



New York Department of Taxation and Finance Final 2024 Solar and Wind Appraisal Model: Summary of Changes

April 1, 2024

On February 27 2024, NYSEIA and ACE NY submitted joint comments in response to the NY Department of Taxation and Finance' (DTF) proposed 2024 Solar and Wind Appraisal Model (Model). NYSEIA and ACE NY recommend that DTF:

- Support market stability and legislative intent by reducing year-to-year changes between appraisal models and resultant appraisal values;
- Correct capacity factors to be more accurate for both wind and solar, and collect DC and AC nameplate capacity to calculate project-specific capacity factor for PV;
- Adjust operating expense assumptions to include subscriber management costs for community solar and host community agreement benefits for large-scale renewables;
- Allow users to adjust the analysis period to support accurate modeling for projects that will not be operational for a few years;
- Reduce the assumed revenue for VDER projects from 95% of gross VDER value to 90% to account for typical subscriber discounts, utility administrative fees and cases of customer nonpayment;
- Reduce the economic life for wind projects from 25 to 20 years;
- Increase the assumed weighted average cost of capital from 9.35%-10.38% to 13.19%; and
- Modify the model to display all values in nominal dollars (rather than inflation adjusted) to reduce user confusion.

Finally, NYSEIA and ACE NY requested that, in future years, DTF publish a change log and documentation for any proposed modifications to provide transparency and simplify the public comment process.

On March 29, 2024, DTF published the [final version of the 2024 Model](#). The final version includes some, but not all, of NYSEIA and ACE NY's recommended changes, and NYSEIA believes it is a modest improvement from the initial draft. The following pages summarize NYSEIA's recommendations and if/how they were incorporated into the final model by DTF.

Correct capacity factors to be more accurate for both wind and solar, and collect DC and AC nameplate capacity to calculate project-specific capacity factor for PV

The initial draft of the model included erratic and exaggerated PV capacity factors, especially for Zones A-F. In our February 2024 comments, NYSEIA provided recommended alternative capacity factor values along with a method to incorporate DC/AC ratio into the project-specific capacity factor calculation to increase accuracy. The final version of the Model does not incorporate our specific recommendations, however, DTF did incorporate our general feedback and reverted to the 2022 capacity factor values (with a few minor adjustments). NYSEIA considers these adjustments a tangible improvement, especially in Upstate and Western NY, where many CDG projects are located and where the draft 2024 model was significantly overestimating energy yield. The table below displays the initial and final capacity factor values.

Valuation Group	NYISO Zone	Group-Zone	Initial CapFactor	Final CapFactor	Delta
Solar Fixed - VDER	A	1A	0.1911	0.1876	-1.8%
Solar Fixed - VDER	B	1B	0.1911	0.1737	-9.1%
Solar Fixed - VDER	C	1C	0.1860	0.1805	-2.9%
Solar Fixed - VDER	D	1D	0.1952	0.1840	-5.7%
Solar Fixed - VDER	E	1E	0.1952	0.1805	-7.5%
Solar Fixed - VDER	F	1F	0.1952	0.1901	-2.6%
Solar Fixed - VDER	G	1G	0.1952	0.1921	-1.6%
Solar Fixed - VDER	H	1H	0.1952	0.1940	-0.6%
Solar Fixed - VDER	I	1I	0.1952	0.1940	-0.6%
Solar Fixed - VDER	J	1J	0.1952	0.1940	-0.6%
Solar Fixed - VDER	K	1K	0.1952	0.2061	5.6%
Solar Tracking - VDER	A	2A	0.2334	0.2101	-10.0%
Solar Tracking - VDER	B	2B	0.2399	0.1971	-17.8%
Solar Tracking - VDER	C	2C	0.2246	0.1995	-11.2%
Solar Tracking - VDER	D	2D	0.2210	0.2045	-7.5%
Solar Tracking - VDER	E	2E	0.2210	0.1995	-9.7%
Solar Tracking - VDER	F	2F	0.2235	0.2095	-6.2%
Solar Tracking - VDER	G	2G	0.2100	0.2129	1.4%
Solar Tracking - VDER	H	2H	0.2100	0.2162	3.0%
Solar Tracking - VDER	I	2I	0.2100	0.2162	3.0%
Solar Tracking - VDER	J	2J	0.2100	0.2162	3.0%
Solar Tracking - VDER	K	2K	0.2100	0.2296	9.3%

Adjust operating expense assumptions to include subscriber management costs for community solar and host community agreement benefits for large-scale renewables

DTF did not incorporate this feedback. NYSEIA believes the final model still underestimates O&M expenses for CDG projects.

Allow users to adjust the analysis period to support accurate modeling for projects that will not be operational for a few years

DTF did not incorporate this recommendation.

Reduce the assumed revenue for VDER projects from 95% of gross VDER value to 90% to account for typical subscriber discounts, utility administrative fees and cases of customer nonpayment

DTF partially adopted this recommendation, and reduced the VDER “Fraction of Credits” value from 95% to 92.5%. They made the same modification to the less common “NEM Net Metering Credit Revenue Calculations”. NYSEIA believes this is more accurate/appropriate than 95%.

Reduce the economic life for wind projects from 25 to 20 years

DTF did not incorporate this recommendation.

Increase the assumed weighted average cost of capital from 9.35%-10.38% to 13.19%

DTF did not incorporate this recommendation. See DTF’s [WACC Memo](#) for additional detail regarding the cost of capital assumptions in the 2024 Model.

Modify the model to display all values in nominal dollars (rather than inflation adjusted) to reduce user confusion

DTF incorporated this recommendation by allowing users to choose to display values in Real or Nominal Dollars:

Model Cash Flow Viewing Option
Cash Flow Type <input type="text" value="Nominal Dollars"/> 1
Note: The model can display cash flows either in Nominal Dollars or in Real 2023 Dollars. Nominal Dollars include inflation while Real 2023 Dollars do not. The present value of cash flows is not affected by this selection.