



New York Battery and Energy Storage Technology Consortium, Inc.

VIA ELECTRONIC FILING

September 17, 2021

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

**Re: CASE 15-E-0751 – In the Matter of the Value of Distributed Energy Resources –
Comments on ACOS Methodology to Develop Standby and Buyback Rates**

Dear Secretary Phillips:

It is rare, perhaps even unprecedented, for the diverse parties represented in these comments to come together in a joint filing. We would not normally file a surreply on the Joint Utilities' unsolicited reply comments, however, the Joint Utilities have already taken three opportunities to propose or comment on their 11th hour alternative allocation methodology (AAM), the interjection of which was itself a substantial exception to the usual course of proceedings before this Commission. Given these exceptions to standard process, we appreciate the Commission's acceptance of our brief surreply to provide us an equal opportunity to address the Joint Utilities' statements and to express our joint opposition to the AAM in general.

The JU assert that the Staff Whitepaper insufficiently supported its proposed allocated cost of service (ACOS) methodology, and in particular, its proposed allocator, and that the record of comments since lacks "evidence" and rationale supporting the Staff Whitepaper's allocator. In fact, the Joint Utilities provided no evidence in their filings and supported their preferred allocator with a rationale that relies on the unsubstantiated assertion that the allocator should reflect the greatest diversity of demand experienced on the system. The Joint Utilities did not attempt to justify this belief by explaining how their preferred allocator would result in a cost allocation that better fits the Commission's definition of shared and local costs. In contrast, other parties did.¹ That the Joint Utilities did not find arguments supporting the Staff Whitepaper's allocator compelling does not mean that the record does

¹ *Reply Comments of the City of New York on Allocated Cost of Service Methods Used to Develop Standby and Buyback Service Rates*, filed April 12, 2021, at 4; *Reply Comments of Advanced Energy Economy Institute, Alliance for Clean Energy New York, and the Advanced Energy Management Alliance on the Staff ACOS Whitepaper*, filed April 12, 2021, at 2; *NY-BEST Reply Comments*, filed April 12, 2021, at 5.

not contain them, nor does the Joint Utilities' assessment of the merit of these arguments substitute for the Commission's.

The Joint Utilities argue that the allocation factors for shared and local costs are consistent with methodologies employed by the Joint Utilities in the embedded cost of service (ECOS) studies filed in each of the Joint Utilities' rate cases. Importantly, however, those methodologies do not achieve the outcomes sought by the Commission in its previous orders on standby/buyback rates and the development of an appropriate ACOS methodology.^{2, 3, 4}

Finally, the Joint Utilities contend that the strength of the parties' opposition to the AAM is merely in headcount and not in substance. Here again, the Joint Utilities give short shrift to parties' arguments in opposition, attempting to redirect attention away from their merits. The party comments opposed to the AAM were not only substantial in number but compelling in their merits. The breadth and diversity of the opposition to the AAM, including from municipalities, customer interest groups, and clean energy technologies, stands in contrast to its narrow support from the Joint Utilities. We urge the Commission to reject the AAM.

Thank you for your consideration.

² Case 14-M-0101, ORDER ADOPTING A RATEMAKING AND UTILITY REVENUE MODEL POLICY FRAMEWORK, 5/19/2016, pp. 127-130

³ Case 15-E-0751, ORDER ON STANDBY AND BUYBACK SERVICE RATE DESIGN AND ESTABLISHING OPTIONAL DEMAND-BASED RATES, 5/16/2019, pp. 21, 27

⁴ The allocators employed in utility ECOS studies predate the current ACOS proceeding and were not developed to allocate costs according to the Commission's definition of shared and local costs. Since the ECOS studies were developed for other purposes, and their methodologies have only been accepted as inputs to rate case settlements, rather than specifically approved by the Commission in their own right, this argument is not a sufficient rationale to adopt the Joint Utilities' proposed allocators. The Staff Whitepaper's proposed methodology and allocator was developed specifically for the purpose of the ACOS studies and would better apply the Commission's definition of shared and local costs uniformly across all utilities.

Respectfully Submitted,

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⁵ 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 advocates for policies that empower and compensate customers appropriately--to contribute energy or energy-related services or to manage their energy usage--in a manner which contributes to a more efficient, cost-effective, resilient, reliable, and environmentally sustainable grid. This filing represents 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