December 14, 2017

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

Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources
Matter 17-01276 – In the Matter of the Value of Distributed Energy Resources Working Group
Regarding the Value Stack
Matter 17-01277 – In the Matter of the Value of Distributed Energy Resources Working Group
Regarding Rate Design

RE: NY VDER Phase 2 Process Proposal

Dear Secretary Burgess:

On behalf of the Solar Energy Industries Association, Vote Solar, the Coalition for Community Solar Access, the Alliance for Solar Choice, Pace Energy and Climate Center, the Natural Resources Defense Council, and Acadia Center (the Clean Energy Parties or CEP), I am submitting this letter for submittal in Case 15-E-0751 and Matters 17-01276 and Matters 17-01277.

The CEP submitted a proposal concerning the process for the development of the next version of the Value of Distributed Resources Tariff in New York (Phase 2) on October 11, 2017, and then submitted an updated redlined version of that proposal on November 13, 2017 after extensive feedback from other Parties.

The CEP proposal was extensively discussed at the October and November Working Group meetings. At those meetings, there appeared to be a growing consensus around the key aspects of the proposal, and Department of Public Service Staff (Staff) requested final redlined comments on the updated template proposal in the first week of December and then stated they planned to issue a process plan by December 15, 2017 for finalization by the end of the year.

Since that last Working Group meeting, the Joint Utilities (JU) filed comments that propose to radically alter the process proposal in ways which risk strongly prejudicing the outcome of Phase 2. The JU
counter proposal prevents non-utility participants from providing feedback and prevents the Commission in coming to a fair, well-reasoned, and appropriate decision on the many important questions at stake in this proceeding.

Specifically, the JU proposal, if adopted, would result in the following serious deficiencies in the Phase 2 process:

First, by compressing the timeframes for considering what are in most cases extremely complex topics, the proposal would fail to allow for reasoned consideration, dialogue, and examination of stakeholder assertions, proposals, and data. These compressed timelines would deprive the Commission of the ability to adequately weigh all sides and come to a fair and reasoned decision with respect to each topic. It would also effectively give the advantage to the incumbent utilities, since in most cases they hold much of the relevant data and benefit the least from a thorough discussion and examination of this data and proposals derived from or based on this data. Although the CEP understands there was a need for an accelerated process in Phase 1, now is the time to take an appropriately deliberative approach to the truly complex issues involved and to take the time to unpack the key assumptions and data as the Commission determines how to implement a more long-lasting Phase 2 tariff.

Second, the JU proposal to handle multiple complex topics at once would seriously disadvantage smaller, less-well-resourced stakeholders, including the CEP, by imposing an unreasonable strain on these stakeholders’ limited time and resources. Parallel-tracking the numerous complex topics as proposed by the JU would effectively prevent many stakeholders from fully participating in each discussion, depriving the Commission and Staff of the ability to understand these stakeholders’ perspectives and likely biasing the results in favor of the incumbents who are typically able to devote significantly more time and resources to each topic. Given the State’s express goal of transitioning from the incumbent utility model toward a more open-market REV-like future state, it is important to allow sufficient time for non-incumbents to weigh in on the critical policy decisions that will be made during the Phase 2 process. Compressing the schedule and parallel-tracking so many complex issues will strain Staff resources and make it difficult for Staff to adequately moderate the Phase 2 process and hamper Staff’s ability to synthesize differing viewpoints and resolve fundamental issues in the proceeding.

Third, the JU’s proposal to effectively eliminate a defined “micro-process” that will provide all stakeholders the transparent opportunity and time to scope out the focus of each phase, solicit relevant data and information for the record and ask questions that will assist the Commission in evaluating the suitability of using that data or information for policymaking will further exacerbate the issues raised above. Given the complexity and importance of the issues at stake, the Commission must establish a process that allows for sufficient time for information sharing, discussion, and evaluation before the Commission makes a decision. In most cases, the data and methods used to compensate DERs and prepare new rate structures are developed and held exclusively by the utilities, and the absence of a defined, adequate process to allow stakeholders to examine and ask questions about the methods and sources will deprive the Commission of the ability to fully understand whether the data and information being used to establish rates and DER compensation is adequate, fair and appropriate.
Fourth, the JU’s concept to begin with proposals in one of the two tracks before adequately scoping out the issues to be addressed in each subtopic would risk putting the cart before the horse, starting with proposed solutions that would benefit their proponents before an adequate factual record is established. Again, given the complexity of the issues at hand, we believe it would be unfair to deprive the Commission and stakeholders of the opportunity to fully scope out and understand the key information and data that is available for use in establishing successor mass market and VDER Phase 2 tariffs.

