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May 20, 2024

Hon. Michelle L. Phillips, Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

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

Dear Secretary Phillips:

The New York Battery and Energy Storage Technology Consortium (NY-BEST), the Alliance for Clean Energy New York (ACE NY), the Solar Energy Industries Association (SEIA) and the New York Solar Energy Industries Association (NYSEIA) collectively submit these joint comments in relation to the updates made to *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage* (Roadmap), and in response to the Notice of Comment published in the State Register on April 3, 2024.

We appreciate the opportunity to share these comments. We can be reached at info@ny-best.org or by phone at 518-694-8474. Thank you.

Sincerely,

DocuSigned by:
Noah Ginsburg
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Dr. William Acker	Marguerite Wells	Valessa Souter-Kline	Noah Ginsberg
Executive Director	Executive Director	Northeast Regional Director	Executive Director
NY-BEST	ACE NY	SEIA	NYSEIA

NY-BEST, ACE NY, SEIA and NYSEIA Comments

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

INTRODUCTION

The New York Battery and Energy Storage Technology Consortium (NY-BEST), the Alliance for Clean Energy New York (ACE NY), the Solar Energy Industries Association (SEIA) and the New York Solar Energy Industries Association (NYSEIA), collectively referred to as the "Commenters," submit these joint comments in relation to the updates made to *New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage* (Roadmap), and in response to the Notice of Comment published in the State Register on April 3, 2024. The updated Roadmap was submitted by Staff of the New York State Department of Public Service (DPS) and the New York State Energy Research and Development Authority (NYSERDA) on March 15, 2024, and reflects new cost estimates and proposed budgets from the original Roadmap, which was submitted on December 28, 2022.

NY-BEST is a not-for-profit industry trade association with a mission to grow the energy storage industry in New York. We act as a voice of the energy storage industry for more than 180 member organizations on matters related to advanced batteries and energy storage technologies. Our membership includes global corporations, start-ups, project developers, leading research institutions and universities, and numerous companies involved in the electricity and transportation sectors.[1]

ACE NY is a member-based organization with a mission of promoting the use of clean, renewable electricity technologies and energy efficiency in New York State to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. ACE NY's diverse membership includes companies engaged in the full range of clean energy technologies as well as consultants, academic and financial institutions, and not-for-profit organizations interested in our mission.

SEIA is leading the transformation to a clean energy economy, creating the framework for solar to achieve 30% of U.S. electricity generation by 2030. SEIA works with its 1,000 member companies and other strategic partners to fight for policies that create jobs in every community and shape fair market rules that promote competition and the growth of reliable, low-cost solar power. Founded in 1974, SEIA is the national trade association for the solar and solar + storage industries, building a comprehensive vision for the Solar+ Decade through research, education and advocacy. There are more than 730 solar companies based in New York across the entire solar value chain, including installers, manufacturers and service providers, as well as a variety of regional or national businesses with projects and operations in the Empire State.

NYSEIA is a statewide trade association dedicated to accelerating rooftop and community solar + storage adoption in New York. NYSEIA advances its mission through legislative and regulatory policy advocacy, public education, and member capacity-building. NYSEIA's 225 members employ thousands of workers in

[1] NY-BEST comments represent the interests of the organization as a whole and not the views of any single member. Our members have diverse interests and the organization's views are intended to be reflective of the energy storage industry collectively.

the rooftop and community solar + storage industry, supporting progress toward New York's ambitious clean energy and equity goals.

The Commenters commend the work of DPS and NYSERDA Staff in updating the Roadmap to reflect a changing market landscape. The Commenters continue to strongly support the updated Roadmap and urges the Commission to act expeditiously to issue an Order to adopt a new energy storage goal of 6 GW by 2030, approve the Roadmap, and authorize the programs that are necessary to implement it. We offer a series of comments below relating to the need for urgent action.

