August 21, 2023

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: Staff Proposal on a Statewide Solar for All Program (Cases 19-E-0735 and 14-M-0224)

Dear Secretary Phillips,

Please file the attached comments on behalf of the New York Solar Energy Industries Association, Coalition for Community Solar Access, and the Solar Energy Industries Association (SEIA) in the above-referenced proceedings. Please direct any questions on this submission to Noah Ginsburg at noah@nyseia.org or 347-509-6044.

Respectfully submitted,

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 14-M-0224 Proceeding on Motion of the Commission to Enable Community Choice Aggregation Programs

CASE 19-E-0735 Petition of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2023

COMMENTS OF THE NEW YORK SOLAR ENERGY INDUSTRIES ASSOCIATION (NYSEIA), SOLAR ENERGY INDUSTRIES ASSOCIATION (SEIA), AND COALITION FOR COMMUNITY SOLAR ACCESS (CCSA)

Dated August 21, 2023

Introduction

The New York Solar Energy Industries Association (NYSEIA), the Solar Energy Industries Association (SEIA), and the Coalition for Community Solar Access (CCSA), referenced herein as "the Solar Parties", appreciate the opportunity to provide feedback on the Department of Public Service (DPS) Staff Proposal on a Statewide Solar for All Program ("Proposal" or "Staff Proposal").

The Solar Parties support the intent of the Statewide Solar for All (S-SFA) Proposal, which seeks to catalyze additional distributed solar and storage project development and to leverage solar and energy storage projects to provide direct bill savings to low- and moderate-income (LMI) New Yorkers. We fully agree with DPS Staff and NYSERDA that community solar is a critical tool to meet the State's decarbonization and equity objectives under the Climate Leadership and Community Protection Act ("CLCPA"), and we support Staff's Proposal that the S-SFA program be *additive* to the existing programs supporting opt-in community solar. The Solar Parties are concerned that the program structure as proposed will not adequately permit both models to operate in harmony while achieving their stated goals, and recommend modifications to build a successful S-SFA without impeding existing community solar programs. With a few key changes, S-SFA can be instrumental to expanding the distributed energy opportunity in New York State in a manner that supports a diversity of business models and ensures that a growing number of LMI customers will directly benefit. An S-SFA program designed to achieve "additionality" will support New York to go beyond its existing 10 GW distributed solar goal, demonstrating its unmatched leadership and commitment to addressing climate and equity.

S-SFA must not detract from New York's successful opt-in community solar programs.

The Solar Parties thank the Public Service Commission (PSC), DPS and NYSERDA for their critical role in establishing New York as a nation-leading community solar market. We appreciate the ongoing efforts to strengthen New York's opt-in community solar program by addressing hosting capacity limitations, improving the Value of Distributed Energy Resources (VDER) tariff to more accurately compensate DERs, and expanding the Community Adder and Inclusive Community Solar Adder (ICSA). The Community Adder directs solar savings toward mass market customers, many of whom have limited other ways to participate in and benefit from clean energy. The ICSA ensures that the opt-in community solar market will provide direct bill savings to low-income New Yorkers. Additional incentives, programs and requirements that direct bill savings to low-income households are critical to advancing the equity goals in New York's CLCPA.

The Solar Parties encourage the Commission to proceed with care, ensuring that S-SFA is implemented in a manner that complements, and is additive to, New York's existing opt-in community solar programs. While the S-SFA Proposal has promising elements, an *uncapped* S-SFA program poses a threat to the long-term viability of New York's thriving opt-in community solar market. The Solar Parties support S-SFA as a supplement to opt-in community solar, but strongly oppose it as a wholesale successor program. We respectfully remind the Commission that the opt-in model provides unique benefits that S-SFA cannot. Opt-in community solar:

- Supports public education and outreach to low-income New Yorkers and renters, and empowers them to intentionally participate in and benefit from local clean energy.
- Provides meaningful monthly bill savings to participating customers, including for renters and others who have limited other ways to participate and save.
    - Opt-in projects, or projects that serve customers directly with allocations directly from an individual Community Distributed Generation (CDG) project, have the flexibility to provide deeper bill savings. The Solar Parties recognize the merits of both policy choices to provide smaller savings to a larger number of customers vs deeper savings to a narrower set of customers. We posit that providing deeper savings to low-income households is more impactful, as it can make a tangible difference in those customers' household budgets.
- Provides consumers with choice and creates local clean energy alternatives to the default utility energy supply.
- Allows clean energy benefits to reach the innumerable low-income New Yorkers who are not already participating in utility Energy Affordability Programs (EAP). The CLCPA requires that at least 35%, with a goal of 40%, of clean energy investment reach residents of disadvantaged communities, and opt-in is an important tool for serving those customers, the majority of whom are not enrolled in utility EAP.
    - Unfortunately, EAP does not reach all low-income customers who would benefit from participation. According to the National Energy and Utility Affordability Coalition, only 45% of the eligible population received LIHEAP benefits in 2021;[1] LIHEAP is the primary way of identifying EAP-eligible customers. While LIHEAP serves households with a high home energy burden, it does not include all LMI customers or disadvantaged communities that New York State is trying to reach.

