

April 30, 2025

TO: Jessica Waldorf
Chief of Staff & Director of Policy Implementation
New York State Department of Public Service
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350



**Re: Wholesale Distribution Service
Applicability to Bulk Storage Projects**

Dear Jessica Waldorf:

The Alliance for Clean Energy New York (ACE NY) and New York Battery and Energy Storage Technology Consortium (NY-BEST) are writing to raise a critical and time-sensitive issue affecting the success of the State's Bulk Storage program: the continued ambiguity of the application of Wholesale Distribution Service (WDS) to bulk energy storage projects and a long-delayed utility implementation of WDS tariffs. By enabling developers to pursue distribution-connected projects as well as transmission-connected projects, New York will be able to achieve its Bulk Storage targets at lower overall cost. More project diversity across regions and scales will improve both competition and the ability to rapidly deploy storage projects.

Therefore, we respectfully request the Department of Public Service (DPS):

1. Ensure utilities publish clear information before NYSERDA's first bulk storage procurement identifying where WDS will be required for bulk energy storage systems;
2. Clarify whether further determinations (e.g. FERC review) are needed to finalize where WDS applies to bulk storage; and
3. Support the rapid implementation of WDS tariffs across all NYS utilities.

Resolving these issues will reduce project risk, improve bid accuracy, and help New York meet its storage targets more cost-effectively, as further described below.

Currently, there is significant uncertainty as to whether any given bulk energy storage project will need WDS. Additionally, neither National Grid nor NYSEG have filed WDS tariffs, which hinders energy storage development across the majority of New York's landmass and potential interconnection locations. As DPS Staff is aware, WDS is a FERC-regulated service that utilities must provide to enable energy storage systems (ESS) located on the distribution grid to transact in NYISO markets.

However, there is ambiguity as to which projects are subject to WDS and how distribution-connected projects can participate in NYISO markets without FERC-approved WDS tariffs in

place. It is our understanding that the New York utilities require WDS for at least some ESS interconnecting at voltages that developers would typically consider transmission voltages (e.g., 115 kV). For instance, Orange & Rockland's WDS Tariff appears to apply to some ESS interconnecting at up to 138 kV, depending on whether the project interconnects to a facility deemed part of the distribution system under FERC's "seven-factor test." This test involves several considerations evaluated on a facility-by-facility basis, with questions that developers may not be equipped to answer¹ and that may require an ultimate FERC determination. This ambiguity extends to other utilities across the State, and it has become an impediment to energy storage development.

WDS can represent a substantial expense for energy storage projects². The current ambiguity as to whether that expense will be incurred by any given bulk storage project adds unnecessary risk to project development and procurement. Developers who mistakenly assume they will require WDS will submit higher bids in bulk storage RFPs, potentially increasing ratepayer costs. Conversely, those who are unaware their projects will require WDS may find their awarded projects financially unviable later.

While developers can inquire with utilities about WDS requirements for specific projects, this is inefficient and may result in delayed or inconclusive responses. For new projects not yet in the queue, individually inquiring about each potential Point of Interconnection (POI) is impractical for both the developer and utilities.

Relatedly, it is also important that NYSEERDA have clarity on the application of WDS so that it may appropriately evaluate bids in bulk storage procurements. Without clarity on the application of WDS, NYSEERDA will be unable to evaluate whether an energy storage bid accurately accounted for all of its costs, impacting NYSEERDA's assessment of the project's viability.

Therefore, we propose a more efficient solution. We request that utilities publish a comprehensive list of all owned lines and substations that would require WDS for an interconnecting energy storage resource that transacts in NYISO markets. We respectfully request that DPS Staff direct each New York utility (National Grid, NYSEG, LIPA, CHG&E, O&R, RG&E, and ConEd) to publish such a list by June 30, 2025. This would ensure developers have clarity on whether they will need WDS before submitting bids for the first bulk storage procurement.

As a secondary request, we also ask the utilities to clarify if the published list is definitive or if further processes are needed (e.g., a FERC determination) to confirm WDS requirements. Ideally, the list would be final, but if it is preliminary and additional steps are required to confirm the

¹ Factors assessed include the facility's proximity to retail customers, where power that flows over that facility is ultimately consumed, and where the utilities' meters are located. See slide 14 of this presentation <https://www.ferc.gov/sites/default/files/2020-07/ferc101.pdf>

² For example, the \$0.33/kW-m Contract Demand Charge component of O&R's WDS rates for projects interconnected at 34.5kV-138kV would equate to \$396,000/year for a 100 MW storage project.

determinations, that is also important for developers to understand. If additional processes are required, the utilities should proactively run the preliminary list through such processes to create a definitive statewide list that can be updated as needed.

Lastly, we urge DPS to work with the distribution utilities to implement WDS tariffs in advance of the bulk storage RFP this summer in order to enable the equitable participation of energy storage resources in NYISO markets.

We believe these steps will significantly reduce uncertainty for bulk energy storage developers, enhancing the success and cost-effectiveness of upcoming bulk storage procurements.

Thank you for your attention to this matter. Please contact us if you have any questions.

Sincerely,



Marguerite Wells
Executive Director
Alliance for Clean Energy New York



William Acker
Executive Director
NY-BEST

