STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard	Case 03-E-0188
Proceeding on Motion of the Commission to Consider a Clean Energy Fund	Case 14-M-0094

Comments on the New York State Energy Research and Development Authority Petition Requesting Additional NY Sun Program Funding and Extension of Program Through 2025 by the Clean Energy Parties:

Solar Energy Industries Association, Alliance for Clean Energy New York, Coalition for Community Solar Access, Natural Resources Defense Council, New York Solar Energy Industries Association, the Pace Energy and Climate Center and Vote Solar.

Dated: February 10, 2020

Clean Energy Parties Comments to New York State Public Service Commission

Regarding the Petition Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025

Cases 03-E-0188 and 14-M-0094

1) Introduction

The Solar Energy Industries Association, the Alliance for Clean Energy New York, the Coalition for Community Solar Access, the Natural Resources Defense Council, the New York Solar Energy Industries Association, the Pace Energy and Climate Center, and Vote Solar, collectively referred to as the Clean Energy Parties (CEP), submit the following comments on the New York State Energy Research and Development Authority's (NYSERDA) petition to expand and extend the NY-Sun program.

The CEP are comprised of a substantial portion of the clean energy organizations in New York. Our perspective is informed by on-the-ground experience developing distributed energy projects.

The CEP strongly support the Governor's commitment to solar under the Green New Deal and the Climate Leadership and Community Protection Act (CLCPA) and specifically the goal of installing six gigawatts (GW) of distributed generation across New York State by the year 2025.

In brief, NYSERDA's petition requests approval from the New York Public Service Commission (PSC or the Commission) for more than $570 million in funds to help achieve the six-GW goal, as well as an extension of NY-Sun through 2025.

a. New York would not reach 6 GW without the expansion of NY-Sun

At the end of the third quarter 2019, New York had cumulatively installed more than 1.8 GW of solar which support nearly 10,000 jobs throughout the state.[1] More than $5 billion has been invested in New York solar projects, and solar project prices have declined by 36 percent during the past five years.[2] Although New York is slightly ahead of pace to meet NY-Sun's previous goal of installing three GW of solar by 2023, the current incentive framework in place was not designed with the CLCPA's aggressive goals in mind. Despite declining solar prices, additional incentives are needed to ensure New York hits its

[1] Solar Energy Industries Association/Wood Mackenzie, U.S. Solar Market Insight, Q3. December 2019. https://www.woodmac.com/research/products/power-and-renewables/us-solar-market-insight/
[2] Ibid.

statutory solar target. Without additional incentive support, New York will fall short of reaching the law's goal within the specified timeframe.

b. The Commission should approve the petition as soon as possible

To keep New York State on track for reaching the CLCPA's solar goal, we recommend the Commission approve NYSERDA's petition -- including the CEP's suggested modifications -- as soon as possible. Authorizing the NY Sun expansion and requested extension by April 2020 allows NYSERDA to issue an amended NY-Sun Operating Plan (Operating Plan) with additional incentive details and programmatic requirements for comment and finalization sometime this summer. With these important details, firms that develop and build solar projects can begin designing systems to meet customer needs. Following this timeframe, full-scale development toward the new goals can begin by the end of this calendar year.

Along these lines, the CEP recommend that NYSERDA in its updated Operating Plan follows past practice of publishing details about the size and incentive levels for the expanded capacity blocks. While NYSERDA can always adjust the incentive levels and the size of the capacity blocks based on its assessment of market conditions, the publication of this "forecast" allows firms to more accurately plan future projects and make better estimates to customers. Upon budget approval by the PSC, NYSERDA will be in a better position to provide a more detailed picture into the plans for future blocks than it has been able to do in the recent past.

c. The CEP support keeping a portion of the overall budget unallocated to respond to changing conditions and increasing the overall budget request by between 5-10 percent

The CEP strongly support keeping a portion of the overall budget unallocated to provide NYSERDA flexibility to respond to changing market conditions and policy changes. Conditions in the solar market can change very rapidly, and policy changes at the federal, state and local level can have a profound impact on solar project economics that may require changes in incentive levels or budget allocations more generally.

d. The CEP offers recommendations for petition improvements and clarifications

We submit the following supportive comments and recommendations to improve aspects of NYSERDA's petition or clarify elements of the request. We look forward to further discussions with NYSERDA and Department of Public Service Staff (DPS Staff) on these matters and working with officials to achieve the CLCPA's goals.

