November 16, 2018

Via Electronic Filing

TO:
Honorable Kathleen H. Burgess, Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
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FROM:
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RE:

- CASE 15-E-0751 - *In the Matter of the Value of Distributed Energy Resources*
- CASE 15-E-0082 - *Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions For Implementing a Community Net Metering Program.*
- MATTER 17-01276 - *In the Matter of the Value of Distributed Energy Resources Working Group Regarding Value Stack*

Dear Secretary Burgess,

Please find the joint comments of the Alliance for Clean Energy New York, Coalition for Community Solar Access, the Natural Resources Defense Council, the New York Solar Energy Industries Association, the Pace Energy and Climate Energy Center, the Solar Energy Industries Association, and Vote Solar (referred to herein as the Clean Energy Parties, "CEP") regarding the *Staff Whitepaper on Future Community Distributed Generation Compensation* released July 26, 2018.

/s/ Brandon Smithwood

Brandon Smithwood
Policy Director
Coalition for Community Solar Access (CCSA)

On July 26, 2018, the Staff released its *Staff Whitepaper on Future Community Distributed Generation Compensation* ("Whitepaper") requesting that all comments be submitted by October 15.[1] The Clean Energy Parties accordingly filed comments on the Whitepaper on October 15, but this deadline was superceded and extended through the formal SAPA notice.[2] On October 22, 2018, the Joint Utilities filed comments in the above-referenced proceeding on the Whitepaper raising several issues that merit a response. The Clean Energy Parties respectfully request that the Commission consider these comments in deciding whether to adopt the Whitepaper's recommendations.

1. There is a demonstrable need for the MTC adjustments proposed in Staff's Whitepaper

The JU state that that Whitepaper "lacks substantiation for its recommendations" and that there is an "absence of demonstrable need" for the increases. In fact, the Whitepaper references NYSERDA and PSC Staff's analysis of the recent slowdown in CDG market across many utility service territories and the need for MTC revisions to ensure continued consumer access to the distributed clean energy that CDG provides. There is a broad consensus within the industry that NYSERDA has a robust on-the-ground understanding of CDG economics including the many categories of project costs, financing risks, and expected revenue streams.

NYSERDA's modeling moves closer toward industry projections (though in many cases industry models suggest that even with proposed MTC increases, CDG project economics will be marginal in many territories). It is our understanding that NYSERDA has conducted previous modeling efforts to inform VDER tariff development, and that the trends predicted by NYSERDA have in fact borne themselves out in the marketplace; an indication that NYSERDA's modeling was robust.

Beyond NYSERDA's analysis, market data clearly demonstrates a need for MTC increases in order to facilitate continued CDG development. In most territories, there was an initial burst of development once the compensation structure for VDER was finally established in 2017, but as the MTC has ratcheted down, development has slowed considerably such that in the last approximately six months there has been only a handful of new projects that have reserved capacity in the VDER tranches, leaving significant open capacity within the existing tranches. The JU's snapshot of current interconnection queue data for long-lead time projects, not to mention speculative projects that have yet to sign interconnection agreements, fails to

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[1] Cases 15-E-0751 *et al., In the Matter of the Value of Distributed Energy Resources* ("VDER Proceeding"), Staff Whitepaper on Future Community Distributed Generation Compensation (filed July 26, 2018)("Whitepaper").

[2] New York State Register, I.D. PSC-34-18-00011-P, p. 21.

capture that market dynamic or account for the likely attrition that will occur absent an MTC extension.

In sum, there is a clear, demonstrable market need for MTC tranche consolidation in order to facilitate CDG development and customer access across the state.

2. The Commission should continue to implement the MTC as a transition tool for the CDG market until the VDER value stack is improved, including implementing MTC increases if justified based on available data.

