



NYSERDA

**Department
of Public Service**

Case 18-E-0130, In the Matter of Energy Storage Deployment Program Order Highlights

January 7, 2019

PSC Order – Goals and Incentives

- Comprehensive strategy to enable deployment of 1,500 MW of energy storage by 2025 expanding to 3,000 MWs by 2030
- The Order does this by:
 - Addressing barriers
 - Accelerating the energy storage market learning curve
 - Driving down energy storage costs
 - Speeding the deployment of the highest-value energy storage applications
- Authorizes bridge incentive funds to be deployed by NYSERDA, bringing total authorized funds to \$350 million outside Long Island, and requires NYSERDA to work with LIPA to develop equivalent set of incentives on Long Island
- Addresses near-term improvements to economics and long-term changes required to enable a self-sustaining market

1. Retail Rate Actions

- **Standby, Buyback, Charging Cost:** VDER Rate Design Working Group to examine standby and buyback tariffs, charging and discharging delivery costs, expanding sub-daily demand charge pilot (e.g., Rider Q in Con Ed)
- **Value stack changes:** DPS staff white paper released in December is seeking comments to change DRV to a defined set of known hours coinciding with capacity option 2; staff will issue a white paper by July 1 on shaping E value
 - *On April 18, 2019, New York's Department of Public Service released an updated [Value Stack Order](#).*
- **Dynamic load management:** Utilities to hold a DLM procurement for a minimum 3 year term, and recommends 3-5 years or longer, beginning with the 2020 capability period

2. Utility Roles

- Each IOU to propose a **system efficiency EAM** in next rate case to address peak reduction and load factor improvement
- Continues **competitive procurement and third-party ownership of storage**. However, if NYISO market participation rules and buyer side mitigation inappropriately precludes energy storage from participating, utility ownership could be expanded under a “market failure exception” established in REV Track One Order.
- **Optionality** to be considered within the DSIP filings and BCA handbooks
- Utilities will inventory suitable, unused, and undedicated utility land by July 1 for use in **NWAs** and estimate interconnection costs in RFPs or indicate costs will be borne by the utility and considered in BCA.



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3. Direct Procurement

- **Expands NWAs** beyond T&D deferral to focus on entire customer bill including reducing ICAP through load reduction; requires NWAs include clear conditions for extensions; developer maintains interconnection after NWA
- IOUs must competitively procure a minimum of 350 MW of **bulk storage dispatch rights** (in collaboration with NYSERDA bulk incentives)
- NYSERDA to continue evaluating refinements to **Renewable Energy Credit (REC)** procurements to optimize operational flexibility of storage in bids that pair an eligible renewable resource with energy storage
- NYSERDA to continue to work with State agencies and NYPA to **Lead by Example** to inform procurements in furtherance of Executive Order 166

(Redoubling New York's Fight Against the Economic and Environmental Threats Posed by Climate Change and Affirming the Goals of the Paris Climate Accord)



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4. Clean Peak Requirements

- **Analyze peaker operational and emission profiles** on a unit-by-unit basis to determine potential candidates for repowering or replacement. DPS to consult with NYISO, NYSERDA, DEC, LIPA, and Con Ed to develop a methodology and file results with PSC by July 1, 2019.
 - Includes determining # MWs of peaking units could be replaced or repowered economically with storage while maintaining reliability
- PSC will institute a proceeding where the **Peaking Unit Contingency Plan** (in response to anticipated DEC NOx regulations) will be filed.
- **Other actions to inform a clean peak:** examine time differentiating E value in VDER value stack, calibrate incentives to maximize peak reduction, encourage storage with renewables through REC procurements



5. Wholesale Market Recommendations

- Reaffirms that DPS and NYSERDA shall continue to be active in NYISO working groups and work to have Storage Roadmap recommendations adopted
- **Urges NYISO to exempt energy storage from Buyer Side Mitigation** and accelerate NYISO “**dual market participation**” rules, which currently calls for design components completed in 2020 and deployment in 2023
- **Establishes principles for dispatch priorities** in dual market participation
- Directs DPS and NYSERDA with the IOUs and NYISO to convene and prepare a work plan and schedule for a **Market Design and Integration Working Group** by March 1, 2019 to establish the necessary planning, coordination, control, and dispatch to enable dual market participation. Filed in the DSIP proceeding.



6. Data Requirements

- DPS and NYSERDA to work with IOUs, LIPA, NYPA, and stakeholders to **develop a Pilot DER Data Platform** containing anonymized customer data, asset data and system data that can be queried to produce information useful to developers for planning and developing DER solutions.
- Pilot Platform will allow DER developers to query anonymized data to identify potential candidates for storage and DERs; may provide future DSP revenue.
- Staff shall ensure that the Pilot DER Data Platform complements any efforts directed in the Order Adopting Accelerated Energy Efficiency Target.

7. NYSERDA Market Acceleration Incentives

\$400 million in total incentive funding available through 2025

- \$350M for Investor Owned Utility service territories.
- On April 25, 2019 NYSERDA filed its [approved implementation plan](#) which includes the following initial allocations:
 - \$130M for retail incentives
 - \$150M for bulk incentives
 - \$70M is currently unallocated
 - Flexibility to adopt to market conditions and project economics
- Approximately \$53M in RGGI funds will also be made available to enable deployment on Long Island

8. IOU Bulk Storage Dispatch Rights

- Each Investor Owned Utility is required to issue an RFP to competitively procure dispatch rights for bulk storage (> 5 MW) sited in their service territory.
- Each utility is required to procure a minimum amount of storage to be operational no later than December 31, 2022.
 - Con Edison at least 300 MW and other IOUs at least 10 MW each
 - Anticipate mainly 4 hour duration systems
 - RFPs issued annually until MWs procured or incentive budget is exhausted
- Up to a 7-year term
- Refer to Joint Utility site for [additional details](#).
- Storage asset remains the property of the developer.



9. NYSERDA's soft cost reduction work



Siting

- Help local AHJs with developing permitting processes and considering applications
- Statewide storage guide and best practices



Customer Assistance

- Customer outreach and education
- Technical assistance: high-level assessment of fit for energy storage



Vendor Assistance

- One on one outreach on market rules, opportunities, and project guidance
- Digital resources, and informational events also made available



Quality Control

- Measurement and verification for energy storage installations
- Increase confidence in deployed systems
- Deployed systems listed on DER Data System

10. Accountability

- **Annual State of Storage report** by DPS that tracks storage deployments, progress in meeting the 2025 and 2030 storage targets, impediments and recommended solutions including to utility procurement process, wholesale market design changes, utility rate design, data platform development, retail and wholesale market coordination.
- **PSC triennial review** of progress beginning in 2020
- **Storage deployments** by zone/utility, technology and use case available for public review on NYSERDA DER Portal <https://der.nyserda.ny.gov/>
- **Real-time dashboard** of bridge incentive availability



Further Resources For Reference

[NYSERDA Energy Storage Homepage](#)

[NY Green Bank Open Solicitations](#)

[NYS Battery Energy Storage System Guidebook](#)

[Energy Storage Proceeding at the Public Service Commission](#)

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