STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the New York State Energy Research and Development Authority Requesting Additional NY SUN Program Funding and Extension of Program through 2025	))))	Case 19-E-0735

NYSEIA RESPONSE TO JOINT UTILITIES PETITION FOR CLARIFICATION OF REMOTE CREDITING

The New York Solar Energy Industries Association (NYSEIA) files these comments to respond specifically to one issue raised by the Joint Utilities' Petition for Clarification of Remote Crediting. The issue of interest is whether or not individual customer accounts (satellite accounts) can be subscribed to multiple remote crediting projects (host accounts). The established position of the Commission in two proceedings that individual accounts can subscribe to multiple host accounts. Furthermore, the utilities have been undergoing several years of bill crediting automation which negate their arguments about billing complexity. Finally, NYSEIA suggests that the Commission should revisit the amount of total capacity that a satellite account can subscribe to, eliminating the size limit.

In its May 14th, 2020 Order Extending and Expanding Distributed Solar Incentives, the Public Service Commission directed the state's investor owned utilities (hereafter referred to as the "Joint Utilities") to modify Value Stack remote net metering (RNM) service to accounts of the same customer by allowing projects to allocate credits among multiple accounts for up to ten unrelated non-residential customers[1]. In the Order this revised program is called "Remote Crediting". On June 15th, 2020, the Joint Utilities filed a petition for clarification. On June 29th, the Commission issued a notice seeking comment on the petition. These late filed comments are in pursuant to that notice and in response to the content of the Joint Utilities' petition.

In its petition, the Joint Utilities sought clarification on was whether "a Remote Crediting satellite account may not participate in multiple Remote Crediting projects, in a CDG project, nor be a customer-generator." In the footnotes the Joint Utilities suggested this should be the case "…because of the inherent unaffiliated nature between Remote Crediting Hosts and their satellites, allocating and applying credits to a satellite with multiple Hosts are not feasible or practical for all parties involved."

NYSEIA respectfully disagrees with the Joint Utilities' position that a single customer should not be able to subscribe to multiple projects. As the Joint Utilities note in their own petition "NYSERDA stated that the single-customer requirement for RNM poses financial challenges for project developers such that the more flexible Community Distributed Generation (CDG) rules regarding the interchanging off-takers

[1] Case 19-E-0735, Proceeding on Motion of the New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program through 2025 (NY-Sun Proceeding), Order Extending and Expanding Distribution Solar Incentives (issued May 14, 2020) (Solar Extension Order), pp. 25-26, 29.

should also apply to RNM." A key challenge to financing projects under the current program is the risk associated with having one off-taker. The project's viability is entirely dependent on that entity being credit worthy. By having multiple offtakers the project is lower risk as one customer failing to pay its subscription or leaving the project only puts a portion of the project's revenue at risk. However, this raises a new challenge- if a customer could alone use most or all of a project's capacity, they are not going to meet their needs if they can only use a portion of one project's output. Put another way, if there are five customers each of which have consumption equal to the production of 5MW of capacity, it is much lower risk to have each of those five customers subscribed for 20% of their needs in each of 5 projects than for each customer to be assigned to their own project. This is a function of the project finance of the projects; each is its own legal entity with its financing based on the expected revenue and risks of revenue for those individual projects. If customers can only subscribe to one project it either limits their ability to meet savings goals and/or negates the core benefit of the tariff change required by the Commission's May order.

The Joint Utilities' comment that "…because of the inherent unaffiliated nature between Remote Crediting Hosts and their satellites, allocating and applying credits to a satellite with multiple Hosts are not feasible or practical for all parties involved." is without basis. Historically the utilities have had antiquated and sometimes manual billing systems and processes. As a practical matter these outdated systems may have made it more challenging to address applying credits to a satellite account with multiple hosts. However, in the Commission's 2017 Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters (15-E-0751), the Commission ordered the utilities to commence automation processes for bill crediting, with a plan filed 60 days after said order. The utilities have had the subsequent three years to make considerable improvements to their billing systems. Indeed, as the Commission noted in its May 2020 Order, "While remote net metered projects serving multiple customers may slightly increase the complexity of utility billing activities, any required system changes should be minimal…"[2]

Despite the JU's recent argument that customers should not be able to subscribe to multiple projects, adopting the JU's position would go against existing Commission precedent. NYSEIA notes that the Commission has to date explicitly allowed for remote net crediting customers to subscribe to multiple projects. In its October 2015 "Order Directing Modifications to Remote Net Metering Tariffs and Making Other Findings " (Case 15-E-0267), the Commission directed the utilities to remove the limitation of a satellite account only being able to subscribe to 2 megawatts or less project capacity. In its order the Commission assumed, but did not accept, the utilities' assumption that larger subscription sizes would yield to more net metering and therefore greater rate impacts for customers; the 2-megawatt limit was seen as a limitation on any rate impacts.

Since the October 2015 Order, the ability of an account subscribing to multiple projects has not been curtailed. At the same time, the sizing limit has been relaxed and then made unnecessary as the state transitioned to and modified the Value of Distributed Energy Resources tariff. In February 2018, the Commission increased the maximum project size to 5 megawatts-ac and clarified that this treatment extended to the maximum subscription size for a satellite account: "As CORE requests, the Commission notes that this does allow an individual satellite account to be served by several generators, including multiple remote generators at host sites and a generator located at the satellite account, with a cumulative rated capacity of up to 5 MW."[3] Now, given that all remote net crediting projects will be compensated on

[2] Order, p.25

[3] In the Matter of the Value of Distributed Energy Resources (Case 15-E-0751) *Order on Phase One Value of Distributed Energy Resources Project Size Cap and Related Matters*, February 22, 2018, p.14

the Value of Distributed Energy Resources tariff ,without Community Credit or Market Transition Credit, any concerns about rate impacts are non-applicable and the Commission should remove the limitation entirely. Indeed, one of the rationales for the Commission expanding VDER-compensated project size limits from 2 megawatts to 5 megawatts was that "[t]he Value Stack, with the exception of the [Market Transition Credit], is designed to provide projects with compensation based on the specific and calculable benefits those projects create for the utility system. Those benefits reflect utility avoided costs; therefore, compensating a project based on the Value Stack results in that project receiving the most precise compensation available for the actual values it provides."[4] While the order adopted that reasoning it, by omission, did not carry through that rationale to reconsider the existing customer subscription limit which was born out of concerns for potential non participant rate impacts. NYSEIA believes the existing record in the VDER proceeding makes clear, and the Commission's reasoning in its February 22nd, 2018 Order supports, that the Commission should not allow any subscription size limits for participants in the new remote crediting program.

NYSEIA appreciates the Commission's consideration of these comments and requests that the Commission reaffirm its position on allowing entities to subscribe to multiple remote projects simultaneously by rejecting the JU's proposal that subscribers be limited to one project per satellite account for a remote crediting project. NYSEIA also respectfully requests that the Commission revisit and remove the limitation on subscription sizes given that all projects will be generating value-based credits.

Thank you for your consideration. Please contact Shyam Mehta, Executive Director of NYSEIA, with any questions about this submission.

Sincerely,

/s/

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[4] Ibid, pp.11-12