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Advanced Energy Management Alliance Comments To The New York Climate Action Council On Its Draft Scoping Plan

July 1, 2022

I. Introduction

Advanced Energy Management Alliance (“AEMA”)¹ is an alliance of providers and supporters of distributed energy resources united to overcome barriers to nationwide use of distributed energy resources, including demand response and advanced energy management, for an environmentally preferable and more reliable grid. We advocate for policies that empower and compensate customers to manage their energy usage to make the electric grid more efficient, more reliable, more environmentally friendly, and less expensive. AEMA appreciates the opportunity to provide these comments to the New York Climate Action Council (herein referred to as the “Council”) regarding the Draft Scoping Plan.

II. General Comments

The Climate Leadership and Communities Protection Act (“CLCPA”) built upon the foundational energy transition of the New York State Public Service Commission’s (“PSC”) Reforming the Energy Vision (“REV”) initiative and codified into State Law some of the most ambitious climate goals in the United States. The Council’s Draft Scoping Plan addresses proposed strategies to meet the near-, mid-, and long-term goals of the CLCPA for both economy-wide and sector specific. These comments focus generally on the sector strategies for the Buildings, Electricity, and Industry found in chapters 12, 13, and 14 respectively of the Draft Scoping Plan.

AEMA applauds the work of the Council to provide detailed analysis and recommendations for each of these sectors. However, the recommendations are not sufficiently detailed to fully enable the quick action by policymakers and regulators to

¹ [AEMA](#) is a trade association under Section 501(c)(6) of the federal tax code whose members include national distributed energy resource companies and advanced energy management service and technology providers, including demand response (“DR”) providers, as well as some of the nation’s largest demand response and distributed energy resources. AEMA members support the beneficial incorporation of distributed energy resources (“DERs”) into wholesale markets for purposes of achieving electricity cost savings for consumers, contributing to system reliability, and ensuring balanced price formation. These comments represent the collective consensus of AEMA as an organization, although it does not necessarily represent the individual positions of the full diversity of AEMA member companies.

make some of the near-term strategies become a reality and lay the groundwork for the success of longer-term proposed strategies. To make the recommendations more concrete to achieve the desired outcomes from the variety of proposed changes to, or adoption of new codes, regulations, or legislation, the Council should endeavor to further refine what policymakers and regulators should do. The challenges that lie ahead to meet the CLCPA goals are daunting, and input from all impacted stakeholders should be sought to collaboratively work towards solutions will enable the achievement of these goals in the most cost efficient and just manner while encouraging innovation and competition. As a general comment, AEMA recommends the Council to include even more focus on efforts to maximize DER and DR within New York State.

III. Comments on Sector-Specific Strategies

a. Buildings

AEMA supports recommendations to update regulations that will improve energy efficiency and building resilience. AEMA supports strategies within the Draft Scoping Plan alignment of energy price signals with State policy goals, scaling up public awareness and customer education, and supporting innovation.

Supporting innovation and advancement of technologies that enable customers of all sizes to use electricity more efficiently while converting away from other carbon emitting sources will be key to achieving the CLCPA goals without over-building clean resources to meet the anticipated increases in peak demand. Ensuring both existing and new technologies that enable customer load flexibility and resiliency that can be leveraged to help balance supply and demand on the grid should be pursued. Especially as the load growth stemming from electrification – and the projection of the grid transitioning from a summer- to winter-peaking system – becomes a reality, leveraging load flexibility will be necessary to help maintain system balance and reliability.

Educating customers both about technology available to them and the opportunities to leverage those technologies for resiliency and provide grid services will help in the adoption of these technologies. Concerning alignment of energy price signals with State policy goals, we address these items as they relate to the recommendations to Buildings in our comments below in the Electricity section.

b. Electricity

AEMA supports the Council’s recommended strategies for the electricity sector, and in particular, those strategies including retirement of fossil fuel fired facilities, facilitating distributed generation (“DG”) and DER, deploying existing storage technologies, investment in transmission and distribution infrastructure upgrades, improvement of reliability planning and markets, advancing demand side solutions, and exploring technology solutions.

Ensuring that DR and DER have access to all markets through dual participation to provide all the products and services of which they are capable is paramount. To this

end, changes to existing market rules to fully enable dual participation by all scales of DR/DER are likely needed both at the wholesale and retail levels. Enablement of dual participation will help to increase the cost-effectiveness of deploying technologies that enable market participation and may ultimately reduce the need for some incentives. For example, existing market structures at the retail level, such as the Value of Distributed Energy Resources (“VDER”) tariff, effectively precludes many distribution-sited resources from providing services of which they are technically capable in the wholesale market. Changes to the design of the VDER tariff should be considered to allow for dual participation when a resource is technically capable to providing additional services.

Enhancements to market mechanisms, and the valuation of such market mechanisms, should be quickly explored and implemented. New market mechanisms to help in transitioning away from fossil-fired generation, such as Clean Dispatch Credits is one such idea proposed that merits further investigation. Should such a proposal move forward, load flexibility in the form of DR should be eligible to qualify alongside other eligible resource types. Continuing to pursue the Hybrid Resource model in the New York Independent System Operator, Inc.’s (“NYISO”) stakeholder process should also be prioritized, as this will be key to enabling heterogeneous aggregations to participate in those markets.