COMMENTS AND RECOMMENDATIONS

The Benefits of the Roadmap Justify the Costs

The updated Roadmap maintains the proposal to support deployment of 4,700 MW of new energy storage projects to achieve the 6 GW target by 2030, while providing new cost estimates for the programs, taking into account a material increase in costs due to factors such as inflation and wholesale capacity price forecasts. The Commenters support the updated estimated funding allocations, summarized in the table below:

Program	**MW**	**Funding Mechanism Recommended**	**Original Roadmap Estimated Costs* (2022$NPV)**	**Updated Roadmap Estimated Costs* (2024$NPV)**
In development (awarded, contracted or installed)	1,300 MW	Original Roadmap funding Continues	N/A	N/A
Bulk	3,000 MW	NYSERDA procurements Index Storage Credit 15-year contract	$474,000,000 - $1,186,000,000	$701,452,253 - $1,421,798,456
Retail	1,500 MW	Declining Block incentives Region- Specific	$438,000,000	$488,551,975
Residential	200 MW	Declining Block incentives	$72,000,000	$74,486,642
Total	**6,000 MW**		**$984,000,000 - $1,696,000,000**	**$1,190,004,228 - $1,910,350,431**

**Excludes proposed program administrative costs*

The Commenters contend that the benefits of deploying 6 GW of energy storage by 2030 justify the costs. Analyses such as those published in the original Roadmap, Staff's *Power Grid Study,*[2] the Integration

[2] New York State Department of Public Service (DPS) and New York State Energy Research and Development Authority (NYSERDA). *New York Power Grid Study*. January 19, 2021. (https://www.nyserda.ny.gov/About/Publications/Energy-Analysis-Reports-and-Studies/Electric-Power-Transmission-and-Distribution-Reports/Electric-Power-Transmission-and-Distribution-Reports---Archive/New-York-Power-Grid-Study)

Analysis for the Final CLCPA Scoping Plan,[3] and the latest NYISO System & Resource Outlook[4] have projected the need for at least 15 GW of energy storage by 2040 to achieve the goals of the Climate Leadership and Community Protection Act (CLCPA). Further, the analysis performed for the original Roadmap estimates that deploying 6 GW of storage by 2030 will yield an estimated $1.94 billion (2022$NPV) in net societal benefits to New York due to avoided electricity system expenditures, not including other societal benefits such as improved air quality and health benefits in communities impacted by fossil generation. Approving the Roadmap and authorizing the programs necessary to implement it will signal the Commission's commitment to complying with the CLCPA in a cost-effective manner, despite macroeconomic turbulence.

Adopting the Roadmap Quickly Will Benefit Disadvantaged Communities

Energy storage is uniquely suited to displacing peaker plants, which are disproportionately located Downstate and in Disadvantaged Communities. In New York City alone, the retirement of peaker plants would result in an additional estimated $1 billion in savings by 2035 due to reduced environmental and health impacts from avoided emissions.[5] Shuttering existing peaker plants and replacing them with wind, solar and storage is critical to reducing ratepayer costs, increasing grid reliability, and improving health outcomes, particularly in Disadvantaged Communities.

Further, on May 17, the Commission adopted the Statewide Solar for All program, combining a utility-managed Energy Affordability Program (EAP) and Community Solar program to pass along clean energy benefits to low-income households. The cost-savings benefits of shared, local, clean energy generation and energy storage can be harnessed as an immediate, effective tool to help alleviate the needs of energy cost-burdened New Yorkers. However, with a continued delay in adopting the Roadmap, the community-scale storage projects that could deliver such benefits will be stalled, delaying energy affordability benefits to those who need them most. This will particularly impact Disadvantaged Communities in New York City, where community solar is severely limited due to space constraints, and where community-scale energy storage is a well-suited solution.

