

NEW YORK UTILITIES RELEASE RFPs FOR LARGE ENERGY STORAGE SYSTEMS

Hodgson Russ Renewable Energy and Environmental Alert
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In its December 31, 2018 *Order Establishing Energy Storage Goal and Deployment Policy*, the New York Public Service Commission (PSC) set an energy storage goal of 3,000 MW by 2030 (codified as a mandate in the Climate Leadership and Community Protection Act in July of this year) with an interim goal of 1,500 MW by 2025. The Order further required that New York's investor-owned utilities hold competitive procurements for operation and dispatch rights to bulk-level energy storage systems sited within their respective utility territories. The PSC ordered that the Requests for Proposals (RFPs) issue in 2019 and procure at least 10 megawatts (MWs) of storage that would be operational by December 31, 2022, with the exception of Con Edison, which the Commission ordered to procure 300 MWs.

On September 30, 2019, New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid) and Central Hudson Gas & Electric Corporation (Central Hudson) issued their RFPs. This followed RFPs issued by Con Edison and Orange & Rockland on July 15.

The RFPs seek contracts for up to seven years during which the developer will own and maintain the energy storage system. The parallel NYSERDA "bridge" incentive program is also paid over seven years but is designed to support a 20-year term. Under the terms of NYSERDA's contract, failure to operate the system for 20 years could trigger clawbacks.

Interested bidders must be prequalified to be eligible to submit bids as outlined in the applicable bid documents. While the RFPs include similar terms and conditions regarding project size, credit and site control requirements, each has unique nuances and preferred site locations.

Important dates to know for NYSEG, RG&E, National Grid, and Central Hudson:

- October 31, 2019: deadline for filing qualifications for evaluations
- November 26, 2019: date on which qualified bidders will receive notification of their status
- December 20, 2019: deadline by which qualified bidders must submit offers pursuant to the RFP

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Developers who prequalified for Con Edison and Orange & Rockland by August 1, 2019, are required to submit their RFP responses by October 31, 2019.

Detailed information on the RFPs and applicable bid documents can be viewed here:

Central Hudson: https://www.cenhud.com/projects/bulk_energy_storage_rfp

National Grid: <https://www.nationalgridus.com/bulk-energy-storage-request-for-proposals>

RG&E and NYSEG: <https://www.nyseg.com/wps/portal/nyseg/saveenergy/innovation/bulk-energy-storage>

Con Edison and Orange & Rockland: <https://www.coned.com/en/business-partners/business-opportunities/bulk-energy-storage-request-for-proposals>

While numerous states have grid decarbonization as a goal, arguably none has targeted energy storage solutions as fervently as New York. In addition to the utility company RFPs discussed above, the PSC's December 2018 Order authorized NYSEG to issue its "bridge" incentive program, which it did in April and under which NYSEG is providing \$280 million. That program is divided into two categories: \$150 million for its Bulk Storage Incentive (systems over 5 MW primarily providing wholesale market energy or distribution services) and \$130 million for the Retail Energy Storage Incentive Program (customer-sited systems below 5 MW that are installed alone or paired with onsite generation like wind or solar). Also in April, the New York Power Authority (NYPA) issued its Energy Storage Joint Opportunity RFI, kicking off its own efforts to create energy storage projects.

Then, in July, the Department of Public Service (DPS) staff issued its report "The Potential for Energy Storage to Repower or Replace Peaking Units in New York State," which analyzed each gas-fired peaker plant to determine how many megawatts of peaking units could be replaced or hybridized with energy storage and clean energy resources. The report concluded that:

"[T]here is an opportunity to consider replacing or hybridizing a substantial portion of the peaking units subject to DEC's proposed NOx rule with a fleet of storage resources paired with solar. Such an outcome would potentially deliver significant environmental benefits, advance the state's carbon reduction and clean energy goals, as well as benefit historically disadvantaged populations and communities such as environmental justice areas in line with the goals of the Climate Leadership and Community Protection Act."

At least one industry group has commented that the report underestimated the units that storage could replace. That group called on the PSC "to institute a proceeding in the near future to examine the potential for the proposed DEC regulations to lead to retirements and reliability impacts, and to identify potential portfolios of resources, including energy storage, that could meet the requisite reliability planning requirements." Other commenters continue to push the PSC on valuation of storage resources, including compensation for ancillary service functions.

Energy storage market participants and others also eagerly await issuance by the Long Island Power Authority and PSEG-Long Island RFP for bulk storage that would complement the existing Retail Energy Storage Incentive from NYSEG. The value of storage in Long Island is especially high given the constrained nature of the electricity grid and numerous overly burdened load pockets in the region.

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If you have questions on these initiatives or aspects of the Energy Storage RFPs, contact a member of the Hodgson Russ Renewable Energy Team at <https://www.hodgsonruss.com/practices-renewable-energy.html>.

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