Testimony of the New York Battery and Energy Storage Technology Consortium

Before the New York State Senate and Assembly

2026 Joint Legislative Budget Hearing

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Submitted by:

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Dear distinguished members of the Legislature,

Thank you for the opportunity to provide testimony today on behalf of the New York Battery and Energy Storage Technology Consortium (NY-BEST).

NY-BEST is a not-for-profit industry trade association with a mission to grow the energy storage industry in New York, in line with the State's climate and energy mandates. We act as a voice of the energy storage industry for more than 175 member organizations on matters related to advanced batteries and energy storage technologies. Our membership includes manufacturers, developers, start-ups, leading research institutions and universities, government bodies, and numerous companies involved in the electricity and transportation sectors.[1]

With electricity costs on the rise and grid reliability margins shrinking, coordinated legislative and policy interventions to support grid modernization are more urgent now than ever. **Energy storage is critical to achieving the reliable, affordable, and sustainable electricity grid that New York needs.** It can help meet grid reliability needs amid growing electricity demand by providing power during peak demand; it can cut customer costs by mitigating the need for costly traditional infrastructure upgrades; and it can dramatically increase the grid's ability to onboard new renewable energy, reducing reliance on polluting fossil fuels and improving health outcomes particularly in Disadvantaged Communities.

We applaud the legislature for its climate leadership to date, including the passage of the groundbreaking Climate Leadership and Community Protection Act (CLCPA),[2] and are eager to support the success of the State's climate initiatives holistically with its energy affordability and reliability goals. Indeed, these three priorities need not be in conflict with each other; energy storage is a cost-effective and reliable solution that directly supports progress toward a decarbonized grid. In recognition of this, the State has set a 6 gigawatt (GW) energy storage target by 2030. However, with only 0.5 GW deployed – just 8% of the target – and five years remaining, we must dramatically accelerate deployment to meet this goal.

Energy Storage Supports Grid Reliability

Energy storage enhances grid reliability by making power available when and where it's needed, serving as a "virtual transmission system" at a fraction of the cost of traditional infrastructure like power lines and substations. By capturing low-cost energy during off-peak hours and dispatching it locally when demand surges, energy storage can help mitigate transmission bottlenecks and defer expensive infrastructure upgrades while meeting local reliability needs. For example, in New York City, both NYISO and Con Edison have identified imminent reliability shortfalls; energy storage is uniquely positioned to meet these needs while supporting the State's energy goals. By providing

[1] NY-BEST comments represent the interests of the organization as a whole and not the views of any single member. Our members have diverse interests and the organization's views are intended to be reflective of the energy storage industry collectively.

[2] New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019. https://www.nysenate.gov/legislation/bills/2019/s6599.

flexible, fast-responding capacity that can be deployed more quickly than traditional infrastructure, energy storage can help ensure grid stability during this critical period of increasing demand and energy system transformation.

Energy Storage Reduces Costs

Energy storage resources allow us to extract more value from existing infrastructure by reducing the need to overbuild the electricity grid to meet peak demand, which may only occur a handful of hours each year. According to NYSERDA's Energy Storage Roadmap, achieving the 6 GW energy storage target by 2030 will avoid at least $2 billion in transmission system costs for ratepayers.[3] This does not include additional distribution system cost savings that would accrue from avoided traditional infrastructure upgrades at the distribution level, nor the healthcare cost savings from reduced fossil fuel pollution or the avoided economic losses from power outages – all of which, when quantified, dramatically increase the estimated cost savings energy storage can provide to New Yorkers, if deployed at the scale envisioned by the State.

Further, many grid-connected energy storage projects will directly reduce the bills of low-income customers under the Statewide Solar for All (SSFA) program, which enables community storage projects to generate bill credits that are directly distributed to customers enrolled in the utilities' Energy Affordability Program (EAP).

Energy Storage Protects Health and Communities

Energy storage also directly advances New York's environmental justice (EJ) and equity goals. By charging during periods of low demand and discharging during peak hours, storage reduces reliance on fossil-fueled peaker plants that have burdened frontline communities with harmful air pollutants for decades.

Indeed, a PEAK Coalition analysis found that replacing New York City's 19 peaker plants with renewables and energy storage would generate more than $1 billion in additional health and economic savings by 2035.[4] Energy storage can help replace these plants and reduce harmful emissions in Disadvantaged Communities. Energy storage is therefore critical not only to meeting grid modernization goals but also to protecting public health and advancing equity.

