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By Electronic Delivery

April 7, 2015

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

RE: CASE 15-E-0082 – Proceeding on Motion of the Commission as to the Policies,  
Requirements and Conditions For Implementing a Community Net Metering  
Program

Dear Secretary Burgess,

Enclosed for filing are the comments of Alliance for Clean Energy New York and a group of its member companies and affiliates in response to the “Notice Instituting Proceeding, Soliciting Comments, and Providing for Stakeholder Meeting” issued on February 10, 2015 in the above-referenced proceeding.

Sincerely,

Anne Reynolds  
Executive Director  
Alliance for Clean Energy New York

**COMMENTS ON COMMUNITY NET METERING  
STAFF STRAW PROPOSAL**

**I. INTRODUCTION**

The Alliance for Clean Energy New York (ACE NY) and its undersigned member companies and affiliates respectfully submit the following comments regarding the Staff Straw Proposal for a community net metering program, issued on February 10, 2015 in the above-referenced proceeding. ACE NY is a nonprofit membership organization whose mission is to promote clean energy, energy efficiency, a healthy environment and a strong economy for New York State. Our diverse coalition includes renewable energy and energy efficiency companies, environmental and economic development organizations, academic institutions, and consultants to the energy sector.

ACE NY strongly supports net metering for clean, on-site power generation. We have participated in both legislative initiatives and Commission proceedings regarding net metering for many years, and we look forward to participating in a broader discussion regarding the long-term role of net metering in New York State through the Commission's "Reforming the Energy Vision" (REV) initiative. Given the multi-phase approach to REV's development and implementation, we believe instituting a program such as community net metering in the near-term will effectively ensure that the State sees immediate progress in increasing the deployment of distributed energy resources (DER), which is a stated goal of REV in addition to its other desired long-term outcomes.

## II. DISCUSSION

We enthusiastically support this initiative to provide greater numbers of New Yorkers with access to clean, renewable energy. We believe a well-structured community net metering program will effectively facilitate groups of individual residents, businesses, or institutions investing together in a renewable energy project and sharing in its rewards, using the proven mechanism of net metering. Community net metering offers the prospect of bringing new types of customers, new business models, and new investment to the range of distributed renewable energy technologies, including solar, wind, fuel cells, biogas, and micro-hydropower. It also offers the possibility of increasing clean energy deployment to low- and moderate-income New Yorkers, as capital costs can be shared between multiple entities.

ACE NY also believes that the time is right for New York to develop a community net metering program. While we support the continuing dialog in the REV proceeding with respect to future alternatives to net metering, recent history demonstrates that net metering is an effective tool to increase deployment of clean distributed renewable energy generation technologies. In the August 22, 2014 document “Developing the REV Market in New York: Staff Straw Proposal on Track One Issues,” Commission staff identified “critical path objectives” which are near-term actions that can build towards the desired REV end-state and achievement of the REV policy goals. Chief among these objectives is to “increase the DER asset base in the state” by increasing the number and kind of DER projects and increasing the number of customers employing DER.<sup>1</sup> Accordingly, we appreciate that pursuit of a community net metering framework is a sensible and proven method for achieving these near-terms actions that are critical to New York progressing down the path towards the REV end-state.

We believe the following elements of the Staff Straw Proposal are critical tenets of a successful community net metering program, and offer our full support for these program features.

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<sup>1</sup> CASE 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, *Developing the REV Market in New York: DPS Staff Straw Proposal on Track One Issues*, p. 3.

1. We support a technology neutral program. We support the community net metering program being technology-neutral and open to all of the clean energy technologies currently eligible for net metering, including: solar PV, wind, farm waste, micro-CHP, fuel cells, and micro-hydro. ACE NY's members represent a range of technologies, and we firmly believe that programs and policies to develop New York's renewable energy potential should span the full breadth of available technology. We believe there is a wide variety of potential applications for community net metering, ranging from neighbors collectively investing in a solar project, to a small group of farmers together pursuing on-farm generation through on-site wind turbines or anaerobic digestion and biogas projects, to a municipality and customers within that municipality jointly investing in a hydropower dam in need of repair and upgrade. Community net metering could allow these diverse arrangements to be explored and our collective knowledge of the co-benefits to be increased. Co-benefits of these projects could include, for example, reducing electric bills for a group of residents, increasing farm revenue from composting and anaerobic digestion, and increasing municipal revenue while reducing liability from unstable dams.
  
