STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

March 30, 2015

COMMENTS OF CLEAN ENERGY COLLECTIVE, LLC ON THE STAFF STRAW PROPOSAL FOR A COMMUNITY NET METERING PROGRAM

Clean Energy Collective appreciates the opportunity to comment on Staff's straw proposal for Community Net Metering. In general we find the straw proposal represents an effective and responsible framework for expanding access to clean energy to many more New Yorkers.

About Clean Energy Collective (CEC)

CEC is the nation's leading developer of community shared solar solutions. We have over 90 projects, representing over 100 megawatts of capacity, built or under development in 8 states and have seen firsthand the positive impacts they have in their community. CEC is investing hundreds of millions of dollars in community solar projects in other states, and we are prepared to make a similar level of investment in New York should policy be enacted to unlock the market.

Straw proposal contains foundations of effective program

We strongly support and ask you to preserve the following details in all future versions of the proposal:

- Allowing community net metered facilities up to 2 MW in capacity so that facilities can use economies of scale to offer ratepayers the lowest cost for subscriptions.
- Enabling on-bill crediting to community net metered project members, as it best allows customers to recognize the benefits of their portion of the community project.
- Crediting community net metered project members at the full retail rate of electricity per kilowatt-hour, so that investment in renewable energy is a cost-effective choice for consumers.
- Allowing both residential and non-residential customers to participate, thus ensuring renewable energy access to all New York ratepayers.
- Allowing updates to membership list/subscriptions on a monthly basis, which is important for protecting the customers' ability to sell or transfer subscriptions.

Because of these provisions, we support the straw proposal as currently laid out. We recommend the Commission consider the issues discussed below as you determine program details. In particular, we strongly recommend that you require electronic integration of customer records for community net metering in order to simplify participation for customers and lower program costs across the board.

Responses to questions posed by Staff

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?*

CEC typically operates host facilities on a non-demand tariff. That said, the community net metering framework should be as flexible as possible with respect to business models and customer arrangements.

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 in and of itself is a critical policy for increasing access to clean energy among low and moderate income (LMI) populations. Many LMI customers reside in multi-tenant housing and do not have roof access. Others may have unsuitable roofs or be in a situation in which a long term investment in their property does not make sense due to transiency or financial issues. Community net metering could offer these customers access to clean energy for the first time. In most cases, properly structured community net metering should allow customers to stabilize and lower their energy costs. Without a community net metering program in New York, LMI customers will not have that opportunity to take more control of their energy costs. In approving a community net metering program, the Commission would be taking a giant step forward in connecting LMI customers with cleaner, more affordable energy.

In considering an LMI-specific component of a community net metering program, we worked closely within a coalition of groups convened by Vote Solar, the "Shared Renewables Coalition," to outline a proposal that works for a broad range of stakeholders, and we support the comments of the Shared Renewables Coalition with respect to this issue.

As the Shared Renewables Coalition comments point out, should the Commission set LMI inclusion goals for community net metering, strong financial and organizational support from NYSERDA will be critical in order to establish the connections between LMI communities and the developers and organizations seeking to serve them, and develop business models to serve this sector. We note that credit support via the Clean Energy Fund, for example, could be one of the more cost-effective tools for achieving LMI inclusion goals.

Should the PSC choose to move forward with an LMI component along the lines of that proposed by the Shared Renewables Coalition, we highlight that it will be critical to ensure that it does not delay the launch of a community net metering program, nor result in a stop-start cycle of project development. Such stop-start policy would raise costs across the board for developers, customers, and the state, counteracting the goal of community net metering to expand access to affordable clean energy.

We would be happy to engage in further discussions on a process to accomplish LMI inclusion goals without negatively impacting other community net metering program participants.

With respect to verification of income, we agree that this can be sensitive and recommend that community net metering participants not be required to provide income information, but that income disclosure be optional. If NYSERDA incentives for LMI are established, potential customers could be required to provide income information for verification by NYSERDA in order to be eligible for said incentives.

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

CEC suggests adding language to require a minimum number of two members, and to ensure that there is meaningful participation by residential and small business customers. Without such a requirement, developers will gravitate toward the short-term lowest cost project structure – large projects serving one or a small number of large commercial or institutional offtakers. Those projects could quickly take up existing capacity caps, severely limiting participation by residential and small business customers.

The broad support for community shared solar, as evidenced by the large number of organizations throughout the state supporting the Shared Renewables Coalition, is primarily based on the desire to expand access to affordable clean energy to residential and small business customers. Projects that include these small customers are a true reflection of the "community" element of community shared solar that so many stakeholders appreciate – they are a source of pride for community members and offer customers a visible, tangible connection to a local clean energy source.

Thus, New York should be sure to implement a community net metering program that includes an emphasis on residential and small commercial customers. The ideal way to do so is with a requirement that promotes participation by a diversity of customer types and sizes, while remaining flexible to different business models and not compromising project financeability. CEC suggests that each project be required to have no more than two participants consuming more than 25 kW of capacity, and that subscriptions under 25 kW must make up at least 50% of the project's capacity. Massachusetts has implemented a similar requirement in its definition of "community shared solar" (footnote: Massachusetts Renewable Portfolio Standard Class I Law 225 CMR 14), and it has proven to be both simple and effective.

