8/1/2018

Honorable Kathleen H. Burgess, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 15-E-0751 – Value of Distributed Energy Resources (VDER)

MATTER17-01276 – In the Matter of the Value of Distributed Energy Resources Working Group Regarding Value Stack. Comments on the Staff Proposal on the Value Stack Eligibility Expansion

Dear Secretary Burgess,

Generate Capital is a large investor in the energy, food, water, and clean transportation markets. We make long-term investments in green infrastructure projects, and the growing anaerobic digestion (AD) industry in the United States has become a key focus for our firm. Organic Waste diversion is of growing importance, especially as New York City, and potentially all of New York State, consider implementing food waste diversion policies from landfills. Generate understands the need for investment in food waste anaerobic digestion projects in New York. However, given the current state of power markets and the abundant supply of cheap natural gas, merchant electricity pricing, particularly in upstate New York, is rarely sufficient to justify investment in AD projects. We have seen this dynamic play out first hand with our own projects and potential projects that we have looked to invest into in New York State.

We are supportive of the VDER approach to facilitating investment into long-term renewable energy infrastructure and firmly believe it has the ability to expedite the growth in renewable energy in NY. We are also supportive of the expansion of VDER tariffs “beyond NEM-eligible DG technologies to all DER in a technologically-neutral, value-focused manner as soon as practicable” as stated in the Staff Proposal on Value Stack Eligibility Expansion released on May 22, 2018. In order to meet NY’s ambitious climate, efficiency and renewable energy goals, investment in a diverse portfolio of technologies will be needed. While there is currently significant activity in wind and solar—which we support—investments in smart grid solutions, storage capacity as well as ‘baseload’ renewable power generation are also needed to help balance the grid. Anaerobic digesters provide renewable power around the clock throughout the seasons while reducing greenhouse gases and protecting air and water quality.

As a project owner of several anaerobic digesters in the state of NY, and with the intent of rapidly increasing our investment in NY State, we applaud the proposed expansion of VDER to include anaerobic digesters inclusive of all organic waste feedstocks and locations. Currently only projects “fueled by biogas generated by anaerobic digestion with at least fifty percent by weight of its feedstock being livestock manure materials on an annual basis”¹ qualify for net energy metering. As a result, food waste digesters do not qualify. We strongly support the inclusion of Tier 1 Eligible Resources, which would also include food waste anaerobic digesters.

The inclusion of food waste anaerobic digesters into VDER will have several important benefits for the State. As mentioned previously, food waste digesters provide a renewable source of baseload power, which can not only “green” the grid, but also firm the grid by providing reliable and consistent power. Anaerobic digesters also offer an alternative to landfills and will cut methane emissions released, furthering the state’s methane reduction goals.

1 Public Service Law (PSL) Sections 66-J(e)(v)
Inclusion in VDER would also provide consistent treatment with New York’s Clean Energy Standard, where food waste anaerobic digesters are already a qualified RES Eligible Technology Type\(^2\).

In summary, we believe that by modifying VDER to include food waste digesters, New York will better meet its renewable energy targets and food waste diversion goals, create jobs, and create more economic value for the State. Rural areas in upstate NY will benefit not only from the resulting job creation, but also from the economic multiplier effects of these investments that come from increased spending at associated business, increased local tax revenues, etc.

Thank you for your consideration of our thoughts. We welcome the opportunity to discuss our comments at your earliest convenience.

Sincerely,

Jigar Shah
President and Co-Founder
Generate Capital

---

\(^2\) New York State Clean Energy Standard RES Tier 1 Certification - Section 6 – Table 1 -