[3] New York State Department of Public Service (DPS) and the New York State Energy Research and Development Authority (NYSERDA). "New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage (Case 18-E-0130)," March 2024. Accessed online: https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Programs/Energy-Storage/2024-06-6GW-Energy-Storage-Order.pdf

[4] Strategen Consulting on behalf of the PEAK Coalition. "The Fossil Fuel End Game: A Frontline Vision to Retire New York City's Peaker Plants by 2030," March 2021. Accessed online: https://www.cleanegroup.org/wp-content/uploads/Fossil-Fuel-End-Game.pdf

Legislative Actions to Advance Energy Storage

Despite significant progress to date, including the recent launch of NYSERDA's energy storage incentive programs, the industry continues to face significant financing, permitting, and interconnection challenges. In addition, the State's recent plans and announcements appear to be shifting away from proven, cost-effective solutions like storage, wind, and solar, toward less-developed, more expensive, and potentially risky alternatives such as advanced nuclear and hydrogen combustion. For example, in the State Energy Plan and the recent State of the State address, nuclear is featured as a cornerstone technology for New York, while energy storage receives less emphasis — even though the latter can likely meet the need for dispatchable, emissions-free electricity at a much lower cost.

At this pivotal moment, it is critical that the State double down on its commitment to an affordable energy transition, and to do that, solar, wind and energy storage must be placed at the center of the State's plan. To unlock the benefits of storage, we respectfully ask the Legislature to advance three key initiatives this upcoming session:

1. **Sales tax exemption for energy storage: S.1527 (Parker) / A.313 (Paulin)**
   Level the playing field by enacting a sales tax exemption for energy storage, as already provided to fossil fuel resources. It makes little sense to subsidize polluting technologies while taxing the clean technologies needed for our future. Passing this exemption would cut red tape by avoiding the need for projects to seek discretionary exemptions through their local Industrial Development Authority (IDA), an expensive and lengthy process, and would not significantly impact State revenue as the majority of projects receive discretionary exemptions.

2. **Permit Large Energy Storage Systems Under the Office of Renewable Energy Siting and Electricity Transmission (ORES): S.5506 (Kavanagh) / A.8378 (Levenberg)**
   Enable timely and safe project development by placing bulk storage (>25 MW) under the jurisdiction of the Office of Renewable Energy Siting (ORES), addressing longstanding challenges with local permitting of energy storage by establishing a centralized, expert review process at ORES. This will align the treatment of standalone energy storage systems with other large-scale energy generation like fossil plants, wind, and solar, which are permitted at the State level.

3. **Establish a 3 GW target for Long-Duration and Multiday Energy Storage to be contracted by 2030**.
   With grid reliability needs projected to increase dramatically in the coming years, establishing procurement targets now ensures adequate lead time for project development and interconnection. A clear, multi-GW procurement target provides the strong market signal that Long-Duration and Multiday Energy Storage companies and investors need to commit capital and scale manufacturing.

Conclusion

NY-BEST and our members stand ready to partner with the Legislature, alongside our allies in the environmental, EJ, labor, and business communities, to advance energy storage solutions. Notably, New York benefits from a recently updated Fire Code with some of the most stringent battery safety testing and design requirements in the world. The industry is prepared to deploy storage safely, reliably, and at scale. Now we need the support of the Legislature to make it happen.

We urge you to:

1. **Include in your one-house budgets, and negotiate for inclusion in the 2026-27 enacted budget, a Sales Tax Exemption for commercial energy storage projects;**
2. **Co-sponsor and pass S.5506 / A.8378 to include energy storage permitting under ORES; and**
3. **Advance new legislation to establish a 3 GW target and procurement program for long-duration and multiday energy storage.**

Energy storage is indispensable to meeting New York's climate mandates, reducing costs for ratepayers, protecting public health, and ensuring grid reliability. Acting this session positions New York to meet its 2030 goals while delivering cost savings and reliability benefits to all New Yorkers.

Thank you for your leadership and for the opportunity to provide this testimony.

ORAL SUMMARY

3-Minute Testimony Summary

ADD

Potential Questions for Senator Krueger:

On BESS Sales Tax Exemption: On the topic of battery energy storage systems (BESS) on the grid -- you have a new program to incentivize deployment of BESS. I'm interested in more battery storage on the grid in NYC to address concerns about reliability and to hopefully have the peaking power plants, which are expensive and polluting, operate less frequently. But I'm hearing from developers in NYC that they need to negotiate with the NYC IDA to become exempt from sales tax. The process to negotiate that sales tax exemption is long and expensive, so they lose half the financial benefit paying for lawyers to negotiate it. I know that wind and solar, and some fossil fuel equipment, all have a sales tax exemption, as does battery storage at residences. Can you comment on the impact of an as-of-right sales tax exemption for BESS, IF one was enacted, on your incentive programs and deployment of BESS in NY?

