



January 23, 2023

Hon. Michelle L. Phillips
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Advanced Energy United and the Alliance for Clean Energy New York Comments In the Matter of The Federal Energy Regulatory Commission Order Nos. 2222 and 841, to Modify Rules Related to Distributed Energy Resources, Case 22-01964/22-E-0549

Dear Secretary Michelle L. Phillips:

Advanced Energy United (“United”), formerly known as Advanced Energy Economy (“AEE”) and the Alliance for Clean Energy New York (“ACE NY”) are submitting these comments in response to New York Public Service Commission’s (“Commission”) Case 22-01964/22-E-0549, In the Matter of Federal Energy Regulatory Commission (“FERC”) Order Nos. 2222 and 841 to Modify Rules Related to Distributed Energy Resources. Advanced Energy United is a national association of businesses that are making the energy we use secure, clean, and affordable. United works to accelerate the move to 100% clean energy and electrified transportation in the U.S. Advanced energy encompasses a broad range of products and services that constitute the best available technologies for meeting our energy needs today and tomorrow. These include energy efficiency, demand response, energy storage, solar, wind, hydro, nuclear, electric vehicles, and the smart grid. United represents more than 100 companies in the \$238 billion U.S. advanced energy industry, which employs 3.3 million U.S. workers, including 157,000 individuals in the Empire State. ACE NY is a member-based organization with a mission of promoting the use of clean, renewable electricity technologies and energy efficiency in New York State to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. ACE NY’s diverse membership includes companies engaged in the full range of clean energy technologies as well as consultants, academic and financial institutions, and not-for-profit organizations interested in their mission. United and ACE NY are referred to collectively in these comments as the “advanced energy companies,” “we,” or “our.” Our detailed comments follow.

Sincerely,

Deb Peck Kelleher
Deputy Director
Alliance for Clean Energy New York
dpeckkelleher@acenyc.org

Leah Meredith
Policy Principal
Advanced Energy United
lm Meredith@advancedenergyunited.org

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

**In the Matter of The Federal Energy Regulatory)
Commission Order Nos. 2222 and 841, to Modify) Case No. 22-E-0549
Rules Related to Distributed Energy Resources)**

January 23, 2023

**Comments of Advanced Energy United and the Alliance for Clean Energy New York
on Proposed Utility Tariff Changes**

Introduction

If New York is to meet its ambitious goal of 70% renewable electricity by 2030 and 100% emissions-free electricity by 2040, set forth in the Climate Leadership and Community Protection Act (“CLCPA”), the state must rapidly deploy a diverse mix of advanced energy resources. In addition to utility-scale resources, New York must take full advantage of technologies such as onsite renewable energy generation, battery storage, demand side management, electric vehicles, and other distributed energy resources (“DERs”). Allowing DERs to provide both retail and wholesale services is key to capturing their full benefits and providing the widest range of options for DER developers, owners and aggregators to pursue opportunities to monetize that value. Consideration of, and accounting for, instances of dual participation where a DER's capability may be split to provide more than one distinct wholesale or retail service in a given interval is critical.¹ Updating utility tariffs that currently support DERs while closing potential loophole on duplicative compensation² is an essential step to creating opportunities for wholesale market participation when those existing retail tariffs are not compatible with the New York Independent System Operator’s (NYISO) DER participation model.

¹ Advanced Energy United. *FERC Order No. 2222 Implementation: Preparing the Distribution System for DER Participation in Wholesale Markets*. <https://www.aee.net/aee-reports/ferc-order-no.-2222-implementation-preparing-the-distribution-system-for-der-participation>. January 20, 2022.

² The ban on dual compensation is a requirement under FERC Order No. 2222.

Our detailed comments below are based on two basic principles: (i) that the updated tariffs should still enable DERs to be fully compensated for all the benefits they provide and (ii) the tariffs should not create any additional barriers to DER development and operation.

Comment on proposed changes to existing utility tariffs

United and ACE NY support the creation of the wholesale version of the Value of Distributed Energy Resources (“VDER”) or the Wholesale Value Stack (“WVS”), a new mechanism for the compensation DERs that choose to participate directly in NYISO markets. We are also generally supportive of the utilities’ tariff amendments to establish WVS participation eligibility requirements for DERs. While we are supportive overall, we offer four recommendations below to ensure fair treatment of DERs that choose to participate in both retail DER programs and NYISO wholesale markets.

First, we note that the current VDER tariff includes a component for avoided transmission & distribution (“T&D”) losses that would be eliminated under the proposed WVS tariffs. Since this benefit is real, regardless of the tariff design, and whether or not a DER is using the existing VDER tariff or proposed WVS tariff, we recommend that any Commission-approved tariff changes ensure that this component continues to be valued in the WVS.

Second, the proposed changes would require DERs to take service under a wholesale distribution service (“WDS”) tariff. However, at present only ConEd has a WDS tariff, and it is currently unidirectional. New York’s utilities are expected to file new (or updated in the case of ConEd) WDS tariffs in the spring of 2023. We have potential concerns with the details of the WDS rates still being undetermined, especially since demand charges threaten to make DER participation unprofitable. Advanced energy companies encourage the Commission to adopt an exemption that mirrors the 15-year exemption from demand charges located in the buyback tariffs for energy storage projects. This exemption was agreed to in Case 15-E-0751, and was strongly supported by the Commission in its recent Standby and Buyback Service

Rates Order.³ We therefore request additional clarifying language in ConEd's revised WDS and in all other utilities' to-be-filed WDS tariffs that all resources currently eligible for the demand charge exemption remain eligible if/when they take service under the WDS tariff.

Third, advanced energy companies support reducing the utilities' proposed notice timeframe for DER assets wishing to move between participation venues. As currently proposed, utilities must be notified by August 1 for enrollment on May 1 the following year. While this requirement is driven by the NYISO notification requirement, a nine-month lead up time for notice can be burdensome for some DERs, especially new generation assets coming into the market, and especially for smaller DERs, once they are more readily able to participate as well. We therefore support shortening this timeframe generally, but particularly for new and small-scale generation assets, to allow for easier access to the wholesale market and to avoid impacts to project development timelines.

Finally, although not specific to the current proceeding, we request that the Commission require the utilities to file redline versions of all proposed tariff changes. With the exception of National Grid, the utility filings in this docket provided only the updated proposed language. Providing redlines to the current tariff books would allow interested parties to more easily review the proposed changes to the utilities' updated tariffs.

Conclusion

We appreciate the Commission's consideration of these comments as it works to implement important tariff changes to further support the growing DER market in New York. The Commission should ensure that DERs owners and aggregators with the desire to participate directly in wholesale markets can still fully avail themselves of utility tariffs designed to provide local distribution value and that to-be proposed WDS tariffs do not erect additional

³ Case 15-E-0751. In the Matter of the Value of Distributed Energy Resources, Order Establishing an Allocated Cost of Service Methodology for Standby and Buyback Service Rates and Energy Storage Contract Demand Charge Exemptions. March 16, 2022.

barriers to DER development and ensure fair market compensation for the energy and capacity products. We look forward to our continued participation in this important proceeding.