

Memorandum in Support of S.607 (Maziarz)

January 24, 2011

S.607 (Maziarz) AN ACT to amend the public service law, in relation to the definition of alternate energy production facilities

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY represents over 75 percent of the electric generating capacity in New York.

IPPNY supports S.607. This legislation would change the existing definition of alternate energy production facility to add lithium ion energy batteries to the energy storage technologies that are included in the existing definition. The measure would encourage the development and use of these technologies in New York State, by reducing regulatory barriers, and can assist in addressing climate change. Batteries can help keep the electric grid in constant balance and aid in maintaining electric system reliability.

Energy storage technologies can complement intermittent renewable resources, by storing excess power for delivery when it is most needed. Some energy storage facilities are designed to store the electric energy generated overnight, when demand is low, and release it during the peak hours of the day, when demand is greater, thereby improving system reliability and power quality. Specifically, battery storage systems convert electricity into chemical energy for later release.

The state has recognized the role of batteries as energy storage technologies, and adding lithium ion energy batteries to the definition of alternate energy production facility is consistent with the states policies. For example, a paper developed by the New York Independent System Operator, entitled Energy Storage in the New York Electricity Market, describes energy storage projects, such as one by AES Energy Storage. Additionally, on May 14, 2010, the New York State Public Service Commission (PSC) issued an order providing for lightened regulation of AESs project, according to the orders terms, and, on April 15, 2010, the PSC approved the construction of AESs project in Broome County, enabling the investment of \$22.3 million in advanced battery technology. Furthermore, the policy document developed by the Power Supply and Delivery Working Group, as part of the process to develop a draft Climate Action Plan, recommends the inclusion of batteries, such as lithium ion energy batteries, within the definition of alternate energy production facility.

For the reasons stated above, IPPNY supports S.607.

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