Provide Flexibility to NYSERDA to Achieve Goals in a Timely Fashion

The Commenters support Staff's recommendation that the Commission grant NYSERDA flexibility to make adjustments to program allocations and design, as needed. The Commenters are particularly concerned that the update to the Roadmap delayed the release of the bulk program by over a year, resulting in even tighter timelines to meet the 6GW by 2030 goal. Given the delay in approving the Order, the Commenters encourage the Commission to take swift action to operationalize the program, and recommend the Commission provide ample flexibility to NYSERDA to adjust procurement timelines accordingly to achieve

[3] Energy and Environmental Economics (E3) for NYSERDA and the New York State Department of Environmental Conservation (DEC). *Appendix G: Integration Analysis Technical Supplement New York State Climate Action Council Scoping Plan*. December 2022. (https://climate.ny.gov/resources/scoping-plan/-/media/project/climate/files/Appendix-G.pdf)

[4] New York Independent System Operator (NYISO). *2021-2040 System & Resource Outlook*. September 22, 2022. (https://www.nyiso.com/documents/20142/33384099/2021-2040-Outlook-Report.pdf/a6ed272a-bc16-110b-c3f8-0e0910129ade?t=1663848437588)

[5] The PEAK Coalition. *The Fossil Fuel End Game 2.0: Tracking New York City's Peaker Power Plant Closures and the Clean Energy Transition.* January 2024. (https://www.cleanegroup.org/wp-content/uploads/Accelerate-Now-Fossil-Fuel-End-Game.pdf)

the goals in a timely fashion. Further, as energy storage project cost varies by project location, application, project type, and other variables, the Commenters recommend the Commission provide NYSERDA with the flexibility in program implementation to optimize impact.

Act Urgently to Mitigate Costs

The Commenters urge the Commission to act expeditiously given the potential to experience additional cost increases should the program be postponed any further. The lag to date has resulted in a delayed schedule for the NYSERDA bulk procurement as well as a stall in the retail incentive market. Indeed, the longer the delay in issuing an Order to approve the Roadmap, the greater the actual costs of achieving the 6GW target are likely to be. This can be attributed to the following factors:

1. *Lost Federal Program Opportunities:* The Department of Energy (DOE) Loans Program Office (LPO) offers flexible loan guarantees to support energy storage deployment under their Title 17 Clean Energy Financing Program. According to the DOE, LPO must finalize agreements on loan applications by September 2026 and disburse all loans by December 2031. Given that the LPO process to review and approve loans typically takes at least three months, and likely up to a year, prospective candidates must submit their applications by June 2026 at the absolute latest to be considered. A further delay in the rollout of Roadmap programs could make this timeline difficult to achieve. If developers are unable to access federal financing benefits for energy storage projects, the cost of the projects will increase, resulting in a higher cost to New York State ratepayers to achieve the CLCPA.

2. *Ongoing Site Acquisition Costs:* Acquiring and/or retaining site access for potential development sites is costly. Many energy storage developers continue to make significant ongoing investments in site access with an understanding that the State is committed to supporting the energy storage market in New York. Given the continued delay in approving the Order, project costs are increasing, particularly as some sites' agreements expire and need to be reacquired, or as agreements are dropped altogether and alternative sites must be identified.

3. *NYISO Considerations:* Since July 2023, the NYISO has consistently highlighted reliability concerns in Zone J that are preventing the closure of peaker plants as required by the 2019 Department of Environmental Conservation (DEC) Peaker Rule.[6,7] This has delayed the retirement of nearly 600 MW of fossil-based generation capacity in New York City. Faster deployment of energy storage in Zone J could help address this reliability risk, lowering costs to ratepayers and contributing to improved local air quality, particularly for Disadvantaged Communities. Deployment of storage across the state will be necessary to meeting our climate commitments in a timely and cost-effective manner, while preserving reliability.

