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VIA ELECTRONIC FILING

TO: The Honorable Michelle L. Phillips, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 18-E-0130 – In the Matter of Energy Storage Deployment Program
Comments on the NYSERDA Residential and Retail Energy Storage Market Acceleration Incentives, 2024-2030 Implementation Plan

The New York Battery and Energy Storage Technology Consortium ("NY-BEST") is pleased to submit comments for consideration in the above referenced case in relation to Residential and Retail Energy Storage Market Acceleration Incentives 2024-2030 Implementation Plan (Implementation Plan) filed by the New York State Energy Research and Development Authority (NYSERDA) on August 19, 2024.

We greatly appreciate the Commission's consideration of our comments and recommendations. If you have any questions about these comments or need additional information, please contact us at 518-694-8474 or by email at info@ny-best.org. Thank you.

Respectfully submitted,

Dr. William Acker
Executive Director, NY-BEST

INTRODUCTION

The New York Battery and Energy Storage Technology Consortium (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 175 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]

NY-BEST and our members have been actively engaged in the State's implementation of the State's Climate Leadership and Community Protection Act (CLCPA)[2], including through the development and implementation of the State's Energy Storage Roadmaps. NY-BEST is committed to helping meet New York State's goal to deploy 6 GW of energy storage on the electric grid by 2030 and to direct 40% of the overall benefits of clean energy investments to Disadvantaged Communities. We recognize the tremendous opportunity for residential and retail energy storage to support the State's goals and applaud NYSERDA for the development of its comprehensive Implementation Plan, which lays out strong incentive programs to support this market sector.

COMMENTS ON THE RESIDENTIAL AND RETAIL IMPLEMENTATION PLAN

NY-BEST broadly supports the incentive programs described in NYSERDA's Implementation Plan, and specifically approves of the following components:

- The program structure for both the Residential and the Retail MWh Block programs;
- The proposed first-round, fixed-rate incentives per kWh for both the Residential and Retail MWh Block programs, including:
    - $125/kWh incentive level for Con Ed NYC Retail Block 6
    - $125/kWh incentive level for Con Ed Westchester Retail Block 2
    - $175/kWh incentive level for Rest of State Retail Block 5;
- The commitment to regularly updating the MWh Block dashboard and VDER Storage calculator for transparency and convenience;
- Maintaining NYSERDA's flexibility to adapt to market conditions, as described;
- No eligibility limitations for Residential systems based on use case, e.g. resiliency vs. grid support;
- The proposed higher incentive rates for the Inclusive Storage Incentives (ISI), in support of the State's climate justice and equity goals;
- The inclusion of floating, barge-based systems in Retail Program eligibility;

[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.

[2] New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019. https://www.nysenate.gov/legislation/bills/2019/s6599.

- The commitment to announce capacity allocations and incentives rates for subsequent regional Retail MWh blocks prior to full allocation of opening block capacity, in support of market continuity;
- The requirement for projects over 1 MW to pay Prevailing Wage or enter into a project labor agreement for construction activities associated with project development and installation;
- The Quality Assurance (QA) process, as described;
- The Fire Safety components of the Retail program, including NYSERDA contracting an independent third-party Peer Reviewer to ensure project compliance with the Fire Code of New York State, and the Emergency Response Plan and First Responder Training requirements;
- The provision of predevelopment activities and technical assistance, with a particular focus on addressing barriers to deploying energy storage projects serving Low and Moderate Income (LMI) households, Disadvantaged Communities (DACs), and affordable housing.
- The program administration and implementation strategy, the performance metrics and evaluation strategy, and the budget allocations, as described.

While NY-BEST remains broadly supportive of the Implementation Plan, we present the following recommendations, as further described in the comments below:

I. Improve approach to ensure successful program rollout in New York City.
II. Actively support Retail storage in Long Island.
III. Streamline Statewide Solar For All.
IV. Clarify and streamline aspects of the Residential and Retail programs.
V. Expedite and promote availability of incentives.

I. Improve approach to ensure successful program rollout in New York City.

Given unique market and permitting considerations in New York City, NY-BEST requests NYSERDA and the Commission consider the following recommendations:

a. Grant NYSERDA flexibility to increase New York City Retail MWh Block 6 capacity based on the most recent Interconnection Queue data.

