

May 30, 2017

**VIA ELECTRONIC DELIVERY**

Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza, 19<sup>th</sup> Floor  
Albany, New York 12223-1350

**RE: Case 15-E-0751 - In the Matter of the Value of Distributed Energy Resources**

Dear Secretary Burgess:

During the May 23, 2017 Organizational Conference on Phase Two of the subject proceeding (“VDER Phase Two”), parties were invited to submit proposals regarding how VDER Phase Two work should proceed based on the need to have multiple groups working on specific topics. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, the “Joint Utilities”) provide the following proposal for consideration as a structured yet pragmatic approach for moving forward on VDER Phase Two.

The Joint Utilities propose a hybrid approach that primarily focuses on broad categories of work while also recognizing the need to focus on the mass market customer segment. Four subject area work groups and one market segment work group would be established to address VDER Phase Two matters:

1. **DER Services:** This group would explore further refinement of the initial value stack methodology and expansion of that methodology to other behind-the-meter resources such as standalone energy storage.
2. **DER Market Efficiency:** This group would generally consider options to improve the efficiency of markets available to distributed energy resources (“DER”) and investigate options to address any barriers to participation.
3. **Grid Access Services:** This group would explore contractual, pricing/tariff, and related matters for grid services provided to parties interconnecting to and injecting electricity into the distribution system.
4. **Public Policy:** This group would address public policy issues related to DER services available to low-income customers and customers residing in environmental justice areas.
5. **Mass Market Successor to Net Energy Metering (“NEM”):** This group would develop potential alternatives to NEM and related rate design for mass market customers.

Each work group would develop and prioritize its specific workstreams. Rules and procedures would be put in place to assure open communication among and within the

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work groups. While additional thought is required regarding the sequencing of work among the five groups, the Joint Utilities recommend that, when possible, the work group meetings be scheduled back to back so that a person can potentially participate in multiple meetings on a given day. The schedules established for the work groups should also consider ongoing utility efforts related to both the April 24, 2017 Marginal Cost of Service (“MCOS”) study work plan filings and the May 1, 2017 VDER Phase One implementation proposal filings in the subject proceeding.

The Joint Utilities appreciate the opportunity to provide input on the organization of the work groups. If you have any questions do not hesitate to contact the undersigned.

Respectfully submitted on behalf of the  
Joint Utilities,

*/s/ Janet M. Audunson*

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