Clean Energy Parties Comments Summary
Value of Distributed Energy Resources - Rate Design
August 15, 2019

The Clean Energy Parties (CEP) are a coalition of industry, environmental, and non-governmental advocates encouraging the greater use of distributed energy resources (ACENY, CCSA, NRDC NYSEIA, PACE, SEIA and Vote Solar).

Case Background
The Value of Distributed Energy Resources Case (VDER) at the New York Public Service Commission (PSC) is subdivided into two working groups, 1) value stack - compensation for larger distribute energy resources, and 2) rate design - compensation for residential and small commercial systems.

In spring of 2019, the Department of Public Service (DPS) consultant proposed the idea of establishing “bridge rates” as a gradual shift away from net energy metering while New York utilities consider technology changes necessary to implement alternate rates. Several bridge rate options were proposed, including a time of use (TOU) rate that would charge customers based on the cost to serve them throughout the day and year. Some bridge rate options included an additional charge called a “Customer Benefit Charge” (CBC), which was proposed to recover costs associated with the state’s public benefit programs that could longer be offset by bill credits from solar production.

Clean Energy Party Proposals
The CEP contends that a TOU rate design fulfils the PSC’s objectives and specifically move rates closer to cost causation while encouraging outcomes required under the Climate Leadership and Community Protection Act solar targets. This rate design also can facilitate investments in clean energy, helping New York achieve its Reforming the Energy Vision 2030 goals.

The CEP are generally supportive of the CBC to recover costs for specific public benefit programs. But a poorly designed charge may slow solar installations by dramatically increasing economic payback times for solar investments. The Joint Utilities (JU) have already proposed to include distribution system costs in the CBC, even though these costs are unrelated to public benefit programs. The CEP opposes this proposal because it is not cost based and will be disruptive to the solar industry in New York.

Given this fact, the CEP proposes two bridge rate options, both include a limited CBC. From our prospective, the CBC should only include the costs associated with the Utility Low Income program (~$0.15/kW-month) Because these costs are undefined in future years, the CEP proposed a cap of $0.50/kW-month for the charge. For a 6-kW system, the cap would be $3 per month. According to the proposal from the DPS consultant, the impact of the current low-income program ranges between $0.08/kW-month (Central Hudson) to $0.29/kW-month (National Grid).

As an alternative to existing rates, the CEP continues to support the inclusion of its proposed TOU rate option. The CEP proposed TOU rate includes a lower customer charge, defined peak periods, and summer/winter and peak/off peak ratios.

In brief, the CEP believe the two most logical rate design options for the case are:

1) Preserving existing rates with a modified CBC – this option would allow customers to stay on existing delivery rates but pay additional costs through the modified CBC. We support establishing a lower CBC charge ($0.50/kW – month);
2) Adoption the CEP TOU with modified CBC – this option would allow customer to opt into a TOU for delivery costs but pay additional costs through a CBC with a lower charge.