April 7, 2015

Hon. Kathleen H. Burgess
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223-1350

Re: Case 15-E-0082 - Comments on the New York Public Service Commission Staff Straw Proposal ("Staff Proposal") for a Community Net Metering Program

Dear Secretary Burgess:

Thank you for the opportunity to comment on the Staff Proposal. NRG Energy, Inc. and its subsidiaries and affiliates (collectively, "NRG" or "we") are at the forefront of changing how people think about and use energy. NRG is one of New York's largest competitive power generators, with a diverse generating capacity of more than 4,200 megawatts statewide. NRG is also one of the country's largest owners and operators of renewable (wind and solar) power facilities and a provider of retail electricity, solar energy installations and related energy services to nearly 3 million end-use customers nationwide. Whether as a large owner and operator of renewable power facilities or by giving customers the latest tools to better manage their energy use, NRG is a pioneer in developing smarter energy choices. A Fortune 250 company, NRG supports clean energy resources and technologies critical to our nation's transition to a sustainable, low-carbon society.

On December 15, 2014, the New York Public Service Commission ("Commission") issued an Order in Cases 14-E-0151 and 14-E-0422 that directed the Department of Public Service Staff ("Staff") to commence a consultative stakeholder process with the New York State Energy Research and Development Authority ("NYSERDA") and other partners to develop a program that will broaden access to renewable energy through a concept known as "community net metering." On February 10, 2015, Staff initiated this stakeholder process through the release of a Staff Proposal and notice requesting comments from stakeholders on particular provisions and questions pertaining to a community net metering program, known in many states as community shared renewable energy.

NRG commends the Commission and Staff for exploring a community net metering program. A robust program will help New York State expand consumer choice, diversify its energy sources and meet economic and environmental goals. NRG urges the Commission to adopt a community shared renewable program expeditiously, as stakeholders continue their engagement and deliberation in other proceedings, such as Reforming the Energy Vision ("REV"), Clean Energy Fund ("CEF") and others. The looming expiration of federal tax incentives for renewable energy at the end of 2016 lends further urgency to the Commission's work.

NRG is a member of the Shared Renewables Coalition and participated in the preparation of the coalition comments on the Staff Proposal submitted under separate cover. NRG is pleased to provide the following additional comments on a select number of issues addressed in the Staff Proposal that merit emphasis or further explanation.

1. <u>Size of community net metered projects:</u> The 2 MW limit in the Staff Proposal is a reflection of the statutory cap on net metering systems. However, NRG encourages the Commission to support efforts to raise this cap for community shared solar projects. Larger projects will better enable developers to achieve economies of scale in project development and management, and produce lower-cost energy for community shared solar subscribers, enhancing greater access to renewables among underserved communities, as well as yielding greater environmental benefits.

2. <u>Net metering projects and utility caps:</u> NRG strongly supports increasing access to solar for non-homeowners and other groups currently not eligible for rooftop solar, and is strongly supportive of allowing community shared solar projects to enjoy similar net metering benefits to those available for on-site renewable generation. As the Commission and many others have recognized, the current utility net metering caps are insufficient for supporting expected levels of penetration of customer-sited generation over the coming years. The advent of community shared net metering projects will make this even more the case. The Commission has already signaled the need to address this issue as part of the REV and parallel net metering proceedings. NRG anticipates these conversations and looks forward to working with the Commission, NYSERDA and other stakeholders to achieve a longer-term policy environment that can support a robust and sustainable market for shared renewable energy as well as customer-sited generation.

3. <u>Distribution of credits:</u> NRG urges the Commission to give further consideration to the requirement that a host organizer distribute all credits from a community shared facility within one year. If net metering credits exceed the customer's bill, the utility should not cash-reimburse customers but instead should move the credit balance forward. Developers should also ensure that customers are presented with a system that is appropriately sized, thus eliminating concerns about long-standing credits.

4. Residential and non-residential members: Enabling shared solar membership for non-residential as well as residential customers will reap the greatest economic and environmental benefits for New York. The flexibility to offer joint subscriptions with commercial, industrial and residential customers will increase the economies of scale and allow for greater cost savings, while recognizing that the primary objective of the community program is to provide access to residential and other small customers who would otherwise not have access.

5. Location of community shared facilities within service territory and NYISO zone: While NRG agrees with the Commission that members must take delivery service in the same utility service territory, requiring delivery in the same NYISO load zone may not be equitable where the load is greatest (Zone J). Residents of New York City should be able to benefit from and invest in community shared solar just like residents elsewhere, despite the scarcity of suitable development sites in their load zone. Allowing New York City residents to subscribe to shared renewable projects located in Zones H and I – in a manner consistent with the 80 percent in-zone generation requirement for Zone J – would expand the potential to serve these customers.

6. Undistributed credits: NRG supports the provision to carry undistributed credits associated with unsubscribed portions of a community net metered project in the project's host account, and requiring distribution of such credits to member accounts within one year.

7. Demand and non-demand metering sites: In order to maximize potential community shared project development, NRG recommends that both demand-metered and non-demand metered accounts be eligible as host sites. Among others, one particular application in which this provision will be helpful is in the case of multifamily residential buildings with demand meters for the common load and non-demand direct meters for individual units.

8. Member proportion of generation output: NRG suggests that no subscriber should be allocated more than 60% of the facility's output, and that each subscriber should be limited to a share representing no more than 100% of its usage over the previous twelve months. Sizing member shares in this way will allow for small multi-family residences to access shared solar, allow for "anchor" members to facilitate project financing, and will substantially reduce concerns over long-standing credits.

9. Low-income component: Community shared net metering policy will dramatically expand access to renewables among low- and moderate-income ("LMI") participants, regardless of any specific requirements. By their very nature, community shared renewable projects create the flexibility for developers to structure pricing and other terms that meet the needs of LMI customers. Should the Commission pursue the creation of additional programs to attract LMI subscribers, NRG strongly urges that such programs be designed from a

systemwide rather than project-specific perspective, in order to avoid administrative and financing challenges that would make many individual shared renewables projects untenable. Any incremental costs and risks associated with serving this important customer segment must be addressed at a broader social level, rather than placing an extra burden on other community shared renewable participants.

10. Number of project members: NRG does not see a benefit to setting a maximum number of subscribers.

11. Consumer protections: NRG believes that existing New York customer protection law adequately protects customers, and specific provisions relating to community shared renewables are not necessary.

12. Grid locational benefits: NRG agrees with Staff's view that there are grid support benefits associated with distributed energy resources ("DERs"), and anticipates that the broader REV Track Two proceeding is the appropriate forum to fully explore how to incorporate those benefits into the valuation of community shared DER facilities.

13. Simplify the customer experience: One of the most important features of a successful community shared renewables initiative is an intuitive and easy-to-understand structure. The Staff Proposal has a number of elements that are important in this regard, in particular the calculation of credits based on the host facility service classification. With this basic structure, developers are able to internalize and manage most of the transactional complexities, and to present a relatively simple value proposition to the customer. The importance of simplifying the customer experience cannot be overstated. Unnecessary complexity or risk for the customer would significantly impair widespread adoption and leave many customers underserved with respect to their desired renewable energy needs.

Again, thank you for the opportunity to comment on the Staff Proposal and for your consideration of NRG's views and suggestions.

Sincerely,

/s/ Peter D. Fuller
Vice President, Market & Regulatory Affairs
NRG Energy, Inc.
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