March 24, 2026
VIA ELECTRONIC FILING
renewables.model.comments@tax.ny.gov

NYS Department of Taxation and Finance - ORPTS
Valuation Services Bureau
ATTN: Michael St. Germain
W A Harriman Campus
Albany, NY 12227-0801

Dear Mr. St. Germain:

The Alliance for Clean Energy New York (ACE NY) and the New York Solar Energy Industries Association (NYSEIA) submit these joint comments on the Draft 2026 Appraisal Model. We appreciate the continuing efforts of the Department of Taxation and Finance (DTF or the Department) to develop an accurate and stable model for valuing wind and solar projects. Our comments below outline key concerns of the solar and wind developers which our associations represent and provide concrete recommended modifications to increase the accuracy of the draft model.

Thank you for your consideration of our joint comments and recommendations. If you have any questions or need additional information, please reach out to us.

Sincerely,

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Cc:

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Shyam Mehta, Director, Integrated Energy Solutions, NYSERDA

Comments of the

Alliance for Clean Energy New York

and the

New York Solar Energy Industries Association

on the

Draft 2026 Appraisal Model for Wind and Solar Projects

March 24, 2026

Importance of a Stable and Predictable Appraisal Model for Wind and Solar Projects

A stable and predictable appraisal model is not only a matter of administrative consistency—it is increasingly central to energy affordability for New Yorkers. New York's clean energy strategy depends on the coordinated deployment of utility-scale wind and solar, rooftop and community solar, and complementary energy storage to lower system-wide energy costs. Those resources reduce wholesale energy prices, mitigate peak demand, defer or avoid costly transmission and distribution investments, and reduce reliance on higher-cost fossil generation. Analysis by Synapse Energy Economics shows that scaling up solar generation statewide and achieving New York's energy storage targets could save New Yorkers more than $1 billion per year in avoided energy costs[1], benefits that accrue broadly to all ratepayers.

As investment across the renewable energy sector accelerates, the appraisal model plays a material role in determining whether these cost-saving resources can be financed and built at scale. Predictable and market-aligned tax assessments limit financing risk and help avoid unnecessary increases in the cost of projects that ultimately flow through to customers. When

[1] Synapse Energy Economics. *Sunlight and Storage into Savings: Evaluating Energy Cost Savings from Distributed Solar and Storage Additions in New York.* https://www.synapse-energy.com/sites/default/files/SolarStorageBenefitsNY%2025-113.pdf. *January 2026.*

appraisal volatility or systematic over-valuation increases project costs, those costs are borne not only by project sponsors but also by ratepayers through higher energy prices and foregone system savings.

Prior to the enactment of Real Property Tax Law (RPTL) § 575-b in 2021, municipalities applied a wide range of approaches to appraising the value of solar and wind projects, resulting in unpredictable and frequently contentious tax outcomes. The adoption of a statewide appraisal methodology has meaningfully improved consistency and transparency for assessors, local governments, and project owners alike. Maintaining that stability is especially important at a time when many New Yorkers face persistently high energy burdens and limited protection from price volatility. A reliable appraisal framework supports affordability and economic development simultaneously by enabling continued private investment in clean energy projects while providing host communities with predictable, long-term revenue streams.

Implementation of the 2025 Amendments to RPTL § 575-b

The Draft 2026 Appraisal Model is the first version released since the Legislature enacted, and the Governor signed into law in 2025 Chapter 575 of the Laws of 2025 (S.8012 | A.8332)[2], which amended Real Property Tax Law § 575-b in response to a constitutional challenge to the solar and wind appraisal framework. These amendments were adopted to cure identified legal deficiencies in the statute and to ensure that the appraisal model more accurately reflects real project economics. As enacted, the new section of law imposes affirmative statutory requirements that must be incorporated into the appraisal model used by assessors statewide.

In particular, the amendments to RPTL § 575-b require that the appraisal model explicitly account for host community benefit payments. These payments are not discretionary or incidental. Where applicable, they represent real, recurring operating expenses that are integral to the financing and operation of solar and wind projects and reflect negotiated arrangements with host municipalities.

[2] See Senate Bill S.8012 (2025), enacted as Chapter 575 of the Laws of 2025, amending N.Y. Real Prop. Tax Law § 575-b., consistent with the requirements and intent of S.8012.

Beyond the statutory host community benefit framework, many renewable energy projects are subject to additional negotiated host community agreements as part of the State's siting and permitting process. Under the Office of Renewable Energy Siting and Electric Transmission regulations, applicants are required to demonstrate good-faith efforts to negotiate host community agreements or other project-specific commitments addressing socioeconomic impacts as part of the permitting record. As a result, project sponsors routinely incur community-based payments or obligations that investors and lenders treat as a necessary cost of development and operation, even where those agreements fall outside the specific statutory host community benefit requirements.

