New York Battery and Energy Storage Technology Consortium, Inc.

NEWS

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Study Finds Energy Storage Can Save Long Island Electric Customers $390 million over the Next Decade

Replacing 2,300MW of Fossil-Fueled Peaker Power Plants with Energy Storage by 2030 can save customers money, maintain electric grid reliability and reduce air pollution

(Albany, NEW YORK, October 28, 2020) – A new study released by the New York Battery and Energy Storage Technology Consortium (NY-BEST), in partnership with the consulting firm, Strategen, finds that more than 2,300 MW of fossil fueled "peaking" power plants on Long Island can be cost-effectively replaced with energy storage over the next decade, saving Long Island customers more than $390 million over the next ten years and significantly reducing harmful air pollutants.

The study, conducted by Strategen, examined the operations of Long Island's aging fleet of fossil-fueled "peaker" plants, those power plants that operate primarily only during high demand or "peak" times. The analysis shows that it is technically feasible and cost-effective to replace more than 2,300 MW of Long Island's 4,300 MW fossil-fueled peaker plants with energy storage over the next decade. It also finds that approximately half of the peaker plants, around 1,100 MW, could be retired and replaced with energy storage by 2023. The remaining 1,200 MW could be replaced by 2030, in conjunction with New York State's plans to increase solar energy, energy efficiency measures, and offshore wind resources.

"Replacing Long Island's oldest, least efficient, and most polluting fossil-fueled peaker plants today with lower cost, emission-free energy storage is a no-regrets solution for the Long Island Power Authority (LIPA), PSEG Long Island, Long Island electric customers, the environment, and the State of New York, said Dr. William Acker, Executive Director of NY-BEST. "As we work to achieve New York's nation-leading and mandated goals for a carbon-free electric grid by 2040, energy storage is an essential proven technology that will enable renewable energy, maintain reliability, reduce emissions and provide a resilient electric grid."

As part of New York State's commitment to halting climate change, the State has mandated a carbon-free grid by 2040. The study released today examines the cost-effectiveness of retiring Long Island's aging and inefficient fossil-fueled peaker fleet and replacing it with energy storage, a "low-hanging fruit" in the Island's energy transition. The analysis shows that replacing the aged, polluting peaker fleet will reduce energy costs, create jobs, build a more resilient power system, and reduce air pollution and greenhouse gas emissions in communities across Long Island, including Potential Environmental Justice Areas.

Long Island is home to 26 fossil-fueled power plants, composed of 74 individual turbine units, that seldom operate yet impose significant costs on Long Island electric customers. Of LIPA's portfolio of 5,667 MW of fossil-fueled generators, 4,357 MW are "peaker plants" that operate at an annual capacity factor of 15% or less (i.e., roughly 15% of the time).

To maintain these peakers, LIPA customers pay an estimated $473 million annually in capacity costs, almost three times the market rate for capacity resources cleared through NYISO's competitive markets.

Retiring and replacing these aging assets has the potential to create $10.5 million of annual savings in 2021, growing to $150 million annually in 2030. Over the next decade, fossil peaker replacements could save LIPA customers as much as $393 million, representing savings of approximately $360 per household across LIPA's 1.1 million customers.

"This important and timely study demonstrates the significant potential and cost savings for energy storage on Long Island as we transition to 100% zero-carbon electricity," said Gordian Raacke, Executive Director of Renewable Energy Long Island. "The findings make it clear that we can take steps today to replace many of Long Island's antiquated and polluting fossil-fueled power plants with energy storage while saving consumers money."

"This groundbreaking study shows that, over the next decade, fossil-fuel peakers on Long Island can reliably be replaced by cleaner and cheaper battery storage, along with renewables and efficiency investments," said Lewis Milford, president of Clean Energy Group, a national nonprofit that works on peaker replacement issues. "In addition to its importance in this New York region, this study gives other cities and states a good roadmap on how to replace the hundreds of dirty, expensive fossil-fuel peakers that now pollute environmental justice communities in other parts of the country."

"Fossil-fueled peaker plants are dirty, expensive and disproportionately harm environmental justice communities. This study shows what we've long known to be true – New York can replace its pollution-emitting peaker plants with emissions-free energy storage while saving consumers money. It's a win-win. Achieving New York's nation-leading climate goals requires that we go all-in on clean energy solutions, and fast. Scaling-up energy storage must be part of New York's climate strategy – not only on Long Island, but all across the state," said Chris Casey, Senior Attorney at NRDC.

The full Report can be viewed here.

About NY-BEST

The New York Battery and Energy Storage Technology (NY-BEST) Consortium is a non-profit corporation and industry-led consortium with more than 185 organizational members. NY-BEST's mission is to catalyze and grow the energy storage industry and establish New York State as a global leader in the energy storage industry. Learn more at www.ny-best.org

About Strategen

Strategen is a strategic advisory firm that provides insight to utilities, public sector leaders, research institutions and global corporations, helping them to develop impactful and sustainable clean energy strategies. Strategen specializes in providing independent analysis and regulatory support to help clients navigate some of the energy sector's most pressing issues.www.strategen.com

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