January 16, 2024

SENT VIA ELECTRONIC FILING

Hon. Michelle Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, NY 12223-1350

Re: Joint Utilities' Proposal on the Implementation of Multiple CDG Savings Rates (Case 21-E-0629)

Dear Secretary Phillips,

Please file the attached comments on behalf of the Coalition for Community Solar Access and the New York Solar Energy Industries Association in the above-referenced proceeding. Please direct any questions on this submission to Kate Daniel at kate@communitysolaraccess.org or 617-800-4136.

Respectfully submitted,

/s/Kate Daniel
Northeast Regional Director
Coalition for Community Solar Access

/s/Noah Ginsburg
Executive Director
New York Solar Energy Industries Association

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

In the Matter of the Advancement of Distributed Solar	))	Case 21-E-0629

CCSA AND NYSEIA COMMENTS IN RESPONSE TO THE JOINT UTILITIES' PROPOSAL ON THE IMPLEMENTATION OF MULTIPLE CDG SAVING RATES

I. Introduction

In the New York Public Service Commission's (PSC) June 2023 *Order Adopting NY-Sun Mid-Program Modifications*, the PSC recognized the "merit in potentially modifying its consolidated billing rules to allow [community distributed generation] CDG projects to offer multiple Net Member Credit rates to individual subscribers." The Order directs the Joint Utilities (JU) to convene a technical conference and to file a proposal "detailing whether and how multiple Net Member Credit rates could be implemented as part of the utilities' billing automation efforts, including timeframes and costs.[1]" The PSC's directive was in response to New York State Energy Research and Development Authority's (NYSERDA's) and Department of Public Service (DPS) Staff's recommendation that the Commission "consider amending the rules set in the Consolidated Billing Order to allow multiple Net Member Credit rates within a single CDG project[2]" in its January 2023 Mid-Point Review filing, in addition to prior industry straw proposals and recommendations in related proceedings and working groups.[3] The primary reason that NYSERDA and DPS Staff recommend New York enable multiple CDG savings rates is to better serve low- to moderate-income (LMI) customers, and to maximize New York's ability to leverage newly available federal funding for low-income CDG projects.

The Coalition for Community Solar Access (CCSA) and New York Solar Energy Industries Association (NYSEIA) strongly support the implementation of multiple CDG savings rates. Implementing multiple savings rates promises to expand access to distributed solar among low-income New Yorkers, maximize New York's ability to leverage newly available federal funding, and provide flexibility that future-proofs New York CDG projects and lowers risk for CDG hosts and financiers. In addition to voicing support for the JU proposal, these comments offer specific feedback and recommendations to strengthen the JU

[1] Case 21-E-0629, In the Matter of the Advancement of Distributed Solar, Order Adopting NY-Sun Mid-Program Modifications (issued June 23, 2023) (NY-Sun Order).
[2] Case 21-E-0629, In the Matter of the Advancement of Distributed Solar, New York Sun Program – Mid-Point Review (issued January 17, 2023) (NY-Sun Mid-Point Review).
[3] Case 14-M-0224, Proceeding on the Motion of the Commission to Enable Community Choice Aggregation Programs, Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation (dated March 29, 2022) (Opt-Out CDG Straw Proposal).

proposal and ensure that this proposal is implemented in a manner that maximizes benefits to New York ratepayers, low-income subscribers, and the distributed solar industry.

II. Background

CDG is one of New York's most impactful tools to expand access to the benefits of clean energy among low-income customers. CDG empowers low-income New Yorkers, renters and others who cannot install solar on their own rooftops to subscribe to offsite solar projects in the same utility service territory, providing the customers with greater choice, 100% local clean energy, and guaranteed utility bill savings.