The Draft 2026 Appraisal Model appears to limit the ability to enter host community benefit payment values to certain renewable energy projects. As a result, smaller solar projects or projects not subject to the host community benefit framework have no mechanism to reflect negotiated host community agreements or similar payments where they exist. For projects that incur such obligations, excluding these expenses from the model can overstate net operating income and appraised value by failing to reflect costs that market participants would reasonably consider in assessing project value.

Because assessments under New York law are required to reflect fair market value, appraisal assumptions should align with the economic considerations that inform real-world transactions between willing buyers and sellers. From an investor perspective, negotiated host community payments—whether required by statute, regulation, or project-specific agreements—are treated as operating costs and materially inform valuation. Providing no mechanism to reflect these expenses introduces a gap between modeled values and market-based project economics.

ACE NY and NYSEIA therefore recommend that the final model allow users to enter host community benefit payment values for all projects that make such payments, regardless of

project size or whether the payment is mandated under a specific statutory provision. Allowing a flexible input for host community payments, separate from PILOT or other taxing jurisdiction obligations, would improve valuation accuracy, better reflect real-world investor decision making, and ensure consistent treatment of operating expenses across project types.

Impacts of the 2026 Model Update on Solar and Wind Project Taxation

The Draft 2026 Appraisal Model produces appraised values for solar projects that are significantly higher than those of the 2025 model. The 2026 model includes double-digit increases to project valuation for all project types, but the increase is most significant for VDER-compensated distributed solar projects, whose valuations (and derivative tax burdens) nearly doubled. The drivers of this increased valuation include significant increases to revenue projections, driven by unrealistically optimistic capacity-factors for certain projects, forecasted increases to future energy prices, and significant decreases to projected operating expenses. The legislative intent of RPTL § 575-b was to establish a fair and stable method for assessing taxes on solar and wind projects in New York State. This model update is inconsistent with this intent and imposes new valuations that do not align with true private market values, resulting in a real risk of over-taxation for solar projects.

Recommendations to Increase Tax Model Accuracy and Stability

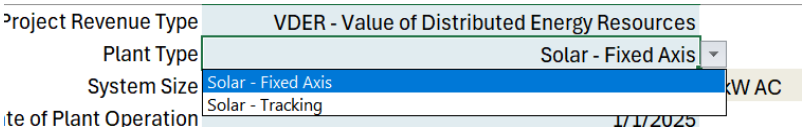
NYSEIA and ACE NY offer the following recommendations to improve the accuracy, transparency, and long-term stability of the appraisal model, while ensuring it remains grounded in real-world project economics and applicable statutory requirements.

Maintain 2025 Model Functionality to Differentiate Between Fixed-Tilt and Tracking Solar Technologies

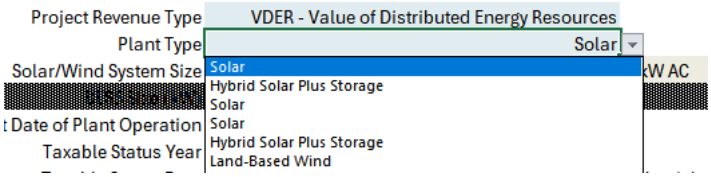
The Draft 2026 Appraisal Model no longer allows the user to distinguish between fixed-tilt and tracking solar energy systems, with all projects having high capacity factors that are only realistic for systems with trackers. The result is that the model produces unrealistically high production estimates and revenue forecasts for fixed-tilt systems, of which there are many in

New York State. ACE NY and NYSEIA urge DTF to restore the functionality from the 2025 model that allows users to select the correct tracking system, which will increase accuracy.

2025 Model (User Selects Fixed Axis v Tracking)



2026 Model (No Option to Select Fixed Axis v Tracking)



Tracking systems generally produce higher annual energy output and different production profiles than fixed-tilt systems. In a revenue-based appraisal model, these performance differences translate directly into higher projected revenues and, therefore, higher appraised values. Applying uniform performance assumptions across both technologies will overstate expected generation and revenue for fixed-tilt projects.

In addition to having different capacity factors, fixed-tilt and tracking systems also have different operating expenses. Tracker systems are generally more expensive to maintain due to the relatively complex mechanical system. The 2025 model incorporates this important nuance, with distinct OpEx assumptions for fixed tilt vs tracker systems.

