STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on June 13, 2013

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
James L. Larocca
Gregg C. Sayre

CASE 12-E-0485 - In the Matter of Net Metering Limitations in Consolidated Edison Company of New York, Inc.'s Service Territory Pursuant to Public Service Law §66-j and §66-l.

CASE 12-E-0486 – In the Matter of Net Metering Limitations in New York State Electric and Gas Corporation's Service Territory Pursuant to Public Service Law §66-j and §66-l.

CASE 12-E-0487 - In the Matter of Net Metering Limitations in Niagara Mohawk Power Corporation's Service Territory Pursuant to Public Service Law §66-j and §66-l.

CASE 12-E-0488 – In the Matter of Net Metering Limitations in Orange and Rockland Utilities, Inc.'s Service Territory Pursuant to Public Service Law §66-j and §66-l.

CASE 12-E-0489 – In the Matter of Net Metering Limitations in Rochester Gas and Electric Corporation's Service Territory Pursuant to Public Service Law §66-j and §66-l.

CASE 12-E-0490 – In the Matter of Net Metering Limitations in Central Hudson Gas and Electric Corporation's Service Territory Pursuant to Public Service Law §66-l.

ORDER RAISING NET METERING LIMITS

(Issued and Effective June 13, 2013)

BY THE COMMISSION:

INTRODUCTION

Public Service Law (PSL) §§66-j and 66-l establish limits on the amount of generation that is eligible for net metering and authorize the Commission to increase those limits if we determine it is in the public interest to do so. Section 66-j sets the applicable limits for solar photovoltaic (PV), farm waste, micro-hydroelectric, micro-combined heat and power, and fuel cell technologies. PSL §66-l addresses small wind generators. In a recent case involving Central Hudson Electric & Gas Company (Central Hudson), we determined it was appropriate to raise the §66-j limit from 1% to 3% of the utility's 2005 peak demand.[1] We now determine that it is in the public interest to raise the limit established by §66-j for the other major electric utilities subject to our jurisdiction. We will not modify the net metering limitations established in PSL §66-l because the installed wind capacity eligible for net metering pursuant that section of the PSL is significantly below the minimum. Our intent here is to ensure sufficient net metering capacity to accommodate the statewide solar photovoltaic (PV) installation goals of the NY-Sun Initiative, which are currently incorporated into the Commission's Renewable Portfolio Standard (RPS), as well as anticipated demand related to other eligible technologies.

BACKGROUND

Electric utility customers installing certain generation technologies rated at or below specified capacity limits may obtain net metering under PSL §§66-j and 66-l. The

[1] Case 12-E-0343, et al., Petition of Hudson Valley Clean Energy, Inc. to Increase Central Hudson Gas & Electric Corporation's Net Metering Limit, Order Raising Net Metering Limit (issued October 22, 2012).

statutes require the electric utilities to provide net metering until the statutory minimums - based on the total rated generating capacity of net-metered customer generators - are met. The PSL sets the minimums at 1% of the electric corporation's peak electric demand for the year 2005 under §66-j(3)(a)(iii) and 0.3% of 2005 peak demand under §66-l(3)(a)(iii).

In 2012, in response to a petition indicating that Central Hudson Power Corporation (Central Hudson) had reached its 1% net metering minimum for PSL §66-j technologies, we directed the utility to file tariff amendments raising the limit three fold, or to 3% of the company's 2005 peak electrical demand.[2] In that order, we also indicated our intent to assess the need for increases in other service territories.

NOTICE OF PROPOSED RULEMAKING

Notices of Proposed Rulemaking (Notices) were published in the State Register on November 14, 2012. The minimum period for the receipt of public comments pursuant to the State Administrative Procedure Act (SAPA) regarding the Notices expired on December 31, 2012. Fifteen individuals and organizations submitted comments including: The Alliance for Clean Energy New York, Inc. (ACE NY); Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. (collectively "Con Edison/O&R"); the Interstate Renewable Energy Council, Inc. (IREC); the Environmental Defense Fund (EDF); the New York State Energy Research and Development Authority (NYSERDA); Solar City; the Solar Energy Industry Association (SEIA); UTC Power; the Vote Solar Initiative (Vote

[2] Case 12-E-0343, et al., supra, Order Raising Net Metering Limit (issued October 22, 2012).

