



Department
of Public Service

Update on Relevant Regulatory Initiatives at the Public Service Commission

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DPS View of Energy Trends

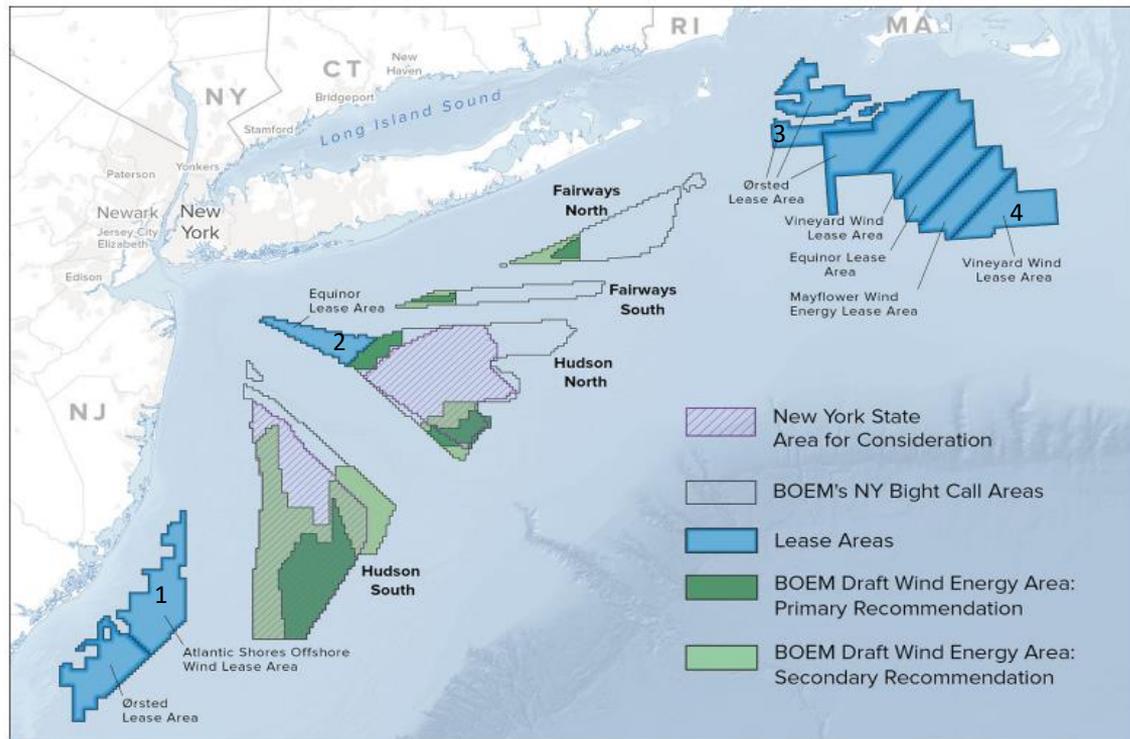


Recent Regulatory Initiatives with Air Quality Implications

- **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

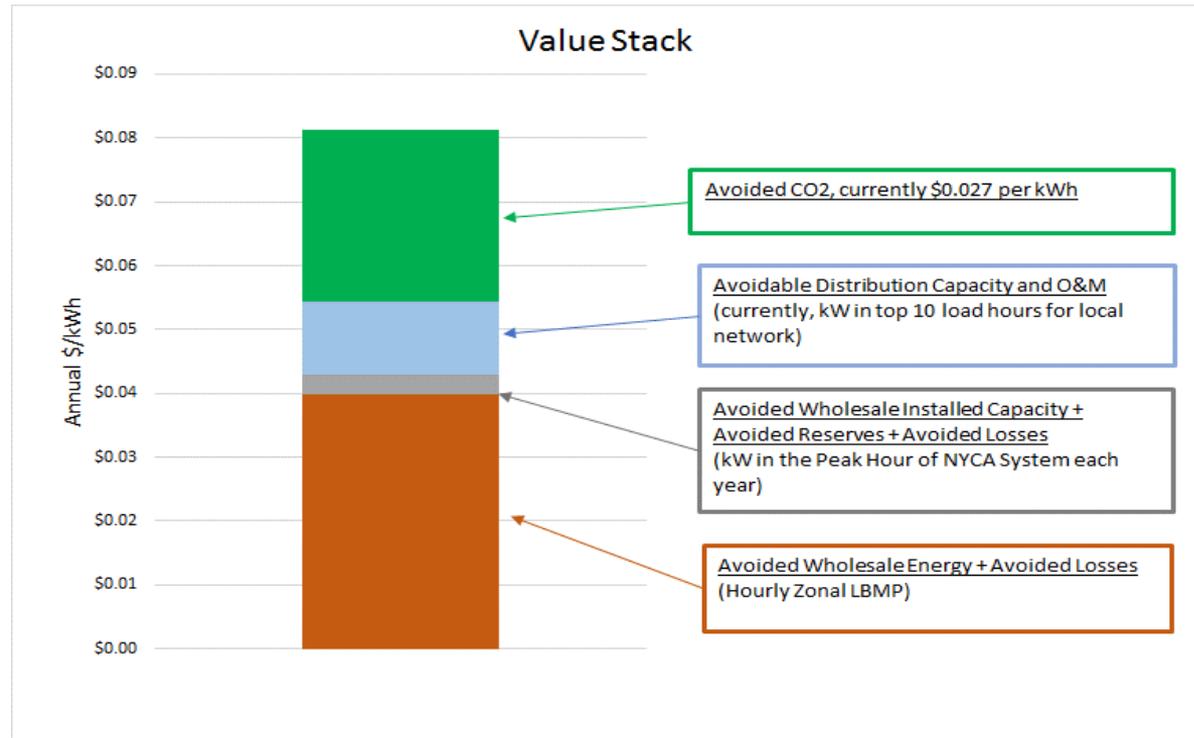


Energy Storage

- 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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