Honorable Kathleen H. Burgess  
Secretary of the Commission  
New York State Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, NY 12223-1350  
Email: secretary@dps.ny.gov

Re: Case 15-E-0751 and Case 15-E-0082

Dear Secretary Burgess,

Below, please find comments submitted by PowerMarket (formerly ProjectEconomics) in response to Staff Whitepaper on Future Community Distributed Generation Compensation issued on July 26th, 2018.

Respectfully submitted,

Sam Place  
Policy Analyst  
PowerMarket  
sam.place@powermarket.io
PowerMarket strongly supports the three changes to Value Stack compensation as requested by Staff in their whitepaper issued on July 26th, 2018:

1. For NYSEG, RG&E, and National Grid, remaining capacity within each territory should be reallocated and divided between two new Tranches, Tranche 5 and 6, with enhanced MTC values;
2. For Con Edison, all three existing Tranches should have enhanced MTC values, coupled with a reduction in the capacity of Tranche 3; and
3. For O&R and Central Hudson, no further Tranches or MTC should be created, but instead new CDG projects should receive an additional up-front incentive.

Our experience as a solutions provider for community distributed generation (CDG) developers leads us to believe that enhanced MTC values will accelerate project development in both upstate and downstate markets. As an organization based in Con Edison territory, we have seen firsthand the risks associated with developing CDG projects in the greater New York City area. Project developers not only have to deal with existing CDG soft costs, but are also tasked with siting projects in one of the most volatile real estate markets in the country. While many of these risks existed prior to VDER implementation, low Value Stack compensation in Con Edison created additional uncertainty for project developers, ultimately leading to Con Edison having the slowest CDG deployment in the state.

PowerMarket believes that an enhanced MTC value would provide much needed relief to project developers throughout Con Edison. Moreover, there is no proof that enhanced MTC values would act as a subsidy paid to solar developers in lieu of increasing solar generation; we would argue that this would only act as a mechanism to increase solar generation across New York State.

While we support the three aforementioned changes, PowerMarket suggests a few slight modifications for consideration:

1. Grandfathering projects in existing Tranches to “opt-in” for enhanced MTC compensation.

Increased MTC values will in turn increase project development throughout the state. While project developers have found ways to enter Tranches despite less than ideal Value Stack compensation methodology, we do not want developers to be penalized for facilitating the state’s clean energy goals under higher risk market conditions.

PowerMarket proposes that enhanced MTC compensation be offered to existing projects under the condition that there is a minimum required discount offered to subscribers, solely
for these grandfathered projects. We believe that a subscriber discount would ensure compensation is delivered to subscribers of CDG projects, while promoting low-to-moderate income inclusion through a monetary savings-based approach. PowerMarket proposes a minimum subscriber discount of 10% of the Value Stack Credits applied to customer bills in order for grandfathered projects to receive enhanced MTC compensation.


We commend Staff on identifying ways to increase access to mass-market subscribers through enhancing MTC values. However, there are still tremendous barriers to entering the community distributed generation market for New Yorkers in master-metered buildings. While we were disappointed in the result of the Janet Handel petition filed in April 2017, we believe that Staff can identify a transitional credit value calculated in a similar manner to the Demand Reduction Value (DRV) that would be applied to those who would otherwise be receiving the MTC if not for building management decisions on how to deliver electricity to tenants via master-metering.

While this is not addressed in Staff’s recommendations specific to the MTC, we strongly urge Staff to consider enhanced compensation for this underserved customer base.

3. Levelized enhanced MTC values for all Tranches in Con Edison.

We strongly support enhanced MTC values for Con Edison territory, however, we recognize that a sharp drop in MTC values may put Con Edison community distributed generation in the same position it was in prior to Staff’s whitepaper. With that in mind, we recommend restructuring MTC compensation to two Tranches while maintaining the same aggregate incentive value. Tranche 1 would be at 100% compensation, with Tranche 2 reduced to 90%, compensation, as follows:

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Con Edison</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ($0.1430)</td>
<td>128 MW</td>
</tr>
<tr>
<td>2 ($0.1287)</td>
<td>206 MW</td>
</tr>
<tr>
<td>3</td>
<td>N/A</td>
</tr>
</tbody>
</table>

We believe that these recommendations – in addition to ongoing efforts to improve the Value Stack – will bolster community distributed generation opportunities throughout lesser-developed utility service territories in the state, aligning with the missions of both VDER and NY-Sun. We urge the Commission to approve the changes outlined by Staff.

Thank you for your consideration.