March 13, 2018

The Honorable Kathleen Burgess
Secretary to the Commission
New York State Public Service Commission
Agency Building 3
Albany, New York 12223-1350

Matter 17-01276 – In the Matter of the Value of Distributed Energy Resources Working Group Regarding the Value Stack

RE: Follow Up Questions on March 6 Utility Presentations

Dear Secretary Burgess:

The Solar Energy Industries Association (SEIA) requests submission of this letter in Matter 17-01276. This letter complies with the guidance in the document entitled "VDER Value Stack and Rate Design Working Group Process and Schedule" (Working Group Process and Schedule) provided by Department of Public Service Staff on December 22, 2107 and updated on February 6, 2018.

Per the Working Group Process and Schedule, parties have five business days to submit requests for data and other clarifications from each other.

The following questions on the presentations advanced by the New York Distribution Utilities at the March 6th meeting are included as **Appendix A.**

The New York Distribution Utilities should contact me directly with any questions about this request, or if these questions need additional clarification. Thank you.

Sincerely yours,

/s/

David Gahl
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APPENDIX A

Questions for New York Distribution Utilities
Regarding March 6, 2018 Value Stack Working Group Presentations
March 13, 2018
Solar Energy Industries Association

CHG&E

1. Please respond to the following questions, which were issued by SEIA on February 16, 2018 to all utilities:
    a. Please explain how the MCOS studies are used outside the VDER context. Please explain how the MCOS study is linked to the capital investment plan and/or the 15-year transmission and distribution plan.
    b. Does each EDC include all revenue requirement inputs in calculating MCOS (e.g., tax, CapEx depreciation, etc...)?
2. How do CHG&E's current MCOS methodology and assumptions differ from those proposed in the Phase I VDER proceeding?
3. Please provide the variables and statistical fitness of the historical load growth model.
4. For load forecast, how many simulations were run? For the avoided T&D costs, how many simulations were run?
5. Please describe any benefits that DERs provide to the transmission and distribution system that are not reflected in CHG&E's model. Does CHG&E plan to study or has CHG&E studied any of these benefits? If so, please provide related studies, reports, memoranda, and workpapers.
6. Please describe costs and risks of traditional transmission and distribution system investments that are not reflected in CHG&E's model.
    a. For each cost and risk, please describe to what extent and how a) shareholders and b) ratepayers bear the cost or risk.
    b. Does CHG&E plan to study or has CHG&E studied any of these costs or risks? If so, please provide related studies, reports, memoranda, and workpapers.
7. With respect to calculating the LSRV using a ten highest usage hours approach:
    a. How would CHG&E's ten highest usage hours be defined? That is, at what level of granularity?
    b. If the ten highest usage hours would be calculated for CHG&E's entire service territory, rather than for specific to local areas of the service territory, how would the local areas line up with sub-regions designated in the MCOS methodology?
8. At the March 6 conference, Con Edison noted that a NYISO rule prohibits more injections than utility default load.
    a. Please explain how CHG&E currently manages its system to comply with the NYISO rule that prohibits more injections than utility default load.
9. At the March 6 conference, Con Edison stated that its preference is for DERs above a certain size threshold (e.g. 100 kW) to participate in NYISO to get compensation, rather than simply being a load modifier.
    a. Does CHG&E agree? Why or why not?
    b. If so, in CHG&E's opinion, what kind of DERs should be subject to the threshold?

c. Should all types of DERs be subject to the same threshold?
d. Please provide current DER installations and capacity, by DER type and by node, on CHG&E's system.
e. Please provide projected DER installations and capacity, by DER type and by node, on CHG&E's system.

10. Please explain how existing DERs are incorporated into MCOS studies and capital improvement plan projections.
    a. Are existing DERs assumed to remain in service in perpetuity?
    b. What capacity factor assumptions are used for in-service DERs?
    c. Are future deployments of DERs taken into account when forecasting system load?
    d. How is degradation in existing DER generation over time taken into account?
    e. Are DERs modeled separately based on technology, location, or any other factor?
    f. Do existing DERs reduce projected load that is used as an input to MCOS studies and capital improvement plan projections? Are existing DERs included in the baseline when calculating projected changes in load?
11. Do MCOS studies incorporate the potential for vehicle and heating electrification?
    a. If so, how do such studies incorporate projections for electrification?
    b. If not, why not?

