



New York Battery and Energy Storage Technology Consortium, Inc.

November 22, 2019

Via Email

Re: Demand Curve Reset

To: The Analysis Group

The recently enacted Climate Leadership and Community Protection Act (CLCPA) along with a changing business environment and public attitude towards energy and climate change is likely to affect the Cost of New Entry (CONE) for fossil fuel generators. The New York Battery and Energy Storage Technology Consortium (NY-BEST) requests that the Analysis Group and the NYISO thoroughly consider these new factors in the development of the reference unit CONE for the demand curve reset process.

The first question in the Demand Curve Reset (DCR) process is the choice of the reference unit. In light of the substantial changes in the New York system mix as a result of the CLCPA and broader technological, economic and environmental trends, NY-BEST suggests that the role of peaking generation that has traditionally been performed by simple cycle combustion turbines will soon be fulfilled by fast-responding, flexible energy storage resources such as batteries. Accordingly, NY-BEST further requests that the Analysis Group and NYISO consider energy storage units for the reference unit. This should be done as part of the DCR process but also may require reconsideration of the tariff to ensure that the tariff provisions regarding the reference unit¹ do not inappropriately restrict the choice of a new technology that promises to be the most effective peaking resource in the State's new generation mix.

In the event a conventional fossil fueled peaking technology is chosen as the reference unit, considerations for the development of the CONE should include, but not be limited to, the following:

1. The CLCPA requires the elimination of fossil fuel generation in New York by 2040. Depending on the time to permit and build the new generation, this means that the useful life of the asset is likely to be only 15 to 19 years, significantly shorter than the typical life of fossil fuel generators. The depreciation schedule should reflect this shortened life expectancy of the unit.
2. In recent years we have seen strong public opposition to building new fossil fuel generation. The effect of this opposition, at the least, adds cost to the siting and permitting process and may prevent a project from even being built. This weighs in

¹ NYISO Market Administration and Control Area Services Tariff, Section 5.14.1.2.2

favor of selecting a non-emitting reference unit such as an energy storage facility, but minimally adds to the siting and permitting costs of a fossil plant.

3. The CLCPA requires 70% of electricity generation to be from renewables by 2030. This requirement could significantly reduce prices in the energy market and the associated non-capacity revenues available to a fossil fuel reference unit as early as five to ten years after the start of operation. The capacity factor and energy prices received by the reference unit should be adjusted downward accordingly.

We look forward to further discussions of these topics and thank you for your consideration of these suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "William Acker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dr. William Acker
Executive Director
New York Battery and Energy Storage Technology Consortium (NY-BEST)

CC: NYISO