

VIA ELECTRONIC FILING
Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire Plaza
Albany, New York 12223

Re: Case 22-E-0064 – In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service - Petition of Consolidated Edison Company of New York, Inc. for Authorization and Cost Recovery for the Reliable Clean City – Idlewild Project

Dear Secretary Phillips:

NineDot Energy (NineDot) appreciates the opportunity to provide these brief comments to the Department of Public Service Staff in response to Petition of Consolidated Edison Company of New York, Inc. for Authorization and Cost Recovery for the Reliable Clean City – Idlewild Project which was filed by Con Edison on August 22, 2023 in the above referenced proceeding.

We are available to discuss these comments further and can be reached at adam@nine.energy or +1-917-843-4878.

Respectfully submitted,



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About NineDot Energy

NineDot Energy (NineDot) is a leading community-scale, clean energy developer with a growing portfolio of projects across a range of technologies across New York City, Long Island and Westchester. NineDot is creating innovative energy solutions that support a more resilient electric grid, deliver economic and environmental justice benefits and reduce carbon emissions. We plan to develop, build and operate more than 400 megawatts of battery energy storage systems by 2026 that will strengthen the local power grid infrastructure and provide clean, reliable and resilient power to tens of thousands of New York homes and businesses.

NineDot’s Comments on Con Edison’s Idlewild Petition

In its Petition,¹ Con Edison seeks Commission approval for \$1.2 billion in cost recovery for its “Reliable Clean City – Idlewild Project.” The requested funds will be used to pursue traditional infrastructure upgrades in order to address load exceedances on the Jamaica Distribution Area Substation. Con Edison forecasts that load growth due to electrification and other factors will cause peak customer demand to exceed the peak design capability of the Jamaica Distribution Area Substation, as seen in the graphic below. The exceedance is forecasted to begin in 2026 at 6 MW and rise steadily to 51 MW by 2032. To address this, Con Edison proposes 1) to split the Jamaica Network into two separate networks, a smaller Jamaica Network and a new Springfield Network, 2) build a new Eastern Queens Transmission Substation and Idlewild Distribution Area Substation to supply the Springfield Network, and 3) transfer 170 MW of load from the Jamaica Network 2 Distribution Area Substation to the Idlewild Distribution Area Substation (the “Reliable Clean City – Idlewild Project”).

Jamaica Load (MW)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Peak Demand	464	485	489	498	500	501 ⁽¹⁾	506	522	533	543
Headroom/Deficiency (+ / -) ⁽²⁾	28	7	3	(6)	(8)	(9)	(14)	(30)	(41)	(51)

(1) Net loading not reflecting company long-term network solution to transfer 170 MW to new Area Substation (Idlewild) in 2028

(2) Headroom / Deficiency based on current capacity of Jamaica Area Station (492 MW)

¹ Case 22-E-0064, Petition of Consolidated Edison Company of New York, Inc. for Authorization and Cost Recovery for the Reliable Clean City – Idlewild Project

Con Edison states that in addition to addressing the projected exceedances, the project will further enable 170 MW of future growth on the Jamaica Network and 176 MW of future growth in the new Springfield Network, a presumed total of 346 MW of total load growth.

NineDot shares Con Edison's concerns for ensuring reliability and planning for load growth from increased electrification of transportation and buildings. We recognize that utilities face the dual challenge of meeting rising energy demands while also transitioning toward a more sustainable future and that some amount of conventional infrastructure upgrades will be needed to address these challenges. However, NineDot is concerned that Con Edison has not fully explored non-traditional solutions and, given the high cost of the proposed solution, a deeper and more comprehensive analysis into alternatives is required. Con Edison customers already face mounting affordability challenges with the third highest level of electricity rates in the country (utilities with more than 100,000 customers) and further increases on the horizon, a high and growing level of customers are considered energy burdened.² Con Edison's request for \$1.2 billion for the Idlewild project represents approximately 3% of Con Edison's undepreciated electric asset base. Given the size of this proposed expenditure and the burden it will pose to ratepayers, it should be thoroughly analyzed and the assumptions regarding future load growth and options to meet that growth should be carefully evaluated.