2. A successful program will use on-bill crediting and full retail rates. The Straw Proposal values net metering credits at the full retail rate of electricity per kilowatt-hour, according to the existing net metering and remote net metering framework. This is a strong foundation and critical for the economic viability of these projects. The Straw Proposal also includes utilizing utility billing systems to accommodate on-bill crediting. This is critical to program simplicity and success. In general, it makes sense to align the program with the existing rules and framework for net metering.
  
3. We support allowing all types of customers to participate, and flexibility in the number of participants. We agree that the community net metering program should allow both residential and non-residential participants in a shared renewable energy project. This will provide maximum flexibility for project

arrangements and differing business models. This program should be open to the full variety of rate classes, and groups of ratepayers that are from differing rate classes. We support this program being open to diverse entities including institutions, commercial customers, industrial customers, and residential customers. Further, we believe that there should be flexibility in the number of participants in a shared renewable energy project, with a minimum of two.

### III. QUESTIONS FOR STAKEHOLDER INPUT

Within this section we offer our brief responses to the series of questions posed to stakeholders in the Staff Straw Proposal.

***1. Should community net metering be made available at demand metered as well as non-demand metered host sites? If so, what considerations affect participation and the distribution of credits to members at demand host sites, and what, if any, conditions and requirements should be imposed at demand host sites that differ from those in place at non-demand host sites?***

We believe the program should be designed to provide flexibility in the availability of community net metered sites, in order to allow all New York ratepayers to utilize the optimal locations for renewable energy projects. Accordingly, community net metering should be made available at both demand metered and non-demand metered host sites. On a related topic, while it seems appropriate to have volumetric credits for generation at any site allocated to participants based on their “share” of the project, the details of this question (i.e. volumetric vs. monetary crediting for remote net metered projects) are being debated in separate net metering proceedings<sup>2</sup> and should appropriately be decided there. The community net metering program should align with those decisions.

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<sup>2</sup> CASE 14-E-0151 – Petition of Hudson Valley Clean Energy, Inc. for an Increase to the Net Metering Minimum Limitation at Central Hudson Gas & Electric Corporation, and CASE 14-E-0422 – Petition of Solar Energy Industries Association, Alliance for Clean Energy New York, the Vote Solar Initiative, the National Resources Defense Council and The Alliance for Solar Choice to Clarify the Process for Utilities to Seek Relief from Net Metering Caps.

***2. Should there be a low-income component to community net metering? If so, please provide details on a proposed structure including verification of income and other requirements for participation.***

Community net metering provides a viable strategy for expanding access to renewable energy among low- and moderate-income (LMI) customers, and we support the recommendations offered by the New York Shared Renewables Coalition on how to ensure that a community net metering program is designed to create maximum LMI customer participation. These recommendations include establishing a program-wide LMI capacity requirement, and directing NYSERDA to administer various policies and programs to support LMI participation. Among the potential policies and programs identified by the Shared Renewables Coalition are: 1) an incentive program for low-income subscribers, 2) credit support for LMI customers, 3) grants and technical assistance for not-for-profit developers and partners, 4) funding for pilot projects serving a majority of low-income subscribers and 5) allocating energy assistance benefits towards shared renewable energy facilities. Structuring the program so that the mix and percentage of community investors is independent from the mix and percentage of local off-takers could also enhance LMI customer participation.

***3. Should each community net metered project have a minimum and maximum number of members? If so, how many for each?***

Maximum flexibility will allow new business arrangements to flourish. Therefore, the minimum number of members should be two. A maximum number of members would be appropriate given the limitations on project size, however we encourage the Commission to provide ample flexibility to ensure that any limits placed on the number of members do not act as an arbitrary barrier to an otherwise viable project.

