

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Value of Distributed Energy Resources Working
Group Regarding Rate Design

Matter 17-01277
Case 15-E-0751

**Comments Regarding Joint Utility Draft Tariffs Establishing
Customer Benefit Contribution**

**Clean Energy Parties: Solar Energy Industries Association, the Alliance for Clean Energy
New York, Coalition for Community Solar Access, the Natural Resources Defense Council,
the New York Solar Energy Industries Association, and Vote Solar**

Dated: June 14, 2021

Introduction

The July 16, 2020 New York State Public Service Commission (“PSC”) “Order Establishing Net Metering Successor Tariff” (hereafter referred to as the “July Order”) required the state’s investor-owned utilities to submit draft tariff leaves and draft tariff statements related to implementing the newly established Customer Benefit Contribution (“CBC”) charge by November 1, 2020.¹

On November 2 and 3, Niagara Mohawk Power Corporation, d/b/a National Grid, Central Hudson Gas & Electric Corporation, Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Inc., and jointly by New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation (the “Joint Utilities or JU”) filed draft tariff leaves and other documents explaining their proposed CBC calculations. Subsequently, New York State Department of Public Service (“DPS”) staff convened a technical conference on March 25, 2021 to hear an explanation of the JU draft tariff filings and allow parties to ask questions. The JU filed a presentation with the DPS on March 26, 2021 with additional material.

The Clean Energy Parties (“CEP”) appreciate the opportunity to comment on the draft tariffs and calculations per the notice issued May 11, 2021.² The CEP have carefully reviewed the JU submissions and offer the following recommendations. Our recommendations and comments fall into two major categories:

1) The CBC is calculated incorrectly. Specifically, the utilities have (a) incorrectly included programs not specified in the July Order, and (b) have failed to account for the contributions that NEM customers make to public benefit programs. These inconsistencies with the July Order affect the calculations across utilities and the size of the charge, and significantly changes the economics for potential solar customers, especially in Consolidated Edison’s service territory.

¹ New York State Public Service Commission, “Order Establishing Net Metering Successor Tariff” July 16, 2020. At p 30.

² The 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, and Vote Solar.

2) The CEP requests that the New York Public Service Commission (“PSC”) clarifies that the CBC should not be applied to non-residential, demand metered customers given that there is general agreement among the parties that applying this charge would be unnecessary given the underlying rate design.

Point 1. The utilities have incorrectly included programs not specified in the July Order when calculating the CBC charge and did not perform the underlying calculations consistent with language of the July Order.

The July Order required the utilities to calculate the CBC charge “based on collections for the Utility Low Income Programs, the Utility Energy Efficiency Programs, and the Clean Energy Fund, including NY-Sun and the New York Green Bank.”³ Furthermore, updates to the CBC will be based on “the amount collected for each public benefit program from non-NEM customers in the appropriate service class on a \$/kWh basis.”⁴ However, the utility filings add additional utility programs not listed in the July Order to the charge. Furthermore, the JU calculations do not calculate the charge based on collections from non-NEM customers, as required, but use the collections from all existing customers as the basis for the underlying calculation.

Each utility filing includes charges for a Dynamic Load Management (“DLM”) program, which is a demand response and peak shaving program and generally not considered an energy efficiency effort. The JU argued that the DLM program was included in the initial estimate calculations presented to the PSC as part of the DPS staff whitepaper, however, the DLM, a distinct and separate program from the remaining public benefit programs, was not specified in the Order itself and should be excluded.

Furthermore, including the contributions to public benefit programs made by NEM customers in the baseline calculations results in a higher charge for new solar customers and is inconsistent with letter of the language in the Order. NEM customers currently contribute to public benefit programs, which the Commission recognized in the directive to calculate the CBC based

³ Ibid. At 26 & 27.

⁴ Ibid. At 27.

on collections from non-NEM customers. As such, the contributions to the public benefit programs from NEM customers must be subtracted from the total collections for the public benefit programs in the calculation of the CBC.

Together, these two inconsistencies with the July Order creates a material difference in the size of the CBC charge for solar photovoltaic (“PV”) customers, and especially for customers located in the Consolidated Edison service territory. Based on the utility calculations spreadsheet, Table 1 below shows the original estimation of the CBC by utility territory as listed in the July Order, the proposed CBC based on updated utility calculations, and lastly a modified CBC if the charge did not include programs not specified in the July Order and an estimation of the existing contributions to public benefit programs from net metering customers.