Given the scale of the Idlewild project cost and readily available alternatives, the decision of a ratepayer funded infrastructure project should be postponed and only come after non-wire alternative solutions can be fully explored. There are very likely more cost-effective and equitable means to accommodate the approximate 346MW of load growth than a \$1.2B substation upgrade. The near-term 2032 need of 51MW load growth can certainly be met with non-wires solutions (NWS), including commercially available energy storage and vehicle-to-grid solutions. The Commission should continue to approve earning mechanisms that align ConEd's compensation with policy objectives including ratepayer savings, reliability and the transition to a clean energy grid.

Con Edison should adopt a BQDM-style solution in lieu of proposed Idlewild Project

The success of Con Edison's Brooklyn-Queens Demand Management (BQDM) project stands as a compelling example of how utilities and ratepayers can benefit from embracing innovative solutions to address grid constraints. In 2013, rising electricity demand in Brooklyn and Queens

² See Appendix for further details.

was identified as causing potential capacity constraints on a portion of Con Edison's grid that could overload existing infrastructure and lead to reliability concerns as early as 2018. Con Edison's original proposed solution, quoted at more than \$1 billion, proposed conventional approaches, including a new distribution substation, expanding an existing 345 kV switching station and constructing a sub-transmission feeder to connect the two stations. These projects were intended to address forecasted overload conditions at Brownsville substations. In response, the Commission ordered Con Edison to consider non-traditional investments to manage demand growth and adopted incentives to encourage Con Edison to contract for third-party services and reduce project costs³.

As part of the BQDM program implementation, Con Edison accepted a series of proposals from various technologies that could together provide substantial value and service at a competitive rate. Following the success of its initial procurement, the Commission granted Con Edison an Extension Order that enabled additional demand reductions from third-party solutions.

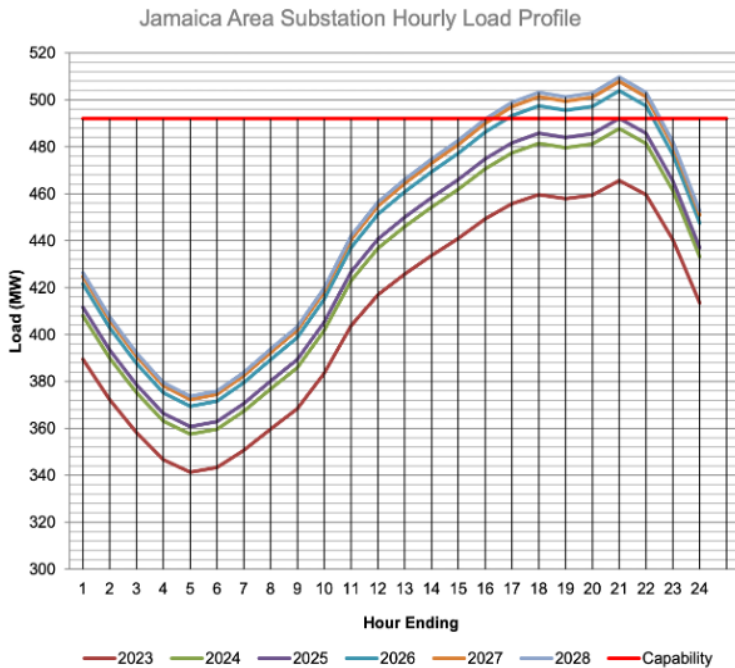
The innovative BQDM framework has proven itself as cost-effective, flexible and capable of meeting evolving and expanding needs. In its initial iteration, the program sought to employ 41 MW of non-traditional customer-side and 11 MW of utility-side solutions to address peak load for a total of 52 MW. The program achieved its stated goal below the expected budget. Con Edison reported a portfolio of solutions capable of providing over 42 MW of reductions at peak hour as of the second quarter of 2023⁴. The initial budget established for this program was \$200 million, however, these results were achieved below budget (\$130.1 million). Most notably, this expenditure was well below the initial \$1 billion budget for traditional utility solutions, resulting in significant savings for ratepayers.⁵ It should be noted that the cost of many non-wires solutions, including battery storage, have declined since the program was initially launched in 2014 and may be achieved more cost-effectively than in the past. In addition, state and federal incentives can also now be leveraged to further reduce the costs for ratepayers.

