

December 18, 2024

Sherri L. Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 1st Floor
Trenton, NJ 08625

Submitted Electronically

Re: Docket No. QO22080540 – NineDot Energy and SYSO Technologies Comments in the matter of the New Jersey Energy Storage Incentive Program

Dear Secretary Golden,

NineDot Energy (“NineDot”), SYSO Technologies (“SYSO”), CleanCapital, and New Leaf Energy (“New Leaf”) are pleased to submit the attached comments in response to the New Jersey Board of Public Utilities (the “BPU’s”) November 7, 2024, “2024 Straw Proposal” (“Straw Proposal”) in the above referenced docket.

NineDot, SYSO, CleanCapital, and New Leaf appreciate the BPU’s commitment to developing a robust energy storage sector in New Jersey and look forward to collaborating with the BPU and stakeholders to help the Storage Incentive Program reach its potential.

Sincerely,

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NineDot Energy, SYSO Technologies, CleanCapital, and New Leaf Energy Comments in the Matter of the New Jersey Energy Storage Incentive Program (Docket No. QO22080540)

NineDot,¹ SYSO,² CleanCapital³ and New Leaf⁴ (“Joint Parties”) are leaders in the Front-of-the-Meter Distributed Generation (“FTM-DG”) sector and commend the BPU Staff for advancing the Straw Proposal for the Storage Incentive Program (“SIP”). We recognize Staff’s effort in creating the Straw Proposal amidst several competing priorities.

The Straw Proposal contains positive elements, including having both an upfront incentive and performance-based incentive for the “Distributed” segment and modeling the performance-based incentive in part after the successful “ConnectedSolutions” programs. However, the Straw Proposal, in its current version, will fail to yield the development of front-of-the-customer-meter (“FTM”), distribution-connected energy storage. In these comments, we detail how this storage market segment is uniquely positioned to achieve the SIP’s objectives and to address New Jersey’s energy challenges. We then provide support for our recommended changes to the Straw Proposal that would stimulate the growth of FTM distribution-connected energy storage. These recommendations are:

1. Most importantly, the BPU should allow FTM distribution-connected storage to participate in the “Distributed” bucket
2. The BPU should allocate at least 600 MW of the SIP’s 1.5 GW for the “Distributed” bucket, with flexibility to adjust as necessary
3. Before the BPU determines the dollar size of upfront incentives, the BPU should determine what utility tariffs will apply to storage and any utility-level costs for charge/discharge, as well as the size of annual performance-based payments

¹ NineDot Energy builds community-scale energy systems that support a more resilient electric grid, deliver economic savings, and reduce carbon emissions. To date, NineDot’s development efforts have focused on the New York City area (including Westchester and Long Island), which is moving fast in deploying urban clean energy solutions. With a growing portfolio of projects across a range of technologies, and an emphasis on battery storage, NineDot is leading the way to urban clean energy

² SYSO is a market and asset operations and optimization service provider, managing distributed- and transmission-interconnected standalone storage and solar-plus-storage projects across the country, with over 2.5 GW of assets under contract. SYSO has significant experience operating assets in both ISO-administered wholesale markets as well as state programs, including VDER in New York, Clean Peak Standard in Massachusetts, and the ConnectedSolutions programs in multiple states.

³ CleanCapital is a diversified clean energy company focused on strategic investments in the full lifecycle of solar and energy storage projects, including early-stage development, construction, and operations.

⁴ New Leaf Energy is a renewable energy developer focused on delivering projects that accelerate the transition to a world powered by renewable energy. New Leaf has been developing solar projects for more than 20 years—first in California, then New England, New York, Illinois, Maine, and beyond—and energy storage since 2016.

4. For the performance-based payments, the EDCs should explain how the proposed payment structure accounts for avoided transmission and wholesale costs, in addition to the areas outlined in the Straw Proposal

5. Similar to ConnectedSolutions, the BPU should direct utilities to allow new storage resources to “lock-in” the performance-based payment rate for five years and an option to lock in a lower rate for years 6-10

6. To instill market confidence, the BPU should finalize a schedule that includes dates for completing the several steps necessary to achieve successful program launch and meet the 2 GW target

I. FTM Distribution-Connected Storage is Uniquely Positioned to Achieve the SIP’s objectives and to Address New Jersey’s Energy Challenges