***4. Should a limit be set on the proportion of the generation output in excess of host load that a member can be allocated for its share? If so, what should the limit be? In addition, should a member's share be limited to no more than its load or a proportion of its load? If a proportion, what should the proportion be?***

It seems appropriate that a member's allocation of the electricity generated at a community net metered project be limited to 100% of that member's load. And, rather than limit a member's

allocable share of host excess generation in a particular month, excess credits could be carried forward to the next billing period. To the extent there remains a net excess credit balance on any anniversary (or account closing) date of a member account, members could have the option to either: 1) cash out any excess credit balance at the utility's avoided cost; or 2) transfer such excess to another eligible account, with adequate notice from the member.

As a related matter, we recommend that Staff provide additional clarification regarding whether the intention is to allow all the generation at a project to be allocated to participants, or only the generation in excess of a host load as stated in this question. It seems that the most workable strategy would be to allow the entire generation output from a project to be allocated to all participants based on each participant's "share" (as determined by that member's proportional commitment to the project), and not just the excess of host load. For example, while a project may be hosted in one location, there may be another participant in the project at a different location with a larger share in the project. In that instance, it may be more fair and appropriate to allocate a larger share of the total generation output to that member, rather than just the excess above host load.

#### ***5. What consumer protections should be considered with respect to community net-metering?***

While some provisions may be reasonable, broader consumer protections and contract law already in existence should be largely sufficient to address these projects. One important consumer protection would be assurance that the net metering arrangement would stay in place for a specified amount of time, and would not be changed based on subsequent policymaking, e.g. a net metering successor tariff under REV. We also suggest there be regulations requiring that contracts between host and member accounts include dispute resolution provisions.

#### ***6. How can grid locational benefits be incorporated into community net-metering?***

As this is a complex question being considered in Track Two of the REV proceeding, it might be appropriate to have a "Phase I" of community net metering (implemented in the short term) that does not incorporate grid locational benefits, and a "Phase II" that is designed after the completion of REV Track Two and aligns with the scheme for valuing locational benefits

emerging from that proceeding. In any case, it may be appropriate in Phase II for utilities to identify targeted areas for DER, specifically distributed renewable generation, and for those projects to be credited via a higher rate, a flat monthly rebate, or an avoided-cost-based premium credit payment (e.g. on a \$/kW or \$/kWh basis). Premiums could be adjusted for time-of-day of energy flows and/or the availability of the generation units (i.e. % up-time).

***7. Are there other issues that should be considered with respect to the community net-metered host organizer, each member, energy services companies (ESCOs), and the net metering utility?***

In designing the community net metering program, some modifications of existing rules will be required. First, it is impossible for a project to be on each participant's premises. Therefore, the requirement in PSL §66-j for the equipment to be "on property owned or leased by such customer-generator" should be waived.

Second, it would be too burdensome for each participant to either own or operate the project. Therefore, the requirements in 66-j and 66-l for owning or operating should be waived.

Third, and following from the first two modifications, if a participant does not own or lease the property and does not own or operate the project, the only option is for the community to contract with third parties to own and operate the project (i.e. have a power purchase agreement). This, then, must be specifically allowed in the revised rules. In terms of sharing, each participant in the community would commit to a percentage of the PPA (e.g. a residential customer that expected to use 10 kW of solar from a 2,000 kW project would commit to 0.50% of the PPA).

#### **IV. CONCLUSION**

We commend the Commission for acknowledging the need to continue expanding access to renewable energy opportunities, and recognizing that net metering is a proven and effective tool for making progress toward New York's energy, environmental, and economic goals. We believe adopting a community net metering program in the near-term is a critical element of ensuring immediate progress in clean energy deployment as the State executes its plan to reform



energy industry and regulatory practices. We look forward to continuing our engagement with the Commission, DPS and NYSERDA Staff, and other stakeholders to establish a thriving and accessible market for distributed clean energy across New York State.

Respectfully submitted,

**Alliance for Clean Energy New York**

**Azure Mountain Power**

**Bloom Energy**

**BQ Energy**

**CEC Energy, a division of Cazenovia  
Equipment Company**

**Distributed Wind Energy Association**

**Doosan Fuel Cell America**

**EarthKind Energy**

**Endurance Wind Power Inc.**

**Gravity Renewables**

**Hudson Solar**

**Northern Power Systems**

**PlanET Biogas**

**Sustainable Energy Developments Inc.**

**United Wind**