



New York's 10 GW Distributed Solar Roadmap: NY-Sun Program Mid-Point Review

NYSEIA POLICY SUMMARY, January 18, 2023

On January 17, NYSERDA and the Department of Public Service (DPS) submitted the [NY-Sun Program Mid-Point Review](#) in Case [21-E-0629](#). This filing was triggered when 50% of the new Upstate MW Block capacity authorized by the [10 GW Order](#) was submitted to the MW Block program, occurring on November 17, 2022.

The Mid-Point Review provides a general overview of the NY-Sun Program and market activity between the issuance of the 10 GW Order and the Mid-Point Review Trigger, including but not limited to:

- Major Market Sector Activity:
 - Uptake of the new **Upstate C/I** incentive capacity by eligible projects has been rapid, including by projects that reached the program's eligibility threshold during the approximately one-year period prior to the 10 GW Order when Upstate C/I incentives were unavailable.
 - 16.1 MW of **Upstate Nonresidential** NY-Sun incentive capacity was committed during the review period.
 - 52.1 MW of **Con Edison Nonresidential** applications were submitted during the review period, split evenly between the three size categories.
 - Uptake by **residential** customers has been robust during the review period, with approximately double the capacity submitted compared to the same period in the previous year. This growth, after the implementation of the Customer Benefits Charge (CBC), can likely be attributed to rising retail electric rates for residential customers – according to NYSERDA/DPS.
- NY-Sun Adders Activity:
 - NYSERDA has received no project applications qualifying for the **prevailing wage** incentive adder, as all projects submitted during the review period had their initial utility interconnection applications submitted prior to the date of the 10 GW Order.
 - Over 96% of Upstate C/I capacity and 59% of Con Edison Nonresidential capacity that was submitted to NY-Sun during the review period was **community solar**.
 - 8 projects totaling 7.0 MW received the Parking Canopy Adder, and 24 projects totaling 1.7 MW received the Rooftop **Canopy Adder**.
 - 13 projects totaling 65.6 MW received the **landfill/brownfield** adder during the review period.



- **Solar Energy Equity Framework (SEEF) Activity:**
 - As of the Mid-Point Review Trigger, NYSERDA has committed or expended \$78,933,735 in dedicated SEEF funds, leveraged by \$125,083,147 in other NY-Sun incentives for a total of \$204,016,882.
 - **Inclusive Community Solar Adder (ICSA):** At present, NYSERDA is preparing to relaunch the ICSA with adjustments based on program experience, the results of ongoing stakeholder processes, and the potential impact of the Inflation Reduction Act (IRA). NYSERDA and DPS have determined that an understanding of the requirements and procedures for the allocation of IRA bonus tax credits is needed before ICSA rules and incentive rates and design can be finalized, with federal guidance expected to be released February 2023. As next steps, NYSERDA intends to release a revised proposal for the ICSA program design that incorporates stakeholder feedback and provides specific incentive rates, present details on a stakeholder webinar, and accept additional stakeholder feedback before finalizing the program design and reopening the program to applications.
 - **Expanded Solar For All (E-SFA):** On October 17, 2022, NYSERDA and National Grid announced awards to 21 projects totaling 121.4 MW. NYSERDA issued a total of \$15.5 million in E-SFA awards to these projects, and plans a second procurement round in 2023 to procure up to the 300 MW approved by the PSC.
 - **Multifamily Affordable Housing Incentive (MAHI):** 73 projects totaling 4.5 MW have applied for the MAHI during the review period, with participation focused heavily in the Con Edison territory where much of the state's affordable housing is located. The MAHI is also made available to eligible projects in Long Island using RGGI funds.
 - NOTE: In future updates to the Program Manual, NYSERDA intends to update these criteria to require that the project's full generation be credited to customers that meet the ICSA subscriber eligibility requirements.
 - **Affordable Solar Residential Incentive (ASRI):** During the review period, 289 projects applied for the Affordable Solar incentive adder, totaling 2.8 MW.
 - **Affordable Solar and Storage Predevelopment Technical Assistance Program (Predevelopment Program):** As of November 2022, 42 applicants have received awards totaling \$6.2 million from the Predevelopment Program, which have supported solar installations across the Con Edison, Upstate, and Long Island Regions.
- **Project Costs:**
 - NYSERDA staff estimate that, during the review period, overall costs for **Upstate C/I projects trended upward by approximately \$0.20-\$0.30/Watt, and between \$0.30-\$0.70/Watt for Nonresidential projects in the Con Edison service territory.**



