

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

In the Matter of Energy Storage Deployment Program

Case 18-E-0130

**COMMENTS OF
NEW YORK SOLAR ENERGY INDUSTRIES ASSOCIATION ON THE
NYSERDA RESIDENTIAL AND RETAIL ENERGY STORAGE MARKET ACCELERATION
INCENTIVES, 2024-2030 IMPLEMENTATION PLAN**

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Introduction

New York Solar Energy Industries Association (NYSEIA) appreciates the opportunity to provide comments on the NYSEIDA Residential and Retail Energy Storage Market Acceleration Incentives, 2024-2030 Implementation Plan. We commend NYSEIDA for developing a comprehensive strategy to achieve New York State's ambitious energy storage goals, which are critical for enhancing grid resiliency and reliability, supporting renewable energy integration, and meeting the state's climate objectives. We strongly urge the Commission to approve the Residential and Retail Storage Implementation Plan without delay.

Endorsement of NY-BEST's Recommendations for Energy Storage Expansion

NYSEIA strongly supports the recommendations put forth by the New York Battery and Energy Storage Technology Consortium (NY-BEST). Their proposal to increase the capacity of the New York City Retail MWh Block 6 to 450 MW is crucial to addressing significant near-term market demand in NYC without modifying the statewide geographic distribution of capacity allocation. While we recognize the importance of allocating significant capacity to New York City, it is crucial to ensure that sufficient capacity remains available for the Rest of State MW blocks. The implementation plan allocates specific capacity to upstate regions in the retail and residential MWh blocks. We recommend that NYSEIDA either reserve a specific portion of the overall program capacity for future Rest of State MW blocks or consider including an additional Rest of State MW block in the final implementation plan. This will provide a longer planning horizon for developers working on upstate projects, ensuring balanced support across the state.

We support the inclusion of full interconnection payments as a project maturity requirement for projects in New York City. This approach ensures that only mature projects receive incentive reservations without creating an unduly burdensome dependency on the FDNY approval process. Additionally, we recommend that NYSEIDA retain the flexibility to introduce further maturity requirements with each MW block, adapting to current permitting requirements and market conditions.

We also echo the call for NYC-specific technical assistance, particularly in collaboration with local authorities like the FDNY. Streamlining permitting processes is essential for the successful deployment of residential and retail energy storage projects in the city.

NYSEIA strongly supports the emphasis on deploying energy storage on Long Island. Given the region's unique challenges and opportunities, it is vital to ensure that Long Island fully participates in the Commission-approved energy storage programs in order to meet the state's climate and equity goals.

Regarding the Statewide Solar For All program, we endorse the recommendations to simplify the program by allowing all Energy Affordability Program (EAP) customers to participate. This change will enhance program efficiency and community engagement. Additionally, we support

NY-BEST's suggestions to clarify eligibility criteria for residential and retail programs, including size thresholds and multifamily housing considerations. Clear guidelines will help ensure that the programs are accessible and effective.

Concerns Over Mandatory DLM Program Enrollment for Residential Batteries

NYSEIA recognizes the significant potential of residential batteries in enhancing grid resilience and supporting the transition to a clean energy future. However, we argue that customers who purchase residential batteries should not be mandated to enroll in the Dynamic Load Management (DLM) program. The residential battery market is still in its early stages of development. As highlighted in the NYSEIDA Energy Storage Roadmap Implementation Plan, the industry is evolving rapidly, with ongoing advancements in technology, cost reductions, and market dynamics. Additionally, many utility DLM programs have not modified their program rules to reasonably enable residential BESS to participate. Mandating enrollment in DLM programs at this stage could stifle innovation and deter aggregators and customers from investing in residential batteries. Early adopters play a crucial role in driving market growth and technological advancements. Imposing additional requirements could slow down the adoption rate and hinder the industry's overall progress. NYSEIDA should clarify that DLM participation is not required to access residential energy storage incentives.

While DLM program design is beyond the scope of this public comment period, NYSEIA advocates for DLM programs that are additive to standard net energy metering and that provide strong performance-based compensation. By rewarding systems based on their actual performance metrics, such as energy savings, peak load reduction, and grid support, these incentives can drive higher quality installations and encourage optimal system operation. Performance-based incentives can also align the interests of consumers, installers, and utilities, fostering a more efficient and reliable energy storage market. This approach not only enhances the value proposition for consumers but also contributes to the overall stability and resilience of the grid, supporting New York State's ambitious energy storage and climate goals.

