Electricity.



**X. Conclusion**

Con Edison and O&R look forward to executing their revised implementation plan as described herein for a competitive direct procurement to secure scheduling and dispatch rights from new qualified energy storage systems in support of and in compliance with the Commission’s Storage Order, as modified by the Modification Order, and any applicable future orders.

Dated: December 9, 2022  
 New York, New York

Respectfully submitted,

CONSOLIDATED EDISON COMPANY  
 OF NEW YORK, INC. and ORANGE AND  
 ROCKLAND UTILITIES, INC.

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