

Comments of DER Providers and Supporters to the NYISO Regarding DER Aggregation
March 9, 2017

We are writing to provide feedback on the NYISO's presentation to the Market Issues Working Group on February 28. While we appreciate the time and effort that NYISO staff has committed to developing the DER Roadmap, we are concerned that elements of the Roadmap will greatly restrict DER participation in wholesale markets. It is imperative that these shortcomings be remedied before further work is done on the Roadmap, as the shortcomings could have a cascading effect. Many of the companies and organizations signed on to these comments will be leading the efforts to commercialize DER in New York and ensure that the 3-5 years and considerable NYISO resources spent on this Roadmap are not an academic exercise. Therefore, we hope that the NYISO gives serious consideration to this feedback.

Relevant to the presentation on February 28, we are strongly opposed to the NYISO's proposal to limit aggregation to the transmission node level. This opposition was registered in comments from DER Providers to the NYISO on September 12 and during presentations from DER Providers on October 24 and December 5 to the MIWG. We also provided suggestions to address the NYISO's concerns.

The two major concerns regarding the NYISO's proposal to limit aggregation to the transmission node level are:

1. **Performance and risk management:** Much like an investor seeks to build a large, diverse portfolio to manage risk and avoid any single asset having an outsized impact on overall performance, broad aggregation enables DER providers to do the same. The more customers that are in a portfolio, the less likely that under-performance from any one customer will impact the ability of the portfolio to deliver on its obligation. Therefore, restricting the aggregator's ability to add customers to a portfolio increases exposure to penalties, and significantly undermines the DER business model.
2. **Ancillary services participation:** If DERs can only aggregate to the transmission node level, and the minimum requirement is 1 MW for an aggregation to participate in ancillary services programs, many customers with the capability to provide ancillary services will be excluded from participation. This exclusion will decrease competition and lead to unnecessarily high rates. The inability to capture ancillary revenues will also detract from the business case for these resources to be developed, running counter to state policy goals.

We recognize the NYISO's concerns that dispatching a resource aggregated across several nodes could exacerbate transmission constraints if customers on the wrong side of a constraint are dispatched as part of a broader aggregation. However, a blanket prohibition on aggregation is a sledgehammer approach to the problem, when scalpel approaches are feasible. Aggregations could be allowed at the zonal level and if there are intra-zonal constraints tied to a node or certain nodes, those nodes could be excluded from dispatch. All customers would be required to enroll at and be mapped to a specific node, so the NYISO would have appropriate visibility, and be able to exclude nodes as needed. PJM has a comparable approach to sub-zonal dispatch. The NYISO will need to perform this exclusion of nodes from dispatch under the NYISO's current approach anyway. While there may be other suitable solutions than the approach outlined above, it is imperative that customers be allowed to aggregate as broadly as possible.

We stand committed to collaborating with the NYISO on designing a solution that preserves system reliability without erecting unnecessary barriers to entry from DERs. Therefore, as a first step, the NYISO should respond to the approach summarized above by detailing its concerns and questions, or by suggesting a comparable alternative, so that we can work constructively toward a solution.

These comments should not be taken to oppose the DER Roadmap itself. We support NYISO's efforts to open its markets to DER resources and are grateful for NYISO staff's work in this area. Rather, our objective is to provide specific feedback to strengthen the Roadmap to facilitate competitive entry from DERs while ensuring reliability.

Thank you for your consideration.

Sincerely,

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