Historically, one of the main barriers to LMI participation in CDG was dual-billing, or the requirement that a subscriber to a CDG project provide direct payment to the CDG host in addition to their traditional utility bill. On December 12, 2019, the New York Public Service Commission (PSC) addressed this barrier by directing New York's utilities to implement a net crediting program, whereby CDG customers could subscribe to a community solar project and receive direct net savings on their existing utility bill rather than receiving a separate bill from the CDG provider. The *Net Crediting Order* noted that in order "to meet New York's ambitious clean energy goals and to ensure that all customers are able to participate in the benefits of the clean energy economy, activity to reduce project costs, increase participant benefits, and promote clarity and simplicity for customers must continue." The PSC Order directed the Joint Utilities (JU) to implement consolidated billing (aka net crediting), established a minimum 5% CDG savings rate, and required that "the same CDG Savings Rate must be used for all net crediting customers of a particular project."[4]

New York's consolidated billing program has eliminated a major barrier to participation in CDG projects, especially for LMI customers. New York State, and more recently the federal government, has recognized that additional programmatic interventions are needed to increase LMI participation in CDG projects. NYSERDA's recently relaunched Inclusive Community Solar Adder (ICSA) program provides additional capacity-based incentives to CDG projects that serve subscribers that are LMI or reside in Disadvantaged Communities (DAC) and offer a minimum discount of 10%.[5] The recently enacted Inflation Reduction Act provides Bonus Credits, i.e., enhanced federal investment tax credits, to CDG projects that serve LMI subscribers and provide a customer savings rate of at least a 20%.[6]

CCSA and NYSEIA strongly support the new federal and state programs that provide enhanced incentives for CDG projects that provide greater savings rates to LMI customers. However, these programs do not require 100% of a CDG project to be subscribed by LMI customers (50% must be LMI under LI Bonus Credit and 40% under ICSA). Without the ability to offer different discount rates, CDG Hosts are forced to provide the enhanced discount rates to non-LMI subscribers (20% under LI Bonus Credit and 10%-15% under ICSA) for whom such enhanced discount rates were never intended to

[4] Case 19-M-0463, In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019) (Net Crediting Order).
[5] New York State Energy Research and Development Authority, NY-Sun Program Manuals, updated October 2023.
[6] United States Internal Revenue Service, Additional Guidance on Low-Income Communities Bonus Credit Program, 88 FR 55506, August 15, 2023.

benefit. As noted in the NY-Sun Mid-Point Review, "in most instances project economics cannot support a 10% customer bill discount for customers (as opposed to the 5% minimum Net Member Credit) who are not eligible LMI subscribers under the rules of the ICSA.[7]" With multiple discount rates, the LI Communities Bonus Credit program and ICSA become a more accessible option for CDG providers utilizing net crediting who wish to include both LMI and non-LMI subscribers within a single project. The Mid-Point Review points out that serving both LMI and non-LMI subscribers is a business model that is not only allowable under ICSA and federal tax credit rules, but that would improve the reach of New York's solar programs and advance the Solar Energy Equity Framework (SEEF) goals by enabling a wider range of projects and providers to participate. CDG Hosts will have no hesitation in acquiring LMI subscribers under these programs, knowing that they can provide appropriately lower discount rates to non-LMI subscribers, thereby optimizing project economics. CCSA and NYSEIA strongly concur with the NY-Sun Mid-Point Review analysis, and support the implementation of multiple savings rates for the reasons outlined by NYSERDA and DPS Staff.

One additional benefit of implementing multiple savings rates is that it will help future-proof CDG projects in New York State. Throughout the 25+ year life of a CDG project, subscriber turnover ("churn") is expected. Subscribers for a CDG project may unenroll from a CDG project for a variety of reasons, thereby requiring the CDG host to acquire a new subscriber for the CDG project at that time. When a CDG host is re-acquiring customers for existing projects, the ability to offer a different savings rate will allow the CDG host to quickly and efficiently enroll new customers by offering the current "going rate". For example, without multiple savings rates, a CDG project that originally offers a 5% savings rate to its customers and later needs to re-acquire customers years later when the typical savings rate is different (e.g. 10%) will find it difficult to acquire customers, who have better options in the marketplace. If the JU Multiple Savings Rate proposal is adopted, it will enable the CDG host to adapt to current market conditions and offer a savings rate that is competitive with newer projects, thereby increasing the project's revenue realization rate and overall long-term viability. As New York continues to develop into a mature CDG market, it is critical for the CDG program rules to consider these kinds of future scenarios and to incorporate policies that enable flexibility to meet customer needs.