2025 Model: Distinct OpEx for Fixed Tilt vs Tracking Systems (ModelFactors)

F	G	H	I
	Technology	NY Adjusted Base OpEx Rate ($2022/kWac)	
		Low Range	High Range
	Solar - Fixed Axis	$12.52	$11.85
	Solar - Tracking	$14.49	$13.84
	Land Based Wind	$28.40	$27.51

Reinstating this differentiation would align modeled values more closely with real-world project economics, promote accurate treatment across technologies, and prevent disproportionate year-over-year value increases for fixed-tilt projects. NYSEIA and ACE NY therefore recommend that the final 2026 Appraisal Model explicitly differentiate between fixed-tilt and tracking solar systems to improve valuation accuracy and ensure equitable tax outcomes.

Project example

The following project example illustrates key points:

- *Material impact of not properly distinguishing between fixed-tilt and tracking solar configurations:* In the 2025 model, the project value is shown as approximately $34MM. In the 2026 draft model, that value increases to approximately $42MM — an approximate 23.5% increase. See below for this comparison.

Final 2025 Model

Tier 1 Revenues:							
Energy	7,675,102	8,130,877	7,516,404	7,158,876	6,755,767	7,148,383	7,036,4
Capacity	765,648	676,845	535,005	501,397	353,534	329,118	250,6
Tier 1 Revenues Total	8,440,749	8,807,723	8,051,409	7,660,273	7,109,300	7,477,502	7,287,1
Income	**$ 8,440,749**	**$ 8,807,723**	**$ 8,051,409**	**$ 7,660,273**	**$ 7,109,300**	**$ 7,477,502**	**$ 7,287,1**
Expense*	$ 1,093,578	$ 1,120,917	$ 1,148,940	$ 1,177,663	$ 1,207,105	$ 1,237,283	$ 1,268,2
Lease	$ 1,014,337	$ 1,034,624	$ 1,055,316	$ 1,076,423	$ 1,097,951	$ 1,119,910	$ 1,142,3
Decomissioning	$ 172,508	$ 172,508	$ 172,508	$ 172,508	$ 172,508	$ 172,508	$ 172,5
Inverter (Solar Only)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	**$ 2,280,422**	**$ 2,328,048**	**$ 2,376,764**	**$ 2,426,594**	**$ 2,477,564**	**$ 2,529,700**	**$ 2,583,0**
EBITDA	**$ 6,160,327**	**$ 6,479,674**	**$ 5,674,646**	**$ 5,233,680**	**$ 4,631,737**	**$ 4,947,801**	**$ 4,704,1**
Discount Factor	0.8881	0.7887	0.7004	0.6220	0.5524	0.4905	0.4
Discounted Cash Flow	**$ 5,470,783**	**$ 5,110,279**	**$ 3,974,440**	**$ 3,255,292**	**$ 2,558,424**	**$ 2,427,094**	**$ 2,049,2**

Present Value of Cash Flows: **$ 33,918,024** **Value for Improvements Only**
$ 377 **/ kW AC**

*Expense includes O&M, Insurance, Management.
Cash flows are expressed in Nominal Dollars.

Draft 2026 Model

Tier 1 Revenues:						
Energy	9,414,227	8,918,172	8,695,711	8,479,597	8,146,727	8,422,5
Capacity	546,383	558,948	570,188	509,182	484,700	503,7
Tier 1 Revenues Total	9,960,610	9,477,120	9,265,899	8,988,779	8,631,427	8,926,2
Income	**$ 9,960,610**	**$ 9,477,120**	**$ 9,265,899**	**$ 8,988,779**	**$ 8,631,427**	**$ 8,926,2**
Expense*	$ 1,313,292	$ 1,346,124	$ 1,379,777	$ 1,414,272	$ 1,449,628	$ 1,485,8
Lease	$ 1,014,337	$ 1,034,624	$ 1,055,316	$ 1,076,423	$ 1,097,951	$ 1,119,9
Decomissioning	$ 176,820	$ 176,820	$ 176,820	$ 176,820	$ 176,820	$ 176,8
Inverter (Solar Only)	$ -	$ -	$ -	$ -	$ -	$
Expenses	**$ 2,504,449**	**$ 2,557,568**	**$ 2,611,914**	**$ 2,667,514**	**$ 2,724,400**	**$ 2,782,5**
EBITDA	**$ 7,456,161**	**$ 6,919,552**	**$ 6,653,985**	**$ 6,321,265**	**$ 5,907,027**	**$ 6,143,8**
Discount Factor	0.7887	0.7004	0.6220	0.5524	0.4905	0.4
Discounted Cash Flow	**$ 5,880,398**	**$ 4,846,354**	**$ 4,138,707**	**$ 3,491,665**	**$ 2,897,632**	**$ 2,676,3**

Present Value of Cash Flows: **$ 42,306,536** **Value for Improvements Only**

$ 470 / kW AC

*Expense includes O&M, Insurance, Management.