The Implementation Plan states that "in accordance with the 2024 Storage Order's directives relating to disadvantaged community considerations as well as in recognition of the high value of deploying storage and the robust retail storage market in the downstate region, of the 1,500 MW of total Retail storage program capacity, a minimum total of 750 MW (50 percent) will be allocated to the New York City region, and a minimum total of 150 MW (10 percent) will be allocated to the Con Edison Westchester region" (p18). NY-BEST is supportive of these allocation targets.

The Plan then lists the proposed capacity for the first new Block funding in New York City (Block 6) as 300 MW, or 40% of the minimum anticipated new storage in NYC by 2030.

NY-BEST believes this Block size is too small, and urges the Commission to grant NYSERDA the discretion to increase Block 6 based on an analysis of the most recent interconnection queue at the time of program rollout. Based on *current* queue data, NY-BEST would support increasing Block 6 to 450 MW for several reasons:

- As of November 2024, Con Ed has 1.4 GW of retail storage in the NYC interconnection queue, and of these, 431 MW have made a 100% interconnection payment. Assuming 191 MW of these projects will receive Block 5 incentives, at least 240 MW will be eligible for Block 6 incentives at the opening of the program. There are an additional 159 MW of projects that have not yet made a full interconnection payment but have made a down payment; these are likely to have made the full payment by the rollout of the program in Q1 2025. This brings the total of projects likely eligible for Block 6 to 399 MW, without considering any new projects not yet reflected in the SIR queue. Thus, it is highly likely that a 300MW Block 6 size will be largely used up on Day 1 of the program.
- MWh Block tranches should be sized to stay open long enough to give developers time to plan and to avoid cooling market investment between Block availability. A larger Block 6 size will help address considerable pent-up market demand while ensuring continued market certainty going forward. The Commission should ensure NYSERDA retains the flexibility to size NYC Block 6 appropriately based on queue data at the time of program rollout along with the expected growth of the queue over the subsequent six to twelve months.
- Frontloading incentives in 2025 will help account for project attrition and ensure NYSERDA stays on track to meeting 2030 targets.
- Increasing the NYC Block 6 size to 450 MW, or 60% of the minimum anticipated new storage in NYC by 2030, will align more closely with the proposed Westchester Block 2 size, which is listed as 100 MW, or 67% of the minimum anticipated new storage in Westchester by 2030.

Notably, NY-BEST encourages the Commission and NYSERDA to ensure that increasing the NYC Block 6 size does not significantly impact the availability or level of incentives for Rest of State Blocks.

b. Grant NYSERDA flexibility to require alternative project maturity thresholds for NYC such as full utility interconnection payment.

Retail energy storage projects in NYC are largely zoned as-of-right, and do not require local land use approvals or special use permits, which would otherwise be required to submit an incentive application under the Retail program. For this reason, NY-BEST recommends that NYSERDA require 100% interconnection payment to be eligible for its New York City procurements. This will ensure that only shovel-ready projects receive incentives and will serve as an effective and fair way to clear out pent-up demand in the queue. NY-BEST further supports allowing NYSERDA the flexibility to include additional maturity requirements in the NYC procurement, to avoid speculative projects, as they see fit.

Further, NYSERDA's current Retail Energy Storage Incentive Program Manual states that incentives are available on a first-come, first-served basis, with the exception of NYC Block 5 (p12). Instead, for NYC Block 5, NYSERDA specifies that if more eligible applications are received within the first 14 days, it will re-order applications based on actual date of full utility interconnection payment. Given the large volume of anticipated Block 6 applications, NY-BEST would support the same re-ordering strategy as was used for Block 5.

Notably, to provide market continuity, it is critical to also provide certainty to newer project developers that there is a reliable pathway to receiving incentives, even if they have not yet reached eligibility milestones such as 100% interconnection payment. Thus, a larger NYC Block 6 size, and a commitment to announcing new MWh Blocks before the current ones expire, will be particularly important for program success.

c. Provide NYC-specific technical assistance, especially for Residential and On-Site Retail.
NY-BEST strongly supports NYSERDA's commitment to continuing to support predevelopment activities and technical assistance to address barriers to deploying energy storage projects, particularly focusing on projects serving LMI households, DACs, and affordable housing (p27). NY-BEST further recommends that NYSERDA commit to developing technical assistance initiatives specific to New York City. Specifically, NYSERDA should work directly with NYC AHJs, particularly the New York City Fire Department (FDNY), to streamline and improve local permitting processes. Without permitting improvements, it is unlikely the State will meet its targets for Residential and Retail storage deployment in New York City.