It is imperative to seek out greater efficiencies and higher asset utilization as widespread electrification is pursued particularly given the current energy affordability crisis. Battery energy

³ Case 22-E-0064, Petition of Consolidated Edison Company of New York, Inc. for Authorization and Cost Recovery for the Reliable Clean City – Idlewild Project, Exhibit A, Pg 2

⁴ Case 14-E-0302, Con Edison BQDM Quarterly Expenditures & Progress Report (August 30, 2023)

⁵ Con Edison should recalculate the BCA of the BQDM program. The initial BCA (NPV: \$40 million as of 12/2014) incorporated the \$200 million budget and a delayed buildout of the Gowanus substation through 2026.



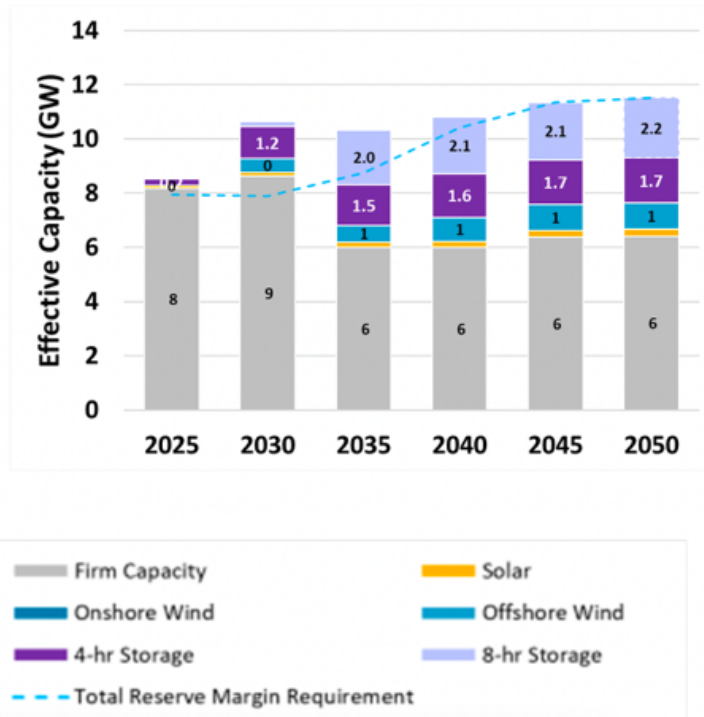
storage solves the fundamental source of inefficiency particular to the electricity industry – the need for production to always meet demand. As can be seen in the graph⁶, the Jamaica substation load curve reflects a low load factor and represents the ideal use case for peak shaving capability of battery energy storage systems and other demand response solutions.

Whereas the BQDM effort was complicated by the long 12-hour peaks occurring at the substation, the Jamaica

substation peaks are limited to 5 hours.

In addition, employing non-wires solutions, particularly energy storage, falls squarely within the plans already set for storage deployment in NYS. As outlined in the table from the 6.0 GW Roadmap,⁷ NYSERDA and DPS estimate total effective capacity contributions of storage assets of roughly 12% by the end of the decade, which can be seen in the graphic below. When this estimate is applied to the projected load in the Jamaica substation of 522 MW as of 2030, storage assets would contribute 64 MW of the total

Zone J: Effective Capacity Contribution by Resource Type



⁶ Con Edison 2023 Jamaica NWS solicitation, <https://www.coned.com/en/business-partners/business-opportunities/non-wires-solutions/-/media/17023a4936f0489eaf47292215530e45.ashx>

⁷ Case 18-E-0130, New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage, December 28, 2022

capacity, which is just below the stated shortfall. The estimates for the contribution of storage to total capacity by 2025 are significantly higher at 33% of the total, which when applied to the Jamaica substation load (2032: 180 MW).

The Idlewild project presents many similar conditions as those that were present in the BQDM case — a significant projected budget for traditional upgrades, specific impacted geographic area, projected overload capacity, and delivery timeline. In addition, conditions for storage deployment have become more favorable since the initial BQDM program was launched by way of significant advances in commercially available technology at a lower cost as well as Federal and State policies incentivizing BESS adoption. While each grid need, circuit, and era of grid modernization presents a unique challenge, the Commission should continue the successful approach taken in the BQDM case, and further expanded in its groundbreaking REV Orders, and encourage Con Edison to pursue third-party solutions in tandem with conventional infrastructure upgrades for the identified Idlewild need.

