

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.)

Docket No. ER21-1001-000

**LIMITED PROTEST AND MOTION TO INTERVENE OF
THE U.S. ENERGY STORAGE ASSOCIATION,
THE AMERICAN CLEAN POWER ASSOCIATION
THE ALLICANE FOR CLEAN ENERGY – NEW YORK
THE NEW YORK BATTERY AND ENERGY STORAGE TECHNOLOGY
CONSORTIUM**

Pursuant to Rules 211 and 214¹ of the Rules of Practice and Procedures of the Federal Energy Regulatory Commission (“FERC” or “Commission”), the U.S. Energy Storage Association (“ESA”), the American Clean Power Association (“ACP”), the Alliance for Clean Energy – New York (“ACE-NY”) and the New York Battery and Energy Storage Technology Consortium (NY-BEST) (jointly, the “Clean Energy Intervenors”) hereby submit this motion to intervene and limited protest to the New York Independent System Operator, Inc.’s (“NYISO”) revisions to its Open Access Transmission Tariff (“OATT”) and Market Administration and Control Area Service Tariff (“Services Tariff”) in the above-referenced docket. In this filing, NYISO proposes rules to enable an Energy Storage Resource (“ESR”) and a wind or solar Intermittent Power Resource (“IPR”) that share a common point of interconnection, to participate in the NYISO markets as a Co-located Storage Resource (“CSR”).

The Clean Energy Intervenors appreciate NYISO taking this initial affirmative, though incremental, step. As NYISO explains, it will work with stakeholders later this year to develop a hybrid storage aggregation model that will enable an ESR and an IPR located behind the same point of interconnection to participate in the markets as an aggregated resource, rather than two

¹ 18 C.F.R. §§ 385.212 and 214 (2020).

resources as proposed here under the CSR rules. The Clean Energy Intervenors are hopeful that that the aggregated model will improve upon the CSR model, and look forward to working with NYISO and stakeholders in its development.

While the CSR model improves the interconnection process for co-located resources and allows for the dispatching of two resources behind a single point of interconnection, it does not eliminate all barriers and, in fact, creates new unnecessary costs—costs which could have a material impact on the development of co-located resources.

The Clean Energy Intervenors' limited protest highlights one concern: pancaked administrative fees. NYISO will require each component resource participating in a CSR to be separately metered and treated as two generators. When the IPR provides energy to directly charge the co-located ESR, NYISO intends to assess the NYISO annual budgeted costs and the annual FERC fee pursuant to Rate Schedule 1 of the NYISO OATT on the IPR *and* also concomitantly to assess these same fees on the “negative injections”—that is, storing energy for later resale—by the ESR. These fees will be assessed even though charging will occur only over facilities classified as interconnection customer interconnection facilities. When the IPR provides energy that is simultaneously absorbed by the ESR, NYISO will provide no wheeling services, as zero megawatt-hours will be injected into, or withdrawn from, the NYISO grid. These fees would also be assessed on the same unit of energy again when it is later resold by the ESR to serve load.

In 2021, these fees together will add approximately \$0.64/MWh to the cost of an ESR. The Commission should reject the assessment of Rate Schedule 1 fees where NYISO provides no wheeling services, and direct that NYISO not charge these fees on either the IPR or the ESR for megawatt-hours that never go to the transmission grid.

I. COMMUNICATIONS

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II. ABOUT THE CLEAN ENERGY INTERVENORS

A. U.S. ENERGY STORAGE ASSOCIATION

The U.S. Energy Storage Association is the national trade association charged with working toward a more resilient, efficient, sustainable and affordable electricity grid – as is uniquely enabled by energy storage. With more than 200 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, installers, manufacturers, component suppliers and integrators involved in deploying energy storage systems around the globe.

B. AMERICAN CLEAN POWER ASSOCIATION

The American Clean Power Association is a national trade association representing a broad range of entities with a common interest in encouraging the expansion and facilitation of wind, solar, energy storage, and electric transmission in the United States.

C. THE ALLIANCE FOR CLEAN ENERGY –NEW YORK

The Alliance for Clean Energy New York (ACE NY) is a membership-based organization in Albany, NY comprising clean energy companies and environmental organizations, including companies engaged in renewable electricity projects paired with storage. Our mission is to promote the use of clean, renewable electricity technologies and energy efficiency in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution.

D. THE NEW YORK BATTERY AND ENERGY STORAGE TECHNOLOGY CONSORTIUM

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 180 member organizations

on matters related to advanced batteries and energy storage technologies, including grid storage and transportation. Our membership includes global corporations, start-ups, project developers, leading research institutions and universities, and numerous companies involved in the electricity and transportation sectors.