For example, NYSERDA lists the proposed capacity for the first new Residential MWh Block funding in Con Edison as 10 MW, with an additional 10 MW of initial capacity proposed through the Residential ISI MWh Block. However, unless FDNY facilitates the permitting of residential energy storage, none of this capacity will be awarded in NYC, which hosts a disproportionate percentage of the State's DACs. Currently, available residential products are not able to satisfy FDNY's unusual requirement for real-time monitoring and automatic notifications for residential energy storage systems, so virtually no residential energy storage can be installed in NYC. NY-BEST recommends NYSERDA work with FDNY to resolve this roadblock.

Similar permitting challenges exist for On-Site Retail storage in NYC. NY-BEST supports NYSERDA's proposal to make funding available for 15 MW of On-Site Retail capacity through the Retail ISI MWh Block. However, NY-BEST emphasizes the need for NYSERDA to work with FDNY and the NYC Department of Buildings (DOB) to facilitate feasible permitting pathways and ensure at least a portion of this Block can be built in NYC, in support of the State's equity targets.

II. Support action in Long Island.

NYSERDA notes in its Implementation Plan that the availability of the market-rate and ISI MWh Block incentives in Long Island is dependent on LIPA's voluntary participation in the program. While NY-BEST understands the regulatory limitations impacting program development in Long Island, we urge the Commission and NYSERDA to seriously consider the importance of deploying energy storage on Long Island to meeting the State's climate and equity targets. The Commission should urge PSEG-LI / LIPA to finalize contracting and cost recovery mechanisms to enable full participation in the NYSERDA Residential and Retail programs.

On the Residential side, the final Implementation Plan should be updated to reflect the current program status. According to the November 1 DPS Staff Memorandum regarding the LIPA / PSEG-LI's 2024 Utility 2.0 Plan Annual Update, "LIPA will execute a Memorandum of Understanding ("MOU") with NYSERDA to fund LIPA's share of New York State's Residential and Retail Energy Storage Procurement Program," which will include $4M over three years for the residential program. NY-BEST applauds LIPA and NYSERDA for their work to finalize this agreement and make Residential Storage incentives available in Long Island, in line with the rest of the State.

On the Retail side, NY-BEST is deeply concerned that LIPA continues to neglect supporting deployment of Retail systems on Long Island, which will play a particularly important role in achieving the State's goal of 6 GW of energy storage Statewide and 70% renewable electricity by 2030. Indeed, modeling conducted for the 6 GW Roadmap indicates that 2030 energy storage levels in Zone K should be double their 12.5% load-share ratio (1,551 MW instead of 750 MW), reflecting increased benefits offered by energy storage on Long Island. Compared to the rest of the State, Retail energy storage on Long Island is likely to contribute to higher net electric system savings, particularly given: high electricity prices in Zone K; significant transmission- and distribution-level congestion; and high projected renewable penetration from solar and offshore wind. Strategen Consulting's "Long Island Peaker Replacement Study," conducted in 2020 for NY-BEST, estimated that over the next decade, deploying energy storage to replace fossil-fueled peaker plants could save LIPA customers as much as $393M.[3] Thus, NY-BEST is deeply disappointed that LIPA did not require PSEG-LI to include a plan or budget for retail storage as part of its 2024 Utility 2.0 Plan, and urges the Commission and DPS Staff to work closely with LIPA to ensure PSEG-LI includes a mechanism to participate in the NYSERDA Retail program in their 2025 Utility filing.

III. Streamline Statewide Solar For All.

In general, NY-BEST applauds the Commission and NYSERDA for their work to develop the Statewide Solar for All (SSFA) program and to make it available for energy storage projects

[3] Strategen Consulting, prepared for NY-BEST. "Long Island Fossil Peaker Replacement Study," October 2020. Accessed online: https://cdn.ymaws.com/ny-best.org/resource/resmgr/reports/ny-best_lipa_peaker_replacem.pdf