Solar); Leanne Hirsh; Rondolph Horner; Wyldon King Fishman; and Jennifer Zackin. The comments received are summarized below.

SUMMARY OF COMMENTS

A majority of the commentators support an increase in the net metering limitations, although the individual comments suggest increases ranging from 3% (NYSERDA and UTC Power) to 10% (IREC, Randolph Horner, and Vote Solar). IREC estimates that even if a 10% limitation were fully subscribed, net metered PV systems would provide only 2.4% of the total energy sold in New York over the course of a year. IREC also notes that Connecticut, Maine, New Jersey, and Pennsylvania, states neighboring or nearby New York, have unlimited net metering programs. A number of comments recommended eliminating territory specific limitations and setting aggregated statewide limits for §§66-j and 66-l. Vote Solar and ACE NY suggest a further combination of the limits by merging those of both statutes, but only if the minimum levels are raised sufficiently to accommodate all of the net metering installations that are anticipated for the next 5 to 10 years. NYSERDA suggests that there is no current need to adjust the limits for on-site wind under PSL 66-l because the Renewable Portfolio Standard program is projected to include total on-site capacity installations of 26 MW, which is less than half the current limit.

Commentators supporting increased limits argue that net metering provides a number of benefits to New York. These parties state that net metering supports ratepayer savings and job growth; reduces the need for transmission and generation infrastructure; and can help avoid significant societal costs and environmental impacts for all ratepayers. Commentators also suggested that net metering provides increased system reliability and fuel-price certainty. EDF cites studies indicating that higher amounts of distributed PV solar generation can be managed with minimal impact to distribution system voltage levels. EDF also states that, in the wake of Superstorm Sandy, distributed resources may provide a potential source of service continuity when the grid is compromised.

Con Edison/O&R oppose an increase to the net metering limits in their service territories. The utilities state that there is no need to raise their limits because both have sufficient room within the existing cap to allow for the continued implementation of the State's Renewable Portfolio Standard goals. Con Edison/O&R state that raising the limitation in the absence of a demonstrated need will commit the State and ratepayers to providing a long term subsidy, and that recent reduction in resource costs requires caution in determining the appropriate minimum limitations. They also state that net metering adds to the complexity and cost of maintaining and managing their distribution systems. Further, Con Edison/O&R note that net metered customer generators contribute less to public policy programs than similar customers without net metered generation and suggest that the Commission consider the long-term sustainability of net metering during its mid-course review of the Renewable Portfolio Standard program.

DISCUSSION

At this time we believe that it is in the public interest to raise the net metering minimum limitations for all the major electric corporations with the exception of Central Hudson, which we addressed in our 2012 order. As we did then, we will raise the limits to 3% of each utility's 2005 peak demand. We believe that this increase strikes the proper balance between ensuring that net metering is available to continue supporting and encouraging the State's clean energy goals and managing the potential impacts of the program on the electric distribution system and customer rates.

As we have previously recognized, net metering plays an important role in encouraging the adoption of clean, renewable, and distributed generation.[3] We also recognize that it can add complexity and cost to maintaining and managing the utility's distribution systems.[4] In large part, the additional complexities are addressed through the Standardized Interconnection Requirements which were recently updated.[5] The costs, including lost utility revenues and interconnection costs in excess of those permissibly recovered from generators under the statutes, are ultimately borne by non-net-metered rate payers.[6] Therefore, these costs must be balanced appropriately against the benefits provided by net metering in terms of promoting renewable energy and the State's energy policies in general. In that regard, Staff analyzed the potential average revenue impacts of increasing net metered generation penetration levels from 1% to 3% for each utility service territory and

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[3] Case 12-E-0343, et al., supra, Order Raising Net Metering Limit (issued October 22, 2012) p. 7; See also 03-E-0188, Proceeding Regarding a Retail Renewable Portfolio Standard, Order Authorizing the Expansion of the Solar Photovoltaic and Geographic Balance Programs From 2012 Through 2015 and the Reallocation of Main-Tier Unencumbered Funds (issued April 24, 2012) pp. 13-14; and Order Establishing New RPS Goal and Resolving Main Tier Issues (issued January 8, 2010), pp. 2-3.

[4] Case 12-E-0343, et al., supra, Order Raising Net Metering Limit (issued October 22, 2012), pp. 7-8.