The Straw Proposal states that “the NJ SIP is designed to provide New Jersey ratepayers with a variety of benefits such as carbon reduction (by encouraging energy storage systems to charge from cleaner energy off-peak energy sources to displace the need for more emissions-intensive generation during peak periods), hosting capacity improvements (for enabling grid management flexibility at higher DER penetration levels) and improving system resilience.” Later, the Straw Proposal states that additional goals are “support overburdened communities with energy resilience, environmental improvement, and economic benefits derived from energy storage” and “encourage storage deployment that accelerates the clean energy transition, including facilitating deployment of renewable energy, electric vehicle or other DERs, and resiliency.” The 2022 SIP Straw Proposal and the 2019 New Jersey “Energy Master Plan” recognized that distribution-connected storage can satisfy many of these objectives, with the 2022 SIP stating:

“Likewise, storage resources at the distribution level can provide all of these benefits while also contributing to local system resilience, helping integrate higher levels of distributed generation, and potentially reducing the cost of operating and maintaining the distribution grid. As noted in the EMP, while ‘New Jersey does not currently have a means of pricing the benefits that batteries can provide at the distribution level . . . New Jersey is committed to adopting changes in regulatory policy that recognize the full wholesale and distribution value of batteries. EMP at p. 128.’⁵

⁵ New Jersey Storage Incentive Program Straw Proposal. Docket No. QO22080540. September 29, 2022. P.22-23.

Below, we detail three reasons why FTM distribution-connected storage can meet the SIP goals and help New Jersey confront the urgent challenges it faces regarding reliability, affordability, and meeting environmental justice and clean energy goals despite severe land constraints.

1. FTM-Distribution Connected Storage has high power density and capacity accreditation value and is easier to site relative to other resource types, positioning it well to address both upcoming capacity shortfalls that PJM projects potentially as early as 2026⁶ and NJ's decarbonization goals. FTM-Distribution Connected Storage requires only 1% of the land to produce an equivalent MW output to solar, and a 5 MW/20MWh storage facility can be sited in as small as .25 acres.⁷ In a state as densely populated and as ambitious about decarbonization as NJ, having a small land footprint and zero emissions is critical. While utility-scale storage will likely comprise a meaningful portion of the 2 GW by 2030 target, there are certain densely populated regions that are likely to have the space for a 5 MW project but not a 100 MW project. Citing distributed power close to load will provide reliability, resilience and avoid line losses.

Moreover, the capacity accreditation for four-hour storage in PJM is projected to be 57% for the 2026/2027 PJM Base Residual Auction, near the 68% for certain gas resource types, and dwarfing the 8%-13% for solar.⁸ This means that for every 100 MW of nameplate capacity, four-hour storage can contribute 57 MW toward resource adequacy, while gas combustion turbines contribute 68 MW, and solar contributes 8-13 MW. If New Jersey is going to reliably decarbonize in the face of high PJM load growth, it will need to replace fossil plants with resources that have similar capacity accreditations, including storage, likely in nearby locations. Recent analysis from PSE Healthy Energy highlights that several NJ peaker plants are in heavily populated regions, including the Kearny plant that has 126,000 people within three miles of it.⁹ Due to the small footprint, FTM distribution-connected storage can be sited in these densely populated areas to reduce dependence on these peaker plants.

Therefore, if New Jersey seeks resources that can be sited in densely populated regions while providing decarbonization and resource adequacy benefits, the Straw Proposal must incent the development of FTM distribution-connected energy storage. While behind-the-customer meter ("BTM") energy storage should feature prominently in the SIP, this market segment is unlikely to provide the same resource adequacy value as FTM distribution-connected storage. Evidence from other states with programs for both market segments suggest that BTM resources scale significantly less quickly than FTM distribution-connected storage.¹⁰

⁶ [20241209-board-letter-outlining-action-on-capacity-market-adjustments-rri-and-sis.ashx](https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2026-27-bra-elcc-class-ratings.pdf)

⁷ Solar Energy Industries Association. Land Use & Solar Development: [Land Use & Solar Development – SEIA](#)

⁸ <https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2026-27-bra-elcc-class-ratings.pdf>

⁹ [PSE Healthy Energy - Replacing Peaker Plants with Energy Storage in New Jersey](#)

¹⁰ For instance, in MA, there are about 28 MW of BTM storage participating in the Connected Solutions program, and there are about 325 MW of FTM- Distribution Connected Storage operational in the MA

2. FTM distribution-connected storage is the best positioned of any storage market segment to meet the SIP objective of providing “system resilience.” Utility-scale storage that is connected at the transmission-level cannot provide power to the distribution system during transmission-level outages that impact the storage facility. During a system outage, behind-the-meter storage can provide resilience benefits to customers that have installed storage, but unless it is oversized to the load, it is unable to provide “system resilience.” However, FTM distribution-connected storage can provide resilience benefits to nearby loads during system outages.¹¹ Given the increase in extreme weather events, including in NJ, NJ residents will benefit from this capability if the SIP incents the development of this market segment.