- *New model overestimates production:* Comparing the two model runs side-by-side it looks like there is a major difference in the capacity factor (fixed-tilt issue) and an 18% delta to total year one revenue, which is the combined impact of higher production estimates and higher projected energy prices. The 2026 model also included significantly higher OpEx, which brings the Year 1 net operating income of the project with the new model to just 7% more than the 2025 model. The new model appears to be overestimating production.

	A	B	C	D	E	F	G	H	I	J	K
1	**2025 Model**					**2026 Model**					
2	**Valuation Group**	**Valuation Group**	**NYISO Zone**	**Group-Zone**	**CapFactor**	**Revenue Type**	**Plant Type**	**NYISO Zone**	**Group-Zone**	**CapFactor**	**Delta**
3	1	Solar Fixed - VDER	A	1A	0.1876	VDER - Value of Distributed Energy Resources	Solar	A	1 - A	0.21011199	12% <-
4	1	Solar Fixed - VDER	B	1B	0.1737	VDER - Value of Distributed Energy Resources	Solar	B	1 - B	0.19709678	13% <-
5	1	Solar Fixed - VDER	C	1C	0.1805	VDER - Value of Distributed Energy Resources	Solar	C	1 - C	0.19950896	11% <-
6	1	Solar Fixed - VDER	D	1D	0.1840	VDER - Value of Distributed Energy Resources	Solar	D	1 - D	0.20454603	11% <-
7	1	Solar Fixed - VDER	E	1E	0.1805	VDER - Value of Distributed Energy Resources	Solar	E	1 - E	0.19950896	11% <-
8	1	Solar Fixed - VDER	F	1F	0.1901	VDER - Value of Distributed Energy Resources	Solar	F	1 - F	0.20952948	10% <-
9	1	Solar Fixed - VDER	G	1G	0.1921	VDER - Value of Distributed Energy Resources	Solar	G	1 - G	0.21288216	11% <-
10	1	Solar Fixed - VDER	H	1H	0.1940	VDER - Value of Distributed Energy Resources	Solar	H	1 - H	0.21623484	11% <-
11	1	Solar Fixed - VDER	I	1I	0.1940	VDER - Value of Distributed Energy Resources	Solar	I	1 - I	0.21623484	11% <-
12	1	Solar Fixed - VDER	J	1J	0.1940	VDER - Value of Distributed Energy Resources	Solar	J	1 - J	0.21623484	11% <-
13	1	Solar Fixed - VDER	K	1K	0.2061	VDER - Value of Distributed Energy Resources	Solar	K	1 - K	0.2296304	11% <-
14	2	Solar Tracking - VDER	A	2A	0.2101	VDER - Value of Distributed Energy Resources	Solar	A	1 - A	0.21011199	0%
15	2	Solar Tracking - VDER	B	2B	0.1971	VDER - Value of Distributed Energy Resources	Solar	B	1 - B	0.19709678	0%
23	2	Solar Tracking - VDER	J	2J	0.2162	VDER - Value of Distributed Energy Resources	Solar	J	1 - J	0.21623484	0%
24	2	Solar Tracking - VDER	K	2K	0.2296	VDER - Value of Distributed Energy Resources	Solar	K	1 - K	0.2296304	0%
25	3	Solar Fixed - Tier 1	A	3A	0.1911	Tier 1	Solar	A	4 - A	0.23339685	22% <-
26	3	Solar Fixed - Tier 1	B	3B	0.1911	Tier 1	Solar	B	4 - B	0.23987653	26% <-
27	3	Solar Fixed - Tier 1	C	3C	0.1860	Tier 1	Solar	C	4 - C	0.22456364	21% <-
28	3	Solar Fixed - Tier 1	D	3D	0.1952	Tier 1	Solar	D	4 - D	0.22098923	13% <-
29	3	Solar Fixed - Tier 1	E	3E	0.1952	Tier 1	Solar	E	4 - E	0.22098923	13% <-
30	3	Solar Fixed - Tier 1	F	3F	0.1952	Tier 1	Solar	F	4 - F	0.22346593	15% <-
31	3	Solar Fixed - Tier 1	G	3G	0.1952	Tier 1	Solar	G	4 - G	0.20998756	8% <-
32	3	Solar Fixed - Tier 1	H	3H	0.1952	Tier 1	Solar	H	4 - H	0.20998756	8% <-
33	3	Solar Fixed - Tier 1	I	3I	0.1952	Tier 1	Solar	I	4 - I	0.20998756	8% <-
34	3	Solar Fixed - Tier 1	J	3J	0.1952	Tier 1	Solar	J	4 - J	0.20998756	8% <-
35	3	Solar Fixed - Tier 1	K	3K	0.1952	Tier 1	Solar	K	4 - K	0.20998756	8% <-