Statewide (with the exception of Long Island). We request the Commission consider the following recommendations:

a. Provide SSFA to all Energy Affordability Program (EAP) customers

Currently, the Order directs utilities to only provide bill discounts to customers who are both enrolled in an Energy Affordability Program (EAP) *and* who reside in a DAC. It is likely that customers enrolled in utility energy affordability programs are predominantly located in DACs, and implementing this distinction by screening out EAP customers who do not live in a DAC is cumbersome and expensive for utilities. The extra administrative costs could instead be reallocated to significantly boost ratepayer savings. For example, Con Edison listed an upfront administrative cost of $800,000 to incorporate the DAC Characteristic to Customer Premises,[4] which would absorb a year's worth of bill credits from projects generating $16M in annual VDER credits (at a 5% discount)–or approximately 45-50 MW of energy storage. Instead, these funds could be allocated directly to EAP customers. In addition, DACs are likely to change as part of the annual review process and having customers be unenrolled due to this change will cause confusion and administrative difficulties. Therefore, NY-BEST urges the Commission to allow EAP enrollment to be sufficient for eligibility, without the need to additionally screen for DAC residence.

Notably, this would align with the approach taken for Residential ISI eligibility, whereby projects *either* located in a DAC, *or* satisfying other requirements, such as serving customers who are low-income, live in an affordable housing property, or relying on electricity-dependent life-saving equipment, are considered eligible.

b. Allow projects to partially enroll in SSFA

While the Commission stated in the May 2024 SSFA Order that projects are required to fully opt-in to SSFA to participate in the program, NY-BEST recommends the Commission reconsider allowing projects to partially opt-in. Many developers are working to cultivate robust partnerships with the host communities neighboring their proposed energy storage project. This is a critical piece of the puzzle when it comes to combating fear and misinformation, and ensuring host communities benefit from the development of the project. In many cases, host communities may wish for the developer to allocate some of the project's VDER bill credits to neighboring community centers or other local entities to cultivate good will and ensure a portion of the benefits of the storage project are retained locally. In support of this, the Commission should reconsider allowing projects to allocate up to 50% of their bill credits to designated subscriber-offtakers, with the remaining 50% of bill credits being pooled through the SSFA program for low-income customer benefits. This will also lower the barrier to entry for developers considering SSFA but unable to commit 100% of credits to the program, increasing the total number of projects that participate in the program and thus increasing total benefits accrued to low-income customers overall.

[4] Case 14-M-0224, *Con Edison: Statewide Solar For All Implementation Cost Report*, August 16, 2024, Pages 6 and 8.

c. Allow Remote Crediting (RC) projects to opt-in to the program later in development

Current rules require that projects enroll in SSFA prior to receiving Permission to Operate (PTO) from the utility. However, NY-BEST urges the Commission to reconsider this requirement specifically for Remote Crediting (RC) projects. Unlike Community Distributed Generation (CDG) projects, which enroll large numbers of residential customers as subscriber-offtakers and thus require additional consumer protections, RC projects enroll one or more large corporate customers as subscriber-offtakers. As a result, RC contracts are highly sophisticated, include cancellation clauses for both parties, and do not require additional consumer protections. In the event that an RC contract expires or is canceled by the customer after the project receives PTO, developers should be permitted to sign up for SSFA at that point, so as to maximize the benefits shared with low-income / EAP-eligible residential customers., This would increase the number of projects eligible for SSFA, directly increasing the pool of credits that could be distributed to low-income customers in the near-term. As of November 2024, this would impact five RC projects (13 MW) in Con Ed service territory.

IV. Clarify and streamline aspects of the Residential and Retail programs.

NY-BEST recommends clarifying the following details in the Implementation Plan:

- *Residential Program Eligibility.* NYSERDA should clarify whether there is a size threshold under consideration for when a product would be considered eligible for the Residential program vs. On-Site Retail program, particularly for multifamily housing.
- *Residential ISI Eligibility.* NYSERDA should include affordable multifamily buildings (larger than four units) to be eligible for the Residential ISI program if installing products under a given size threshold (e.g. <20kWh). The Implementation Plan currently includes a narrower requirement under the Residential ISI eligibility criteria: "Service a residential (1-4 unit) affordable housing property" (p12).
- *Retail Program Eligibility.*
    - NYSERDA should clarify that projects serving multifamily residential buildings are eligible for the Retail program. The Implementation Plan currently states, "the Retail MWh Block program offers fixed-rate incentives per kWh of system energy capacity for eligible grid-connected **nonresidential** energy storage projects…" (p14).
    - NYSERDA should clarify that projects participating in the NYISO DER Aggregation program, which receive energy and capacity payments directly from the NYISO, are automatically eligible for the Retail program and would not need to submit a petition to be considered eligible. Currently the Implementation Plan states, "the Retail Program will support …projects up to 5 MW-AC whose value is monetized under an IOU tariff in the form of bill savings or credits" (p14).