To aid Staff in understanding the differences between the CEP proposal and the JU proposal, we have included a comparison of the two in Appendix A. Key differences are bolded and the issues are more fully described in the third column.

We recommend that Staff reject the JU proposal for the reasons listed above, and move forward with a sequential, transparent process that preserves a level playing-field for all parties in the proceeding.

Sincerely yours,

/s/
David Gahl
Director of State Affairs, Northeast
Solar Energy Industries Association
### Appendix A

<table>
<thead>
<tr>
<th>CEP Proposal</th>
<th>Joint Utilities Proposal</th>
<th>Issue with JU Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two simultaneous tracks – Track 1 Value Stack and Track 2 Rate Design - each with sequential components with strong rationale for their inclusion and order.</td>
<td>Two simultaneous tracks – Track 1 Value Stack and Track 2 Rate Design – the former with multiple simultaneous components and the latter with all components addressed at once.</td>
<td>Does not create the needed focus to rigorously and successfully address these complex topics. Furthermore, handling multiple issues across areas at once places other Parties at a severe disadvantage to incumbent utilities. The proposed CEP framework attempts to strike a balance, by moving issues forward on multiple paths, while at the same time providing sufficient time for each subject to be considered in a sequential rigorous manner.</td>
</tr>
<tr>
<td><strong>17 Month Process</strong> ending in May 2019 with special emphasis on having proposal for the future of mass market customers by December 2018 deadline per the Public Service Commission (PSC) requirement.</td>
<td>Only 12 Month Process and everything wrapped up by December 2018.</td>
<td>Does not provide sufficient time for consideration of the issues. Consolidating the timeframe puts further pressure on an already complex proceeding and risks biasing the result in favor of the incumbent utilities.</td>
</tr>
<tr>
<td>Track 1 – Value Stack Items include Capacity Value, Environmental &amp; Public Health Value, Distribution and Transmission Value, and Resiliency Value treated sequentially and separately starting not with the most complex topic.</td>
<td>Track 1 – Value Stack Items include Capacity Value, Environmental &amp; Public Health Value, Distribution and Transmission Value, and Resiliency Value with several of them treated together (two at a time) starting with the most complex subjects such as Distribution and Transmission Value taken up immediately.</td>
<td>As mentioned above, this proposal to take up multiple topics in a track at once would prevent the needed focus to rigorously and successfully address them. Also puts a burden on external parties with respect to the volume of simultaneous work, as well as tackling the most complicated issue first without any planning time. The CEP proposal was designed to be as efficient as possible by grouping many topics together under the 4 key Value Stack topics listed.</td>
</tr>
<tr>
<td>Track 2 – Rate Design Topics include time variant rates and rate forms, fixed charges, consideration of non-by-passable charges, locational rates, and standby rates taken up sequentially</td>
<td>Track 2 – Rate Design Topics such as time variant rates and rate forms, fixed charges, consideration of non-by-passable charges, locational rates, and standby rates are grouped into one</td>
<td>This would become a proposal-driven track, which would risk depriving the Commission and stakeholders of a full, adequate factual record on which to decide. Although this process may have been necessary for Phase I, the CEP submit there is sufficient time to take a</td>
</tr>
</tbody>
</table>
with a synthesis period on overall implementation at the end (though leaving room for combination of certain elements to be addressed concurrently). Rate Design for DER customers treated first with rate design changes for all customers following the initial design period.

| Includes standard Micro Structure for each component to allow access to key data, rigorous review of data and analysis, and visibility as to the expected steps along the way in terms of deliverables and interactions. The structure includes: 1) Initial discovery 2) presentations 3) additional discovery 4) presentations with assistance of experts 5) ALJ option 6) responses 7) DPS straw 8) meetings to discuss Straw and 9) Staff recommendation. | work-stream, which the JU propose would be taken up as a package with the 3 other workstreams on customer bill impact analysis, proposals, and December report development. There is also no plan for rate design for all customers to follow from the work done for DER customers. | more reasoned, “facts-first” approach in Phase II. The lack of eventual connection to rate design for all customers is also of significant concern. | Rejects Micro Structure as “unwieldy and creates the potential for process delays at almost every step.” (JU p. 7). Instead, proposes 3 vague general stages, including a scoping exercise, development of presentations and proposals, development of final recommendations. | The JU proposal allows utilities to control the flow of information to third parties and Staff, and does not provide the needed structure for adequate consideration of the issues. A standard micro-process that allows for initial scoping to make the discovery process reasonable, provides access to key data, allows for rigorous review of data and analysis, and provides visibility as to the expected steps along the way in terms of deliverables and interactions is essential to Phase 2 being a workable process. |