The Solar Parties have significant concerns regarding the potential adverse impacts that an uncapped utility-administered bill credit program could have on New York's nation-leading opt-in community solar market. **To mitigate these impacts, we recommend that the Commission establish appropriate utility-specific caps for the program, and that S-SFA be rolled out in conjunction with additional Community Adder capacity.**

[1]National Energy and Utility Affordability Coalition, New York by the Numbers. Available: https://neuac.org/wp-content/uploads/2023/07/New-York-State-Sheet-FY2024.pdf

The S-SFA Proposal acknowledges the importance of differential incentives for opt-in community solar projects, to support the cost of outreach, education, customer enrollment and ongoing customer communication and service. The Solar Parties strongly support differential incentives for opt-in CDG. However, New York currently has a modest allocation of NY-Sun funding for the Community Adder (CA) and ICSA, differential incentives to support opt-in community solar. Based on current rates of solar deployment, it's likely that most or all of the NY-Sun funding from the 10 GW Order will be fully allocated before the proposed S-SFA program launch in December 2025. Exhaustion of NY-Sun funding will eliminate differential incentives for opt-in community solar. <u>This scenario could result in the wholesale replacement of New York's vibrant community solar market with a monolithic, utility-administered program.</u> Additional NY-Sun funding to support opt-in community solar would mitigate this risk. This additional capacity could potentially be funded limited ratepayer impact, by leveraging New York's nascent Cap & Invest program or new federal funding available through the EPA Greenhouse Gas Reduction Fund.

New York should not move forward with a large or uncapped S-SFA program until existing efforts are complete.

The Solar Parties concur with the Staff Proposal that additional information is needed "to create a final Implementation Plan, as is a robust stakeholder feedback process". There are many efforts in progress that could inform S-SFA, and a gradual approach with additional time will allow for the Commission to consider National Grid's Expanded Solar for All (E-SFA) and pending opt-in programs designed to serve LMI customers:

- National Grid's E-SFA program has not yet applied any bill credits to LMI customers, and any statewide program should be informed by learnings from the pilot program.
- ICSA Round 2 was delayed to account for Inflation Reduction Act (IRA) guidance, and it is still not open. In The Solar Parties' view, there are several improvements in NYSERDA's framework for Round 2 from the first round of ICSA, which itself had robust uptake. As such, we have not yet seen the extent to which the opt-in community solar model can effectively serve low-income New Yorkers.
- While net crediting was intended to dramatically improve opt-in community solar customer experience, reduce customer management costs, and lower barriers to participation for LMI customers, the Joint Utilities' prolonged and ongoing failure to issue timely and accurate CDG credits to customer bills has prevented New Yorkers, and the State, from realizing these benefits. These issues are severely impacting existing customers and projects, and will need to be remedied regardless of the implementation of any other programs. We expect that New York will be able to realize the full benefits of net crediting only after the Commission implements performance metrics for CDG billing & crediting, and directs the utilities to allow multiple discount rates for net crediting projects.

- In their August 15, 2023 Technical Conference Regarding Implementation of Multiple Net Member Credit Rates, the Joint Utilities stated explicitly that they will not be able to implement multiple discount rates while establishing new billing systems for S-SFA,[2] and we therefore appreciate and support the Proposal's suggestion that S-SFA not be implemented until the utilities have fully automated their billing systems and addressed existing CDG billing and crediting issues. We also strongly agree with NYSERDA's recommendation in its Mid-Point Review filing that the utilities implement Multiple Net Member Credit Rates to enable more solar projects to serve LMI households and to provide deeper bill discounts. We encourage the Commission to expedite the implementation of multiple discount rates for net crediting customers, a critical step to deliver deeper bill savings to low-income customers in the near-term, before launching S-SFA.

Feedback on Implementation Framework

The Solar Parties have the following feedback on the program design outlined in the Staff Proposal.