III. The Commission should not limit the number of CDG savings rates.

CCSA and NYSEIA encourage the Commission to avoid arbitrarily restricting the number of CDG savings rates. Limiting the number of CDG savings rates will not benefit CDG hosts or customers, and could artificially constrain the positive impact of multiple savings rates.

The Multiple CDG Saving Rates petition notes that, at the preceding Technical Conference, the JU proposed limiting each net crediting project to two CDG savings rates, indicating that such a limit would allow CDG providers to offer an additional rate to LMI customers while reducing customer inquiries to utilities and developers and reducing the risk of billing errors.[8] However, the JU have failed to demonstrate how allowing more discount rates would increase confusion or errors, especially after CDG

[7] Case 21-E-0629, In the Matter of the Advancement of Distributed Solar, New York Sun Program – Mid-Point Review (issued January 17, 2023) (NY-Sun Mid-Point Review).
[8] Case 21-E-0629, In the Matter of the Advancement of Distributed Solar, Joint Utilities' Proposal on the Implementation of Multiple CDG Saving Rates (issued October 20, 2023) (Multiple Saving Rates Petition).

crediting is fully automated. Once allocation forms can be uploaded in machine readable format, the savings rates entered by the sponsor should easily transfer to the utilities' systems. It should be no more error-prone than transferring any other piece of customer information, such as subscription sizes, which are customer-specific and not limited.

CCSA and NYSEIA also assert that customer confusion is unlikely. In many cases, CDG subscribers do not know which specific CDG project they are subscribing to and they are simply signing up for the current offer available from a provider. Allowing CDG projects to offer multiple discount rates will actually reduce customer confusion by enabling CDG providers to offer the current "going rate" to subscribers who are enrolling in a project that is already operational, and potentially offering a different rate to their existing/legacy customers.

CCSA and NYSEIA posit that customers will benefit from the additional flexibility in not limiting rates. A single CDG project could serve a variety of customer types, including a large commercial anchor customer, small commercial customers, non-LMI residential customers, and LMI residential customers. Being able to offer custom rates to different market segments is beneficial for all participants and will encourage competition. As noted above, customer churn is expected over the life of a CDG project, and enabling an unlimited number of discount rates will provide CDG system owners the flexibility to be responsive to current market conditions at the time they are recruiting subscribers. This flexibility benefits both developers and customers.

IV. CCSA and NYSEIA support the JU's proposal to allow sponsors to change customers' savings rates monthly.

For large CDG projects, it is common for CDG hosts to file updated CDG host allocation forms on a regular basis, as customers unenroll and new customers are added from a waitlist. CCSA and NYSEIA support the JU proposal to not limit CDG hosts' ability to update customer savings rates. Of course, CDG hosts will require authorization from their customers in order to modify rates and we do not envision CDG hosts frequently changing an individual subscriber's savings rate. Instead, we envision this flexibility as important for ensuring that CDG providers can efficiently onboard subscribers from their waitlist, and not be restricted in their ability to offer customers the most appropriate discount based on market conditions. Based on the current state of the utilities' technology for administered CDG crediting, CCSA and NYSEIA agree with the JU recommendation that "CDG Hosts may change individual subscriber CDG Savings Rates only by providing the utility a complete allocation file."[9]

V. The JU should implement multiple savings rates under full automation, and should streamline and accelerate both.

The JU proposal states that each utility will make multiple CDG Savings Rates available only after developing the necessary automated processes for doing so. CCSA and NYSEIA agree in principle that multiple savings rates functionality should be built into an automated system rather than a manual one.

[9] Case 21-E-0629, In the Matter of the Advancement of Distributed Solar, Joint Utilities' Proposal on the Implementation of Multiple CDG Saving Rates (issued October 20, 2023) (Multiple Saving Rates Petition).

CCSA and NYSEIA also note that implementing this proposal is time-sensitive, because the ability to provide multiple savings rates impacts New York developers' ability to secure limited available federal funding for low-income community solar, in the form of Bonus Credits. Additionally, CCSA and NYSEIA note that this is not a new request, and multiple savings rates have been under discussion at the CDG Billing & Crediting Working Group since 2021. As such, many of New York's utilities have been planning for the eventual implementation of multiple savings rates, and considered this functional requirement as they implemented their automated CDG crediting systems over the last few years.

