

To the NYISO staff--

ESA appreciates the opportunity to provide NYISO with feedback on the ongoing DER Roadmap effort and provide the perspective of the energy storage industry. With the understanding that the DER Roadmap is still evolving and a number of upcoming meetings of the Market Issues Working Group will further examine specific details of the Roadmap, the follow points constitute initial feedback on some of the most pressing implications of the Roadmap's plans.

The most concerning changes that NYISO is proposing in the DER Roadmap involves the calculation of Capacity value for DER. The Roadmap would likely reduce the earnings potential of limited-duration resources, both behind the meter and in front of the meter. If the entire Capacity market is redesigned to value all resources based on their duration—rather than maintaining the current status quo of allotting full Capacity value to resources with at least four hours of duration—shorter duration resources, including many types of energy storage, will have less incentive to provide their services to the bulk power system. It's not just duration, but time of deliveries that matters; a short-duration resource can have equal value to a longer-duration resource even if it supplies Energy or other products only during peak hours, and such a resource could conceivably provide more value than traditional generation can if it is available to be dispatched and ramped to full power nearly instantaneously. Any changes in the Capacity value of limited duration resources needs to account for the full value of these resources relative to what the system needs, and not categorize them simply by duration. Furthermore, work to develop new Capacity values for DER should not negatively affect the Capacity value of front-of-meter resources—specifically Energy Limited Resources. To allow changes in the DER Roadmap to affect front-of-meter resources, or to even leave the possibility open and thus expose the market to uncertainty, would have a chilling effect on the development front-of-meter storage.

Uncertainty about market rules for behind-the-meter resources as the DER Roadmap continues to be developed is another concern that could prevent new resources from come online and providing services to NYISO in the near term. Because the DER Roadmap envisions changes across multiple Demand Response programs, it is difficult for developers to make investment decisions without knowing whether resources that enter the wholesale market now will be able to operate under the same or similar market rules in the future. NYISO should promote stakeholder certainty by clarifying if, and how, resources will be able to participate in current DR programs as the DER Roadmap is implemented.

In addition to these high-level concerns, ESA has identified several other important details to consider as the DER Roadmap development continues.

Use of any state-of-charge management for storage DER, while generally helpful, should be optional in order to ensure resources can choose which services to provide if they prefer not to hand over control to NYISO.

- NYISO should better clarify the distinction, or lack thereof, between DR and DER both under current market rules and under the proposals in the DER Roadmap.
- NYISO should determine how DER and/or behind-the-meter storage can be part of resource need assessments.
- The mechanics of participation in utility and NYISO programs remains a major sticking point for full DER utilization and needs to be resolved.

Overall, ESA agrees with the goal of the DER Roadmap to create a dispatchable distributed resource type open to a range of technologies and operational parameters. ESA appreciates NYISO's ongoing work with stakeholders to improve its plans. Considering the importance of this effort to the future of the New York bulk power system and DER project development, ESA hopes NYISO will commit to resolving the remaining issues in the DER Roadmap proposal thoroughly but expediently so resource developers will be able to determine their participation options with a degree of certainty.

Thank you for the opportunity to provide feedback, ESA looks forward to further discussion with NYISO on DER and storage topics.