Dual Participation

The Solar Parties concur with DPS Staff that customers should be able to both receive S-SFA bill credits and subscribe to an opt-in CDG project. This allowance is critical, as it will ensure that LMI customers who are auto-enrolled in S-SFA will also be able to choose to participate in a local community solar project, empowering them to intentionally support clean energy and to receive deeper utility bill savings. In addition to allowing dual participation, The Solar Parties urge NYSERDA and the utilities to take proactive steps to encourage dual participation through increased education and outreach designed to minimize LMI customer confusion and increase opt-in participation.

The solar industry is concerned that if customers are already receiving bill credits from a solar program, they may be skeptical that they are eligible to participate in opt-in community solar and receive additional savings. We propose that S-SFA bill credits be included in the existing line item for EAP discounts on the customer bill, or if they are to be listed separately, that they be clearly described and labeled as something other than "Community Solar" to minimize customer confusion. To further mitigate customer confusion, we also recommend providing training for utility customer service staff, so they can accurately explain the credits on customer bills and what solar offerings are available.

The Solar Parties further recommend that the utilities proactively engage and educate EAP customers regarding the opportunity to enroll in opt-in CDG; an activity that would increase LMI participation in opt-in CDG and provide households with deeper bill savings. This engagement

[2] JU Multiple CDG Savings Rate Tech Conference (2023.08.15), filed in Case 21-E-0629, at page 6.

and education could happen today, before the launch of S-SFA, and represents a low-cost strategy to direct more solar bill savings to LMI customers. The Department of Energy (DOE) is developing a digital tool, the Low-Income Clean Energy Connector, to connect eligible households participating in government-run low-income support programs with community solar programs. New York will participate in this program, with stakeholder engagement expected to begin this fall. We recommend further collaboration among NYSERDA, the utilities, municipalities, Community Choice Aggregation administrators, the DOE, and the solar industry to jointly identify, engage, educate and enroll the most energy burdened customers to deliver additional energy savings.

Inclusion of Energy Storage

The Solar Parties support the inclusion of front-of-the-meter energy storage projects in S-SFA, which will increase the benefit that Retail Storage projects provide to LMI New Yorkers and improve geographic equity by ensuring that LMI New Yorkers in Con Edison territory are able to receive meaningful bill credits despite the modest pipeline of CDG capacity in the region relative to the number of LMI households.

To date, there has not been a sufficient supply of CDG projects in Con Edison territory to provide bill savings to most LMI customers. Yet, there is a growing pipeline of standalone energy storage projects in Con Edison territory. These projects will generate millions of dollars of VDER credits, and allowing these projects to participate in S-SFA (in addition to Remote Crediting) will grow the supply of VDER credits for LMI customers in Con Edison territory. We believe this is the strongest of all proposed options to advance geographic equity within the S-SFA program.

While the Solar Parties agree that including energy storage will have the greatest impact in Con Edison territory, we suggest that standalone energy storage be eligible to participate in S-SFA statewide for the sake of simplicity and uniformity. CDG for energy storage is a complex concept to sell to mass market customers on an opt-in basis, but allowing these projects to participate in S-SFA would provide a simple offtake strategy to increase the development of energy storage projects that provide meaningful benefits to the grid while delivering bill savings to low-income customers.

Procurement Approach

The Solar Parties concur with the Staff Proposal that a Standard Offer is preferable to competitive solicitations and will provide greater market certainty to solar and storage developers considering S-SFA as an alternative to traditional opt-in community solar or remote crediting enrollment strategies.

The "Compensation Level", defined as a "specified percentage of a project's total Value Stack compensation", is simple and appropriate. We agree that Compensation Levels may need to vary based on utility territory and underlying project economics, and support that the levels are set by DPS Staff and NYSERDA in consultation with stakeholders.

We recommend that the Compensation Level for PV projects that receive a Category 4 federal Bonus Tax Credit award be at least 21% below the Value Stack to ensure that projects participating in S-SFA remain eligible for these bonus tax credits[3]. We recommend setting different Compensation Levels for PV projects that do *not* receive a Category 4 Bonus Tax Credit and for standalone energy storage.

Example Compensation Levels

- PV with Category 4 Bonus Tax Credit Award: X%
- PV without Category 4 Bonus Tax Credit Award: Y%
- Standalone Energy Storage: Z%

We agree that Compensation Levels should be monitored and revised from time-to-time in response to market conditions and program participation. We recommend that this process be transparent and predictable for parties that may participate in the program.

Project Enrollment Process

The Solar Parties agree that NYSERDA does not need to have a direct role overseeing enrollment in the utility's Solar for All tariff.