2) NYSERDA's Solar Market Analysis

The CEP greatly appreciate the effort NYSERDA staff made throughout 2019 to better understand solar project economics, solar development potential in New York, and the potential impacts of other policy decisions at the state and federal levels on NY Sun. As a result of this good work, NYSERDA has identified and planned for several major areas of policy uncertainty that may have an impact on reaching New York's distributed solar goals. NYSERDA also engaged directly with solar companies and with trade association representatives to understand the impact of various program changes.

Based on the description in the petition, and informed by conversations with NYSERDA staff, we offer the following general comments for consideration on NYSERDA's findings and analysis and the CEP would be pleased to follow up with NYSERDA staff on additional details.

a. Improvements made to the Value of Distributed Energy Resources tariff have helped the solar market

The CEP generally agree that the April 2019 changes to the Value of Distributed Energy Resources (VDER) tariff have improved the ability of solar projects to be financed under the "value stack" while also making the tariff a more accurate representation of the value of the resource. Based on the adopted improvements by the Commission, the value stack is considerably more stable than it was in its first iteration. Furthermore, NYSERDA's assumptions that most solar projects currently in development and new projects constructed through 2025 will be eligible for less than the 30% federal investment tax credit are sound.

b. CEP cautions NYSERDA not to overestimate the costs savings associated with the impact of consolidated billing on community solar

The CEP commend the Commission for adopting an optional consolidated billing model in its December 12, 2019 Order[3] and we look forward to working with the Commission and DPS Staff on implementation. However, the CEP further caution NYSERDA not to attribute too much cost savings to consolidated billing too soon.

Consolidated billing is expected to drive down costs for community solar projects, in part by making subscription revenue collection easier and generally simplifying billing. But these cost savings will take time to materialize as there are several steps required to implement the Commission's Order that could

[3] New York State Public Service Commission, Order Regarding Consolidated Billing for Community Distributed Generation, December 12, 2019. Case 19-M-0463.

take as long as 18 months. Given this timeline, the CEP expect savings, to the extent they fully materialize, to be realized *later* than NYSERDA's estimate of early 2021.

Furthermore, as the CEP noted in our comments on NYSERDA's community credit petition,[4] the 1% utility fee approved by the Commission for customer management does not represent all costs that community solar projects incur related to customer management. For example, a customer management platform – a software interface owned by the solar firm that allows customers to track their savings and solar project's output – would not be covered by this fee.[5] In addition, several utilities reported in their CDG Net Crediting Implementation Plans[6] that consolidated billing will be implemented manually, at least initially, potentially lessening the expected savings for CDG servicers who will need to continue tracking and performing quality control on the utility-managed crediting process. Experience to date from the CDG Billing and Crediting Working Group suggests that utilities do not yet have smooth processes for data exchange with CDG providers, which will push costs up. Also, there is no guarantee that the 1% fee will not be amended in rate cases, which would further erode any savings from the measure. This uncertainty should be considered when NYSERDA is setting its initial incentive levels.

In conclusion, the savings associated with consolidated billing should not be over-weighted in NYSERDA's analysis.

c. NYSERDA should review its locational-based marginal price & capacity price forecasts that inform its overall budget request and incentive levels

Although this petition does not list the upcoming incentive amounts, appropriately leaving those details to the NY-Sun Operating Plan, the CEP remain concerned that the locational based marginal pricing (LBMP) forecasts for all load zones and installed capacity (ICAP) values used in NYSERDA's VDER calculator are too high. As discussed below, the CEP believe that the LBMP and ICAP values are higher than realized values and are significantly higher than values used for project financing. As a result, these higher project revenue estimates may make the amount of incentive needed look lower than it actually is. This inflation of energy and capacity values could have impacts on the size of the overall budget requested, the allocation of funds dedicated to the community adder to support the development of