Retain Size-Based Operating Expense Scaling for Smaller Projects, and Ensure OpEx Assumptions are Realistic

The Draft 2026 Appraisal Model appears to change the treatment of operating expenses for smaller solar projects by removing the size-based operating cost scaling used in prior model versions. Earlier iterations of the model reflected higher per-kilowatt ($/kW) operating expenses for smaller projects—particularly systems below 5 MW—in recognition of their more limited ability to achieve economies of scale.

That size-based approach to estimating operating expenses used in the 2025 model is consistent with observed industry operating experience and commonly applied appraisal practices, reflecting that many operating costs are fixed or semi-fixed and therefore result in higher per-unit expenses for smaller projects; incorporating higher $/kW operating expenses for these systems helps ensure modeled net income more closely reflects real-world economics.

The 2026 model includes the exact same per unit OpEx costs for all solar projects, regardless of size, and includes optimistic cost assumptions that are lower than actual costs. This is not realistic, and does not align with the OpEx cost figures published by the National Renewable Energy Laboratory's *U.S. Solar Photovoltaic System and Energy Storage Cost Benchmarks, With Minimum Sustainable Price Analysis: Q1 2023*, which is the source of many of the underlying assumptions in the 2025 and updated 2026 draft model.

2026 Model OpEx Assumptions

H	I	J	K	L	M
Plant Type	Revenue Type	U.S. Base OpEx Rate ($2022/kWac)	Labor Cost Fraction (%)	Labor Cost Multiplier (%)	**NY Adjusted Base OpEx Rate ($2022/kWac)**
Solar	Tier 1	$12.92	30%	125%	$13.89
Solar	NEM - Net Energy Metering	$12.92	33%	125%	$13.99
Solar	Value of Distributed Energy Res	$12.92	33%	125%	$13.99
Land-Based Wind	Tier 1	$24.87	10%	125%	$25.49
Hybrid Solar Plus Storage	Tier 1	$52.67	30%	125%	$56.62
Hybrid Solar Plus Storage	Value of Distributed Energy Res	$52.60	33%	125%	$56.94

National Renewable Energy Laboratory Benchmark OpEx for Solar PV and Hybrid Systems[3]

In NREL's latest publicly available cost benchmark report, NREL estimates the Minimum Sustainable Price (MSP) for PV and Hybrid PV-Plus-Storage Operations and Maintenance Costs. NREL estimates the costs in 2022 real USD per kWdc per year to be $39.83 for community solar, and $16.12 for utility-scale solar. For hybrid systems, the MSP benchmarks are $75.25 for community solar, and $50.73 for utility-scale projects. These values can be converted from kWdc to kWac and community solar subscriber management costs can be removed to support an apples-to-apples comparison. The following table compares the 2026 model's assumed base operating expenses with operating expense assumptions from the National Renewable Energy Laboratory's cost benchmarking report.

Comparison of Draft 2026 DTF Model Base OpEx and NREL Benchmark OpEx

Project Type	2026 Model Base OpEx ($/kWac-year)	NREL Benchmark OpEx ($/kWac-year)
Commercial (NEM)	$12.92	$34.42[4]
Community Solar (VDER)	$12.92	$34.42
Utility-Scale (Tier 1)	$12.92	$23.37[5]
Hybrid Solar + Storage (Tier 1)	$52.67	$73.56[6]
Hybrid Solar + Storage (VDER)	$52.60	$109.11[7]

[3] National Renewable Energy Laboratory. U.S. Solar Photovoltaic System and Energy Storage Cost Benchmarks, With Minimum Sustainable Price Analysis: Q1 2023. https://docs.nlr.gov/docs/fy23osti/87303.pdf. Published September 2023.

[4] NREL report includes figures in kW-DC, with no category for non-community solar commercial. Used the community solar OpEx of $39.83/kWdc-year to calculate $57.75/kWac-year assuming 1.45 DC/AC ratio. This expense is inclusive of the $23.33/kWac-year subscriber management cost included in the model, which is backed out of the base OpEx and accounted for elsewhere in the model. The subscriber management cost is subtracted from the NREL Benchmark OpEx to arrive at $34.42/kWac-year base OpEx for commercial and community solar projects.

[5] NREL $16.12/kWdc-year utility-scale PV cost estimate multiplied by a 1.45 DC/AC ratio.

