Update on Relevant Regulatory Initiatives at the Public Service Commission

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DPS View of Energy Trends

Yesterday
Centralized Power

Tomorrow
Cleaner, local power

Transmission network
House
Factory
Commercial building
Distribution network

Other renewable power sources
Local CHP plant
Solar PV power plant
Storage
Wind power plant
House with domestic CHP
Recent Regulatory Initiatives with Air Quality Implications

➢ **Expansion of Offshore Wind Goal**
  - tripling of target to almost 1/3 of the State’s electric load (9 GW by 2035)
  - ability to directly inject into NYC and Long Island areas
  - significant implications for downstate peaker operations

➢ **New Energy Storage Goal**
  - 3 GW by 2030 (about 10% of State’s electric load)
  - storage is critical for greater renewable energy integration
  - peaker replacement study requirement

➢ **Reform of Onsite Renewable Energy Compensation**
  - more renewable technologies made eligible for compensation
  - further refinements to the methodology being enacted
Offshore Wind

➢ NYSERDA’s first OSW solicitation received four bids totaling approximately 3,700 MW of new, clean energy capacity.

➢ The bids are currently being evaluated and an award(s) are expected in June 2019.

➢ Impact on downstate peakers
Energy Storage

➢ The Commission in December 2018 approved a comprehensive storage deployment policy.
➢ Addresses barriers to storage deployment.
➢ Authorizes $350 million of incentive funds.
➢ Requires utility procurements of 350 MW of bulk storage.
➢ Requires peaker plant study to determine candidates for repowering or replacement with storage.
Onsite Renewable Energy Compensation

- Net Metering (NEM) allows grid injections from PV, wind, etc. to be compensated at retail rates, which tends to over-compensate some.
- NEM + up-front incentives helped kick-start the industry.
- The cost of PV continues to decline significantly.
- The Commission’s Value of DER Orders (March and Sep. 2017) established a transition away from NEM to value-based tariffs.
Onsite Renewable Energy Compensation

- Improvements to the Value Stack are ongoing; recent improvements include:
  - expansion of project size up to 5 MW
  - proposed refinements to values allow more bankability and financing
  - expansion of eligible technologies (e.g., digesters, tidal, storage)
  - working group to examine CHP eligibility above 10 kw

- Conclusions:
  - the Value Stack will incentivize projects that add value to the grid, rather than the “rough justice” of earlier compensation mechanisms.
  - short-term volatility for some project types and market segments is and may continue to occur, but medium-term allocative efficiency is expected.
  - If there are no significant cost shifts (e.g. commercial customers with demand charges), allow a continuation of limited NEM, but offer optional value-based rates.
Thank You

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