There is no need to set a maximum number of members.

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?*

As described in our response to #3 above, we recommend language similar to what is found in Massachusetts' Renewable Energy Portfolio Standard Class I Law 225 CMR 14 – requiring each community net metered project to have no more than two members consuming over 25 kW of

capacity, with those two members making up no more than 50% of overall project capacity. This creates an effective limitation on a member's share based on the project size, but otherwise allows large customers to be a significant part, but not all, of a community project.

With respect to a limitation tied an individual member's load, we believe customers should have the right to offset up to 100% of their consumption of electricity, with flexibility to account for expected changes in their consumption.

5) What consumer protections should be considered with respect to community net metering?

Community net metering projects will of course be subject to all existing New York State consumer protection laws and regulations. Specific consumer protections provisions added to the community net metering program should be structured in a way that does not hinder timely and efficient development. The disclosure requirements outlined below are an optimal approach. At Clean Energy Collective, we build our business based on our customers' trust and positive experience.

The community net metering program should require that entities developing the community net metered projects demonstrate how they will comply with securities and consumer protection laws that govern how customers can participate in projects and programs. Host organizers should be required to disclose all payments, expected benefits, and risks to customers in a clear, easy-to-understand format. For example, the Minnesota PUC requires consumer disclosures as summarized here: *http://www.xcelenergy.com/staticfiles/xe/Marketing/Files/MN-SRC-CERTS-Disclosure-Checklist.pdf.*

To provide customers with flexibility and security, the program should allow memberships in a community net metering project to be portable (within the same utility service territory), transferable, and resalable.

6) How can grid locational benefits be incorporated into community net-metering?

We expect that grid locational benefits of distributed energy resources will be comprehensively addressed within the Reforming the Energy Vision proceedings, and as that conversation advances we look forward to discussing how it may affect community net metering in particular. Community net metering projects, like other distributed energy resources, offer significant benefits to the grid, to ratepayers, and to society at large, and those benefits must be fully recognized in any new rate design or incentive frameworks.

With respect to the community net metering straw proposal at hand, we note that the requirement that all project members must be within the same NYISO load zone as the host facility presents a challenge with respect to New York City.

It is critical that community net metering be workable in the state's population center and greatest concentration of energy demand. We anticipate demand from New York City based customers for community net metering to be very high. Yet New York City faces major siting constraints with respect to solar, and where sites are available the cost of project development is

significantly higher than in areas surrounding New York City. This makes it extremely difficult to offer customers an attractive value proposition from NYC-sited projects.

We suggest allowing customers in NYC to participate in community net metering projects located in an adjacent load zone, and identifying an incentive or value stream that can be directed to make projects feasible within NYC. Such value streams do exist; for example, projects within City boundaries can offer greater benefits in terms of congestion relief and grid support services. If there is a desire to encourage development within city boundaries, one option would be to appropriately monetize these benefits so that community net metering project developers and/or project members could realize them, thereby making within-NYC projects more viable.

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

Yes. We recommend the following:

- *Require electronic integration of community net metering customer records:* New York should require that the community net metering program be implemented with electronic integration of customer data. This will allow for a much more efficient, lower-cost program in the long run and align with the efforts the Commission is taking in the REV docket to modernize integration of all resources. A successful community net metering program will have a significant amount of customers with varying capacity allocations. Project developers should be required to provide relevant data to the utilities in usable electronic file formats. Utilities should be required to update their billing system so that on-bill credits to community net metering project members are handled via an electronic billing system. This increases efficiency, reduces errors, promotes accurate and timely crediting to customers, and lowers the cost of the program for all involved. CEC has integrated with multiple types of billing systems and we have seen that with today's technology this can be accomplished cost-effectively in a way that makes the process seamless for customers.

- *Enable O&M fund*. Community net metered host organizations should be allowed, with project member consent, to request that the utility direct a portion of the member's bill credit toward an operations and maintenance fund managed by the host organization or third-party entity. Such funds should be held in an escrow or trust account. This is ultimately a consumer protection measure to ensure the continued viability of the project regardless of the viability of the host organization or project developer. The host organization should be required to inform all potential members of these details prior to enrolling in the project – this should be a part of the consumer disclosure requirements described in our response to question #5.

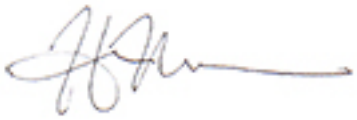
- *Recognize need to move beyond existing net metering caps*. In the very short term, community net metering can move forward as Staff proposes, with projects counting toward the overall cap on net metered capacity within each utility service territory. However, those caps will likely be met within the year, and a new structure will quickly be necessary to enable continued development of distributed energy resources.

- *Clarify one-year credit distribution requirement*. We support the comments of the Shared Renewables Coalition on this issue.

- *Ensure transparent and streamlined interconnection*. We support the comments of the Shared Renewables Coalition on this issue.

- *Clarify interaction with MW-Block program*. We support the comments of the Solar Energy Industries Association on this issue.

Respectfully submitted by,



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