[6] NREL $50.73/kWdc-year utility-scale hybrid cost estimate multiplied by a 1.45 DC/AC ratio.

[7] NREL $75.25/kWdc-year community-scale hybrid cost estimate multiplied by a 1.45 DC/AC ratio.

As outlined in the table above, the 2026 model materially underestimates operating expenses for solar PV and hybrid systems relative to the NREL Minimum Sustainable Price figures from their 2023 benchmark report. ACE NY and NYSEIA acknowledge that the installed cost of battery energy storage systems has fallen over the last few years since the NREL report was published; however, reductions to CapEx do not translate into reductions to OpEx, and operating expenses continue to rise under pressure from rising labor costs, increased safety requirements, and rising insurance costs. Additionally, the 2026 model fails to account for the fact that larger projects have lower per unit OpEx vs smaller projects. This trend is clearly visible in the NREL benchmark costs (i.e., utility-scale projects have lower per unit OpEx than smaller projects), and this trend can be observed further within these categories, i.e., the per unit OpEx for a 1 megawatt-AC project will generally be higher than the per unit OpEx of a 5 MW-AC project due to fixed costs and reduced economies of scale.

Insurance costs also merit particular attention. Project insurance premiums have increased materially in recent years in response to higher loss experience and tightening underwriting conditions in the New York market. In some cases, annual insurance costs have increased significantly relative to assumptions reflected in earlier versions of the model. If the appraisal model assumes flat or declining insurance expenses over time, it may understate actual operating costs and overstate project value. NYSEIA and ACE NY therefore recommend that the Department review insurance cost assumptions to ensure they reflect current market conditions and are appropriately updated as risk and pricing dynamics evolve.

To maintain model accuracy and equitable treatment across project sizes, NYSEIA and ACE NY recommend that the final 2026 Appraisal Model: 1) include realistic base operating expenses based on NREL's benchmarking report or a similar source; and 2) retain size-based operating expense scaling consistent with prior model versions to appropriately reflect higher per-unit operating costs for smaller projects.

Ensure that Energy Rates are Accurate and Stable

The 2026 draft model includes significantly higher energy price forecasts than the 2025 model, which increases project revenue, appraised value, and tax burden. ACE NY and NYSEIA acknowledge that energy price forecasts have increased in recent months due to federal policies, such as import tariffs and phasing out the federal Investment Tax Credit for solar and wind, which are increasing project costs and slowing the pace of new capacity additions. However, we caution that the energy and capacity forecasts used in the model represent the upper end of industry expectations, and the implied increase to taxation based on the model update exceeds the revenue projections that many financiers are underwriting. ACE NY and NYSEIA urge DTF to consider limiting the year-to-year changes to energy price forecasts, and the associated project revenues, to limit the model's volatility based on a factor as speculative as energy prices a decade from now.

The Appraisal Model Should be Updated to Address the Remote Net Metering NEM Use Case

The 2026 appraisal model effectively accounts for the community solar use case, which is the primary use case for distributed solar projects above 1 MWac in New York State. However, the model does not accurately account for the distributed solar Remote Net Metering use case. For the small number of early volumetric NEM community solar projects that came online between 2015-2020, it is reasonable to assume that the majority of the credits are allocated toward residential customers and therefore offset the higher net energy metering rate class. However, during this time period it was also an option to structure Remote Net Metering projects to offset 100% commercial rates, often via a power purchase agreement (PPA). For "NEM" projects, the model always assumes that 85% of the credits are valued at the Residential Credit Rate, which is nearly double the Commercial Credit Rate. This results in a dramatic overestimation of energy value for Remote Net Metering projects, such as the ones implemented by universities and corporate entities seeking to reduce their environmental footprint. Importantly, even the Commercial Credit Rate is an overestimation of the revenue a Remote Net Metering project realizes; it is common practice for PPA rates to be significantly lower than the value of the electricity, thereby ensuring that monetary value is shared between the system owner, who is subject to taxation based on the appraisal model, and the end

customer (e.g., a university or industrial energy consumer). This is particularly important because these projects often don't pay a ground lease. If this model deficiency is not addressed, it will result in the significant overtaxation of these projects based on their true revenue.