The Commission should require Con Edison to expand its use of NWAs as a Solution

In its Petition, Con Edison takes a decisive stance on the matter of non-wires alternatives and states:

“Under its reliability criteria, Con Edison addresses forecasted exceedances of a Network’s capability through Non-Wires Solutions or infrastructure additions. The Company is pursuing a portfolio of Non-Wires Solutions designed to reduce peak load in the Jamaica Network for summer 2026 and summer 2027. The current forecast shows increased needs of 14 MW in 2029 increasing to 51 MW by 2032, driven in large part by electrification of transportation. These large increases cannot be managed in the long-term through Non-Wires Solutions.”

While Con Edison asserts that the long-term forecasts cannot be met with Non-Wires Solutions, this statement is not supported with evidence. Con Edison has seemingly unilaterally determined that there is no opportunity for projects to address load growth it attributes in part to vehicle electrification, residential and commercial load growth, and JFK airport expansion.⁸

Con Edison’s proposal includes NWAs largely as a provisional, bridging solution in summers of 2026 and 2027, to stave off system stress prior to the proposed conventional upgrade’s 2028

⁸ It is unclear if the Exhibit A Whitepaper assumes the proliferation—either naturally-occurring or induced by solicitation—of optimized EV charging profiles or optimization or hardening of the airport’s microgrid.

delivery date. While we recognize NWAs may not fully address the issue and that some traditional upgrades may be necessary, additional NWA projects could drive cost savings and meet system reliability needs.

Con Edison solicited “bridging” NWAs for the Jamaica substation in a spring 2023 RFP⁹ for a limit of 16 megawatts total. Based upon the pressing need presented in the Petition, it is unclear why that RFP was limited to 16 MW and why additional projects were not sought through that solicitation.

We recommend that the Commission require Con Edison adopt an RFI approach in which industry input informs the cost competitiveness and viability of a third-party portfolio to meet a utility-identified issue. This approach would “allow markets to bring forward the best options to achieve the broad policy objectives identified by the State”¹⁰, as stated by the Commission in its REV Order adopting a revenue model policy framework. NWAs can be suitable to address EV and building electrification load growth, as the solutions can be scaled over time to match the need.

Importantly, there are currently 16 energy storage projects with 52.0 MW of capacity in the Con Edison’s interconnection queue in the Jamaica network, including 32.6 MW of projects with paid interconnection deposits as of September 2023¹¹. Should Con Edison reopen the Jamaica NWS solicitation or open a new one, there is a solid pipeline of potential projects from market participants. These projects could likely be designed with Con Edison's design NWS specifications in mind. Applications could also be expedited to assess the viability of these projects to fill Con Edison’s needs in a timely fashion.

We recommend that additional NWAs be solicited through a revisit and expansion of the existing Jamaica NWS opportunity, and/or a defined opportunity for industry engagement within the Idlewild plan. Use of a NWA solicitation can present a win for all stakeholders: utility customers, the environment, Con Edison and the growing renewables industry. In addition, we recommend that the NWS opportunity incorporate transparent cost and pricing structures and avoid closed

⁹ [Non-Wires Solutions: Jamaica Substation Project Request for Proposals Webinar](#), March 2023

¹⁰ Case 14-M-010, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework, May 19, 2016, Pg 9

¹¹ <https://dps.ny.gov/distributed-generation-information>, SIR Inventory Information, Con Edison Interconnection Queue Data

bids and capacity or time-based caps. With clear pricing signals, the market can efficiently allocate investments for upfront capital costs needed to achieve the long-term operational value of Electric Energy Storage assets, maximizing their value to ratepayers.

We also encourage the Commission to use the opportunity of a non-wires program to establish utility compensation to achieve its joint policy goals of reliability, clean energy, and customer cost savings. In the original BQDM order, Con Edison requested compensation in the following forms: (1) a return on any deferred BQDM Program costs at its overall rate of return authorized as part of its most recent electric rate proceeding, (2) a 100 basis point incentive on BQDM Program investments, and (3) in a 50% share of the annual net savings realized by customers due to the BQDM Program and other investments made by the Company in order to align Con Edison and ratepayer interests. In its order, the Commission approved the rate of return on BQDM program costs, as well as the 100-basis point incentive. This incentive was tied to achieving certain policy goals, including lowering costs and animating DER markets, while maintaining system reliability. The third request of a profit share was denied. The Commission should consider adding carbon reduction as an incentivized goal. In addition, some level of utility profit sharing should be re-considered as an additional incentive for Con Edison to seek out the lowest cost solutions to meet grid demands while maintaining reliability. This is in line with efforts to decouple utility revenue with traditional infrastructure development and as it directly aligns the utility and customers interest in reducing costs, may result in lower costs for the consumer.