3. FTM distribution-connected storage can also contribute to affordability objectives. First, adding MW of supply in NJ will help mitigate high PJM capacity prices that result when there are capacity shortfalls. For evidence, consider that the capacity supply shortfall in the BG&E and Dominion zones of PJM will cost ratepayers an additional \$70,000/MW in the 2025-2026 delivery year.¹² A similar shortfall in New Jersey would lead to several hundred million dollars per year of additional ratepayer costs. Second, distribution-connected storage programs in MA and CT have been found to be highly cost-effective, including over \$2 in benefits for every \$1 spent.¹³

II. Recommended Changes to the Straw Proposal

The Joint Parties commend the BPU Staff for including both an upfront incentive and performance-based incentive for the “Distributed” segment. This dual approach has stimulated distribution-connected storage development in Connecticut and New York. We also commend the BPU staff for considering the ConnectedSolutions programs in Massachusetts and Connecticut as a template for performance-based incentive programs, as these are successful, cost-effective programs.

SMART program. Source information can be found here for the SMART program: [Final SMART Qualified Units Updated March 9 2020_4-13-20.xlsx | Mass.gov](#). And here for the Connected Solutions programs: [MA-Residential-Energy-Storage-Demand-Reduction-Evaluation-Report_wInfographic-2024-03-20.pdf](#) and [MA23DR01-E-CI-CT_R2214-2023-Summer-CI-ADR-Evaluation-FINAL.pdf](#).

¹¹ The duration that the storage could provide resilience for would be subject to the state of charge for the battery and whether it is co-located with other forms of generation

¹² The 2025/26 BRA clearing price in the BG&E and Dominion zones were nearly \$200/MW-day higher than in NJ, which equates to nearly \$70,000/MW-yr.

¹³ For example, the residential “Connected Solutions” “Active Demand Reduction” programs generate \$2.14 in net benefits for all consumers every \$1 spent. Sourced from The Clean Energy Group: “ConnectedSolutions: A Program Assessment for Massachusetts.” Prepared by Applied Economics Clinic for Clean Energy Group. September 2021. Page 20. In CT, comparable distribution-connected storage programs were found to have Total Resource Cost test scores between 1.76 and 2.53. Sourced from: [17-12-03RE03 FD](#).

However, to realize the benefits of FTM distribution-connected Storage detailed in the previous section, **our first recommendation is that the BPU should allow FTM distribution-connected storage to participate in the “Distributed” bucket.** The Straw Proposal has conflicting guidance on this topic. On the one hand, the Straw Proposal correctly places the same value on power injected into the distribution system and to reducing power consumed behind the retail meter. Section 14-8 (14.6) states “An EDC shall measure Response kW based on the total amount of power discharged by a Distributed Energy Storage System, *regardless of whether the power is consumed behind the retail meter, is injected into the Distribution System, or is split between serving load behind the retail meter and power injections into the Distribution System.*”

Since every kW is treated equally, regardless of whether it is injected or reduces load, BTM and FTM Distribution-Connected should both be in the “Distributed” bucket. However, the definition of “Distributed Energy Storage System”¹⁴ excludes distribution-connected storage that is not connected on the customer side of the meter.

Prohibiting FTM-Distribution Connected storage from participating in the “Distributed” bucket and forcing it to participate in the “Grid Supply” bucket contradicts the 2019 Energy Master Plan and would prevent FTM distribution-connected storage from getting built through the SIP. The “Grid Supply” bucket has no performance-based payment for the distribution value of batteries. The 2019 Energy Master Plan stated “New Jersey is committed to adopting changes in regulatory policy *that recognize the full wholesale and distribution value of batteries.*”¹⁵ Failing to compensate FTM-Distribution Connected storage for its distribution value therefore contradicts the Energy Master Plan, despite the Straw Proposal correctly equating the value of a MW injected to the grid with a MW serving an on-site customer load.

