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November 13, 2017

VIA ELECTRONIC SERVICE  
Hon. Kathleen H. Burgess  
Secretary of the Commission  
New York State Public Service Commission  
Empire State Plaza  
Agency Building Three – 14<sup>th</sup> Floor  
Albany, New York 12223-1350

Re: Case 15-E-0751 – *In the Matter of the Value of Distributed Energy Resources.*

Case 15-E-0082 – *Proceeding on the Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program.*

Dear Secretary Burgess:

Please find the Reply Comments of the Coalition for Community Solar Access, Pace Energy and Climate Center, the Solar Energy Industries Association, and Vote Solar in response to the Commission's August 29, 2017 *Notice Soliciting Comments on Staff Whitepaper*.

Please contact me at 202-524-8805 or [jeff@communitysolaraccess.org](mailto:jeff@communitysolaraccess.org) with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Cramer", is placed over a light gray rectangular background.

Jeff Cramer  
Executive Director, CCSA  
[jeff@communitysolaraccess.org](mailto:jeff@communitysolaraccess.org)  
202-524-8805

Attachment

**STATE OF NEW YORK**  
**PUBLIC SERVICE COMMISSION**

In the Matter of the Value of Distributed  
Energy Resources

Case 15-E-0751

Proceeding on the Motion of the  
Commission as to the Policies,  
Requirements and Conditions for  
Implementing a Community Net Metering  
Program

Case 15-E-0082

**REPLY COMMENTS OF THE**  
**CLEAN ENERGY PARTIES**

Dated: November 13, 2017

**STATE OF NEW YORK**  
**PUBLIC SERVICE COMMISSION**

In the Matter of the Value of Distributed Energy Resources	Case 15-E-0751
Proceeding on the Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program	Case 15-E-0082

**1. Introduction**

Pursuant to Secretary Burgess’ August 29, 2017 *Notice Soliciting Comments*, the Coalition for Community Solar Access (“CCSA”), Pace Energy and Climate Center, the Solar Energy Industries Association (“SEIA”), Vote Solar (collectively, the “Clean Energy Parties”, or “CEP”) provide our reply comments to the parties’ initial comments on the August 29, 2017 **Staff Whitepaper on Community Distribution Generation Compensation After Tranche 3** (“Tranche 4 Whitepaper”).

Two other parties in addition to the CEP submitted comments: the Joint Utilities (“JU”) and the Solar Progress Partnership (“SPP”).<sup>1</sup> None of the commenting parties support the Staff’s recommendation to hold a competitive auction as the best option for setting Orange & Rockland’s (“O&R”) Tranche 4 Market Transition Credit (“MTC”). Instead, all three parties support an administratively set Tranche 4 MTC. The CEP urge the Commission to view this party alignment favorably and opt for an administratively set Tranche 4 MTC. The CEP’s initial comments outline two options for establishing this post-Tranche 3 compensation expeditiously and in a way that continues to be sensitive to net revenue impact to utilities while ensuring continued community distributed generation (“CDG”) market development during the Phase Two process established by the Department of Public Service and the Commission to continue to refine the Value of Distributed Energy (“VDER”) compensation for CDG.

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<sup>1</sup> The SPP includes Borrego Solar Systems, Inc., Central Hudson Gas & Electric Corporation, Clean Energy Collective, LLC, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, National Grid, Orange and Rockland Utilities, Inc., Rochester Gas And Electric Corporation, and Sunrun, Inc.

The CEP offer the following reply comments focusing on the areas where the commenting parties diverge with respect to how to transition from O&R's currently open Tranche 3 to Tranche 4. The CEP re-emphasize our recommendations from our initial comments: we urge the Commission to avoid any closure of Tranche 3, or subsequent tranches for that matter, prior to full implementation of a subsequent compensation mechanism that will allow for continued CDG deployment.

**2. Tranche 3 must remain open until a subsequent mechanism is established and available to ensure market continuity.**

The JU initial comments recommend that the Commission act quickly to close Tranche 3, but offer no runway or transition between Tranche 3 and Tranche 4. Closing Tranche 3 prematurely without Tranche 4 in place or available would create significant market disruption and uncertainty, potentially leading to stranded projects and wasted investments. This result would erode investor confidence in the New York market, and would therefore be damaging to the state's ambitious clean energy goals.

The Standardized Interconnection Requirements establish specific timelines in which projects in the interconnection queue must make often-significant financial commitments to ensure they remain in the queue. If Tranche 3 is closed without a successor tranche established and in place, many projects could be caught in limbo. On the one hand, developers would be required to make interconnection payments or be removed from the queue, but at the same time they would lack the key information needed to make that very decision – without the knowledge of what MTC value their project would be allocated, developers are unable to commit to the substantial sums required to stay in the interconnection queue. For this reason, if the Commission was to adopt an approach that closes Tranche 3 without specifying the level of the MTC in the successor tranche, project proponents may have no choice but to abandon numerous projects in the queue, leading to waste and inefficiency in the market and potentially causing significant losses for the industry.

### **3. The JU's assumptions justifying the "need for action" are unsubstantiated and speculative and should be rejected.**

The JU argue that the impact from the MTC on the bills of O&R's non-participating residential customers "has grown" and "will exceed" the 2% target established. First, the 2% target established in the March 9<sup>th</sup> Order was just that, a target. The Commission stated, "The 2% upper bound will not result in a hard cap, but instead is used to design capacity-based allocations for mass market and CDG projects."<sup>2</sup> It was meant to balance the program goals and benefits with the potential impacts and was set under an assumption that this level of MTC would be sufficient to allow stakeholders to revise the VDER tariff to more accurately compensate DERs since the Phase One process was unable to accomplish this task. The Commission is not and should not be bound by this initial 2% target.

Second, the JU's statement that the impact "has grown" and "will exceed" the 2% target is not based on real-world data but on a set of assumptions about the projects currently holding tranche reservations. It assumes that there has been no attrition and will be no attrition among this set of projects. However, the next few months will bring several important deadlines that may drive project attrition; information regarding the level of attrition and which projects are affected is not yet available and will not be available for several months. This statement also assumes that every subscriber to every project holding a tranche reservation will be a residential customer, when the actual subscriber composition for individual projects is unknown. The subscribers to CDG projects in O&R's service territory will not be 100% residential. Any capacity allocated to small commercial or large commercial customers would reduce the asserted impacts on the residential class. Therefore, the JU's arguments that the tariff and any continuation of the MTC will exceed the 2% threshold is theoretical, based on a single set of assumptions that could change as projects move through the development process.

### **4. Conclusion**

Clear market and policy rules and certainty are needed to ensure CDG continues in O&R's service territory during Phase One of the VDER Tariff. For the reasons above and in our initial comments, the CEP respectfully urge the Commission to adopt an administratively-determined

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<sup>2</sup> VDER March 9, 2017 Order, p. 17, 34-35, 132.

successor to Tranche 3 that will allow the CDG market to avoid complete shutdown while the Phase Two tariff is being developed.

Respectfully submitted,



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