- *Round-trip Efficiency.* NYSERDA should clarify that the round-trip efficiency listed in the Program Manual will be technology-specific (e.g. it will list different efficiency levels for Lithium Ion and non-Lithium Ion technologies), and will be specified in line with prevailing market conditions. Currently the Implementation Plan states, "the system must be designed to maintain a minimum round-trip efficiency defined in the Program Manual" (p15).
- *Identifying the Payee.* NYSERDA should clarify that Participating Contractors will be allowed to identify the Payee after the application approval but prior to invoice submission, in line with NY-SUN requirements. Currently, the Implementation Plan states that the Payee should be identified as part of the Retail application submission. Identifying the Payee after application approval is critical for projects that are owned by Special Purpose Entities (SPEs)/Project Companies because their Employer Identification Number (EIN) changes with ownership at the completion of the project.
- *Westchester NYISO Zones.* NYSERDA should clarify that the ConEd Westchester region is located across NYISO Zones I and H, and projects in either Zone in ConEd territory will be eligible for Retail incentives in the Con Ed Westchester region. Currently the Implementation Plan only references Zone I, stating that the Retail Program will "allocate a minimum of 10 percent, or 150 MW to the ConEd Westchester region (located in NYISO Zone I)" (p20).
- *Critical facility definitions.* NYSERDA should clarify that it will consult with environmental justice and community-based organizations serving DACs not only to finalize the list of critical facilities eligible to receive the Retail ISI, but also to define these facilities, particularly as various definitions exist of terms like "affordable housing" or "community cooling center." In addition, NY-BEST recommends expanding the list to include libraries (particularly as we have seen success in deployment of On-Site Retail storage systems at five libraries in New York City for resiliency purposes, as part of Hurricane Sandy recovery efforts) and buildings owned by 501(c)3 organizations (as nonprofits provide critical services to their communities).
- *First Responder Training.* NYSERDA should clarify that industry may strategically combine annual First Responder trainings for projects located in the same geographic vicinity, so as to maximize efficient use of the local fire department's time. The Implementation Plan currently requires projects "to offer annual, site-specific training for the local fire department to familiarize fire department personnel with the project, hazards associated with lithium-ion battery energy storage systems, and procedures outlined in the ERP" (p24-25). While ERP procedures will be site-specific to each project, the general lithium-ion hazards and procedures training could easily be combined for projects in the same jurisdiction to use time and resources more efficiently.

V. Expedite and promote availability of incentives.

As the Commission is aware, there have already been severe delays in the rollout of the State's energy storage program in support of the 6 GW by 2030 target, which Governor Hochul announced in 2022. As incentive funding for retail storage from the original 3 GW Roadmap programs was exhausted more than two years ago with the exception of a small follow-on program in New York City that is also now closed, there has been a significant slowdown in development as the market awaited renewed policy support.

With the release of the long-awaited Order, industry is ready to hit the ground running. The Retail program in particular was anticipated to be established quickly, as it largely reinstates the successful MW-block structure of past incentive programs. Thus, the one-month delay in beginning the public comment period was particularly concerning. NY-BEST urges the Commission to review public comments and approve the Implementation Plan as quickly as possible to get the program's timeline back on track.

Further, NY-BEST recommends NYSERDA pair the release of the Residential and Retail Storage Programs with a cohesive energy storage education and outreach campaign, such as through the NYSERDA Clean Energy Hubs, to ensure customers and local AHJs are aware of the incentives, to combat misinformation, and promote the benefits of energy storage more broadly.

CONCLUSION

NY-BEST appreciates the work by the Commission and NYSERDA to support renewable energy development in New York State. As discussed in our above comments, we recommend the Commission expeditiously approve the Residential and Retail Implementation Plan, while considering the recommended modifications described above to ensure a successful program rollout. We stand ready to assist with any questions you may have on these comments. Thank you for the opportunity to share our input and feedback.