[4] Comments of the Coalition for Community Solar Access, the New York Solar Energy Industries Association and the Solar Energy Industries Association, In the Matter of the Value of Distributed Energy Resources, January 21, 2019 (Case 15-E-0751). http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={8E7F539F-DBDB-4CDF-93A5-7A7C006FACF6}

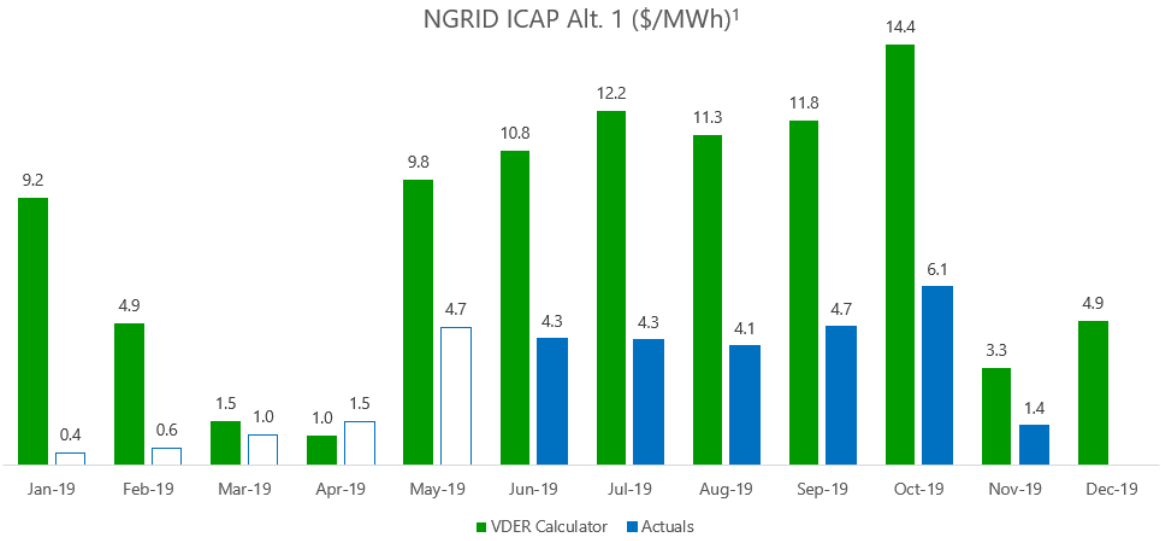
[5] CDG servicing also includes credit quality control, allocation management, customer replacement, customer support, and monthly and annual customer reporting.

[6] In its Order Regarding Consolidated Billing for Community Distributed Generation, the Commission directed utilities to submit Net Crediting Implementation Plans by Feb. 1, 2020 (Case 19-M-0463).

community solar projects, as well as the specific incentive amounts to be assigned to capacity blocks at a later date.

NYSERDA uses a simplified methodology to forecast LBMP prices and calculates LBMP based on the prior year average LBMP price with a linear escalator (2 percent) over the 25-year tariff term. For comparison, using representative load zone data across utility territories, LBMP forecasts from leading industry resources that investors use to make financing decisions (e.g. ABB, Wood Mackenzie) show a 5-25 percent reduction in value from the NYSERDA benchmark on an NPV basis, depending on which forecast is used.[7]

Similar discrepancies can be found in the actual ICAP values paid and the ICAP values estimates from the VDER calculator. Analysis from leading solar firms show that ICAP values during 2019 were 60 percent lower than values listed in the calculator on a monthly solar weighted basis. When extrapolated over the life of a project, the impact is equivalent to a reduction of $.10/Watt in incentive revenue.



Key Takeaways:
- ✓ Throughout 2019, **published ICAP values have been ~60% lower than those reflected in the VDER calculator** on a monthly solar weighted basis
- ✓ When extrapolated for a project's life, the resultant impact on project economics is equivalent to a reduction of $0.10/Wdc in NY-Sun MW Block incentive revenue

Source: Clearway

As a result, the CEP recommend that NYSERDA review and reconsider its LBMP and ICAP price methodologies as it continues to develop its implementation plans to account for the lower LBMP and

[7] In addition, NYSERDA's methodology does not adequately take into account line losses and its impact on pricing.