The Solar Parties agree that the 25% interconnection deposit is the appropriate milestone for Solar for All tariff enrollment, although we suggest modifying this milestone slightly to align with the NY-Sun incentive reservation project maturity requirements, i.e., we recommend that projects be able to enroll in S-SFA once they pay their 25% interconnection deposit and secure zoning approval from the Authority Having Jurisdiction (AHJ).

While we support the above maturity requirements for enrollment, we acknowledge that a lot can change between the 25% deposit and commercial operation. As such, we recommend that program participants be granted a one-time option to disenroll from S-SFA prior to the commercial operation date. The Solar Parties also recommend that a final Implementation Plan outline a process for projects to disenroll from the Solar for All tariff in the future, should the utility fail to

[3] The final IRS/Treasury rules regarding Bonus Tax Credits were just released, and The Solar Parties are not certain how applicants participating in S-SFA would demonstrate that the subscribers are eligible due to the use of Credit Pooling. We recommend that the final Implementation Plan for S-SFA consider, and seek to qualify for, federal Bonus Tax Credits.

issue timely payment for credits, increase their administrative fees, or should the system owner's preferred credit distribution method change for any reason.

Capacity Caps

The Solar Parties disagree with the Staff Proposal that S-SFA be an uncapped program at its initial rollout. We believe that capacity caps are an important tool that the State can use to ensure that S-SFA is successful, and that it is complementary and additional to, rather than a replacement for, opt-in community solar. Capacity caps will also support the utilities in successfully rolling out this new program.

The State has spent the last seven years carefully creating the DER compensation mechanisms, incentives and regulatory framework to support the largest community solar market in the nation through a successful opt-in model. NYSERDA has been a conscientious steward of the program, moderating the rate of market growth and project economics through the NY-Sun Megawatt Block program. An uncapped S-SFA program could jeopardize our thriving market, and we recommend a similarly careful and methodical approach to establishing S-SFA as a supplemental program to support DER deployment and bill savings for LMI customers.

With any new program, there are important lessons learned as the program launches and scales. The E-SFA program in National Grid will produce important information on how to make credit pooling workable and deliver benefits to customers. However, given the differences in the utilities' billing systems and standard operating procedures, there will likely be new challenges as S-SFA is implemented statewide. A more limited launch will allow the State to evaluate the program's effectiveness within each of the utility service territories and to make modifications necessary to support the program's success.

The Solar Parties recommend that new S-SFA capacity allocation be capped at no more than 50% of the new Community Adder capacity available for reservation through the NY-Sun program statewide. We recommend that this statewide S-SFA capacity be allocated proportionately among New York's utility service territories based upon the number of eligible EAP customers. The Solar Parties do not seek to artificially constrain S-SFA, which could be an efficient tool to provide bill savings to LMI New Yorkers and to support additional solar and storage capacity. Instead, we seek to ensure that the State continues to support the opt-in community solar model, which requires differential incentives to compensate for the outreach, education and customer service supported by the opt-in model. We estimate that this 2:1 ratio of opt-in CDG to S-SFA would result in an initial S-SFA program that is capped at approximately one gigawatt statewide, and which could grow as the state continues investing in its nation-leading community solar market.

Targeted Distribution of Credits

The Solar Parties concur with Staff that LMI customers enrolled in EAP should be automatically enrolled in S-SFA, and also believe it is appropriate to prioritize the most severely energy burdened LMI customers. If the Commission adopts our recommendation of implementing utility-specific capacity caps for S-SFA, we recommend that the Commission also direct the utilities to prioritize and enroll the lowest income or most vulnerable customers first, thereby ensuring that these customers receive meaningful bill savings as soon as possible. If the utilities lack awareness of which customers have the lowest income, they could potentially prioritize the EAP customers with the highest usage/electric bills or leverage the knowledge of municipal governments, which are often better situated to identify such customers than the utilities.

The Solar Parties also emphasize that, as an LMI program with auto-enrollment, S-SFA requires careful program design to ensure that there are no unintended negative impacts on enrolled customers' rent calculations for affordable housing programs or any other public assistance program.

Utility Compensation

The Solar Parties concur with Staff that utility administrative fees should be capped at the lesser of 1% or the true administrative costs incurred. At the August 15, 2023 Joint Utilities Stakeholder Technical Conference Regarding Implementation of Multiple Net Member Credit Rates, the utilities proposed collecting a 1% Administrative Fee on CDG credits distributed to anchor subscribers, a subset of customers for whom the utilities have an extremely limited scope of work. This utility proposal would amount to a 67% increase in the cost of net crediting for a typical opt-out CDG project, and we believe the proposed fee increase is unwarranted and disconnected from the true cost of program administration. This unsubstantiated request for additional fees demonstrates the need for strong oversight by the Commission of any utility-administered bill credit programs, including S-SFA. We further recommend that utility administrative fees be capped for the duration of a project's S-SFA term to provide certainty to participating solar and storage companies, and to maximize the bill savings provided to participating EAP customers.