- Based on feedback from market participants, NYSERDA expects cost increases downstate may be due to an especially tight downstate labor market and increased roof lease costs in New York City.
- The price per Watt of **residential projects submitted to NY-Sun increased by \$0.28/Watt from 2021 to 2022**, and NYSERDA anticipates rising interest rates may have a significant impact on the residential market in 2023.
- In addition to pricing concerns, many components are difficult to source, with long lead times. These **balance-of-system costs may have peaked**, and WoodMackenzie projects declining costs in 2023 as supply chains further unknot – according to NYSERDA.
- **Interconnection costs appear stable, however**, NYSERDA notes that increasing predevelopment costs are not reflected in queue data, and there is a lack of data on cancelled projects and on the sites and capacity still available (“headroom”).

- Energy Pricing and VDER Revenue:
 - Wholesale energy prices were significantly higher in 2022 than in the previous year, sometimes more than double in New York’s 2021 prices.
 - **High energy prices in 2022** mean net metered projects are more attractive; and the Locational Based Marginal Price (LBMP) of the value stack is up. Energy and capacity prices are tied to nominal NYSIO pricing and therefore not impacted by inflation. E-value and DRV are fixed at a nominal monetary value, therefore slightly degraded by inflation.
 - Many developers have informed NYSERDA that project **financing costs have increased** since the filing of the Solar Roadmap; and the Federal Reserve has increased its prime rate seven times during 2022 for a total of 4 percentage point. **Rising interest rates** are also impacting the residential market.

- Inflation Reduction Act Impacts:
 - According to NYSEDRA, the ITC extension will bolster residential PV deployment in all regions of the state, especially if stubbornly high project costs decline in coming years.
 - NYSERDA anticipates the direct pay provision will spur development of state- and municipal-owned PV development.
 - NYSERDA anticipates a significant portion of both pipeline and new projects may seek a bonus ITC allocation, and that there will likely be a significant overlap with projects that qualify for NY-Sun SEEF adders.
 - NYSERDA finds that quantifying the impact of the IRA, and adjusting NY-Sun program design elements accordingly cannot be accomplished prior to the publication of the federal guidance; and seeks PSC authority to adjust incentive rates set in the 10 GW Order once federal guidance is released in February 2023.



The Mid-Point Review also makes the following recommendations (verbatim) to the Public Service Commission (PSC):

- Provide NYSERDA flexibility to adjust the Con Edison Community Adder and ICESA incentive rates specified in the 10 GW Order, based on dynamic market and policy conditions, including the passage of the IRA and the anticipated federal guidance.
- Make no changes to the Value Stack at this time.
- Make no changes to the Con Edison capacity allocations at this time.
- Authorize a change in the eligibility for the Prevailing Wage Adder approved in the 10 GW Order whereby all projects greater than 1 MWac in size that submit applications to Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential >1 MW Block or later that commit to pay prevailing wage and submit a quarterly certification by a Certified Public Accountant be eligible for the Prevailing Wage Adder. NYSERDA requests that, if adopted, this change should be made retroactive to the opening of Upstate C/I Block 21 on November 17, 2022. For clarity, this change would not impact the prevailing wage requirement based on interconnection application date that was established in the 10 GW Order.
- Provide authorization to expand the current offering of Beneficial Siting Adders for a Floating PV Adder.
- Authorize the removal of system production adjustments from the NY-Sun Commercial/Industrial incentive payment structure.
- Amend the rules set in the Consolidated Billing Order to allow multiple Net Member Credit rates within a single CDG project.

Next Steps:

These recommendations will be up for stakeholder comment (deadline TBD) and NYSERDA and DPS will hold a virtual [technical conference on January 31 at 1:30pm](#) to review the filing. Ultimately, the PSC will make a determination on these recommendations in consideration of stakeholder comments, which is expected to occur sometime in 2023Q2.

NYSEIA plans to submit public comments on the Mid-Point Review through our Clean Energy Parties coalition and supported by our expert consultant. We encourage NYSEIA members to engage and stay tuned through our regular members-only Policy Committees.