ICAP values that are actually paid to projects. Furthermore, with respect to this petition itself the discrepancy between value paid and value estimated leads to the conclusion that NYSERDA should request a 5-10 percent higher overall budget than proposed and keep an even larger portion of the funds unallocated as a backstop, as requested above.

d. NYSERDA'S PV hardware reduction cost assumptions are in line with industry estimates

NYSERDA's estimate that PV hardware costs across all market segments (residential, commercial and large scale) will decline by 4 percent per year is in line with independent industry estimates for the period between 2020-2024.[8] Tariffs on imported solar panels are set to expire in 2021, resulting in a major drop in panel costs in 2022 and each year thereafter. Although these tariffs are expected to end, since 2017 the Trump Administration's trade policies have proven to be extremely volatile, with these policies seemingly changing by the day. This uncertainty with respect to federal action further supports NYSERDA's request to keep a portion of the funding request unallocated to respond to in the event the Trump Administration changes direction on trade yet again.

e. Trackers and bifacial modules will increasingly be installed in New York State

The CEP also agree that solar projects using trackers and bi-facial panels will increasingly be a part of the New York market. By 2024, Wood Mackenzie estimates that more than 82 percent of all ground mount installations nationwide will be trackers.[9] However, NYSERDA should ensure it is not overestimating the viability of trackers, as tracker installation may not be feasible on many sites in New York due to topography.

f. NYSERDA's modeling should properly reflect EPC costs and the developer ecosystem

It is common for solar projects to be developed by one company and purchased by another company for long-term ownership. CEP have heard numerous concerns that, by solving only for long-term owner IRR and including estimates at the very low end of typical EPC costs, NYSERDA's cost modeling does not adequately reflect the need for upfront developer margin in that typical transaction. CEP encourage NYSERDA to clarify this issue with the industry representatives from whom they gather market cost data, so that NYSERDA models properly reflect actual costs experienced in the marketplace.

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[8] Wood Mackenzie. Wood Mackenzie Power & Renewables U.S. solar PV system pricing: H2 2019

[9] Wood Mackenzie, Global Bifacial Module Report, September 2019. https://www.woodmac.com/our-expertise/focus/Power--Renewables/bifacial-solar-2019/?utm_source=gtmarticle&utm_medium=web&utm_campaign=wmpr_bifacial

Part I – Requested Actions

In brief, NYSERDA proposes to add capacity to the Upstate Commercial/Industrial MW_{dc} blocks, dedicating approximately $199 million for this region, as well as adding capacity to the Upstate Residential MW_{dc} block, dedicating another $48 million to support these projects. NYSERDA also proposes leaving approximately $44 million of the overall incentive budget unallocated to respond to changing conditions. Lastly, NYSERDA seeks to reallocate project capacity within the blocks if projects with a NY-Sun allocation do not come to fruition.

a. <u>The CEP generally support NYSERDA's proposed allocations of capacity</u>

As described in the petition, the CEP support the general allocation of capacity for the expansion of the NY-Sun program and agree that with the right policy and incentive support most solar project development will be ground-mounted, five-MW_{ac} projects in the upstate region. If the community solar adder is set at an adequate level, many of these projects will likely be designed as community solar projects. Recognizing that approximately half the state's population resides in Con Ed territory, but solar development within Con Ed territory is challenging and has been slow, the Commission should consider a suite of approaches to expanding Con Ed customer access to CDG to ensure that New York City customers are served the same scale and type of benefits flowing to the rest of the state, including both energy bill savings and local investment and job development. The Commission should work with stakeholders from New York City community and environmental justice groups, consumer advocates, CDG industry members and environmental groups to consider various policies to support New York City-sited CDG, as well as options for expanding access to projects elsewhere in the State such as enabling cross-utility crediting for CDG. Such a framework could allow for the transfer of bill credits from projects outside New York City to customers within New York City.

b. <u>Support new incentives on Long Island for innovative projects</u>

Although the CEP understand the jurisdictional limitations on the uses of NY-Sun funding to support projects on Long Island, we recommend that the Cuomo Administration consider finding a different dedicated revenue source to support next generation solar projects on Long Island.[10] NYSERDA acknowledges in its petition that there are "opportunities and challenges" facing the Long Island market.