Performance-based payments that compensate for distribution value have underpinned the growth of FTM Distribution-Connected Storage in nearby markets, including New York. Without a performance-based payment for distribution value, FTM-Distribution Connected resources will not be economic to build in NJ, as recognized by the 2019 Energy Master Plan.¹⁶ Upfront incentives will go exclusively to transmission-connected resources, despite distribution-connected resources yielding greater ratepayer savings by deferring or avoiding distribution-level infrastructure and meeting the SIPs objectives regarding hosting capacity and resilience.

It is unclear why the Straw Proposal prohibits FTM distribution-connected storage from participating in the “Distributed” segment when the Straw Proposal recognizes that MW injected

¹⁴ “Distributed Energy Storage System” means an Energy Storage System that operates in parallel with an electric Distribution System, is connected on the customer side of the meter, and is owned by the customer or another party that is not an EDC

¹⁵ 2019 New Jersey Energy Master Plan. Section 6. P.129

¹⁶ “However, wholesale market revenues alone are insufficient to make battery storage a reality, and New Jersey does not currently have a means of pricing the benefits that batteries can provide at the distribution level.” Ibid, P. 129

and MW reduced have equal value. Placing similar value on FTM and BTM distribution-connected storage is consistent with storage programs in New York that allow BTM and FTM distribution-connected storage resources to access similar values.¹⁷ Finally, FTM distribution-connected requires the upfront incentive as much as BTM since there are no on-bill savings to offset the cost of deployment.

Both BTM and FTM distribution-connected storage can contribute to the SIP's goals and to addressing New Jersey's energy challenges. **Therefore, our second recommendation is that the BPU allocate at least 600 MW of the 1.5 GW for the "Distributed" bucket, with flexibility to adjust as necessary.** This is consistent with practice in nearby states, including Connecticut creating a 580 MW BTM¹⁸ storage program and NY allocating 1.7 GW of its 6 GW storage target for distribution-connected storage incentives available to BTM and FTM.¹⁹ It is also consistent with the recommendation made by Advanced Energy United, New Jersey Solar Energy Coalition, Solar Energy Industries Association, and Vote Solar in their September 19, 2023 response to the BPU's request for information ("RFI") pertaining to the development of the SIP.²⁰

Third, the "Joint Parties" recommend that before the BPU determines the dollar size of upfront incentives, the BPU should determine what utility tariffs will apply to storage and any utility-level costs for charge/discharge, as well as the size of annual performance-based payments. The upfront incentives should cover any gap between the cost of installing storage and utility tariffs for charging/discharging and the revenues earned from performance-based programs, PJM, and bill savings. Therefore, to calculate the upfront incentives, utilities need to first determine or file tariffs will apply to distribution-connected storage, what the retail-level costs will be of charging/discharging storage, as well as the size of performance-based payments. **The BPU should clarify that the utilities should not apply existing demand charges for commercial & industrial customers to FTM distribution-connected storage.** While commercial & industrial customers often peak at times coincident to the grid, FTM storage will behave in the opposite manner by consuming during times of low prices and discharging during times of high prices. The Maryland PSC's Energy Storage Working Group recently developed significant consensus regarding the best practices for energy

¹⁷ Most customers that participate in Con Ed's CSR and DLRP programs in New York City would earn \$180/kw-yr in reservation payments. Source: [Con Ed Presentation](#). Demand Reduction Value for VDER is set at \$200/kWh.

¹⁸ DOCKET NO. 17-12-03. Pura Investigation Into Distribution System Planning Of The Electric Distribution Companies – Electric Storage. PURA decision on July 28, 2021. Page 5

¹⁹ State Of New York Public Service Commission Case 18-E-0130 - In The Matter Of Energy Storage Deployment Program. Order Establishing Updated Energy Storage Goal And Deployment Policy. June 20, 2024.

²⁰ September 19, 2023, Comments from Advanced Energy United, New Jersey Solar Energy Coalition, Solar Energy Industries Association, and Vote Solar of RE: In The Matter Of The New Jersey Energy Storage Incentive Program. Docket No. QO22080540. [Joint Comments here](#). P. 6

storage tariff design, which we have included in Appendix A. The BPU should consider these best practices as they evaluate EDC tariffs in NJ.