On BESS Siting: NY has an ambitious goal for battery energy storage systems, but the siting process is arduous. As I understand it, wind, solar, and gas power plants are permitted at the state level if they are over 25 MW -- in recognition that the state as a whole needs new power plants to be built to supply adequate electricity. If batteries are co-located with wind and solar they are also permitted at the state level. But stand-alone battery storage projects are the "odd one out;" there is no state permitting process for standalone storage, perhaps because grid-scale BESS is relatively new. Could you please comment on the impact that a state permitting process for batteries would have on your efforts to get batteries deployed, if one was put in place?

Q&A PREP

1. **Why energy storage?**
    - Stores electricity for use later — something the grid couldn't do historically.
    - Keeps the grid reliable, affordable, and more resilient during emergencies.
    - Replaces dirty peaker plants → cleaner air, especially in disadvantaged communities.
    - Essential for integrating wind and solar, which are variable.

2. **Why lithium-ion?**
    - High energy density → stores a lot in a small, light package.
    - Proven in phones, laptops, EVs.
    - High efficiency (85–90% roundtrip).
    - Costs have dropped 80–90% in the last decade.
    - Modular and scalable — from your phone to a grid-scale plant.

3. **Long-duration storage?**
    - Duration = how long a battery can keep discharging before recharge.
    - Short duration (4–8 hrs): shifts power within a single day; most common today.
    - Long duration (days to weeks): critical for stretches with little wind or sun.
    - Both are needed — they balance supply and demand on different timescales.

4. **E-bikes??**
    - Same chemistry, but very different systems.
    - Grid batteries are industrial-grade: packaged in secure enclosures, with monitoring, fire suppression, ventilation, and automatic shutoff.
    - Highly regulated and permitted — unlike e-bike batteries, many of which are imported off-market without certification.
    - Regulation is the difference: consumer devices may skip safeguards, utility-scale projects cannot.

5. **Safety standards and regulations?**
    - Multiple layers: NFPA codes, UL certification, state fire code, local building/fire permits.
    - Must pass extensive testing and hazard analysis before deployment.
    - Modular design prevents failures from spreading.
    - Ventilation, alarms, and response plans in place.
    - Local first responders are trained for emergency scenarios.
    - When it comes to any infrastructure or technology, we accept some level of risk every day- whether that's when we drive down the highway or turn on our gas stove

i. In the US, someone dies from a car accident roughly every 12 minutes
ii. Every 88 seconds, there is a house or building fire, most of them caused by cooking
iii. These are inherently risky behaviors - they are just more familiar risks, so people feel more comfortable taking them
iv. For energy storage - the risk is relatively small, but the key thing is to ensure we extensively evaluate that risk so we can (a) continue to minimize it as much as we can, and (b) make sure we are fully prepared to respond in the unlikely event of an emergency

6. **What happened with the recent battery fires in NY?**
    - In 2023, there were three incidents at battery storage sites in Jefferson, Orange, and Suffolk Counties.
        i. State investigated the incidents, and confirmed that there were no reported injuries, and no harmful levels of toxins detected in air, soil, or water.
    - Governor Hochul convened the Interagency Fire Safety Working Group, a nation-leading body of experts to assess how to improve battery safety in NY
        i. The Working Group reviewed all relevant Codes, Standards, and Regulations.
        ii. They made recommendations to the NYS Fire Prevention and Building Code Council for the 2025 Code update, which was adopted in July
        iii. New York is home to some of the strictest battery safety codes in the country.
    - The Working Group also inspected every large battery system in NY (>300 kW) for compliance with safety standards

7. **Are local fire departments ready to respond to a battery fire?**
    - Yes. Developers are required to work directly with local fire departments:
    - Site-specific safety and emergency response plans.
    - Hands-on training for first responders.
    - 24/7 monitoring + automatic notification to local authorities if something goes wrong.
    - Projects are designed to:
        i. Prevent fire spread with firewalls, clearances, and setbacks.
        ii. Minimize personal injury risk if an incident occurs.
    - Importantly: no specialized equipment is needed to fight a battery fire vs. a structure fire.

8. **Moss Landing?**
    - Moss Landing was a site unique in the world
    - Built before today's standards - in a retrofitted 75 year old gas turbine facility
    - The batteries were not compartmentalized, so the fire was not prevented from spreading from one unit to the next. This resulted in a fire that was 240 times larger than what would have been seen in a single unit fire in a standard containerized unit in New York

- Modern systems are smaller, modular, and designed with containment systems
- Even in worst-case scenarios, fires are designed to stay confined

9. Nevada fire Sept 23, 2025?

- We are aware of the incident, it is unfortunate, but the containment and emergency response procedures worked as designed, the fire did not spread and there were no injuries.
- We will continue to monitor the root cause of the fire to see if there are lessons learned that would be applicable to NY projects

10. How many projects will NY need to meet its 6 GW target?

- NY's target is 6,000 MW by 2030. Of the new procurements:
    i. 3,000 MW bulk storage, to replace power plants → assuming ~100 MW each, that's about 300 large projects.
    ii. 1,500 MW retail storage, to support the local grid at the neighborhood-level → at ~5 MW each, that's another 300 projects
    iii. 200 MW residential → at ~5 kW each, that's about 40,000 homes with batteries, which can reduce utility bills and provide backup power
- Today, we only have about 500 MW online across about 6,800 mostly small installations, so we've got a long way to go — but there are thousands of MW already in the pipeline with State incentives behind them.