[10] For example, funds carved out of the next New York Regional Greenhouse Gas Emissions Operating Plan, or through funds set aside through specific LIPA collections could kick start additional deployment on Long Island.

Based on PSEG interconnection data, both residential and non-residential solar installations have decreased considerably from 2016 to 2018, in total falling by more than 40 percent since 2016.[11]

Long Island Distributed Solar Installations 2015-2018 (MW-AC)					
	2015	**2016**	**2017**	**2018**	**2016-2018 Decline**
<=25kW	60.3	77.7	43.4	47.3	***-39%***
>25kW	17.2	16.1	24.4	8.8	***-45%***
Total	***77.5***	***93.9***	***67.8***	***56.1***	***-40%***

Although NYSERDA estimates Long Island projects will continue to add capacity toward the 6 GW target, the size of the New York's overall decarbonization goals require even faster deployment in every region of the state.

Furthermore, Long Island's geographic constraints make it an ideally suited environment of encouraging the deployment of distributed solar and energy storage resources. Working together with NYSERDA, LIPA should develop a tariff or incentive program to incentivize the deployment of larger solar projects paired with energy storage, or that assists in mitigating the high cost of grid interconnection on Long Island, where interconnection costs can be as high as 10 percent of overall system costs.

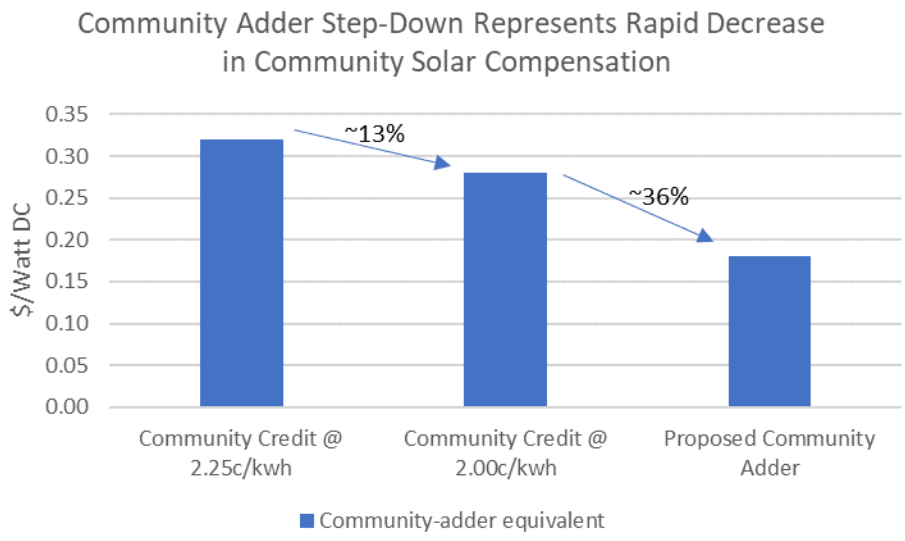
c. *The proposed Community Adder (CA) level should be increased to adequately support community solar*

As we stated in comments on NYSERDA's petition on the community credit, NYSERDA's proposed CA compensation level of \$0.18/Watt$_{dc}$ is insufficient to allow for financing of 2020 projects in part due to the modeling issues discussed above (LBMP and ICAP values, as well as EPC costs) and in part due to the fact that these projects will not realize consolidated billing cost savings during this transition period before consolidated billing is in place.

Specifically, using the NPV approach recommended by Staff and the Commission in the April 2019 VDER Order default assumption, the latest NYSERDA VDER calculator with an average discount rate of 7%, the \$0.0225/kWh Community Credit is equivalent to an upfront CA-equivalent value of approximately \$0.32/Watt$_{dc}$ which is significantly higher than the proposed \$0.18/Watt$_{dc}$. The step-down to \$0.18/W would represent a roughly 45% reduction in value, an aggressive step-down that conflicts

[11] NYSEIA analysis of PSEG interconnection data.

with the Commission's stated policy of using gradualism. The graphic below shows the equivalent adder value for the $0.02/kWh Community Credit step-down as well.



