



## Mass Market Customer Benefit Contribution (CBC) Charge Fact Sheet

### 1. Current Compensation for Residential Solar in New York: Net Metering

Since the 1990s, residential solar customers in New York State have been compensated through a mechanism known as Net Energy Metering (NEM). This process allows solar customers to inject excess energy back into the grid, and be compensated at the retail rate of electricity.

### 2. What is the Customer Benefit Contribution Charge?

In recent years, New York State regulators and utilities have become concerned that net metered solar customers are not paying their “fair share” of costs for public benefit programs funded through volumetric charges, and that those costs are shifted onto non-solar customers.

In December 2019, the New York Department of Public Service (DPS) published a [whitepaper](#) proposing that the best way to address this “cost shift” was by adding a fixed monthly dollar-per-kilowatt charge, known as the Customer Benefit Contribution (CBC) charge, to residential solar customers (and on-site commercial solar customers that do not pay demand charges) throughout the state.

In August 2021, the New York Public Service Commission (PSC) issued an Order finalizing the 2022 CBC charge for New York utility customers excluding LIPA. LIPA is expected to propose a similar charge for Board approval in December 2021. Public benefit programs included as part of the 2022 CBC charge are: (i) the Clean Energy Fund; (ii) utility energy efficiency programs; and (iii) utility low-income programs.

For residential customers on SC-1 rates that receive compensation through NEM, the monthly dollar-per-kilowatt (\$/kW-month) CBC charge by territory is estimated as below, applicable to systems energized on or after January 1, 2022.

- Con Edison: \$0.96
- Orange and Rockland: \$1.33
- Central Hudson: \$1.33
- National Grid: \$1.13
- NYSEG: \$0.91
- RGE: \$1.01
- LIPA: \$0.90 (proposed)

### 3. Economic Impact of the CBC on Residential Solar

Based on the above estimates for the monthly \$/kW 2022 CBC charge, and assuming a 10-kilowatt (kW) solar system, residential solar customers would be required to pay a CBC charge ranging from **\$109 to \$159 annually**. At the approved levels, the CBC significantly degrades residential customer savings from going solar, and reduces the value proposition for adopting residential solar. Year 1 savings declines stemming from the 2022 CBC charge are estimated by territory below.

- Con Edison: 21%
- Orange and Rockland: 19%
- Central Hudson: 45%
- National Grid: 79%
- NYSEG: 99%
- RGE: 92%
- LIPA: 50%

### 4. Expected Market Impacts and Concerns

- Based on the above analysis, the imposition of the CBC charge at approved levels would significantly undermine the economic value proposition of adopting residential solar in New York State.
- Residential solar deployments, which had already declined by 46 percent from 2016 to 2020 and 37 percent from 2016 to 2019, would experience further declines.
- Consequently, the imposition of the CBC at approved levels would undermine the realization of New York's legislatively mandated targets for distributed solar, electric sector decarbonization, and economywide GHG emissions reductions as set by the 2019 Climate Leadership and Community Protection Act (CLCPA).
- The experience of other states that have adopted similar fixed charges serves as a cautionary tale. For example, Nevada's residential solar market [collapsed](#) after levying a fixed charge in 2016 and is only [just starting to recover](#), three years after the charge was [overturned](#).

### 5. NYSEIA's Position and Recommendations Regarding the CBC

- NYSEIA remains highly concerned that the imposition of the CBC at the levels approved will significantly degrade Year 1 Savings for financed residential solar systems in New York, will be a headwind to the adoption of residential solar, and undermines New York's realization of its CLCPA-mandated goals.
- NYSEIA rejects DPS and PSC assertions of a large-scale "cost shift" from solar to non-solar customers. Solar customers account for approximately 1% of the total electric customers in New York; therefore, any potential cost shift is not

significant. Furthermore, the alleged “cost shift” cannot be considered without also considering the numerous benefits that on-site solar provides to the grid, which are fundamentally different from embedded utility costs.

- NYSEIA believes that the customers that would be subject to the CBC are already making significant financial investments in support of New York’s clean energy goals. It would be unfair to require them to pay public benefit charges for programs designed to meet these goals.
- To the extent a CBC charge should be imposed, NYSEIA believes that it should only include costs related to utility low-income programs, which would imply an average CBC charge of \$0.15/kW-month for 2022. Further, as the CBC is authorized to be updated annually for subsequent years, NYSEIA recommends a hard cap on the total monthly CBC charge at \$0.50/kW-month to provide solar developers and customers certainty on the future level of this charge.