Establishing policies that will encourage the deployment of more residential batteries now will significantly enhance the impact of future Virtual Power Plant (VPP) programs. VPPs aggregate the capacity of distributed energy resources, such as residential batteries, to provide grid services and improve overall grid reliability. The more batteries we deploy today, the greater the potential for these VPPs to deliver substantial benefits in the future. By building a robust base of residential battery installations, we can ensure that future VPP programs have the necessary scale to maximize their effectiveness, providing enhanced grid support, increased renewable energy integration, and greater resilience against outages.

NYSEIA acknowledges the significant grid benefits provided by residential batteries, including peak load reduction, enhanced grid stability, and support for renewable energy integration. These benefits are crucial for achieving New York's ambitious energy storage and climate goals. However, we believe that these benefits can be realized through voluntary participation in programs like DLM, rather than mandatory enrollment. Incentivizing voluntary participation

through financial incentives or other benefits could encourage more customers to contribute to grid support without imposing rigid requirements. The current design of these programs, with low compensation levels, is unlikely to attract significant customer participation. Adequate financial incentives are essential to encourage customers to enroll in programs that support grid stability and reduce peak demand. Without sufficient compensation, the adoption of these programs will remain low, and the potential benefits of distributed energy resources will not be fully realized. By addressing these concerns, we can create a more attractive and effective framework for customer participation in grid support programs, ultimately enhancing grid reliability and supporting the transition to a clean energy future.

Addressing Permitting Challenges for Residential Batteries in New York City

Current FDNY regulations effectively ban residential batteries in New York City, creating a critical barrier to the deployment of residential energy storage systems. This de-facto ban has left the 8 million residents of New York City without access to resilient power solutions, even 12 years after the devastating impact of Superstorm Sandy. The absence of residential battery storage options means that New York City residents remain vulnerable to power outages in the event of future storms, and the City remains overly reliant on polluting peaker plants that could be replaced with a fleet of distributed solar plus residential BESS.

This issue represents a significant public health concern. In the event of a natural disaster resulting in a widespread, long-term loss of power, the health and safety of city residents would be severely impacted. Without access to reliable power, residents would face challenges in maintaining essential home functions such as refrigeration for food and medicine, heating and cooling, and the operation of medical devices. Vulnerable populations, including the elderly and those with medical conditions requiring electricity-dependent equipment, would be at heightened risk.

For many years, NYSEIA has been urging the FDNY to establish reasonable permitting processes for residential batteries that would enable the widespread adoption of residential energy storage in New York City. To date, those efforts have yielded few results. It is imperative that the state intervene and collaborate with its partners in City government to develop a reasonable permitting regime and establish sensible requirements for residential batteries. Such measures are essential to ensure that New Yorkers can benefit from the advancements in energy storage technology and enhance their energy security.

We strongly urge the state to prioritize this issue and work towards a solution that addresses residential BESS safety concerns while ensuring that New Yorkers have access to clean resilient power.

Establishing a Carve-Out for Medium-Sized Energy Storage Systems (ESS)

NYSEIA recommends establishing a dedicated carve-out for medium-sized Energy Storage Systems (ESS). In New York City, the feasibility of large ESS projects is significantly restrained

by interconnection and space limitations. In contrast, there is substantial potential for medium-sized ESS projects, which we define as those under 1MW/4MWh. Those medium-sized projects can be more seamlessly integrated into the existing infrastructure. To reduce costs for medium-sized ESS projects, it is essential for Authorities Having Jurisdiction (AHJs) to handle a higher volume of applications. This increased application volume will help standardize and streamline the approval process. Additionally, providing clear and consistent incentives for medium-sized ESS projects will encourage developers to invest the necessary time and resources into these projects. Such certainty in incentives is crucial for the growth and scalability of medium-sized ESS installations.

Collaboration with Utilities

NYSEIA strongly advocates for enhanced collaboration between residential energy storage stakeholders and utility companies. Establishing partnerships with utilities can significantly improve the integration of residential energy storage systems into the grid, maximizing their benefits for both consumers and the overall energy infrastructure. By working together, utilities and storage providers can develop innovative programs that leverage residential energy storage for essential grid services, such as demand response, frequency regulation, and peak load management. These collaborative efforts can lead to more efficient grid operations, increased reliability, and greater resilience against outages. Furthermore, such partnerships can facilitate the creation of tailored incentives and compensation mechanisms that encourage broader adoption of residential energy storage systems, ultimately supporting New York State's ambitious energy storage and climate goals.

Conclusion

The New York Solar Energy Industries Association (NYSEIA) urges the Commission to act swiftly and authorize the NYSERDA Implementation Plan. This decisive action is essential for advancing New York's energy storage goals as well as to the achievement of our broader climate goals, enhancing grid resilience, and supporting renewable energy integration. By approving this plan with the modifications recommended by NY-BEST and NYSEIA in the preceding comments, the Commission will pave the way for a sustainable and resilient energy future for all New Yorkers.