2026 Model: Hard-Coded Assumption that 85% of "NEM" Credits are Valued at the Residential Credit Rate

118				
119	**NEM Net Metering Credit Revenue Calculations**			
120	Fraction of Credits	92.50%		
121	Residential Share	85.00%		
122	Residential Credit Rate	0.0000	0.0000	0.1599
123	Commercial Credit Rate	0.0000	0.0000	0.0790
124	Annual NEM Net Metering Credit Revenue			
125	Nominal $	$0	$0	$1,158,722
126	Real 2024 $	$0	$0	$1,102,889
127				

To address this use case, ACE NY and NYSEIA recommend that the Final 2026 Model include separate drop down options for "NEM - Community Distributed Generation" and "NEM - Remote Net Metering". The NEM - Community Distributed Generation calculations could remain unchanged, whereas the NEM - Remote Net Metering projects should only offset the lower Commercial Credit Rate and the "Fraction of Credits" should be reduced from 92.5% to 80%, which is a more typical savings rate for a PPA.

Discount Rates Should Reflect Increased Risk

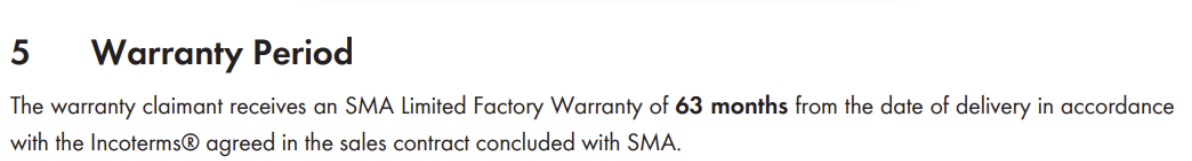
The Draft 2026 Appraisal Model assumes discount rates to be flat. While holding the rate flat based on the risk-free rate seems reasonable on its face, we do not think this is indicative of the increased risk associated with these projects given, among other things, uncertainty around regulation and tariffs. We think an increase to the discount rate is more appropriate to account for industry specific risk. This is particularly true if they intend to keep the updated higher energy price curves. The discount rate should reflect the increased risk of being able to operate to realize those revenues.

Component Replacement Assumptions

As in prior appraisal models, the Draft 2026 Appraisal Model assumes a single inverter replacement in year 15 of the project's operating life, using the same $220,000 cost applied in the 2025 model. Continuing this assumption does not reflect prevailing industry experience. In practice, most inverters do not have a 15-year service life, particularly under real-world operating conditions, and replacement or major refurbishment is often required on a shorter cycle.

To illustrate how optimistic the 15-year service life is, ACE NY and NYSEIA identified the most common makes/models of PV inverters for solar projects above 1-MW based on NYSERDA's NY-Sun database and found that the standard warranty duration for the most common makes/models are all five years:

SMA: SMA inverters are specified for approximately 1.8 gigawatts of solar PV projects above 1 MWdc. The SC 2500-EV-US [550V] is the most common make/model, and all Sunny Central (SC) products have a 63 month[8] (~5-year) standard warranty:



5 Warranty Period

The warranty claimant receives an SMA Limited Factory Warranty of **63 months** from the date of delivery in accordance with the Incoterms® agreed in the sales contract concluded with SMA.

Chint Power Systems: Chint inverters are specified for approximately 1.6 gigawatts of solar PV projects above 1 MWdc. CPS SCH125KTL-DO/US-600 [600V] is the most common make/model, and it comes with a standard 5-year warranty[9]:

[8] SMA. https://7534425.app.netsuite.com/core/media/media.nl?id=9400305&c=7534425&h=s5OA0it1cpVV92ZScInAKyTxUBihqbukAXzcLzeumGFFAc1q&_xt=.pdf. Accessed March 2026.

[9] Chint Power Systems. https://www.chintpowersystems.com/wp-content/uploads/2024/02/CPS-SCH100-125KTL-DO-US-600-480-Manual-Rev-1.9.pdf. Accessed March 2026.

9 Limited Warranty

The warranty policy of this product is specified in the contract; otherwise, the standard warranty is five (5) years.

For service, Chint Power Systems America will provide local support. For warranty terms, please refer to the CPS America standard warranty policy in place at time of purchase.

Sungrow: Sungrow inverters are specified for approximately 1.5 gigawatts of solar PV projects above 1 MWdc. The SG125HV [600V] is the most common make/model, and it has a 5-year standard warranty[10]:

SUNGROW Clean power for all

a. The transport costs of the damaged products when sending them to the factory
b. The labor, equipment or transportation costs due to dismantling of the damaged products and reinstallation of the repaired ones

2.7. The Warranty detailed here above is offered by SUNGROW as standard Warranty in a universal way for all its standard range of SUNGROW products. SUNGROW reserves the right to offer extended special Warranty conditions, according to the different country technical and commercial conditions. In that case, these special conditions will be stated in a separate document.