To avoid a wide-spread 2020 market slow-down, the CEP recommend the following:

i. Create as much capacity as possible under MW reallocation under the $0.02/kWh proposed step-down Community Credit. A step-down from $0.0225/kWh to $0.02kWh is a modest decline and at a level the industry can bear despite not yet having consolidated billing in place. Projects that are not on schedule to proceed through interconnection should be removed from the queue quickly. The CEP would welcome the opportunity to provide more detailed recommendations for the criteria to be used in removing projects from the queue.

ii. The Commission should request a review of the interconnection queues in mid-2020 to determine whether another recycling of MWs is possible. Concurrently, the Commission should institute changes to the credit qualifications to require that projects achieve commercial operation within 18 months of qualifying for the credit. Applicants would be allowed an extension to the 18 months by providing evidence that utility construction will not be complete within the 18-month period. The ability to put interconnection deposits on hold has likely led to significant bloating in the Community Credit queue from projects that will ultimately be unable to secure permits or tax agreements that allow the projects to move forward.

iii. The Commission should approve a bridge CA block at a more modest rate of *at least* $0.26/W so that CDG development does not come to a halt in 2020 while consolidated billing progresses. The CEP recommend a rate much closer to the NPV of a 25-year $0.02/kWh incentive.

iv. While we support the adoption of a community adder, the Commission should continue deliberation on the Value of Distributed Energy Resources (VDER) to ensure that 'unquantifiable' values that were originally meant to be captured in the market transition credit and community credit are quantified and included in that tariff.

d. *Brownfield & landfill adders should be increased to $0.15/Watt$_{dc}$*

The CEP support the extension of adders for solar projects located on landfills and brownfields. In many cases, solar projects on closed landfills and previously contaminated sites can provide considerable energy savings to municipalities that ultimately benefit taxpayers, as well as turn abandoned properties into productive reuse.

However, the current incentive level of $.10/Watt$_{dc}$ makes most projects uneconomic based on decreases in base compensation incentives. The combination of increasing module and steel costs due to tariffs, declining federal ITC, and the implementation of prevailing wage on most projects coupled with the decline of the base compensation of the MW Blocks have made the project economics for public landfills uneconomical, and the $0.10/W Landfill adder is insufficient.

In addition, the current New York incentive is not in line with neighboring states. As of January 2019, 25 solar projects on landfill, brownfields and projects on contaminated sites have reached completion in New York, compared with more than 108 projects in Massachusetts and 40 in New Jersey, states which also provide incentives to encourage these projects.[12]

The difference in the number of projects can largely be attributed to Massachusetts providing considerably more support to this class of project with a $0.03 - $.04/kWh incentive for brownfields and landfills under the Solar Massachusetts Renewable Target (SMART) program in place today, and similarly-sized incentives made available through its now phased out Solar Renewable Energy Credit (SREC) II trading program.

For these reasons, the CEP recommend that NYSERDA establish a landfill incentive of at least $0.15/Watt$_{dc}$. Combined with the incentive recommended below for projects conducted on behalf of public entities, these incentive levels would be high enough to return more properties to productive reuse and help meet New York's energy and environmental goals.

[12] U.S. Environmental Protection Agency, Repowering America's Land Initiative, January 2019. https://www.epa.gov/sites/production/files/2019-02/documents/re_tracking_matrix_508_final_013119a.pdf

e. Establish a public project adder of $0.15/Watt$_{dc}$

CEP recommend that NYSERDA also establish a public project adder. Solar projects benefiting cities and towns directly can often be more costly than private projects, with projects often having to go through lengthy bidding processes that can drive up costs. In addition, prevailing wage requirements for these projects also add as much as 10-20 percent depending on the region.[13] In response, and to encourage the further development of public projects, the CEP recommend that NYSERDA establish a public adder of $0.15/Watt$_{dc}$ to encourage more municipalities to go solar.

f. The CEP support increased investment in an equity framework and urge pursuit of an inclusive stakeholder co-design process

The CEP support the significant increase in funding for solar serving disadvantaged communities requested by NYSERDA. The funding request represents a good first step toward implementation of the requirements set out in the CLCPA. As demonstrated by NYSERDA's market analysis, this increased funding is needed to ensure development of solar projects serving low-income and other disadvantaged communities.