The Joint Parties recognize that identifying or filing the appropriate tariff could take time for the EDCs to complete and time for the BPU to approve. Therefore, we do not oppose the 2026 launch date for the performance-based part of the “Distributed” bucket, if there is a clear deadline for utility and BPU action. Later in this section, we propose a timeline. The Joint Parties note that several nearby states with distribution-connected storage programs have ongoing tariff-based proceedings, including New York, Connecticut, and Massachusetts.²¹

Regarding performance-based payments, the Straw Proposal states: “Each EDC should explain how its proposed payment structure meets the following criteria: (i) increases environmental benefits of storage deployment; (ii) cost-effectively reduces the need for traditional distribution investments; and (iii) otherwise minimizes the stress on the local distribution system and reduces operating costs.” The Joint Parties agree with including these benefits in the payment structure. Similar to the ConnectedSolutions program that the Straw Proposal’s performance-based incentive is patterned in part on, **the fourth Joint Parties’ recommendation is that the EDCs should explain how the proposed payment structure also accounts for avoided transmission and wholesale costs.** The Benefit-Cost Analysis for the ConnectedSolutions programs in MA and CT include the benefits of avoided transmission and wholesale costs (capacity and energy).²² While some storage resources might choose to participate directly in PJM, others may choose to avoid PJM participation. To the extent that these resources can reduce wholesale costs for other New Jersey ratepayers, the payment structure should reflect those benefits. Avoided wholesale costs accrue to BTM customers with storage through on-bill savings. For FTM projects, avoided wholesale costs accrue to all ratepayers, and not to the project owners/developers through on-bill savings. Given this added ratepayer benefit from FTM projects, this likely requires a higher performance-based payment to FTM projects than to BTM projects and should be considered by the utilities in determining performance-based payments.

The ConnectedSolutions programs also provide price certainty to storage developers that reduces financing costs and attracts low-cost capital, consistent with the goals of the Straw Proposal. In CT, storage resources have price certainty for 10 years in the performance-based

²¹ [FERC Wholesale Distribution Service Tariffs For Energy-Storage Facilities Are In The Works For The N | Energy & Climate Counsel | Foley Hoag LLP](#)

²² “Benefits included in the TRC test are the value of avoided costs and NEIs resulting from a program over the lifetime of the measures. Benefit categories include resource benefits and NEIs (sometimes referred to as nonresource benefits). Resource benefits include avoided energy valued at different times, avoided capacity valued at peaking periods, avoided transmission, avoided distribution, and effects on energy market prices. Specifically, the PAs calculate the benefits associated with positive or negative electric, natural gas, oil, propane, water savings, and capacity savings, and energy and capacity DRIPE (demand reduction-induced price effect).” The Massachusetts 2025-2027 Energy Efficiency and Decarbonization Plan Draft, September 25, 2024. [FINAL-MA-2025-2027-Plan-09-25-24-v2.pdf](#). P. 62

program, as they lock in the current rate for five years, and then lock in a lower rate for the subsequent five years.²³ Although the lower rate for Years 6-10 is likely to be less than the ratepayer benefits, it still allows developers to enter a certain number into their financing decisions, as opposed to \$0. Therefore, to achieve a major goal of the NJ SIP program “to attract low-cost private capital,” **the Joint Parties’ fifth recommendation is for the BPU to direct utilities to allow new storage resources the ability to lock in performance-based payments for five years and an option to lock in a lower rate for the next five years.** The locked-in rate for the first five years should be the rate in effect when the project submits an application and meets key interconnection milestones (e.g. deposits). The trend of increasing transmission and distribution costs will continue due to load growth and setting a payment at current avoided costs and then lowering it would yield ratepayer benefits. By reducing financing costs, it would reduce the size of the upfront incentive, relieving state budgets.

Finally, to instill market confidence that New Jersey plans to act to achieve its 2 GW by 2030 target, **our sixth and final recommendation is for the BPU to finalize a schedule that includes dates for completing the several steps necessary to achieve successful program launch and meet the 2 GW target.** In coordination with other storage parties, the Joint Parties have developed a timeline that we propose below:

- **Q1 2025:** The BPU finalizes program rules / eligibility requirements and sets the initial MW targets for 2025-2027 for each market segment in the Distributed Storage Program and budget allocation for the Distributed Storage Program based on current analysis.
- **Q3 2025:** Open Block 1 (2025) Fixed Incentive with guarantee that Fixed Incentive will ensure that the total incentive level projects receive (Fixed + Performance-Based) is no less than in the values in the straw proposal. Fixed incentives can be adjusted once performance-based operational requirements and payment size/detail are determined. Projects that are approved for the Fixed Incentive should be given conditional approval for the Performance-Base Incentive
- **Q3 2025 – Q2 2026:** EDCs develop software capabilities to dispatch assets for the Performance-Based Incentive
- **Q3 2025:** EDCs file performance-based incentive rates for each Market Segment and program rules/manuals
- **Q4 2025:** BPU approves performance-based rate and conducts a gap analysis to determine the appropriate Fixed Incentive for Block 1 and future blocks

²³ [CT Fact Sheet for C&I Customers](#)

- **Q1 2026:** Block 2 opens (including any rollover capacity from Block 1), and each year thereafter for subsequent blocks. Projects that are approved for the Fixed Incentive should be guaranteed eligibility to participate in the performance incentive
- **Q3 2026-Q1 2027:** Block 1 projects expected to begin achievement of COD, with recognition that CODs could extend into 2027/2028 due to interconnection, supply chain, etc.
- **Q3 2026:** EDC start dispatching for the Performance-Based Incentive Program

Conclusion

To summarize, the Joint Parties recommend:

1. Most importantly, the BPU should allow FTM distribution-connected storage to participate in the “Distributed” bucket
2. The BPU should allocate at least 600 MW of the SIP’s 1.5 GW for the “Distributed” bucket, with flexibility to adjust as necessary
3. Before the BPU determines the dollar size of upfront incentives, the BPU should determine what utility tariffs will apply to storage and any utility-level costs for charge/discharge, as well as the size of annual performance-based payments
4. For the performance-based payments, the EDCs should explain how the proposed payment structure accounts for avoided transmission and wholesale costs, in addition to the areas outlined in the Straw Proposal
5. Similar to ConnectedSolutions, the BPU should direct utilities to allow new storage resources to “lock-in” the performance-based payment rate for five years and an option to lock in a lower rate for years 6-10
6. To instill market confidence, the BPU should finalize a schedule that includes dates for completing the several steps necessary to achieve successful program launch and meet the 2 GW target

The Joint Parties thank the BPU Staff for their consideration of these comments. If you have any follow-up questions, please contact us..

Sincerely,

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Appendix A: Best Practices in Design Principles for Distributed FTM Storage Utility Tariff Design

The following excerpt is from Pages 101-102 of the Maryland Energy Storage Initiative Workgroup (“MESIWG”) Phase I Final Report that was filed with the Maryland Public Service Commission in Case No. 9715 on October 1, 2024. It can be found [here](#).

“In its 6/11/24 Presentation to the WG on “Design Principles for Distributed FTM Storage Utility Tariff Design”, Stack Energy Consulting suggested the following design principles for ideal long-term utility tariff design.

- FTM Distributed Energy Storage projects should receive their own unique rate class to reflect the unique operating characteristics of energy storage (in other words: Energy storage projects should be classified under their own rate class that reflects the operating characteristics of energy storage projects)
- FTM Distributed Energy Storage resources should have access under one tariff to bidirectional time varying rates to incentivize optimal charging and discharging behavior
- Rates and incentives should be location-based and potentially differentiated by system size to reflect different needs across the system
- Demand charges for FTM Distributed Energy Storage should reflect contributions to the drivers of system costs, reflecting only incremental (marginal) costs associated with serving the energy storage project (in other words: Energy storage rates should only reflect the incremental costs required to serve those projects)
- Demand charge rates should not double count system costs already recouped through the generator interconnection process
- You should not be allocated costs for peak demand items when you’re not contributing to usage.
- Rate design should be closely coordinated with program/incentive design and interconnection operating schedules (in other words: Energy storage incentives and rate design should be closely coordinated and developed simultaneously)
- Rates should be transparent, stable, and predictable. (This is not to say they should not be evaluated periodically and adjusted over time, but rather that any effort to do this adjustment shall be transparent (especially its methodology), and any rates established should have guaranteed lifetimes or grandfathering options when changes are created.)

These recommendations are consensus except for:

- A concern raised by one stakeholder who commented that the principle of “Rates should

be transparent, stable, and predictable” is in conflict with the principle “Rates and incentives should be location-based”, especially when considered temporally

- A stakeholder who opposes guaranteed lifetimes or grandfathering options for any single class of rates, including ESD rates, as this could lead to inequitable cost-shifting.”