11. Will storage raise my electric bill?

- No, it lowers costs.
- Cuts peak demand, which is when power is most expensive
- Avoids building expensive new gas plants.
- NYSERDA projects at least $2 billion in savings from hitting 6 GW.

12. Do battery projects contain conflict minerals?

- Some chemistries use cobalt, but the industry is rapidly moving toward cobalt-free designs.
- U.S. supply chains are expanding, including in NY, to reduce imports and ensure stricter oversight of mining and manufacturing labor practices.
    i. NY-BEST is a convenor organization for Li-Bridge, a public-private alliance working to accelerating the development of a domestic supply chain for lithium-based batteries.
- Recycling programs are growing to recover materials and reduce mining impacts.

13. What happens at the end of a battery's life? Is there toxic waste?

- Grid batteries don't generate waste or emissions during operation.
- At end of life, primary components (like lithium, nickel, copper) are recyclable
    i. NY-BEST is working with the State to advance standardization practices to improve economics of recycling

- Unlike fossil fuel or nuclear plants, energy storage doesn't create ongoing toxic pollution; it's a one-time materials challenge that recycling and reuse are addressing.

14. How do storage projects support rural economies?

- Provide lease payments to farmers and landowners.
- Create local tax revenues for schools and governments.
- Diversify farm income, helping stabilize earnings when crop markets fluctuate.
- Energy dense, so can be built on relatively small parcels of land

15. How can I support energy storage?

- Recognize storage as critical infrastructure for a clean, affordable, resilient grid.
- Share accurate information and push back on misinformation.
- Support strong, science-based safety standards.
- Advance legislation like tax exemptions and streamlined permitting.

16. Why ORES?

- **Streamlining permitting for safer, more consistent deployments.**
    i. Centralized, expert review process
    ii. Rigorous safety reviews throughout project design, installation, and operation.
    iii. Improved regulatory consistency to support deployment of storage projects critical to supporting the grid.
- **Supporting grid modernization goals.** More than 100 local governments have enacted moratoria on energy storage, affecting over 1 GW of projects currently in the interconnection queue. These delays threaten the State's ability to meet clean energy and grid reliability targets and delay the air quality and equity benefits that storage can help deliver. A coordinated and transparent permitting framework under ORES can help address community concerns while enabling projects to move forward safely.
- **Creating good, green jobs.** The bill will include energy storage as a "covered renewable energy system" under existing statutory labor standards, ensuring all New York energy storage projects are built with prevailing wages, operated and maintained pursuant to labor peak agreements, and comply with Buy American provisions, where appropriate. This provision will help create high-quality jobs as New York builds out its energy infrastructure.

17. Why sales tax?

- **Ensure parity between technologies:** Fossil fuel equipment, solar panels, fuel cells, and residential storage are already exempt. Commercial storage is not, meaning a diesel generator and a battery of equal cost are taxed differently—discouraging clean energy adoption.

- **Eliminate bureaucratic inefficiency:** Most projects already secure discretionary exemptions through IDAs, but at high cost and delay. Developers often spend 25–50% of the benefit on fees and legal costs, and projects can be delayed a year or more. A statewide exemption avoids this waste.
- **Minimally impact State revenue:** NYSERDA estimates $20–28M/year in foregone revenue, but most of this revenue is already lost because projects obtain IDA exemptions. The net fiscal impact would be very small.
- **Reduce costs to ratepayers:** Lower project costs mean lower incentive payments from NYSERDA's ratepayer-funded program. That stretches limited dollars across more projects, while also reducing bills for low-income customers through community storage participation in Solar for All.

18. Federal impacts?

- Federal tax credits for solar and wind are being phased out after 2027, increasing reliance on storage.
- Storage still qualifies for a 30% tax credit through 2033, but only if projects meet strict new sourcing rules - Foreign Entity of Concern (FEOC) restrictions to shift supply chains away from China
- These rules are likely to raise costs and timelines as supply chains adjust.
- A state sales tax exemption can help offset higher costs and keep projects moving forward.
- With federal support shrinking, New York must step up to stay on track for its clean energy goals.