III. MOTION TO INTERVENE

The Clean Energy Intervenors and their members are active participants in NYISO's energy and capacity markets, and own, operate and/or are developing energy storage facilities in New York State. Accordingly, the Clean Energy Intervenors have a direct and substantial interest in the above-captioned docket and will be affected by the outcome of this proceeding. Moreover, the interests of the Clean Energy Intervenors will not be adequately represented by any other party. Therefore, the Clean Energy Intervenors respectfully move to intervene in this proceeding

IV. LIMITED PROTEST

As a CSR, the co-located IPR and ESR each is required to act through the NYISO market scheduling system, limiting the synergies that on-site storage brings to IPRs. Under the CSR model, the IPR and ESR are viewed as two generators and are required to bid and schedule their output (and withdrawals for ESRs) separately through the NYISO market system, with each resource having its own settlement meter. This scheduling applies even to energy that is to be transferred from the IPR directly to the ESR for later injection to the grid. In this situation, none of the IPR's energy used to charge the ESR ever crosses the point of interconnection with the NYISO controlled grid—that is, flows associated with such charging service are limited to the use

of facilities classified in interconnection agreements as interconnection customer interconnection facilities.

One of the primary benefits of co-locating a storage resource with an IPR, like wind or solar, is to capture energy that would otherwise be lost or “spilled” when, for example, the solar output exceeds the system’s ability to absorb it or when market energy prices are very low. These situations can occur on very short notice and often will not be predictable within the accuracy required by the NYISO market bidding and scheduling system. As a result, the CSR model, while providing an improvement to the interconnection process for co-located resources and a new ability for NYISO to manage the dispatch of two resources behind a limiting interconnection interface, does little to eliminate barriers to capturing the value of pairing an ESR with an IPR because the rules fail to provide needed improvements to the dispatchability and reliability performance of IPRs. These issues, though, will be tackled later this year.

As highlighted above, NYISO intends to apply “pancaked” administrative fees on co-located resources. Because NYISO will require each co-located resource to have its own PTID (Point Identifier) and its own NYISO settlement, with each resource metered separately and not as a single unit at the point of interconnection, the IPR and ESR will independently be assessed charges under NYISO’s Rate Schedule 1, which collects the NYISO annual budgeted costs and the annual FERC fee. This aspect of the proposal is unjust and unreasonable.

Under the NYISO proposal, when a solar facility, for example, provides charging energy to a co-located battery resource, the injection of energy by the solar facility will be metered and charged \$0.318360/MWh under the 2021 Rate Schedule 1 fee structure.² None of this energy is injected into the NYISO grid, as the battery receives the energy produced by the IPR using only

² See <https://www.nyiso.com/documents/20142/14763916/2021-Rate-Schedule-1.pdf/1a1b4a0f-3aa0-5ba1-f239-8fb58a3d3bf7>.

facilities classified as interconnection customer interconnection facilities. As for the co-located battery, NYISO also charges it \$0.318360/MWh under the 2021 Rate Schedule 1 fee structure based on the storing of energy by the battery being a “negative injection.” The allocation of NYISO administrative fees under circumstances where NYISO provides no wheeling services can be viewed in some ways as akin to NYISO charging Behind the Meter Net Generation an administrative fee when all generation is consumed behind the retail meter, which it of course does not do.³

NYISO reaches this result based on several related tariff provisions. First, Actual Energy Injections is defined in the NYISO OATT as: “Energy injections that are measured using a revenue-quality real-time meter.”⁴ And because the meter is at the individual generator within a CSR—rather than the point of interconnection—NYISO does not differentiate the purposes, or destination, of the injection. Second, under Section 6.1 of the OATT, NYISO collects its annual budgeted costs and the annual FERC fee from all “Transmission Customers,” which includes all market participants that either inject energy into the system or withdraw energy from the system. These fees would be collected even though no Transmission Service (defined as “Point-To-Point, Network Integration or Retail Access Transmission Service provided under Parts 3, 4 and 5 of the Tariff”) is provided by NYISO. The collection of these fees are based in part on Injection Billing Units. As to ESRs, Injection Billing Units are not only based on Actual Billing

³ Like any generator, an ESR will pay the Rate Schedule 1 fee of \$0.318360/MWh when it subsequently injects energy into the grid. In total, with the proposed pancaked administrative fees, an ESR effectively is allocated administrative fees totaling almost \$0.96/MWh of injected energy. These fees thus may have a material impact on the economics of adding storage to intermittent resources.

⁴ While NYISO’s intent is to charge both the IPR and ESR its administrative fee, confusion remains based on this Tariff term; specifically, the charge would depend on whether the revenue-quality meter is at each resource or whether there is a single revenue-quality meter at the point of interconnection. In the case of a DC coupled resource, the revenue-quality meter is expected to be at the point of interconnection, with non-revenue telemetry from each of the co-located resources. If this is the case, then NYISO may be proposing to treat AC and DC coupled CSRs differently even though these co-located resources are engaged in identical transactions.

