June 14, 2021

Via Electronic Mail

Hon. Michelle L. Phillips

Secretary

NYS Public Service Commission

Three Empire State Plaza

Albany, New York 12223 Secretary@dps.ny.gov

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

In response to the May 11, 2021 Notice issued in the above-captioned proceeding, Bloom Energy Corporation (“Bloom Energy”) hereby respectfully submits its comments on the Customer Benefit Contribution charge (“CBC”) calculations and proposed draft tariff leaves filed on November 2-3, 2020 by Niagara Mohawk Power Corporation, d/b/a National Grid, Central Hudson Gas & Electric Corporation, Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, and Rochester Gas and Electric Corporation (collectively, “Joint Utilities”).

As more fully described below, Bloom Energy recommends that the Commission reject those aspects of the Joint Utilities’ proposal that would apply CBC charges to demand-metered customers as inconsistent with the Commission’s prior determination that demand metered customers already support the relevant programs via demand charges.[[1]](#footnote-1)

1. Introduction

Bloom Energy is a manufacturer of solid oxide fuel cell technology that generates onsite power using an electro-chemical process that does not produce combustion related air pollutants, including NOx, SO2, and Particulate Matter (“PM”). Bloom Energy Servers are designed in a modular fault-tolerant format that provides mission critical reliability with no downtime for maintenance. Bloom Energy systems have proven resilient through disruptive events including hurricanes, earthquakes, utility outages, physical damage, and fire damage. Bloom Energy has installed over 400MW of its non-combustion solid oxide fuel cell systems for customers in thirteen U.S. states as well as in Japan, South Korea, and India.

1. The Joint Utility Calculations and Draft Tariffs

Bloom Energy appreciates the effort that went into the Joint Utility CBC charge calculations. However, the resulting filings do not comport with the Commission’s underlying Order. First, virtually every party in this matter - *including the Joint Utilities* - agreed that customers that pay demand charges were already supporting the programs that the CBC was intended to support. The Commission agreed, stating “While the Commission believes these arguments have merit, as described above the Commission directs utility filings followed by further evaluation in the VDER Rate Design Working Group to fully analyze the appropriate CBC to apply to such customers.”[[2]](#footnote-2) Nevertheless, in their November filings, the Joint Utilities apparently ignored that directive and proposed the imposition of CBC charges at the same rate for demand metered customers as for non-demand metered customers. The filed draft tariffs are therefore wholly unjustified as applied to demand metered customers and there exists no apparent rational basis to apply CBC charges to such customers. Since the draft calculations and tariffs are inconsistent with the Commission’s Order and no rationale was provided to deviate from that Order, those aspects of the filings that would impose CBC charges on demand metered customers should be rejected.

1. Unrecognized Benefits of Behind the Meter DERs

In addition to the fact that commercial demand metered customers are already paying for the identified public benefit programs, the Commission should appreciate that there are sound policy reasons to avoid further increasing costs for such customers. Distributed energy resource projects that are located behind customer meters in New York provide significant benefits to the electric system and to other ratepayers that go wholly unrecognized under the Value of Distributed Energy Resources (VDER) framework.

A DER that is located behind a customer meter creates equal - and in many cases more - locational, capacity, temporal, and environmental value than the same DER project that is configured to export its output to the distribution system. In fact, these customers contribute no incremental stress on the system and are in many respects similar to customers that decrease load through the adoption of energy efficiency measures, for whom no mechanism has been proposed to recover lost public benefits revenue. It should also be noted for context that fuel cell DERs while technically eligible for net metering, were never compensated at the retail rate, but rather at the avoided cost rate. Consequently, fuel cell DERs did not contribute to the alleged cost shift in revenue recovery that the CBC was designed to partially offset.

Non-combustion fuel cells are a type of DER that operate in a very consistent profile that provides highly predictable load relief, often in the form of microgrids that in turn provide very significant societal benefits. The VDER program provides no recognition of avoided local combustion related pollutants like NOx, SO2, and Particulate Matter even though these forms of local air pollution have been shown to create significant negative impacts on human health, especially in disadvantaged communities.[[3]](#footnote-3)

In addition to the fact that the VDER framework excludes the readily quantifiable benefits of behind the meter DERS, project developers in New York have already experienced the termination of the NYSERDA Customer Sited Tier programs, the cancellation of the relevant LIPA energy efficiency program offerings, regulatory relief for diesel generators, and an unfortunate lack of follow through on the NY Prize program. The imposition of additional charges for costs that were not created by this type of DER and for which so many other benefits are currently unrecognized is contrary to the public policy interest in increasing the deployment of microgrids and reducing local combusted related air pollution.

IV. Conclusion

For the reasons above, Bloom Energy respectfully requests that the Commission reject the draft tariffs filed by the Joint Utilities in this matter to the extent that those proposals seek to impose charges on demand metered customers.

Very truly yours,

/S/

Charles Fox

Vice President

Bloom Energy Corporation

4353 North First Street

San Jose, CA 95134

212-920-7151

charles.fox@bloomenergy.com

1. We also note that the CBC calculations include the Dynamic Load Management (DLM) program, an expense that was not included on the list of programs identified in the Commission’s underlying Order. We recommend that the Commission therefore direct the Joint Utilities to exclude the DLM program from any future CBC calculations. [↑](#footnote-ref-1)
2. New York State Public Service Commission, “Order Establishing Net Metering Successor Tariff” July 16, 2020 at 25 [↑](#footnote-ref-2)
3. Indeed, the benefits of avoided local combustion related pollution – which currently go wholly unacknowledged by the VDER framework – have been found to be significantly more valuable than avoided CO2e emissions. See e.g. Institute for Policy Integrity, New York University School of Law, “How States Can Value Pollution Reductions from Distributed Energy Resources” July 2018, available at: <https://policyintegrity.org/files/publications/E_Value_Brief_-_v2.pdf> [↑](#footnote-ref-3)