Honorable Kathleen Burgess  
Secretary  
New York Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

VIA ELECTRONIC MAIL

Re: Case 15-E-0751 - In the Matter of the Value of Distributed Energy Resources  
Case 15-E-0082 - Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program

JOINT UTILITIES REPLY TO COMMENTS ON STAFF WHITEPAPER ON FUTURE COMMUNITY DISTRIBUTED GENERATION (“CDG”) COMPENSATION

Dear Secretary Burgess:


1 Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources (“VDER Proceeding”), Staff Whitepaper on Future Community Distributed Generation Compensation (filed July 26, 2018) (“Whitepaper”).
Please accept this brief reply opposing comments urging expansion of eligibility of the Market Transition Credit (“MTC”) to include residents of master-metered buildings and other demand customers as inconsistent with the Commission’s direction on the MTC and opposing comments to establish a separate MTC and tranche allocation for New York City.

Specifically, the City of New York (“NYC”), the Association for Energy Affordability, Azure Mountain Power (“AMP”), and PowerMarket argue that the MTC should be available for residents of master-metered buildings. Clean Energy Parties, AMP, and Alliance for a Green Economy/Central New York Regional Planning and Development Board further argue the MTC should be available for all large demand-metered customers, including commercial and municipal customers.

One year ago, in its Order Denying Petition for Rehearing and Making Other Findings, the Commission expressly rejected expanding eligibility of the MTC to

2 Comments were filed in response to notices seeking comments in the New York State Register, I.D. PSC-34-18-00011-P, p. 21 and the Whitepaper. While the notices did not provide for reply to comments, the Joint Utilities submit this reply to correct errors of fact and interpretation in order to provide a full record and to promote the fair, orderly, and efficient conduct of these proceedings.
3 VDER Proceeding, Comments of the City of New York on the “Staff Whitepaper on Future Community Distributed Generation Compensation” (filed October 15, 2018) (“NYC Comments”), pp. 8-10.
4 VDER Proceeding, Comments of the Association for Energy Affordability, Inc. on the Staff White Paper on Future Community Distributed Generation Compensation (filed October 15, 2018), p. [4].
8 VDER Proceeding, AMP Comments, p.6.
9 VDER Proceeding, Comments of Alliance for a Green Economy and Central New York Regional Planning and Development Board on the “Staff Whitepaper on Future Community Distributed Generation Compensation” (filed October 15, 2018), p. 5-6.
10 VDER Proceeding, Order Denying Petition for Rehearing and Making Other Findings (issued October 24, 2017) (“Rehearing Order”).
submetered tenants of master-metered buildings.\textsuperscript{11} Moreover, the Commission reconfirmed in that order that demand-metered customers were ineligible for the MTC because the MTC was a temporary benefit designed specifically for mass-market customers billed on volumetric rates that would be directly impacted by the changing compensation during the transition from net energy metering (“NEM”) to the more specific and locationally based Value Stack.\textsuperscript{12} Specific to submetered customers, the Commission stated that, as utility-metered commercial accounts billed on peak demand, master-metered buildings are not mass-market customers and thus are ineligible to receive the MTC.\textsuperscript{13} Continuing, the Commission wrote that because “submetered tenants are not utility customers at all, they do not fall within the category of ‘mass market customers’ defined in the VDER Phase One Order.”\textsuperscript{14} Accordingly, the Commission rejected the argument that it had erred in declining to apply the MTC to these customers.\textsuperscript{15} Importantly, utilities do not have any direct relationship with submetered customers and do not determine the billing rates and charges for those customers. Rather, utilities bill only the entire master-metered account under the applicable utility rate. However, in recognizing the interest of such tenants in distributed energy resources, the Commission directed the Department of Public Service Staff (“Staff”) to evaluate the “practical and financial obstacles” to these tenants and to file a report with recommendations.\textsuperscript{16}

\textsuperscript{11} In addition to this reply, the Joint Utilities reassert their earlier arguments on this issue. See VDER Proceeding, Reply of Joint Utilities to Petitions for Rehearing by Janet Handal in Her Individual Capacity and Coalition of On-Site Renewable Energy Users and Developers (filed June 19, 2017).

\textsuperscript{12} VDER Proceeding, Rehearing Order, p. 9.

\textsuperscript{13} Id., p. 2.

\textsuperscript{14} Id., pp. 2-3.

\textsuperscript{15} Id., p.3.

\textsuperscript{16} Id.
Looking ahead to that effort in the Whitepaper, Staff described working with the New York State Energy Research and Development Authority ("NYSERDA") and stakeholders to investigate and propose options for submetered customers “to receive the MTC or similar compensation.”17 The Joint Utilities look forward to participating in that effort with the other stakeholders, with full public comment and process. At this time, however, any such change lacks an adequate record or even consideration of appropriate options, and therefore the Commission’s ruling denying the MTC to submetered customers must stand.

NYC also requests that the Commission bifurcate Con Edison’s VDER Value Stack compensation and establish a higher MTC with a specific, to-be-determined MW tranche allocation for NYC.18 As indicated in the Joint Utilities’ initial comments,19 there is no basis to increase the MTC for Con Edison, let alone for a portion of Con Edison’s service territory. Increasing compensation will only increase bill impacts to non-participating customers and is unlikely to address fundamental issues or increase participation levels. In fact, solar participation in New York City is increasing and becoming part of the NYC energy mix. In addition, CDG is a significant portion of Con Edison’s interconnection queue.20 There is accordingly no basis to make a structural change to the VDER Value Stack design. NYC’s proposal would also artificially increase CDG compensation above current mass-market NEM and should be rejected as an additional unwarranted cost that non-participating customers should not bear.

17 VDER Proceeding, Whitepaper, p. 6 (emphasis added).
18 VDER Proceeding, NYC Comments, pp. 5-7.
19 VDER Proceeding, Joint Utilities Comments on Staff Whitepaper on Future Community Distributed Generation Compensation (filed October 22, 2018).
20 Id., pp. 8-9.
For the above reasons, the Joint Utilities urge the Commission to accept this brief reply and reject the stakeholder recommendations responded to herein.

Respectfully submitted,

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