May 6, 2019

Mr. Marco Padula
Director of Markets and Innovation
New York State Department of Public Service
Three Empire Plaza
Albany, New York 12223-1350

Re: In the Matter of the Value of Distributed Energy Resources Working Group Regarding Rate Design 17-01277

Dear Mr. Padula:

The Clean Energy Parties ("CEP") including the Solar Energy Industries Association ("SEIA"), the Natural Resources Defense Council ("NRDC"), New York Solar Energy Industries Association ("NYSEIA"), the Pace Energy and Climate Center ("Pace"); and Vote Solar submit these initial comments on the presentation by Navigant at the April 15, 2019 Value of Distributed Energy Resources ("VDER") Rate Design Working Group meeting.

This letter provides comments on a few discrete issues. Silence on aspects of the Navigant presentation do not signal agreement. We also take the opportunity to respond to comments filed by the Joint Utilities on April 30, 2019.

1. Developing "Bridge Rates" Is A Reasonable Next Step

Overall, the CEP are supportive of the general idea of considering bridge rates to gather additional data and ease the transition from NEM. However, the details are critically important and the CEP look forward to working out the remaining details. The CEP agree with Navigant's conclusion that interim rates or "bridge rates" should be established in New York before transitioning to a more complicated and advanced rate designs.

Navigant persuasively made the case that New York currently lacks the infrastructure to jump ahead to more complicated rate designs for residential and small commercial customers. Until advanced metering infrastructure is more widely available across all utility territories and analysis is conducted on the data provided by that infrastructure, New York will not be able to transition to more complex rate designs.

2. A Limited Suite of Bridge Rates Should Be Developed for Consideration

The CEP support the "all of the above" strategy proposed by Navigant for bridge rates, or in other words, making a limited suite of optional bridge rates available for customers. We agree that the options should be roughly equivalent with respect to the compensation provided. Optionality provides choices for customers best suited to their needs. Rate options for customers is a recommendation CEP made in prior comments and we welcome this development.

3. The Proposed Bridge Rate Options Need More Development & Analysis

The three bridge rate options proposed by Navigant should be further developed and analyzed. The proposed options are a worthwhile starting point, but as Department of Public Service ("DPS") Staff has acknowledged, many questions remain unanswered at this early stage in their development.

Three critical questions are 1) the length of time bridge rates themselves should be made available before transitioning to a future, to-be-determined rate design, 2) the specific design of the general bridge rate options proposed, and 3) the term of the bridge rate, or in other words, the length of time a specific project would be eligible for the rate.

The CEP proposes that bridge rates should be available *for at least three years*. This period allows the distributed energy resource ("DER") community near-term certainty to sell projects to customers. The period is also roughly consistent with the current offering of Phase One net metering ("NEM") per the VDER Order from 2017. Furthermore, the three-year period should allow utilities adequate time to install the needed infrastructure to support more complicated rates. In addition, the CEP proposes that the bridge rate term should be 20 years, again to be consistent with Phase One NEM.

a. Maintaining Existing Rates

The CEP generally supports the concept of the option of maintaining existing rates, but not allowing DER customers to offset the charges established to fund New York State public benefit programs. CEP members working in other states have supported this approach to rate design. However, based on limited initial analysis, the CEP has had difficulty verifying that the current level of collections that Navigant cites is roughly equivalent to $1/kW. The CEP requests a more detailed breakout of the components of this calculation.

b. Time of Use Rates

In addition, establishing an optional Time of Use ("TOU") rate is also a reasonable interim option. The CEP advanced a TOU rate earlier in the case for consideration. TOU rates generally would achieve the Commission's goals of adding a temporal element to the rate structure and move New York closer to the Reforming the Energy Vision ("REV") goals of incentivizing DERs operating during peak times and in key locations.

4. The Framework for Evaluating Rate Designs Is Generally Sound

The CEP generally supports the analytical framework proposed for evaluating bridge rates and future rate design options. As we stated at the working group meeting, including state policy goals is a critical consideration in evaluating bridge rates and future rate designs. As New York continues to require more of its electricity to be obtained from clean DERs, ensuring that future rate designs do not become a barrier to solar deployment is paramount.

5. Brief Response to Joint Utility Comments

The CEP reject several assertions from the Joint Utilities in comments submitted to the Commission on April 30, 2019. Specifically, the CEP reject the Joint Utilities' assertion that demand based rates are cost based and send appropriate price signals to customers. Demand based rates are archaic, rudimentary, and do not send customers accurate price signals related to how their consumption drives future utility system costs.

While it appears as though Staff is not considering a demand-based rate option as a bridge rate, CEP provides these comments on demand-based rates in response to the Joint Utilities' comments. The CEP continue to contend that demand-based rates are not based in cost causation, send poor price signals to customers, and are antithetical to New York State's policy goals of increasing DER deployment.

The CEP also firmly rejects the Joint Utilities proposal to include certain utility distribution system costs in a potential customer benefit contribution ("CBC") rider for DER customers.[1] The Joint Utilities are essentially proposing straight fixed variable rate design through the collection of additional costs in this rider. According to the Joint Utilities, these costs would include "fixed customer costs not included in the customer charge".[2] This approach is a significant departure from the general idea presented in slide 15 of Navigant's presentation, violates the principal of cost causation, and would significantly stifle state policy goals related to increasing DER penetration in New York.

6. Need for Data Transparency Moving Forward

Throughout this process the CEP have consistently stated the need for transparency and availability of data used to conduct analysis on ratepayer impacts. The transparency and availability of this data is critical to ensure all parties in this stakeholder process have the ability to review findings, verify information, and conduct additional analyses. The CEP reiterate this concern and recommend greater data transparency in the next phase of this process as the working group considers bridge rate options that balance multiple competing objectives.

Respectfully submitted,

On behalf of the Clean Energy Parties:

/s/
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[1] *See* Joint Utilities April 30, 2019 comments, page 4.
[2] *See* Joint Utilities April 30, 2019 comments, footnote 14.