However, given both a lack of details included in the petition and a history of poor program participation, it is imperative that the equity framework be implemented with significant stakeholder participation from representatives of organizations working on behalf of disadvantaged communities, consumer advocates, environmental advocates, electric utilities and the solar and storage industries. This stakeholder engagement should solicit proposals for new programs and include collaboration and feedback throughout the design process and as programs are reviewed. A codesign process that incorporates community and developer experiences and needs will likely yield programs that serve people better, and more effectively help the state reach its goals.

Of the specific proposals outlined in the petition, the CEP have the following feedback:

i. Predevelopment and Technical Assistance – CEP support the expansion of this program and enthusiastically await the results of innovative, community-driven projects supported by NYSERDA. The projects provide an opportunity to maximize the community wealth built by solar projects and could reap new business models to increase adoption of solar in disadvantaged communities.

ii. Community Solar: No-cost/Guaranteed Savings Option for Low-Income Households – CEP support the expansion of the Solar for All program that NYSERDA has developed and the results

[13] NYSEIA. The impact of prevailing wage expansion on solar photovoltaic projects in New York State. March 2019.

of which are just beginning to be felt by low-income households across the New York. Providing a no-cost, no-contract solar option for low-income households reduces many of the financial risks to both customers and solar developers, which can lead to significant scale of this program at a reasonable cost. However, CEP caution NYSERDA to carefully consider the active participation of the utilities in this program, as they have a mixed history of working in low-income communities and little history of successfully educating and acquiring potential customers for an energy product. Reforming the Energy Vision (REV) principles promote utilities facilitating markets rather than entering them, and any role for utilities should be carefully considered, closely defined and piloted before large-scale deployment.

iii. Community Solar: Support for Inclusive Community Solar Projects – CEP strongly support the addition of incentives for inclusive community solar projects. A stakeholder-driven design process should be initiated for this effort to create the most effective, cost-effective, and inclusive program.

iv. Affordable Housing and LMI Homeowners – CEP believe this is a high potential area for policy development. While previous NYSERDA programs have yielded mixed results, low- and moderate-income solar programs have been successful. For instance, the Massachusetts Solar Renewable Energy Credit II program supported more than 142 MW of solar serving affordable housing and the Massachusetts Solar Loan Program has helped finance approximately 1,000 LMI households to install solar on their roofs. Creating a strong price signal with a significant adder on top of the base incentive can unlock the affordable housing market segment. However, when serving low-income households, thoughtful financing support will be critical; the NY Green Bank should create an open-enrollment program with low interest rates like the Massachusetts Solar Loan program.

v. Solar Paired with Energy Storage and Solar Deployments that Support the Potential for Solar and Energy Storage to Repower or Replace Electric Generating Peaking Units – CEP support the establishment of programs to incent solar and energy storage that serves low-income households and disadvantaged communities. Solar and energy storage provides an opportunity to provide energy savings or revenues, increase the reliability of the electric system, and hasten the retirement of local, polluting fossil-fueled generation units for low-income households and in disadvantaged communities.

g. Establish incentives for dual use agriculture and solar projects

In addition to the initiatives NYSERDA describes in its petition including the publication of various guidelines and best practices regarding siting solar on agricultural property, we recommend the creation of an adder for "dual use" solar and agricultural operations in which solar panels are installed sufficiently high to allow farmer/livestock access and crops to grow underneath. An adder helps encourage farms to combine the value of the crops or products and the electricity sold. In most cases this combined approach can serve as an alternative to permanent development and mitigate financial risk to farmers, often preserving their practices for future generations and preventing land from being taken out of agricultural production. As a result, an adder incentivizing "dual use" solar and agricultural use projects, developed in coordination with the New York Department of Agriculture and Markets, would have a tremendous impact on the rural economy. Recognizing that this is a new proposal, NYSERDA could explore an adder along these lines on a pilot basis or capped at a megawatt threshold until program refinements can be made. Massachusetts established a dual use adder of $0.06/kWh for this purpose.[14]