[5] Case 12-E-0393, et al., Central Hudson Gas and Electric Corporation Tariffs, Order Modifying Standardized Interconnection Requirements and Modifying and Approving Tariffs, (issued March 15, 2013).

[6] The Renewable Portfolio Standard (RPS) Customer Sited Tier is a separate program that exists independently of net metering. Therefore, the costs and benefits of that program are not appropriately considered in balancing the incremental impacts of increasing the net metering limitations. However, it should be noted that the financial support provided by the two programs can be additive for some customer generators.

found a range of impacts, all below 1%.[7] The associated estimated average residential bill impacts would range from $0.12 to $0.75 per month if the capacity limits were reached. We find that those potential rate impacts are reasonable considering the important role that the section 66-j technologies play in statewide energy policy.

As noted by Con Edison/O&R, and illustrated in the attached appendix, not all of the electric utilities' programs are approaching the statutory 1% minimum limitation on installations. However, in order to avoid confusion and for administrative efficiency, we are raising the PSL §66-j limits for each utility to the 3% level. We believe this level is also sufficient to provide the market for PSL §66-j distributed generation technologies sufficient assurances that net metering capacity will be available to support the industry for the foreseeable future. At the same time, we cannot ignore the possibility of potentially unacceptable impacts to customer rates or the distribution system itself if we were to increase the limits beyond 3%. Therefore, at this time, we will not raise the limit further or eliminate it, as requested by some commentators. Further, we will not raise the limits set in PSL §66-l because, as reported by NYSERDA, currently installed and projected wind generating capacity is not expected to exceed those limits.

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[7] Staff's analysis was based on the following assumptions: (i) all future net metered generation will be solar PV facilities, (ii) interconnection of the facilities will occur in one year, and excess generation will be credited at the higher of (a) the residential delivery rate or (b) the non-residential non-demand energy delivery rate. Using these assumptions, the range of impacts represents the maximum possible average revenue impacts on the utilities resulting from the net metering expansion approved here.

The Commission orders:

1. Niagara Mohawk Power Corporation d/b/a National Grid; Consolidated Edison Company of New York Inc.; New York State Electric & Gas Corporation; Rochester Gas and Electric Corporation; and Orange and Rockland Utilities, Inc. are directed to file under the relevant case number as captioned above, on not less than 1 day’s notice to become effective on July 1, 2013, such tariff amendments as are necessary to increase to 3% of 2005 peak load, the minimum limitation for the net metering under Public Service Law §66-j as described in the body of this Order. The requirement of Public Service Law §66(12)(b) as to newspaper publication of the tariff amendment is waived.

2. The Secretary may extend the deadlines set forth in this order.

3. Upon compliance with Ordering Clause 1, these proceedings are closed.

By the Commission,

(SIGNED)

JEFFREY C. COHEN
Acting Secretary

Public Service Law § 66-j – Non-Wind Net-Metered Generation
Interconnected and Proposed Capacity as of May 31, 2013

	Connected	Proposed	Total	Limitation	Percentage
Central Hudson Gas & Electric	11,812.0	2,961.9	14,773.9	36,000.0	41.0%
Con Edison	20,105.0	34,752.0	54,857.0	110,820.0	49.5%
Niagara Mohawk	33,981.9	22,786.1	56,768.0	65,360.0	86.9%
NYSEG	20,292.0	7,457.0	27,749.0	28,260.0	98.2%
O&R	4,107.0	4,042.0	8,149.0	10,400.0	78.4%
RG&E	2,442.0	711.0	3,153.0	16,250.0	19.4%

Public Service Law § 66-L – Small Wind Net-Metered Generation
Interconnected and Proposed Capacity (kW) as of May 31, 2013

	Connected	Proposed	Total	Limitation	Percentage
Central Hudson Gas & Electric	167.2	3.8	171.0	3,600.0	4.8%
Con Edison	14.0	0.0	14.0	33,246.0	0.0%
Niagara Mohawk	1,938.8	1,079.1	3,017.9	19,608.0	15.4%
NYSEG	801.0	27.0	828.0	8,478.0	9.8%
O&R	12.0	0.0	12.0	3,120.0	0.4%
RG&E	90.0	12.0	102.0	4,875.0	2.1%