Table 1.	Original Estimation SC1 (\$/kW)	Proposed SC1 (\$/kW)	Modified SC1 (\$/kW)	% Change
Central Hudson	\$ 0.92	\$ 1.33280	\$ 1.32104	-0.88%
ConEd	\$ 1.09	\$ 1.09053	\$ 0.96049	-11.92%
NGrid	\$ 0.95	\$ 1.15000	\$ 1.12000	-2.61%
NYSEG	\$ 0.69	\$ 0.92013	\$ 0.91075	-1.02%
O&R	\$ 0.93	\$ 1.34153	\$ 1.31453	-2.01%
RGE	\$ 0.84	\$ 1.02255	\$ 1.01343	-0.89%

This analysis shows the collective impact of these changes, with the CBC in Consolidated Edison’s territory estimated at nearly 12 percent higher than what was initially proposed. Any increase in the charge itself will significantly impact customer economics for new solar customers, and hamper progress toward the state ambitious renewable energy goals.

Recommendation: Exclude the DLM program from the CBC calculations because it was not specified in the language of the Order, has a meaningful impact on the size of the CBC, and will hurt customer solar adoption. Require the JU to rerun the calculations in the compliance filings basing the CBC only on the contributions from non-NEM customers.

Point 2. The PSC should clarify that the CBC should not be applied to non-residential and demand metered customers.

The JU filings calculate CBC charges for non-residential customers (i.e. service classifications other than SC 1), including for demand-metered customers, which are generally on the same order of magnitude as the calculated CBC for residential customers. This is inconsistent with the Commission’s own view in the July Order where it states that non-residential, demand-metered customers “receive compensation from Phase One NEM that is much more aligned with utility costs than non-demand-metered customers, since the delivery portion of their bill is primarily based on a demand charge that is only reduced by distributed generation to the extent that the generator actually lowers the customer’s demand.”⁵ and is echoed by the JU in their comments responding to DPS’s December 9, 2019 white paper, where they state that demand-metered customers “should not pay the CBC because properly designed demand charges should reflect customer benefit costs”, and that any implemented CBC for this class of customers “should reflect any remaining delivery and customer benefit costs not captured in the demand charge structure applicable to these customers.”⁶ The City of New York also argued that commercial customers paying demand charges should be exempt from paying the CBC.

The issue was discussed at the technical conference on March 25, 2021 and the parties reiterated their positions that the CBC should not be applied to demand-metered customers. The CEP recommend the Commission clarifies this matter now and given the record established to date our members do not see the need for any additional analysis.

Recommendation: The PSC should clarify that the CBC should not be applied to non-residential and demand metered customers.

⁵ Ibid. At 15.

⁶ Joint Utilities of New York, “Joint Utilities Initial Comments on Staff Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff”, February 24, 2020. At 14. The Joint Utilities went on to qualify that a small charge may be appropriate for demand metered customers, which is somewhat inconsistent with their earlier comments and suggests that demand rates may have been improperly set for these customers.

Conclusion

As the CEP have stated throughout this process, residential rooftop and small commercial solar customers should have rate options and rooftop solar will play an important role in meeting New York’s clean energy goals. Provided the bridge rate values are calculated correctly, and stay roughly in the range of the values initially presented to the Commission, the CEP will continue to support this compromise.

Furthermore, the CEP remains interested in pursuing an improved, long-term time-of-use (“TOU”) rates for mass market customers to replace these bridge rates at the appropriate time. The CEP look forward to continuing this process and participating in the next round of discussions on the future of NEM in New York. We appreciate the work of Staff and other stakeholders in support of meeting New York’s clean energy goals.

Respectfully submitted,

/s/

David Gahl
Senior Director of State Affairs, Northeast
Solar Energy Industries Association

/s/

Anne Reynolds
Executive Director
Alliance for Clean Energy New York

/s/

Kaitlin Kelly-O’Neill
Northeast Director
Coalition for Community Solar Access

/s/

Cullen Howe
Senior Renewable Energy Advocate, Eastern Region
Natural Resources Defense Council

/s/
Shyam Mehta
Executive Director
New York Solar Energy Industries Association

/s/
Nathan Phelps
Regulatory Director
Vote Solar