Consideration of retail rate design mechanisms and the compensation of services within these rates should be updated to accurately compensate participants for the true cost-based value they provide. Currently, there is disparity between compensation rates available under some retail rate structures. The compensation rates for the Dynamic Load Management programs do not align with rates available for some of the Value Stack components within the VDER tariff. While both programs provide similar services to the distribution system, they receive different levels of compensation.² While the PSC previously directed utilities to align these incentives based upon revised Marginal Cost of Service Studies,³ there has been little activity on this front for several years. AEMA recommends that prompt action be recommended by the Council for the PSC and utilities to both bring rate structures for different programs into alignment, and to further develop the appropriate cost-based price signals for these services reflective of all applicable benefits and avoided costs. Additionally, incentive structures considered and established to support the development and implementation of new and existing technologies enabling market participation and reducing carbon emissions should be durable and allow for longer term certainty to aid in the ROI calculations for customers and developers

² For example, in Con Edison’s territory, the Commercial System Relief Program (“CSRP”) and the Demand Reduction Value (“DRV”) both mechanisms seek to reduce utility system peak demand, however CSRP is worth between \$30-90/kW/Year depending on location, while the DRV is worth approximately \$199/kW/Year. *See*, CSRP Reservation Option Incentives, available here: <https://www.coned.com/en/save-money/rebates-incentives-tax-credits/rebates-incentives-tax-credits-for-commercial-industrial-buildings-customers/smart-usage-rewards/smart-usage-rewards-for-reducing-electric-demand>. *See also*, Statement of Value of Distributed Energy Resources Value Stack Credits, Consolidated Edison Company of New York, Inc. (June 1, 2022), available at: <https://lite.coned.com/external/cerates/documents/elecPSC10/StatVDER-CRED-57.pdf>.

³ *See*, Case 14-E-0423, Order Adopting Program Changes With Modifications and Making Other Findings (March 18, 2018), at p.14

seeking to adopt such technologies. This is of particular importance to assist in enabling robust deployment of existing (and new) energy storage technologies.

AEMA is pleased that the Federal Energy Regulatory Commission (“FERC”) has acted to exclude those resources necessary to meet the State’s CLCPA goals from consideration for Buyer-Side Mitigation (“BSM”).⁴ In this Order, FERC also approved use of a marginal approach to capacity accreditation. Work is ongoing within the NYISO stakeholder process to flesh out the details of the how to model different resource classes Capacity Accreditation Factors (“CAF”) will be set and may vary dependent upon location. AEMA agrees with, and stresses the importance of, the Council’s statement in the Draft Scoping Plan that, “...resources are paid for capacity consistent with the value they provide to the grid, and allow fair access to the capacity market for energy limited resources and accurately reflect the value of such resources especially as the need for grid flexibility grows...”⁵

AEMA is pleased as well that FERC recently approved NYISO’s compliance filing for Order 2222.⁶ While there is still much work to be done to enable aggregations of DER, including DR, to be fully enabled for participation in NYISO’s capacity, energy, and ancillary services markets, AEMA supports and reinforces the recommendation in the Draft Scoping Plan to encourage aggregations of DERs to form, as they, “...will provide additional value for grid management.”⁷ We encourage all stakeholders, and in particular the NYISO and the utilities, to expeditiously work through the items remaining to implement the NYISO’s DER model, including the FERC’s directives pertaining to Order 2222 compliance.

Lastly, it is notable that in the supporting analysis for the Draft Scoping Plan of the installed capacity (“ICAP”) base within the State does not include DR resources.⁸ The NYISO’s SCR program currently provides 1,164 MW towards the New York Control Area (“NYCA”) total resource capability, which represents just 2.8% of the total for 2022.⁹ AEMA recommends that scenario modeling analyses of the current and future capacity and resource adequacy projections include load flexibility in the form of DR that qualifies as a supply resource for the NYISO’s ICAP market, as well as the growth potential of DR (whether participating in SCR or within the forthcoming DER model) in helping meet the resource adequacy needs in the future.

c. Industry

⁴ *Order Accepting Tariff Revisions Subject to Condition*, 179 FERC ¶ 61,102 (May 10, 2022).

⁵ Draft Scoping Plan, at p. 172.

⁶ *Order on Compliance Filing*, 179 FERC ¶ 61,198 (June 17, 2022) (“Order 2222 compliance”).

⁷ Draft Scoping Plan, at p. 161.

⁸ See, Draft Scoping Plan - Appendix G: Annex 1: Inputs and Assumptions, Existing and Planned Capacity, available at: <https://climate.ny.gov/-/media/Project/Climate/Files/IA-Tech-Supplement-Annex-1-Input-Assumptions.xlsx>

⁹ See, 2022 Load & Capacity Data, New York Independent System Operator, Inc., at p.4, available at: <https://www.nyiso.com/documents/20142/2226333/2022-Gold-Book-Final-Public.pdf/cd2fb218-fd1e-8428-7f19-df3e0cf4df3e>.

AEMA supports recommendations focused on increasing the overall efficiency of industrial processes and efforts to reduce carbon emissions through electrification from this sector. However, one item is clearly missing from this section is encouraging the grid-interactivity of these customers. Industrial customers have long provided grid services through DR programs at both the wholesale and retail levels, and as well have been early adopters of DERs. There should be continued focus, and recommendations focused specifically on enabling and encouraging load flexibility within this sector, and for the market participation mechanisms to reflect the value of grid services that industrial customer loads and DERs can – and will continue – to provide.

IV. Conclusion

AEMA thanks the Council for their consideration of these comments, and for its continued leadership in providing direction towards meeting the CLCPA goals. We welcome any discussion or questions, and encourage you to contact Katherine Hamilton, Executive Director of AEMA, at 202-524-8832 or Katherine@aem-alliance.org should you wish to meet with AEMA.

Respectfully Submitted,



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