The JU state that the Commission should "confirm the principle that the MTC and its proxies should only decline in value and ultimately phase out in recognition that the defined components of the value stack should be the only customer-funded support for solar development."[3] The MTC reflects, in part, a critical placeholder for as yet unquantified values that the VDER value stack process is still attempting to quantify and compensate. As noted in CEP's prior comments, this process is far from complete and there is a wealth of evidence on the record in this proceeding that both the distribution and environmental values, not to mention other components of the value stack, should be significantly higher than they presently are.[45] There has been no credible showing that the proposed MTC reforms would result in compensation exceeding the actual values CDG projects confer, and the Commission should not reject Staff's proposed changes to the MTC on that basis. Rather, the Commission should continue the MTC as a necessary bridge to a value stack that fully and fairly compensates CDG projects for all the benefits they provide.

Finally, the CEP take strong issue with the JU's unsupported statement that a social cost of carbon-based environmental value represents a "continuing subsidy" for solar resources "over and above the value of the solar projects' injections to the electric grid."[6] The Commission has already settled this issue in its March 2017 order,[7] and the JU's statement belies a fundamental misunderstanding of VDER's purpose, which is to compensate DERs for all of the benefits such resources provide. It is not a "subsidy." CDG projects, like other DERs, should be fully compensated for avoiding the very real damages associated with climate change, not to mention damages from local pollutants that continue harm thousands of ratepayers – both participating and non-participating – every year.

3. The Commission should set a deadline for allowing submetered customers to participate in CDG projects

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[3] JU Comments at 2.
[4] *See generally* Clean Energy Parties, *Value Stack Working Group Comments* (May 7, 2018); Clean Energy Parties, *Proposal for Distribution and Transmission Value for Distributed Energy Resources (DERs), and DRV/LSRV Modifications* (June 7, 2018).
[5] Cases 15-E-0751 *et al., In the Matter of the Value of Distributed Energy Resources* ("VDER Proceeding"), Staff Whitepaper on Future Community Distributed Generation Compensation (filed July 26, 2018)("Whitepaper");
[6] JU Comments at 8-9.
[7] *See* PSC, *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters*, at 15-16 (Mar. 9, 2017).

On October 24, 2017, the Commission "recognized that tenants in master-metered buildings, whether submetered or not, face barriers to participating in DER programs and markets" and directed Staff to "evaluate strategies to address the barriers to participation faced by tenants in master-metered buildings . . . [and] report its findings and recommendations to the Commission for consideration."[8] In their November 5, 2018 comments, the JU acknowledge this Commission directive, but cite several difficulties such as the fact that "utilities do not have any direct relationship with submetered customers and do not determine the billing rates and charges for those customers."[9] The CEP appreciate these difficulties, but believe that applying the MTC to the master-metered account serving sub-metered tenants is a simple and effective way of compensating sub-metered tenants and ensuring equal access and opportunity for CDG participation. Allowing this customer segment to take advantage of the MTC would not increase bill impacts to non-participants as long as MTC tranche allocations were not increased.

The CEP supports Staff's proposal to "work with NYSERDA and stakeholders to investigate and propose options for allowing submetered customers to receive the MTC or similar compensation." We look forward to participating in that effort, and affirm the principle that all customers should be able to participate in CDG regardless of their metering configuration. Additionally, the CEP believes that it is important to create a mechanism for master-metered tenants to participate in CDG and look forward to participating in Staff's efforts to develop such a mechanism.

We respectfully suggest that the Commission set a deadline for Staff to propose options to the Commission so that a timely decision can be made.

Respectfully submitted,

/s/ Brandon Smithwood
Brandon Smithwood
Policy Director
Coalition for Community Solar Access (CCSA)

On behalf of the Clean Energy Parties: Alliance for Clean Energy New York, Coalition for Community Solar Access, the Natural Resources Defense Council, the New York Solar Energy Industries Association, the Pace Energy and Climate Energy Center, the Solar Energy Industries Association, and Vote Solar.

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[8] PSC, *Order Denying Petition for Rehearing and Making Other Findings*, pgs. 12-13 (Oct. 24, 2017).
[9] JU Reply Comments on Staff CDG Whitepaper, pg. 3 (Nov. 5, 2018).