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INDEPENDENT POWER PRODUCERS OF NEW YORK

Hon. Michelle Phillips
Secretary
Public Service Commission
3 Empire State Plaza
Albany, NY 12223

Re: Comments of Independent Power Producers of New York in Response to SAPA Notice PSC-47-22-00008-P

Secretary Phillips,

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing companies involved in the competitive power supply industry in New York State and in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas transmission facilities. IPPNY Member companies produce the majority of New York's electricity, utilizing hydro, nuclear, wind, natural gas, solar, energy storage, biomass, oil, and waste-to-energy.

On September 30, 2022, multiple investor-owned utilities filed, in Case 22-E-0549, a proposed electric tariff revision that specifies dual participation of distributed energy resources (DER) in the wholesale and retail markets is permitted as long as such participation does not provide dual compensation. This ban proscribing dual compensation is also a fundamental requirement under FERC Order No. 2222. The New York Independent System Operator, Inc. (NYISO) has submitted two sets of tariff revisions to address the participation of DERs in its markets. In its first filing, which preceded issuance of FERC Order No. 2222, the NYISO tariff revisions only require a DER to attest during registration that it is currently not receiving compensation for the same service in any other retail market or program. The Commission accepted these revisions which are expected to be implemented in Q3 2023. While the NYISO's subsequent submitted tariff revisions to address the dual compensation issue directly in its compliance filing in accordance with FERC Order No. 2222 that FERC also accepted, the NYISO has stated that, due to, *inter alia*, resource and software limitations, it may not be able to implement these tariff revisions until 2026. FERC has accepted this timeline.

Thus, the broader proposed provision by the utilities in Case 22-E-0549 is necessary in the interim period to protect against double compensation given that the NYISO has stated it may not be able to institute this protection as part of companion wholesale tariffs until 2026. Importantly, this tariff revision supports the efficient use of DER by expressly establishing how non-capacity and non-energy payments for stack value customers through the retail market must align with compensation for the energy and capacity products through the NYISO. As both the Commission and FERC have found, unnecessary barriers to DER participation in wholesale markets must be eliminated and their participation must be facilitated. At the same time, consumers must not be required to pay twice for the same service. The proposed tariff revisions to the utility retail tariffs effectively support this balance.

While we are supportive overall of the utilities' electric tariff revisions to establish wholesale market participation eligibility requirements for DERs, IPPNY encourages the utilities to exercise caution when developing wholesale distribution service rates (anticipated to be filed with FERC no later than May 1, 2023) as to not unintentionally raise barriers to DERs participation in the wholesale markets.

With the DER aggregation mechanisms expected to be implemented in the NYISO market later this year, it is crucial to make sure that, once it does become active, dual compensation is proscribed from the outset. The consumer benefits of the DER Aggregation mechanism should not be stunted by any possible loophole. This electric tariff revision ensures that no form of DER is given an unfair advantage in the market through duplicative compensation, thus ensuring fair market competition.

Dated: January 23, 2023

Respectfully submitted,

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