Con Edison/O&R

1. How do Con Edison's and O&R's current MCOS methodologies and assumptions differ from those proposed in the Phase I VDER proceeding?
2. Please describe any benefits that DERs provide to the transmission and distribution system that are not reflected in Con Edison's and O&R's current MCOS models. Does Con Edison/O&R plan to study or has Con Edison/O&R studied any of these benefits? If so, provide related studies, reports, memoranda, and workpapers.
3. Please describe costs and risks of traditional transmission and distribution system investments that are not reflected in Con Edison's and O&R's models.
    a. For each cost and risk, please describe to what extent and how a) shareholders and b) ratepayers bear the cost or risk.
    b. Do Con Edison or O&R plan to study or have Con Edison or O&R studied any of these costs or risks? If so, provide related studies, reports, memoranda, and workpapers.
4. With respect to calculating the LSRV using a ten highest usage hours approach:
    a. How would Con Edison/O&R's ten highest usage hours be defined? That is, at what level of granularity?
    b. If the ten highest usage hours would be calculated for Con Edison/O&R's entire service territory, rather than for specific to local areas of the service territory, how would the local areas line up with sub-regions designated in the MCOS methodology?
5. Please explain how existing DERs are incorporated into MCOS studies and capital improvement plan projections.
    a. Are existing DERs assumed to remain in service in perpetuity?
    b. What capacity factor assumptions are used for in-service DERs?
    c. Are future deployments of DERs taken into account when forecasting system load?
    d. How is degradation in existing DER generation over time taken into account?

e. Are DERs modeled separately based on technology, location, or any other factor?
f. Do existing DERs reduce projected load that is used as an input to MCOS studies and capital improvement plan projections? Are existing DERs included in the baseline when calculating projected changes in load?

6. Do MCOS studies incorporate the potential for vehicle and heating electrification?
    a. If so, how do such studies incorporate projections for electrification?
    b. If not, why not?
7. Please provide a citation for the NYISO rule that prohibits more injections than utility default load.
    a. Please provide a citation to this rule.
    b. How does this rule apply: on a geographic scale (e.g. zone or node), voltage level, or some other way?
    c. Please explain how Con Edison and O&R currently manage their systems to comply with this rule.
    d. How often in the last 36 months have Con Edison and O&R been in a situation where injections exceed default load?
8. At the March 6 conference, Con Edison stated that its preference is for DERs above a certain size threshold (e.g. 100 kW) to participate in NYISO to get compensation, rather than simply being a load modifier.
    a. In Con Edison/O&R's opinion, what kind of DERs should be subject to the threshold? Should all types of DERs be subject to the same threshold?
    b. Please provide current DER installations and capacity, by DER type and by node, on Con Edison's and O&R's systems.
    c. Please provide projected DER installations and capacity, by DER type and by node, on Con Edison's and O&R's systems.
9. At the March 6 conference, Con Edison stated that DRV could "conflict or overlap with demand response programs." Please explain this statement. In what way or ways would the DRV signal conflict with demand response programs?
10. At the March 6 conference, Con Edison described an alternative approach under which dispatchable resources would not receive LSRV compensation following a non-wires solicitation in the area.
    a. Please explain whether this approach would apply DERs that pair energy storage with a non-dispatchable DER resource such as solar or wind.
    b. Would Con Edison consider such a resource to be "dispatchable" in all cases? Please explain your response.

NYSEG/RG&E

1. How does NYSEG/RG&E's current MCOS methodology and assumptions differ from those proposed in the Phase I VDER proceeding?
2. Refer to NYSEG/RG&E's responses to SEIA's February 16, 2018 question no. 4, in which the utilities state, "NYSEG and RG&E do not expect, at the current time, to defer or avoid any local facilities or customer-related costs in response to DER."
    a. If there are two possible traditional investment alternatives to address a projected need, how does NYSEG/RG&E determine which to use in the VDER study?