CCSA and NYSEIA encourage the Commission to establish a near-term implementation deadline for full automation and implementation of multiple savings rates. CCSA and NYSEIA believe that six months from the date of an Order is an appropriate timeline for this software implementation in light of the significant advanced notice that the JU have received regarding this functional request and the relative simplicity of the new functionality. To ensure timely implementation, this deadline should not be extended barring the demonstration of extenuating, unforeseeable circumstances beyond the utilities' control. New York's solar industry has a vested interest in a rapid and successful rollout of multiple savings rates, as it will benefit solar customers and therefore solar businesses. CCSA and NYSEIA also support performance-based incentives for the JU, such as bonuses for timely and successful implementation and penalties for delays and errors.

VI. CDG Hosts and Utilities have joint responsibility to ensure saving rates are applied correctly, and additional requirements upon CDG Hosts are unnecessary and overly burdensome.

CCSA and NYSEIA appreciate and agree that community solar sponsors have the responsibility to make sure submitted allocation forms are accurate and error free. By the same logic, the utilities will be responsible for implementing the assigned discount rates on an allocation form, and must therefore be held responsible for correcting any errors caused by the utility in a timely manner.

The utilities propose additional reporting requirements on CDG Hosts, including how the availability of multiple discount rates has expanded access to community solar for low-to-moderate income customers. This reporting requirement is unnecessary, overly burdensome, and potentially infeasible. Other mechanisms exist to measure the state's progress serving low-income customers: namely, program reporting through the ICSA and Expanded Solar for All. This type of reporting on an individual project basis will also be unwieldy and not well suited for analysis by the utilities, the Commission, NYSERDA, or other stakeholders. Lastly, CDG hosts do not have complete income information on all of their customers. Some of the customers that have enrolled in a CDG standard offer may actually qualify for energy assistance and low income discounts, but have not been assigned a deeper low-income discount because the customer was unable or unwilling to share income verification, or enrolled in community solar before LMI incentives were available.

Greater data sharing could help ensure that more qualifying customers receive the maximum energy savings possible, although any data sharing agreement between CDG Hosts and utilities should be reciprocal. CCSA and NYSEIA note that a significant number of LMI customers are not currently enrolled in the utilities' LMI bill discount programs, and conversely many CDG Hosts are unaware which of their customers are enrolled in utility LMI bill discount programs. By enabling optional confidential reciprocal data sharing, more LMI customers can be enrolled in utility bill discount programs and more LMI customers can receive deeper discounts on CDG credits from their solar provider. As with any data sharing proposal, customer consent and awareness is important, and could be addressed through modification of subscriber agreements so that a customer is fully informed of any data sharing between the CDG Host and utility, which would be used only to ensure that eligible customers can receive the maximum bill savings available.

The utilities proposal also includes a new requirement for CDG Hosts to publish CDG savings rates on their website and all marketing materials. This requirement is an unnecessary barrier to reaching potential community solar customers and could limit the ability of a provider to meet customers' needs. Publishing pre-set savings rates broadly could also create additional confusion as a community solar provider usually has a diverse portfolio of projects that span different geographies, utility service territories, and qualify for different incentive levels - and therefore can offer different savings rates to customers. Even within a single project, the savings rates can vary across customer types in ways that can be challenging to concisely describe.

If the Commission finds that CDG sponsors are not providing sufficient information for customers to make informed and beneficial decisions, the issue should be taken up in the context of the existing Uniform Business Practices for Distributed Energy Resources (UBP-DERS) requirements and customer disclosure statements, and should be properly noticed for comment from stakeholders.

VII. Multiple anchor customers should be able to opt out of net crediting.

CCSA and NYSEIA support and appreciate the JU proposal to allow multiple anchor customer accounts to be excluded from a net crediting project. However, this should not materially increase customer costs and should not result in higher net crediting administration fees for CDG projects and customers.

VIII. The JU have not presented evidence that the 1% administration fee collected on net crediting is insufficient to implement multiple credit rates.

