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The New York Public Service Commission (PSC) has approved plans to guide the state to its 2030 energy storage policy target, including solicitations for large-scale battery storage.

State governor Kathy Hochul announced last week (20 June) that the Energy Storage Roadmap 2.0 devised by staff at the New York Department of Public Service and New York State Energy Research and Development Authority (NYSERDA) has been approved.

The targets are at the heart of the state's Climate Protection and Community Leadership Act (CPCLA), which was initiated by Hochul's predecessor Andrew Cuomo. Shortly Hochul took office at the beginning of 2023, the storage target was doubled from 3GW to its current goal.

As well as helping New York to decarbonise towards 100% emissions-free electricity by 2040 and contributing to improved air quality, the addition of energy storage at both large-scale and distributed scales would lower electricity system costs by about US\$2 billion, Hochul said last week.

As of the beginning of April, New York State had awarded about US\$200 million in incentives to around 396MW of BESS now in operation, while it has contracted for a further 581MW that are moving towards construction. That however leaves it well behind national leading states such as Texas and California, the latter of which has surpassed 10GW of batteries connected to its main CAISO grid.

Among those were plans to launch NYSERDA-led solicitations for 4.7GW of storage across the utility-scale (defined in NYSERDA parlance as "bulk storage" over 5MW), commercial and industrial (C& I) and community storage (defined as "retail storage") and residential systems.

Bulk storage procurement will be done through a mechanism called the "Index Storage Credit", which is likely to be similar in scope to New York's Renewable Energy Certificate (REC) scheme. Under the REC, developers bid a strike price into a reverse auction, which, once awarded, benchmarks the revenues they can expect to earn through their contracts with state counterparties.

The "missing money" for energy storage has been a major barrier to attracting investment, in a state where electricity prices do not experience as much volatility as other leading markets such as ERCOT in Texas. ERCOT's merchant market sees big price spikes in wholesale power prices, which BESS asset owners and investors capitalise on.

In other words, the state will underwrite some of the merchant risk for storage developers, but when revenues far exceed the strike price, profits will be paid back, de-risking the investment from both sides of the contract.



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The Index Storage Credit has largely been welcomed by industry voices and analysts, but at present remains a work in progress. The PSC's approval of the roadmap should mean its launch later this year can proceed in earnest.

The mechanism will account for 3GW of utility-scale storage, while existing NYSERDA block incentive programmes by region will be expanded to support the development of 1.5GW of retail storage and 200MW of residential storage.

These distributed-scale incentive schemes include the Value of Distributed Energy Resources (VDER) programme, which values clean electricity resources for feeding into the grid at locations and times when it is of most benefit.

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