[6] In 2019, the New York State Department of Environmental Conservation adopted a regulation to limit nitrogen oxides (NOx) emissions from simple-cycle combustion turbines, referred to as the "Peaker Rule." (https://www.dec.ny.gov/regulations/116131.html)

[7] NYISO Short-Term Assessment of Reliability (STAR) Report: 2023 Quarter 2. July 14, 2023. (https://www.nyiso.com/documents/20142/16004172/2023-Q2-STAR-Report-Final.pdf/)

4. *Long Development Timelines:* Energy storage systems can provide savings to ratepayers once they are operational. However, it will take several years after the initiation of the procurement process for most of these systems to become operational. Therefore, delays in procurement will lead to compounding costs, as potential benefits are forfeited for the years prior to operation.

Mitigate Costs by Allowing Utilities to Continue to Procure Bulk Storage

The Commenters recommend that the Commission consider allowing utilities to continue to procure Bulk Storage capacity through Utility Dispatch Rights Contracts, or direct contracts with storage developers. After years of uncertainty, this procurement mechanism has just begun yielding results; ending the program now would mean forgoing program potential. After years of work and multiple auctions, several developers are nearing final contracts with utilities and believe that this procurement process can now yield a high volume of financeable bulk storage projects on a certain and accelerated timeline.

With the delayed start of the Roadmap programs, the Commenters recommend that the two procurement mechanisms – Utility Dispatch Rights Contracts and the ISC – be run in parallel to drive sufficient uptake and deployment. Mechanisms should be kept in place for at least five years to ensure that the feedback loop can operate, and the Commission is able to make an informed decision on the future of the mechanism. Discontinuing the Utility Dispatch Rights Contracts mechanism could slow the pace of storage development in New York.

Further Mitigate Costs by Improving Utility Rates for Energy Storage

The Commenters recommend the Commission initiate a parallel action to investigate and improve utility rates for energy storage resources at both the bulk and retail levels. Energy storage-specific rate designs would benefit the grid and ratepayers by aligning rate structures to encourage optimal charge and discharge of energy storage resources. Costs to achieve the goals of the Roadmap could be further reduced if the Commission takes action to address utility rate structures.

Energy storage is very different from typical utility loads in that it is not a consumer of energy but rather a resource to shift energy in time by absorbing it and releasing it later. In many ways, energy storage is more similar to a transmission line that takes in energy at one location and outputs energy at a different location, with the distinction being that energy storage resources shift the energy in time rather than space, the way a transmission line does. Utility tariffs have not been designed for energy storage and apply many costs that are inappropriate to resources that are not the end consumer of the energy. These tariffs, with associated riders and surcharges, apply to energy storage both on the distribution system and, in some New York utility territories, on the transmission system as well.

These inappropriate charges directly increase the operating cost of energy storage projects and essentially charge the ratepayer twice, once when charging costs are passed through by energy storage operators in NYISO offer prices, and then again once the energy is dispatched and delivered to the end customer. Costs are further increased as utility rate tariff opacity and unpredictable application drive energy storage developers to incorporate escalating risk adders into their State procurement program offer bids.

Were the Commission to address this, the cost-effectiveness of achieving the CLCPA would improve, in line with the State's holistic policy priorities. Rates that encourage energy storage to operate efficiently will lower costs and benefit both ratepayers and the grid.

Continue to Coordinate with both NYSERDA and LIPA

The Commenters recognize the immense potential for residential and retail energy storage on Long Island, and recommends the Commission ensure that meaningful and coordinated incentive programs are offered by both NYSERDA and the Long Island Power Authority (LIPA). The Commenters encourage the Commission to continue to coordinate between NYSERDA and LIPA to support a robust program across the Long Island region, as well as the rest of the State.

CONCLUSION

The Commenters appreciate the work by DPS and NYSERDA Staff to update the Roadmap to reflect a changing economic landscape. As discussed above, the Commenters support the updated Roadmap and recommend the Commission urgently issue an Order to adopt the 6 GW by 2030 target and to approve the Roadmap and the programs necessary to implement it.

We stand ready to assist the Commission and Staff with any questions you may have on these comments. Thank you for the opportunity to share our input and feedback.