CONCLUSION

Con Edison's requested timeline for approval of the Idlewild proposal, ambitiously proposed for November 16th, was intended to allow for expedited procurement of long lead-time materials, However, this accelerated path may come at the expense of the State fully weighing its options or aligning existing policy to leverage useful cost-effective technologies, including energy storage. It is clear that the Jamaica network is seen as a priority for upgrade, due to expected development, expansion, and growing load intensity of its communities and the JFK Airport. However, NineDot recommends that the Commission continue its approach as adopted in the landmark BQDM program and first seek cost-effective clean energy alternatives to traditional upgrades.

Thank you for the opportunity to share these reply comments. We welcome the opportunity to assist the Commission and Staff with any questions you may have on these comments.

Appendix: NineDot Energy’s Comments on Energy Affordability from the Statewide Solar for All Proposal

There is an acute energy affordability crisis facing New York City, which has the third highest electric rates of any utility with more than 100,000 ratepayers in the country.¹² These rates are projected to rise 4% per year following the most recent rate case, to over \$0.30/kWh by 2026. According to a 2017 study published by the NYC Mayor’s Office, over six hundred thousand NYC families were considered energy burdened, defined as those that pay more than 6% of their incomes toward energy bills. Of those, over 460,000 were considered low income under federal definition (less than 200% of the federal poverty level).¹³ This energy affordability crisis has worsened throughout the Covid pandemic and its aftermath, as has been borne out in the significant state aid required to cover past-due electricity bills. Governor Hochul has announced more than \$1.2 billion in utility bill relief across the state since June 2022. Focusing in on New York City, Con Edison reported \$1.3 billion in accounts receivables that were more than 60 days in arrears as of December 31, 2022. This follows a write-off of \$369 million in past-due accounts with State and ratepayer funding during the year.¹⁴

The high level of arrears is likely to worsen during the summer months. Energy assistance programs do not provide sufficient funding for cooling needs, which have become more pronounced and continuous with rising temperatures. According to the National Assistance Directors Association (NEADA), approximately 85 percent of LIHEAP benefit funds are used to address winter energy needs.¹⁵ Governor Hochul directed the establishment of an Extreme Heat Action Working Group (EHAPWG). The group released interim recommendations of actionable ways to deal with extreme heat on August 18, 2023. Among the recommendations, the group

¹² According to 2021 data published by the U.S. Energy Information Administration (EIA), of utilities with more than 100,000 clients, Con Edison residential electricity rates of over \$0.273 are the third highest in the country, and its residential rates are 16% higher than the average commercial rate of \$0.235.

¹³ “Understanding and Alleviating Energy Cost Burden in New York City,” NYC Mayor’s Office of Sustainability and the Mayor’s Office for Economic Opportunity, August 2019.

¹⁴ According to Con Edison’s 2022 Annual Report, Con Edison Corporation of NY issued total credits of \$359.9 million, towards reducing customers’ accounts receivable balances for the year ended December 31, 2022, broken down as follows: \$164.5 million pursuant to the NY funding; \$108.4 million that will be recovered via a surcharge mechanism that began September 1, 2022, \$80.0 million, in qualified tax credits and payments pursuant to the OTDA Program and the \$7 million reserve. Pages 55, 146.

¹⁵ States Call for Utilities to Suspend Shut-Offs During the Heat Emergency, Providing Emergency Funding to Pay Cooling Bills and the Develop a National Cooling Strategy for Low Income Families, <https://neada.org/wp-content/uploads/2023/07/cooling2023pr.pdf>

highlighted the lack of sufficient funding for cooling needs and called for increasing utility bill assistance for eligible New Yorkers.¹⁶

¹⁶ Protecting New Yorkers from Extreme Heat, NYSERDA, August 18, 2023, <https://www.nyserda.ny.gov/Featured-Stories/Protecting-New-Yorkers-from-Extreme-Heat/>