



JOINT UTILITIES OF NEW YORK

VDER Rate Design Working Group
Nov. 2020 Customer Benefit Contribution Filings

March 25, 2021



nationalgrid

Orange & Rockland
Rockland Electric Company

conEdison



Agenda

- Background (brief history of NEM successor)
- Brief description of Customer Benefit Contribution (CBC)
- CBC calculations
- Tariff changes
- Other issues, next steps

Background: NEM Successor, CBC Timeline

March 9, 2017 *VDER Phase 1 Order*

The Commission directed the immediate sunsetting of Net Energy Metering (NEM) and established the Value Stack as the preferred compensation methodology for eligible DG

July 16, 2020 *NEM Successor Order*

Requires customers with new on-site NEM-eligible generation to contribute to public benefit programs through a monthly CBC charge

July 1, 2021 *JU Compliance Filings*

Following a Commission Order on the draft tariffs presenting CBC implementation, the Joint Utilities will make compliance filings with that include CBCs for all combinations of NEM-eligible technologies and rates

2017



2019



2020



December 9, 2019 *Staff WP on Rate Design for Mass Market NEM Successor*

Staff introduced the CBC to reduce the cost shift between customers with and without DG. Staff proposed a CBC between \$0.69/kW and \$1.09/kW depending on utility and customer class.

November 2, 2020 *Utility Compliance Filings*

The JU filed draft tariff leaves and workpapers demonstrating CBC calculations

2021



January 1, 2022 *Revised tariffs go into effect*

Consistent with the *NEM Successor Order*, tariffs with the CBC will go into effect by 1/1/2022.



Customer Benefit Contribution

- The Customer Benefit Contribution (CBC) was first proposed as a mechanism to mitigate cross subsidization. DPS introduced the CBC concept in its December 9, 2019 *Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff* (Case 15-E-0751)
- The Commission approved Staff's proposal (with modifications) in the July 16, 2020 *Order Establishing NEM Successor Tariff* (NEM Successor Order)
- The NEM Successor Order establishes the CBC construct
 - \$/kW DC charge assessed monthly to recover certain public benefit program costs
 - Applicable to on-site projects interconnected on or after January 1, 2022
 - \$/kW DC charge differs by service class, technology type, compensation option chosen and utility service territory
 - The CBC is non-bypassable (i.e., monetary credits cannot be used to offset the CBC component of a customer's bill)
- The CBC will be updated annually to account for changes in public benefit program costs
 - The CBC is not static; there will be no grandfathering at a specific rate
 - The actual/calculated CBC could rise or fall in the future

CBC Calc. (as directed in the NEM Successor Order)

STEP 1: Determination of costs

- Energy Efficiency (EE) – Commission-authorized budgets
- Dynamic Load Management (DLM) – actual program expenditures previous 12 months
- Clean Energy Fund – System Benefits Charge (SBC) rate
- Low Income Programs – actual low-income expenditures previous 12 months

STEP 2: Allocation to classes

- Used percentage of delivery revenue in most recently approved case
- Applied allocation percentage to EE, Low Income, & DLM costs
- Divided total costs by actual sales volume in prior 12 months to create \$/kWh
- Added SBC charge

CBC Calc. (as directed in the NEM Successor Order)

STEP 3: Calculation of per kW DC installed capacity rate

- Used \$/kWh by class in STEP 2
- Multiply by annual kWh production of 1kW system by technology
 - Solar production value based on *NEM Successor Order*
 - Other technologies' production values based on *Order Regarding Value Stack Compensation for High-Capacity Factor Resources* (December 12, 2019)

STEP 4: Conversion of Phase One NEM CBC to Value Stack & Standby CBC

- Value Stack CBC determined based on multiplying each CBC rate for Phase One NEM by the expected percentage of generation self-consumed on-site (either 50%, 70%, or 100%)
- Standby CBC set equal to Value Stack CBC

CBC Values

- The NEM Successor Order adopts the Staff Whitepaper’s suggested range of \$0.69/kW (DC) to \$1.09/kW (DC), depending on utility and customer class
 - Appendix B of the Order, which specifies estimated CBCs for each company, does not specify CBCs for various technologies
- CBCs in JU draft tariff filings, which were calculated in a manner consistent with the Commission’s direction, fall within the following ranges:

CBC for customers with on-site Solar PV (\$/kW DC)

	Central Hudson	Con Edison	National Grid	NYSEG	O&R	RG&E
Whitepaper: Residential	\$0.92	\$1.09	\$0.95	\$0.69	\$0.93	\$0.84
Tariff: Residential	\$1.33	\$1.09	\$1.15	\$0.92	\$1.34	\$1.02
Whitepaper: Small Commercial	\$0.84	\$1.10	\$1.01	\$0.72	\$0.92	\$0.83
Tariff: Small Commercial	\$1.39	\$1.25	\$1.36	\$1.06	\$1.14	\$0.97

Tariff Changes

- Extension of Phase 1 NEM through January 1, 2022:
 - Applies to (1) mass market customers; (2) large onsite projects with a rated capacity ≤ 750 kW with annual output $\leq 110\%$ of annual usage (large on-site); and qualifying small wind projects
- Monetary Crediting
 - Who: Non-demand-metered customers with MM and large on-site projects that interconnect on or after January 1, 2022 and that choose TOU delivery rates
 - What: Excess on-site production converted to the equivalent monetary value at applicable energy delivery and energy supply per kWh rates.
 - If the monetary credit exceeds all components of the bill (excluding the CBC), excess carries forward.
- CBC
 - Assessed monthly on the nameplate rating in kW (DC) of qualifying generating equipment.
 - For hybrid technologies, the CBC will be assessed per the nameplate rating of each technology.
- CBC Cost Recovery
 - The applicable components of the recovered costs will be applied to and reconciled with the respective mechanisms that collect the costs of the public benefit programs included in the CBC charge.

Other Issues, Next Steps

- AC vs DC
- Request by JU to align annual statement with other annual statements (15 days instead of 30 days)
- Next Steps:
 - Commission action on the JU draft tariffs
 - JU will make tariff filings by July 1, 2021 (pending Commission action)
 - In December each year (beginning with 2021) the JU will file CBC Statements with the rates that apply to the following calendar year
 - Tariffs are expected to become effective on January 1, 2022