CCSA and NYSEIA agree the utilities should be compensated for reasonable and efficient costs incurred to implement net crediting improvements. Inadequately accounting for recovery of prudent and documented utility costs may result in further delays, which is not in the public interest. However, we are highly concerned with National Grid's cost estimate, which is four to five times higher than any other utility. We do not think it is appropriate to ask the ratepayers or CDG customers to pay a premium for poor software design and lack of foresight. National Grid notes that its CDG VDER automation efforts did not contemplate the need for individual CDG Savings Rates. However, this proposal was brought to the CDG Billing & Crediting Working Group in 2021 and was included in NYSERDA's Mid-Point Review filing to the Commission on January 17, 2023.[10] The fact that National Grid did not contemplate this outcome, despite it being in active discussion as it developed its automated CDG crediting software, should not result in additional cost burden for CDG customers, CDG developers or other ratepayers.

[10] Opt-Out CDG Straw Proposal; NY-Sun Mid-Point Review

The JU have not proposed how to translate these costs into a fee or other cost recovery mechanism. CCSA and NYSEIA do not think it is appropriate to increase the 1% net crediting fee, which was set to establish sufficient revenues to the utilities to cover not just ongoing administration of net crediting, but implementation of net crediting and associated capital and software costs.[11] The implementation of multiple CDG savings rates is primarily a one-time expense, and increasing fees on all CDG credits allocated to all CDG customers will overcompensate the utilities. If requesting an increased fee, the utilities should be required to specifically demonstrate that what they have recovered with the 1% administration fee is not sufficient to implement multiple savings rates.

IV. Multiple credit rates should be available to CDG Hosts and customers within six months of an order.

Most of the utilities propose to implement multiple savings rates within 12-16 months of an Order. Though we understand changes to billing systems are required, we fail to see how these are "substantial" changes that require over one year. From the community solar industry perspective, it seems that this is a relatively simple change of one already existing data element, and the JU have been unwilling to provide further detail into the programming and software changes needed for industry to understand or appreciate why it is a complex or substantial change. Therefore, **we recommend the utilities be required to implement multiple savings rates within six months of an Order.**

NYSEG and RG&E have proposed timelines that are unacceptably long - over two years. Customers in those utilities should not suffer because the utilities have delayed their automation process and anticipate a cumbersome process of transferring projects to that automated process. We recommend that the changes to implement multiple savings rates be incorporated into the final stages of automation rather than be queued sequentially, and that these utilities be granted no more than an additional six months to implement multiple savings rates.

X. Additional Comments

CCSA and NYSEIA encourage the Commission to direct the JU to allow saving rates that include an additional digit (e.g. 7.5%). Limiting savings rates to whole percentage points is an arbitrary limitation that does not add value for customers. Allowing CDG hosts to specify savings rates that include an additional digit/decimal place will encourage competition and result in greater savings for customers.

CCSA and NYSEIA also note that all of the existing net crediting agreements (between utilities and CDG hosts) note that only one discount rate is possible and only one anchor is allowed. Assuming the Commission issues an order effectuating multiple saving rates, the net crediting manual should be updated to reflect these tariff changes, and the utilities should also issue a standard contract amendment to the existing net crediting agreements to ensure the contracts are accurate and reflect the current tariff.

XI. Conclusion

[11] Case 19-M-0463, In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019) (Net Crediting Order).

CCSA and NYSEIA strongly support enabling multiple saving rates for CDG projects, and encourage the Commission to issue an Order on this matter without delay. Enabling multiple CDG saving rates will accelerate progress toward the clean energy and equity goals outlined in the Climate Leadership and Community Protection Act by making it easier for CDG projects to serve LMI customers, thereby positioning New York CDG projects to secure additional federal support through the recently enacted Bonus Credit program. Multiple saving rates will also help future-proof New York's CDG projects by enabling CDG hosts to adapt to future market conditions and maintain high levels of enrollment and revenue realization. CCSA and NYSEIA appreciate the Commission's continued commitment to investing in and strengthening New York's thriving opt-in CDG market, and appreciate the opportunity to provide comments on this important matter.