Units (*i.e.*, sales for resale into the NYISO markets). Instead, the term Injection Billing Units is defined to include the following: “For purposes of recovering the ISO annual budgeted costs and the annual FERC fee pursuant to Rate Schedule 1 of this ISO OATT, Injection Billing Units shall include the absolute value of negative injections by Withdrawal-Eligible Generators.”⁵ But this too is a fiction when an ESR is charged directly from its co-located IPR. Just as there is no injection *into* the NYISO grid when a co-located solar resource provides charging service, there is no withdrawal *from* the NYISO grid under these circumstances by the ESR, notwithstanding its “eligibility” to do so.

There is an additional problem with the NYISO proposal. The Commission’s regulations do not address the collection of the annual FERC fee for generation transmitted and consumed solely within interconnection customer interconnection facilities. Section 382.201(c)(1) of the Commission’s regulations, 18 C.F.R. § 382.201(c)(1), Annual Charges under Parts II and III of the Federal Power Act and related Statutes, provides that:

For purposes of computing annual charges, as of January 1, 2002, a public utility, as defined in §382.102(b), that provides transmission service must submit under oath to the Office of the Secretary by April 30 of each year an original and conformed copies of the following information (designated as FERC Reporting Requirement No. 582 (FERC-582)): *The total megawatt-hours of transmission of electric energy in interstate commerce, which for purposes of computing the annual charges and for purposes of this reporting requirement, will be measured by the sum of the megawatt-hours of all unbundled transmission (including MWh delivered in wheeling transactions and MWh delivered in exchange transactions) and the megawatt-hours of all bundled wholesale power sales (to the extent these latter megawatt-hours were not separately reported as unbundled transmission).* This information must be reported to 3 decimal places; *e.g.*, 3,105 KWh will be reported as 3.105 MWh. [Emphasis added.]

⁵ NYISO OATT § 1.9. The term Withdrawal-Eligible Generator is defined as: “A Generator that is eligible to withdraw energy from the grid at a price for the purposes of recharging or refilling for later injection back into the grid.” NYISO Service Tariff § 1.23.

Where a co-located IPR provides charging service to an ESR over interconnection customer interconnection facilities *and* such energy is consumed within that limited system, there are zero megawatt-hours of unbundled transmission over NYISO jurisdictional facilities and no wheeling service is provided by NYISO. Thus, NYISO's inclusion of charging by co-located resources in its computation of annual charges, and subsequent assessment of the fee to a CSR, would appear to violate the Commission's regulations.

There is a relatively easy fix to this problem. While NYISO requires both the co-located IPR and ESR to be metered separately, it also requires that the CSR "have the same billing organization and the same bidding agent."⁶ Thus, using the meter data from the resources, NYISO could readily net out the charging energy produced by the IPR that is used to charge a co-located ESR, and not charge the ESR for the associated negative injections from the IPR. In Order No. 841, the Commission addressed a similar issue relating to wholesale and retail metering practices, and concluded that it was "not persuaded by commenters who argue that developing metering practices that distinguish between wholesale and retail activity is impractically complex."⁷ The circumstances here are much less complex given that NYISO is in possession of all meter data. Accordingly, the Commission should direct NYISO in a compliance filing to net out meter data associated with charging by the co-located resources, and thus to eliminate Rate Schedule 1 fees for the NYISO annual budgeted costs and annual FERC fee when an IPR provides charging service to an ESR over interconnection customer interconnection facilities.

⁶ *Id.* at p. 7.

⁷ *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 841, 162 FERC ¶ 61,127 at P 318 (2018), *order on reh'g*, Order No. 841-A, 167 FERC ¶ 61,154 (2019), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 964 F.3d 1177 (D.C. Cir. 2020).

IV. CONCLUSION

For the reasons set forth above, the Commission is respectfully requested to find that NYISO has failed to justify applying pancaked administrative fees for charging services occurring over interconnection customer interconnection facilities, and that the Commission's regulations do not support the computation of the annual FERC fee where NYISO provides no wheeling services. Accordingly, the Commission should direct NYISO to net metering data when an IPR provides energy to directly charge the co-located ESR, and should also grant ESA's motion to intervene.

Respectfully submitted,

THE U.S. ENERGY STORAGE ASSOCIATION

By its attorney,



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February 19, 2021

CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, I, Anne O'Hanlon, certify that on this day that I emailed or mailed, postage prepaid, a copy of the foregoing document to all parties on the official service list posted by FERC

Dated at Boston, MA this 19th day of February, 2021.



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