Energy Storage Association

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June 9, 2016

Hon. Kathleen J. Burgess
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

RE: Notice of Technical Conference Regarding Energy Storage and Soliciting Comments (CASE 15-E-0302 and CASE 14-M-0101)

Dear Secretary Burgess:

On behalf of the Energy Storage Association ("ESA"), please accept these Comments in response to the New York Public Service Commission's ("NY PSC") request for comments in the above-referenced matter.

Since its inception 26 years ago, the ESA has promoted the development and commercialization of competitive and reliable energy storage delivery systems for use by electricity suppliers and their customers. ESA's over 180 member companies comprise a diverse group of electric sector stakeholders, including utilities, independent power producers, manufacturers of advanced technologies -- such as batteries, flywheels, thermal energy storage, compressed air energy storage, supercapacitors, and other technologies -- component suppliers, and system integrators. ESA members have deployed more than 800 MW of non-hydro energy storage on the nation's electric grids.

ESA generally agrees with the comments of the New York Battery and Energy Storage Technology Consortium (NY-BEST). ESA looks forward to working with the NY PSC and other interested participants in this and related proceedings to ensure that New York continues to promote energy system sustainability and energy sector innovation while ensuring least cost to ratepayers.

Respectfully submitted,

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COMMENTS OF
THE ENERGY STORAGE ASSOCIATION

ESA commends the NY PSC for recognizing the importance of energy storage as part of both the Reforming Energy Vision and the Clean Energy Standard.

In simplest terms, storage enables energy that is generated to be used at a later time, when it is most needed. Using energy storage can save New York ratepayers money by reducing the amount of spare capacity, in the form of excess power plants and wires, that utilities need to build to meet system peak demands. Energy storage also enhances grid reliability and flexibility by evening out fluctuations in supply and demand and serving as back-up for disruptions to supply and outages. Finally, energy storage will allow New York to integrate a larger supply of clean energy by compensating for the natural variability of wind and solar power, as well as facilitate greater penetration of distributed energy resources in residences and businesses.

ESA agrees generally with the comments of the New York Battery and Energy Storage Technology Consortium (NY-BEST). Establishing a storage procurement target will drive the necessary learning-by-doing for regulators and system stakeholders that will result in an empirically-tested, facilitative regulatory framework. Analysis cited by NY-BEST indicates that a capacity of more than 4 GW of multi-hour storage will be necessary to integrate sufficient renewable generation to meet a 50 percent Clean Energy Standard. ESA supports the use of that analysis to establish a state storage procurement target. Alternatively, a target of 1 GW of multi-hour storage across all segments by 2022, rising to 2 GW by 2025, would support New York's low-carbon transition and grid transformation goals in a "no regrets" manner, since there is low risk of storage over-procurement relative to the expected system need. Additionally, such procurements can increase system and local reliability margins for utilities as they transition into their role as Distributed System Providers (DSPs) and prepare to integrate higher levels of distributed energy resources. The storage procurement target should thus include projects on both sides of the substation and both sides of the customer meter, meet a diversity of system needs, and allow for all ownership models; DSPs and the PSC can then maximize learning about the utility and cost-effectiveness of storage under a diversity of system conditions. ESA also encourages the PSC to explore NY-BEST's proposal of an Asset Utilization Tariff.

Additionally, in response to the question posed prior to the technical conference on using RECs to align renewable production with load profile and location, ESA recommends that the PSC investigate the use of an additional energy certificate system that rewards temporal and/or locational value. Because energy storage can provide the same time-shifting and other flexibility services to the grid whether or not it is co-located with renewable generation sources, it is important to ensure that certificate systems intending to better align renewable generation with load do not constrain storage to a narrow set of eligible configurations. For example, storage and other flexible resources could be eligible for Flexible Energy Certificates (FLECs), which would be produced in parallel with RECs and differentiated by time of day and/or location of delivery to signal additional value to flexible resources meeting those criteria. The PSC could use forecasts of net demand—that is, the difference between gross demand and variable renewable generation—to establish the target quantities of FLECs to be procured.

Finally, in response to the question posed prior to the technical conference regarding the provision of bulk services by behind-the-meter generation, ESA refers the PSC to its comments to NYISO[1] and to FERC[2] regarding removal of barriers to storage. New York is already poised to lead the nation in this particular domain, and ESA encourages the PSC to work with NYISO and other relevant agencies to enable robust distributed storage market participation.

ESA appreciates the inquiry of the NY PSC and the opportunity to provide comment. ESA commends New York state officials for taking initiative to ensure that all tools are available to meet the state's energy goals. Energy storage offers unique and varied value to the electric system, and through increasing capacity utilization and flexibility, storage will be a significant part of enabling New York to reduce greenhouse gases and promote electric sector innovation while ensuring reliable and affordable electricity to residents and businesses.

Respectfully submitted,

Jason Burwen
Policy & Advocacy Director
Energy Storage Association

cc: Service List

CC: Active Parties

[1] See http://energystorage.org/resources/esa-and-ny-best-response-nyiso-market-issues-working-group-presentation-energy-storage
[2] See http://energystorage.org/resources/esa-comments-ferc-docket-ad16-20-electric-storage-participation-regions-organized