Part II – Proposed Additional Regulatory Actions

a) *Reduce Restrictions for Remotely-Metered DERS*

The CEP support NYSERDA's recommendations to reduce current restrictions on remote net-metered projects. Allowing remote net-metered solar projects to serve more than one offtaker would make these projects more cost effective and provide a new pathway for some larger projects. In addition, the CEP support NYERDA's recommendation to interchange remote net-metered offtakers.

b) Opt out for CDG for Community Choice Aggregation Customers

The CEP welcome NYSERDA's goal of significantly reducing CDG customer acquisition and management as well as financing costs by allowing Community Choice Aggregation (CCA) customers to be automatically enrolled in CDG projects, with a choice to "opt out" and become a nonparticipant. The CEP believe CDG and CCA are compatible and that implementation of voluntary consolidated billing in New York will make the integration of CDG and CCA significantly easier than in the absence of a streamlined billing option.

In authorizing CCAs in its CCA Framework Order, the Commission determined that opt-out enrollment was necessary to achieve the scale necessary to create meaningful benefits for mass market customers.[15]

[14] Massachusetts Department of Energy Resources SMART Regulations 225 CMR 20. August 2017.
[15] Proceeding on Motion of the Commission to Enable Community Choice Aggregation Program, Order Authorizing Framework for Community Choice Aggregation Opt-Out Program, April 21, 2016 (Case 14-M-0224).

In a subsequent Order approving Joule Assets' CCA Program, the Commission said that introducing opt-out CDG for CCA customers could potentially create similar benefits while supporting local and state clean energy goals.[16]

However, unlike an opt-out CCA, CDG requires an *active* purchasing decision that establishes a relationship with a specific local renewable energy asset. It is important for CDG customers to understand the terms and benefits of their CDG agreement, including the savings created through bill credits. Because product and service differentiation is critical to the evolution of the CDG industry and to meeting customers' preferences, any integration of CCA and CDG must allow for CDG providers to maintain their relationships with customers.

The CEP recommends that the Commission provide explicit guidance on what CDG-specific customer experience features a CCA should be required to provide a customer enrolled on an opt-out basis in a CDG project: specifically, the name of the CDG product and CDG provider, and the monthly bill savings delivered by participation through the CCA in the CDG project. The CCA should also be required to demonstrate certain CDG management capabilities such as the ability to analyze customer data to properly size or resize allocations on an ongoing monthly basis and the ability to accommodate a range of customer support requests in connection with their subscriptions. CDG provider experience has shown that customers value their connection to (and support of) a specific project within their community or service territory, and CDG providers should have the ability to maintain customer education about the value of customers' participation in CDG.

Part III – Proposed improvements to program requirements

The MW Block program was greatly improved in 2018 with requirements that projects demonstrate progress in the interconnection process via an interconnection agreement or 25% deposit for upgrades and approvals from local governments. Overall, of the one GW of projects in the queue, 9% of projects over 2 MW have been pending completion for at least three years. For projects of at least 2 MW, of the capacity that was qualified in 2015, 22% has yet to come online. Of the capacity qualified in 2016, 32% has yet to come online.[17] Particularly as budgets are limited and allocated capacity drives incentive levels down, it is critical that projects move through the program in a timely fashion. On a forward-going basis NYSERDA should require projects be mechanically complete within 18 months of securing a MW Block award,

[16] Order Approving Joule Assets' Community Choice Aggregation Program with Modifications, March 16, 2018 (Case 14-M-0224).
[17] Based on analysis of January 2020 NY-Sun data published in Open New York.

unless the utility timeline for upgrades exceeds 18 months, in which case projects must be mechanically complete no later than 3 months after completion of utility construction. NYSERDA should also establish requirements to address outstanding projects that have remained in the program for an extended period of time.

Conclusion

The CEP support NYSERDA's funding request and encourage NYSERDA and the Commission to implement our recommendations in a final approval Order. Please contact David Gahl at dgahl@seia.org or at (518) 487-1744, on behalf of the CEP, with any questions about this submission. Thank you.

Respectfully submitted,

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