3.0 STANDARD WARRANTY AND EXTENDED WARRANTY

3.1. The period covered by this Warranty for Product installed in Asia Pacific region, except People's Republic of China, is indicated in the table below.

Products	Starting Date	Standard Warranty
String Inverters (for End-users purchased through SUNGROW's authorized local distributors)	First-time Installation date	5 years, no more than 6 years from the production date
Central Inverters	The earlier date between i) First-time installation date, or ii) Three (3) months after the Product left the port of China	
String Inverters (for End-user in projects)		
Transformers, switchgear within the Inverter Station Product		2 years, no more than 3 years from the production date
Other Equipment within the Inverter Station Product, excluding inverters, transformers and switchgear		
Re-combiners and Combiners		
Communication, Monitoring & Control Equipment		

Note: All warranty periods are as above unless specified on a SUNGROW quote

To better align the appraisal model with observed operating realities, NYSEIA and ACE NY recommend updating the assumed inverter life to 10 years, with corresponding adjustments to replacement timing. Doing so would improve the accuracy of projected operating expenses and reduce systematic overstatement of net income and appraised value.

Hybrid Solar Plus Storage Systems

[10] Sungrow. https://www.sungrowpowerservice.com/Files/Warranty/Sungrow%20Manufacturer%20Warranty_202101.pdf. Accessed March 2026.

We appreciate that the Draft 2026 Appraisal Model includes hybrid (co-located solar + energy storage) projects. Including solar + energy storage projects in the model provides a comprehensive assessment of project values and tax obligations.

The 2026 Draft Appraisal Model, including solar + energy storage, provides developers and assessors a tool to value such hybrid projects, eliminating the uncertainty of the method or value that will ultimately be set by the local assessor.

In the draft 2026 model, we observe that the model only produces valid results for projects where the ratio of the battery energy storage system (BESS) capacity over the PV capacity is less than or equal to 70%. ACE NY and NYSEIA caution that it is common project configuration to have a hybrid 5 MW PV system with a 5 MW BESS system, and recommend that the tables titled "Hybrid Revenue Multipliers" in the ModelFactors tab columns AH:CK be extended to include ratios of up to 1.0. Without this correction, the model will not produce results for these systems.

2026 Model Results for Hybrid 5 MW PV / 5 MW BESS System

A	B	C	D	E	F	G	H	I	J
	EBITDA	**$ -**	**$ -**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**
	Discount Factor	1.0000	0.8887	0.7897	0.7018	0.6236	0.5542	0.4925	0.4376
	Discounted Cash Flow	**$ -**	**$ -**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**
	Present Value of Cash Flows:			**#N/A**	**Value for Improvements and Land Necessary for Plant Operations**				
				#N/A	**/ kW AC**				

ACE NY and NYSEIA did not have time to evaluate the accuracy of the ratios in the Hybrid Revenue Multipliers table, but the fact that VDER compensation rates for energy, capacity and DRV generally increase as the energy storage ratio increases aligns with our expectations.

Other Considerations

The timing of the release of the draft appraisal model each year leaves little time for developers and assessors to use the final model and address valuation issues before most regions of the

state publish their tentative assessment roll on May 1st. An earlier release schedule would allow for more thorough review and adjustment, reducing legal challenges and ensuring fair taxation.

Conclusion

The appraisal model established under RPTL § 575-b plays a role that extends well beyond assessment administration. It directly influences the pace, cost, and feasibility of wind, solar, and energy storage deployment that New Yorkers rely on to advance affordability, reliability, and system resilience. When appraisal assumptions are transparent, market-reflective, and stable over time, they support private investment in clean energy resources that lower long-term system costs, reduce exposure to fuel price volatility, and strengthen grid reliability through diversified and distributed generation.

At the same time, appraisal assumptions benefit from continual calibration to ensure they remain transparent, market-reflective, and responsive to changes in technology, scale, and project characteristics. When the model accurately incorporates required expenses and reflects real-world operating conditions, it supports balanced valuations that sustain investment momentum, moderate cost pressures, and reinforce the delivery of clean energy benefits to ratepayers and host communities. Maintaining this alignment is therefore important not only for fairness and consistency in taxation, but also for advancing the State's broader clean energy, affordability, and system resilience objectives.

NYSEIA and ACE NY appreciate the Department of Taxation and Finance's continued engagement and commitment to maintaining a standardized statewide appraisal framework. By addressing the issues identified in these comments—particularly statutory compliance, valuation accuracy, and transparency around key assumptions—the Department can reinforce confidence in the appraisal model and ensure it continues to support an energy system that is affordable, reliable, resilient, and equitable for New Yorkers. We look forward to continued collaboration as DTF finalizes the 2026 Appraisal Model.