In the Matter of the Value of Distributed Energy Resources

Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions For Implementing a Community Net Metering Program

Case 15-E-0751

Case 15-E-0082

COMMENTS OF DISTRIBUTED SUN LLC
IN RESPONSE TO STAFF WHITEPAPER ON FUTURE COMMUNITY DISTRIBUTED GENERATION COMPENSATION FILED JULY 18, 2018

Dated: October 22, 2018

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PRELIMINARY STATEMENT

Distributed Sun LLC ("DSUN") thanks the PSC for the opportunity to comment on the staff whitepaper on the future of CDG compensation that proposes new tranches to further CDG development in the short term. The whitepaper notes that other efforts are underway to create competitive, cost-effective and sustainable DER markets. As part of this broader process, DSUN submitted the attached paper, with others, in July. We continue to request, as we did in this paper, that VDER be paused and NEM re-established for an interim period of time until VDER processes and economics can be appropriately completed. Regarding these ongoing efforts, DSUN encourages Staff to help accelerate the recommendation process in the attached paper and of the Value Stack working group to improve calculation of avoided distribution cost and environmental values. Other than referencing this ongoing effort, the whitepaper does not address this issue. Given the time required to develop CDG projects, finalizing these values is critical to the long-term development of CDG in NY.

Given the differences in CDG penetration in utility territories, DSUN comments below reference which to which utility areas the comments apply.

COMMENTS

POINT I

PROJECT QUALIFICATION FOR TRANCHE 5 & 6 IN NYSEG, RG&E AND NATIONAL GRID

Staff proposes that projects that made 25% payments of its interconnection costs prior to the publication of the whitepaper not qualify for Tranches 5 & 6 but retain the lower MTC values associated with Tranche 4. DSUN asserts that Tranche 4 is qualitatively different from previous tranches as it was not included in the original Order and is a much more recent creation. The Staff proposal penalizes early investment in projects now subject to tariffs imposed just this year that dramatically altered project economics. DSUN recommends that all of Tranche 4 capacity be reallocated to Tranches 5 & 6 and that Tranche 4 projects be compensated under the newly proposed rates.
POINT II

FUTURE ADJUSTMENTS TO MTC IN NYSEG, RG&E AND NATIONAL GRID

The Staff Report recommends a short-term solution as recommendations from the Value Stack working group on revising the calculation of avoided distribution cost and environmental values is not yet available. DSUN supports this recommendation but asserts that if the PSC acts on future Value Stack working group recommendations on the value of distributed energy resources, that Tranche 5 & 6 project compensation be adjusted should that determination on the VDER be higher than currently calculated. The Value Stack working group has reviewed presentations that suggest the ‘E’ value is currently underrated. Should the PSC decide in the longer term to support higher ‘E’ values, Tranche 5 & 6 projects should not be stripped of those values because the longer-term solutions were not yet available. Tranche 5 & 6 projects should be eligible for new ‘E’ values as determined by the PSC.

POINT III

DSUN SUPPORTS STAFF RECOMMENDATIONS FOR CENTRAL HUDSON, CONEDISON, AND O&R

DSUN supports the staff whitepaper differentiation of solutions by utility territory. The challenges in ConEdison, Central Hudson and O&R are clearly noted and addressed.

CONCLUSION

Distributed Sun notes that the ongoing efforts in the Value Stack working group may result in significant changes to VDER. While the Staff proposals provides an interim approach, projects should not be stripped of future value due to the time required to implement a long-term solution. Tranche 5 & 6 projects should be eligible to participate in future valuations of ‘E’ and avoided costs.
As Tranche 4 was not part of the original Order, DSUN further recommends that all of Tranche 4 be reallocated into Tranche 5 & 6, including those projects that have already made their 25% payment toward interconnection costs.

Respectfully submitted,

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