



## Department of Public Service

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### **Report Recommends New Approaches to Determine the Full Value of Renewable Power & Money-Saving Technologies**

**— Next major step in Reforming the Energy Vision (REV): New report provides roadmap, initial steps to develop more-accurate prices for solar, wind and other ‘Distributed Energy Resources’ (DER) —**

*Report: Extend Net Metering Rules for Existing Rooftop Solar Systems*

**ALBANY** — The New York State Public Service Commission (Commission) today announced New York State can greatly expand solar, wind, battery storage and other consumer-driven technologies by compensating homeowners, energy developers and utilities for the full and accurate value of these resources to the power grid, according to a series of recommendations issued today by the New York State Department of Public Service.

“With a more-accurate, market-based approach to compensate consumers for the value of their distributed clean energy investments, we will continue to take positive steps towards making these clean resources a core part of our energy system, resulting in significant benefit to New York’s grid and consumers alike,” said Department CEO Audrey Zibelman. “Under this cutting-edge framework, consumers, utilities and energy developers will be rewarded for investment decisions based on the full value that clean energy and other Distributed Energy Resources provide to our electric system.”

Distributed Energy Resources (DER) includes smaller, and cleaner power generating facilities often referred to as distributed generation, along with high-efficiency, energy-saving technologies and services that will help achieve the clean energy objectives of Governor Andrew M. Cuomo’s Clean Energy Standard. The goal is to drive enough renewable, energy efficiency and energy conservation technologies (such as smart thermostats, appliances programmed to manage energy demand and lower costs) to meet half of the state’s electricity needs with renewable power by 2030.

Zibelman emphasized the need to take these steps “gradually and deliberately” in order to avoid any disruption in the tremendous growth New York has seen in solar and other clean, renewable energy systems under Reforming the Energy Vision (REV) Governor Cuomo’s strategy to fight climate change and grow New York’s economy. Since 2012, solar power systems in New York State have grown 750 percent increase – from a little over 78 megawatts to 669 megawatts currently throughout the state.

Existing rooftop solar systems should continue to receive compensation under their current net energy metering (NEM) contracts for a period of 20 years from the date of initial operation, the report recommends. Homeowners and commercial owners of these systems will also have the option to drop NEM and take advantage of these new compensation plans.

The recommendations are the result of a year-long collaboration with environmental advocates, utilities, solar and DER providers, and consumer advocates, and represent the initial steps of an ongoing process that will lead to an increasing granular understanding of and compensation for DER value.

Today's report recommends the first phase in the transition to a new, more-accurate methodology for pricing renewable power and other DER. New York can spur the development of larger solar projects, including Community Distributed Generation (CDG), also known as Shared Renewables, for the benefit of communities across the state. Following the adoption of a statewide CDG program in 2015, many communities and CDG developers have invested significant resources in project development while awaiting the outcome of this proceeding.

Other recommendations includes:

- A process to “unbundle” and publicly identify all of the factors that make up -- or should make up -- the full value of rooftop solar and other forms of DER. The report does not specify a deadline for this exploration recognizing that that accuracy of pricing will evolve over time and that for some values utilities must first develop the analytical tools to calculate the value of location, particular devices, time of use and other factors that must be considered in compensating homeowners, developers, businesses and others for the full value of DER;
- Interim measures for Community Distributed Generation (CDG) projects that are in the advanced stage of development. For a limited 90-day period, a specific amount of CDG projects can qualify for compensation under the current NEM framework in order to aid the transition to the new methodology and ensure that early CDG development can deliver on increasing DER access to all New Yorkers. After those 90 business days, future CDG projects would move into a new, more-detailed, methodology for valuing and compensating a system's clean power generation;
- Distributed Generation projects, such as solar for large commercial customers, fuel cells, farm waste generators, and micro combined heat-and-power, would also transition to the new methodology following action by the Commission;
- Utilities would develop fee-based, “Virtual Generation Portfolios” – a pool of new DER projects that will be developed in conjunction with private energy companies. Under this proposal, tariffs would be paid by to DER projects that support the planning, operation, and development of the entire electric operation of a particular utility; and,
- Behind-the-meter generation should be recognized for its environmental value and for contributing to the state's overall Clean Energy Standard (CES) goal.

Following today's release of staff's recommendations, stakeholder collaboration will continue their work as part of the ongoing process of achieving a more-complete understanding of all the value of an ever evolving set of products and services provided by DER to the electric grid and its customers.

“We deeply appreciate the continued engagement in this cooperative inquiry as we move beyond status quo and push towards new valuations for distributed energy that are just and reasonable for all consumers,” Zibelman said. “We are just beginning to understand the full value of DER, not just for the system as it exists today but for the system that will exist tomorrow. Staff’s recommendations for Phase One are a significant and meaningful start to this process.”

Initial comments on the report are due **December 5, 2016**, with reply comments due **December 19, 2016**. Action by the Commission on the Phase One recommendations is expected in January.

Today’s decision may be obtained by going to the Commission Documents section of the Commission’s Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number Case 15-E-0751 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.