NY-Sun Incentives

The Solar Parties concur with Staff that the NY-Sun incentives intended to support opt-in CDG (i.e., the Community Adder and Inclusive Community Solar Adder) should not be available to projects that participate in S-SFA.

Opt-in community solar requires public outreach, education and other direct costs that the S-SFA program will not incur. The Solar Parties maintain that these activities, and in fact the basic premise of customer choice, are valuable for New York to achieve its sustainability goals and should be supported. Differential incentives are critical for sustaining New York's vibrant opt-in community solar market.

The Solar Parties also do not favor the use of Solar Energy Equity Framework (SEEF) funding for S-SFA projects. S-SFA projects will receive the base NY-Sun MW Block incentive and will not incur any of the customer outreach, education, acquisition and management costs associated with opt-in CDG. S-SFA projects will actually have lower customer acquisition and management costs than remote crediting projects under the proposed standard offer. SEEF funding is limited and in the Solar Parties' view, better allocated to programs that can reach low-income customers who are not already receiving energy assistance, and/or to customers in disadvantaged communities in direct alignment with the State's goals and directives under CLCPA. Further, one untested but important benefit of S-SFA is delivering bill savings to low-income customers at a lower cost to ratepayers and/or State funds.

Rather than allocating SEEF funding toward S-SFA, we recommend setting differential Compensation Levels for projects that receive Bonus ITC Category 4 awards and other participating projects that may not be able to provide the same level of discount, to align the Standard Offer with project economics. The Solar Parties recognize the trade off in this approach, which is that the S-SFA program will be lower cost but also produce fewer bill credits for eligible customers. If the State's economic analysis determines that additional funding is needed to make projects viable while producing a sufficient amount of bill savings for customers, we recommend that such additional funding be sourced from outside NY-Sun or SEEF funds to avoid diminishing needed support to deliver bill savings through the opt-in community solar model.

Inter-Utility Credit Pooling

The Solar Parties oppose inter-utility crediting. We are concerned that New York's utilities may not have the operational abilities to administer inter-utility crediting accurately and effectively. In order for S-SFA to deliver maximal bill savings to EAP customers at the lowest cost, credit pooling must be administratively simple, easy, and inexpensive to implement. We also believe it is important that CDG benefits accrue to local communities that host CDG projects, and inter-utility crediting could undermine this direct connection between solar and storage host communities and access to associated utility bill savings.

Utility Reporting

The Solar Parties agree with the Staff recommendation that utilities report upon all metrics included in the E-SFA Order as well as the number of "dual participation customers" that both receive S-SFA credits and participate in opt-in community solar. We further recommend that the

Commission require the utilities to report on the timeliness of monthly payments to participating projects as well as the timeliness of monthly credits issued to participating LMI customers.

Over the last two years, the Joint Utilities have failed to issue timely and accurate bill credits to participating opt-in CDG customers, resulting in reduced and delayed customer savings, customer confusion, lower revenue realization for CDG developers, and increased clean energy program costs for New York State. CDG developers, opt-in customers and subscriber managers have a vested interest in ensuring that the utilities issue timely and accurate credits, whereas there are no similar interested parties for S-SFA to drive accountability for timely and accurate payment and customer crediting. For this reason, we recommend that the Commission establish an audit or oversight function to ensure that S-SFA is being properly administered by the utilities, and recommend that the Commission consider creating program-specific performance metrics and Negative Revenue Adjustments (NRAs) for S-SFA to complement the pending proposal for performance metrics and NRAs for opt-in CDG.

Implementation Timeline

The Solar Parties concur with the Staff recommendation that S-SFA be launched in December 2025, and only after existing utility crediting issues with opt-in CDG are fully addressed and after the utilities enable Multiple Net Member Credit Rates. This timeline should also allow for the final program to be informed by the E-SFA program, Round 2 of the ICSA and new federal Bonus Tax Credits for community solar projects that serve LMI customers.

Conclusion

The Solar Parties thank the Commission, as well as NYSERDA and DPS Staff, for the opportunity to provide input on the S-SFA Proposal. We support the intent of this Proposal, and encourage the Commission to proceed with care to ensure that S-SFA is complementary and additive to New York's thriving opt-in community solar market.