



April 13, 2018

(via email to secretary@dps.ny.gov)

Honorable Kathleen H. Burgess
Secretary to the New York Public Service Commission
Three Empire State Plaza
Albany, New York
12223-1350

Re: Matter 17-01276 – In the Matter of the Value of Distributed Energy Resources Working Group regarding the Value Stack

Matter 17-01277 – In the Matter of the Value of Distributed Energy Resources Working Group regarding Rate Design

Dear Secretary Burgess:

Pursuant to the letter dated April 6 from New York State Department of Public Service Staff in the Value of Distributed Energy Resources (VDER) proceeding, any stakeholder who believes that a formal evidentiary hearing process overseen by an Administrative Law Judge (ALJ) should be initiated to arbitrate a disputed issue of fact in either the value stack or rate design working group should make a filing in the matter number by April 13, 2018.

The Clean Energy Parties, including the Solar Energy Industries Association, the Alliance for Clean Energy New York, the Coalition for Community Solar Access, the New York Solar Industries Association, Pace Energy and Climate Center, and Vote Solar, believe this decision point is premature and reserve the right to request the participation of an ALJ at a later date. We request that Department of Public Service Staff (Staff) issue an updated procedural schedule that leaves open the opportunity for parties to revisit the question of the ALJ process at a future date, as further described below.

Early-stage work is underway in both VDER working groups. Limited facts have been advanced in the case record to date. Given the high-level nature of the discussion and debate in the working group process to date, we believe it is not yet possible to determine whether real disputes of fact exist among the parties that should inform a decision to trigger an ALJ process.

We anticipate and expect that as the working groups continue their deliberations, more information will be added to the record to inform Commission decisions. Once this information is introduced and discussed informally in the working group process, there may come a point when an ALJ may be needed to resolve disputes of fact.

Furthermore, with respect to the Value Stack group, based on the April 6 meeting, we understand that Staff intends to advance a White Paper that will propose recommendations for improving the Demand Reduction Value (DRV), Location System Relief Value (LSRV), and other topics included in the Phase I tariff for expedited Commission decision-making.

While we welcome this approach, and would support certain near-term improvements to the Phase I tariff that we believe can be addressed without additional working group deliberations, a Staff White Paper should not address topics that have yet to be thoroughly examined in the case.

It is essential for the Working Group process continue in order to develop a detailed record on the remaining outstanding distribution and transmission value issues that need to be worked through in Phase 2 in order for NY State to have a tariff that accurately and fully values distributed renewable resources.

Specifically, the Clean Energy Parties' April 6 presentation identified many areas in which further work is necessary to improve the distribution and transmission value component of the value stack and ensure it accurately reflects the value of renewable resources. Among the areas that require additional work are:

- 1) Refinements and improvements to the MCOS studies that are used to approximate DER distribution value, including how to address their appropriate time horizon;
- 2) Discussion of methods for determining non-load-growth related benefits that DER provide to the distribution system;
- 3) Discussion of methods for evaluating the benefits that DER can provide in the form of avoided high-voltage transmission projects; and
- 4) Discussion of methods for encouraging DER to deploy and receive compensation for advanced technology such as smart inverters and enhanced telemetry.

A White Paper should simply be focused on short-term modifications to Phase 1 to make the tariff viable for more DER customers as work continues on a complete Phase 2 tariff. Separate from the White Paper, we request that Staff update the Value Stack work plan to provide additional opportunity for stakeholders to provide further information, data, and analysis on these topics and for Staff to lead a facilitated discussion of this information and potential approaches to resolving these issues in Phase 2. So far, significant and complex issues have been raised by parties which have not had the opportunity for more than a brief introduction in initial high-level proposals provided by parties.

With respect to the Rate Design working group, at this stage in the deliberations, stakeholders have exchanged high-level proposals on best practices regarding rate design and different rate design options. During the next two months, additional work will be conducted related to quantifying the potential impact of stakeholder rate designs proposals.

We reiterate for three reasons our request to allow stakeholders to have full access to the models the utilities and E3 will use to estimate the bill and economic impacts of various rate designs proposed. First, failure to provide stakeholder access to these tools will seriously undermine confidence in the quantitative work conducted and call into question the legitimacy of the work in the case. Second, providing access will improve the efficiency of the working group process as stakeholders will be able to submit better proposals for review. Third, providing access will facilitate a shared understanding of the advantages and disadvantages of various rate design proposals and promote more constructive collaboration and potential consensus.

We further recommend that the consideration of rate design proposals be more iterative than advanced in the JU document of April 6.¹ Upon working with the utility modeling, stakeholders should be able to advance modifications to their initial rate designs to produce better results. Finally, we also strongly recommend that other standard analysis tools be developed to evaluate proposals on their merits regarding reflecting cost causation and customer type appropriateness and ability to respond.

The assistance of an ALJ may help resolve issues of fact at a later date. For example, upon release of the Staff value stack White Paper on interim modifications to DRV and LSRV, an ALJ may help resolve any issues of fact related to the contents of the White Paper. Furthermore, an ALJ may also help resolve issues regarding access to utility billing information or other utility cost information that informs rate design work. Additionally, an ALJ may be helpful in resolving issues of fact related to some of the less well-developed concepts and questions that have been discussed but not yet fully explored or resolved through the working group process.

In summary, 1) we reserve our right to request an ALJ once the areas of dispute become clearer; 2) we strongly recommend that the Staff White Paper in the value stack be focused on a limited set of near term problems with the Phase I tariff, 3) we recommend the Staff continues with Phase 2 work and meetings on transmission and distribution value and update the schedule accordingly; and 4) we urge the DPS Staff to provide stakeholders access to the tools used to develop the rate design bill impact modeling and to develop additional tools to assess other important aspects of the rate-design proposals.

Please direct any questions on this letter to David Gahl at dgahl@seia.org, or at (518) 487-1744.

Respectfully submitted,

/s/

David Gahl
Director of State Affairs, Northeast
Solar Energy Industries Association

/s/

Anne Reynolds
Executive Director
Alliance for Clean Energy New York

/s/

Brandon Smithwood
Policy Director
Coalition for Community Solar Access

/s/

Rob Garrity
President
New York Solar Energy Industries Association

/s/

Karl Rabago
Executive Director
Pace Energy & Climate Center

/s/

Nathan Phelps
Regulatory Director
Vote Solar

¹ Joint Utilities of New York, "VDER Rate Design Working Group, Process for Developing Rate Design Proposals." April 6, 2018.