    b. Does NYSEG/RG&E consider different load growth scenarios? If not, why not? If so, how does NYSEG/RG&E determine which load growth scenario to use in the VDER study?
3. Please describe any benefits that DERs provide to the transmission and distribution system that are not reflected in NYSEG/RG&E's current MCOS model. Does NYSEG/RG&E plan to study or has NYSEG/RG&E studied any of these benefits? If so, provide related studies, reports, memoranda, and workpapers.
4. Please describe costs and risks of traditional transmission and distribution system investments that are not reflected in NYSEG/RG&E's model.
    a. For each cost and risk, please describe to what extent and how a) shareholders and b) ratepayers bear the cost or risk.
    b. Does NYSEG/RG&E plan to study or has NYSEG/RG&E studied any of these costs or risks? If so, provide related studies, reports, memoranda, and workpapers.
5. With respect to calculating the LSRV using a ten highest usage hours approach:
    a. How would NYSEG/RG&E's ten highest usage hours be defined? That is, at what level of granularity?
    b. If the ten highest usage hours would be calculated for NYSEG/RG&E's entire service territory, rather than for specific to local areas of the service territory, how would the local areas line up with sub-regions designated in the MCOS methodology?
6. Please explain how NYSEG and RG&E currently manage their systems to comply with the NYISO rule that prohibits more injections than utility default load.
7. Please explain how existing DERs are incorporated into MCOS studies and capital improvement plan projections.
    a. Are existing DERs assumed to remain in service in perpetuity?
    b. What capacity factor assumptions are used for in-service DERs?
    c. Are future deployments of DERs taken into account when forecasting system load?
    d. How is degradation in existing DER generation over time taken into account?
    e. Are DERs modeled separately based on technology, location, or any other factor?
    f. Do existing DERs reduce projected load that is used as an input to MCOS studies and capital improvement plan projections? Are existing DERs included in the baseline when calculating projected changes in load?
8. Do MCOS studies incorporate the potential for vehicle and heating electrification?
    a. If so, how do such studies incorporate projections for electrification?
    b. If not, why not?
9. At the March 6 conference, Con Edison stated that its preference is for DERs above a certain size threshold (e.g. 100 kW) to participate in NYISO to get compensation, rather than simply being a load modifier.
    a. Do NYSEG and RG&E agree with Con Edison's statement? Why or why not?
    b. If so, in NYSEG/RG&E's opinion, what kind of DERs should be subject to the threshold? Should all types of DERs be subject to the same threshold?
    c. Please provide current DER installations and capacity, by DER type and by node, on NYSEG's and RG&E's systems.
    d. Please provide projected DER installations and capacity, by DER type and by node, on NYSEG's and RG&E's systems.

Niagara Mohawk (National Grid)

1. How do Niagara Mohawk's current MCOS methodology and assumptions differ from those proposed in the Phase I VDER proceeding?
2. Regarding the load forecasts:
    a. If there are two possible traditional investment alternatives to address a projected need, how does Niagara Mohawk determine which to use in the VDER study?
    b. Does Niagara Mohawk consider different load growth scenarios? If not, why not? If so, how does Niagara Mohawk determine which load growth scenario to use in the VDER study?
3. Refer to Niagara Mohawk's response to SEIA's February 16, 2018 question no. 2, which states, "The Company's enhanced marginal cost study will also include calculation of amounts that would be included in an annual revenue requirement for each type of incremental investment." Please describe each of the types of investment.
4. Please describe any benefits that DERs provide to the transmission and distribution system that are not reflected in Niagara Mohawk's current MCOS model. Does Niagara Mohawk's plan to study or has Niagara Mohawk studied any of these benefits? If so, provide related studies, reports, memoranda, and workpapers.
5. Please describe costs and risks of traditional transmission and distribution system investments that are not reflected in Niagara Mohawk's model.
    a. For each cost and risk, please describe to what extent and how a) shareholders and b) ratepayers bear the cost or risk.
    b. Does Niagara Mohawk plan to study or has Niagara Mohawk studied any of these costs or risks? If so, provide related studies, reports, memoranda, and workpapers.
6. With respect to calculating the LSRV using a ten highest usage hours approach:
    a. How would Niagara Mohawk's ten highest usage hours be defined? That is, at what level of granularity?
    b. If the ten highest usage hours would be calculated for Niagara Mohawk's entire service territory, rather than for specific to local areas of the service territory, how would the local areas line up with sub-regions designated in the MCOS methodology?
7. Please explain how Niagara Mohawk currently manages its system to comply with the NYISO rule that prohibits more injections than utility default load.
    8. Please explain how existing DERs are incorporated into MCOS studies and capital improvement plan projections.
        a. Are existing DERs assumed to remain in service in perpetuity?
        b. What capacity factor assumptions are used for in-service DERs?
        c. Are future deployments of DERs taken into account when forecasting system load?
        d. How is degradation in existing DER generation over time taken into account?
        e. Are DERs modeled separately based on technology, location, or any other factor?
        f. Do existing DERs reduce projected load that is used as an input to MCOS studies and capital improvement plan projections? Are existing DERs included in the baseline when calculating projected changes in load?

9. Do MCOS studies incorporate the potential for vehicle and heating electrification?
    a. If so, how do such studies incorporate projections for electrification?
    b. If not, why not?
10. At the March 6 conference, Con Edison stated that it would prefer for DERs above a certain size threshold (e.g. 100 kW) to participate in NYISO to get compensation, rather than simply being a load modifier.
    a. Does Niagara Mohawk agree? Why or why not?
    b. If so, in Niagara Mohawk's opinion, what kind of DERs should be subject to the threshold? Should all types of DERs be subject to the same threshold?
    c. Please provide current DER installations and capacity, by DER type and by node, on Niagara Mohawk's system.
    d. Please provide projected DER installations and capacity, by DER type and by node, on Niagara Mohawk's system.