Janet M. Audunson, P.E., Esq.
Assistant General Counsel

September 3, 2019

VIA ELECTRONIC DELIVERY

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223-1350

RE: Case 19-M-0463 – In the Matter of the Value of Consolidated Billing for Distributed Energy Resources

JOINT UTILITIES' RESPONSE REGARDING CONSOLIDATED BILLING FOR COMMUNITY DISTRIBUTED GENERATION

Dear Secretary Burgess:

In response to the Public Service Commission's June 18, 2019 notice seeking comments regarding consolidated billing for Community Distributed Generation ("CDG") projects and soliciting responses to nine specific question ("Notice"), enclosed please find the response of Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, the "Joint Utilities") to the Notice.

Respectfully submitted,

/s/ Janet M. Audunson

Janet M. Audunson

Enc.

cc: Marco Padula, DPS Staff, w/enclosure (via electronic mail)
Warren Myers, DPS Staff, w/enclosure (via electronic mail)
Theodore Kelly, DPS Staff, w/enclosure (via electronic mail)

300 Erie Blvd. West, A-4, Syracuse, New York 13202
T: 315/428-3411 ■ F: 315/401-7891 ■ Janet.Audunson@nationalgrid.com ■ www.nationalgrid.com

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Value of Consolidated Billing for Distributed Energy Resources	))	Case 19-M-0463

JOINT UTILITIES' RESPONSE REGARDING CONSOLIDATED BILLING FOR COMMUNITY DISTRIBUTED GENERATION

On June 18, 2019, the Public Service Commission (the "Commission") issued a notice seeking comments regarding consolidated billing for Community Distributed Generation ("CDG") projects and soliciting responses to nine specific questions.[1] Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, the "Joint Utilities") provide this response to the Notice.

Summary

The Joint Utilities have been working and will continue to work with Department of Public Service Staff ("Staff") and stakeholders to explore efficient approaches to billing, potentially including consolidated billing, which support CDG development and that appropriately allocate risks and costs among the utilities, CDG Hosts, CDG Subscribers, and non-participating customers. Implementing new billing models is complex, and many policy and legal questions must be addressed before pursuing any new billing model on a wide-scale basis.

[1] Case 19-M-0463, *In the Matter of the Value of Consolidated Billing for Distributed Energy Resources*, Notice Seeking Comments Regarding Consolidated Billing for Community Distributed Generation (issued June 18, 2019) ("Notice").

Moreover, the scope of those questions varies depending on the billing model adopted. Indeed, some of the models referenced in the Notice, namely the Net Crediting Model referenced in Question Two and discussed more fully below, provide simpler alternatives that would achieve many of the desired objectives while more appropriately balancing other considerations. As such, the Joint Utilities urge the Commission to consider all alternatives and not to simply focus on consolidated billing as the only potential solution.

Prior to this proceeding, the Joint Utilities provided detailed feedback on many of the complexities and open questions that new billing models raise.[2] In this proceeding, the Commission has sought to more closely examine several of the outstanding questions and the Joint Utilities have provided expanded responses to each below. However, more questions are likely to arise depending on the billing model that is adopted. Any billing offering should adequately protect customers, comply with applicable rules and regulations, avoid the undue shifting of costs and risks to utilities or utility customers, improve ease of use for all affected parties, and achieve cost savings for all customers. Additionally, new billing models should be clearly distinguished from on-bill financing, which would allow utility customer lease or loan payments owed to third parties to be recovered via the utility bill.[3]

---

2 *See* Cases 15-E-0751, *In the Matter of the Value of Distributed Resources* ("VDER Proceeding"), and 15-E-0082, *Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program*, Joint Utilities' Response to New York State Public Service Commission Order Requiring Utilities to File an Automation and Billing Report and an Evaluation of the Practicality, Cost, and Timeline for Implementing Consolidated Billing within Twelve Months (filed November 13, 2017) ("Joint Utilities November 13, 2017 Comments"), Appendix A, which provides a more detailed description of major process steps and considerations that would be required to support consolidated billing and payment for CDG Hosts.

3 On-bill financing raises even further complexities that the Joint Utilities have not addressed in these comments and should not be considered at this time. Though the focus of the Notice is not on-bill financing, some forms of consolidated billing, without proper limitations, would allow financed charges for products and services to be put on the utility bill.

A Net Crediting Model, whereby a fixed percentage (not to exceed 100%) of the CDG Subscriber's Value Stack credit would be provided directly from the utility to the CDG Host, less any applicable utility billing fee, with the remainder of the credit appearing on the customer bill, would be a simpler and preferred alternative to consolidated billing for all stakeholders – CDG Subscribers, CDG Hosts, and utilities. This approach avoids many of the policy and implementation complexities and concerns associated with putting CDG subscription fees onto the customer bill under a consolidated billing approach and would result in the amount applied to the bill always being a credit and the bill being lower than it would be absent the CDG participation. Under the Net Crediting Model, collection and partial bill concerns associated with consolidated billing no longer apply. It represents an alternative to the existing Value of Distributed Energy Resources ("VDER") structure for CDG projects and simplifies the CDG Host-Subscriber relationship as there would be no need for CDG Hosts to generate customer bills and collect payments, or for participating customers to reconcile and pay an additional bill each month. That said, there remain policy and implementation issues, some of which are yet to be identified, with the Net Crediting Model, including potential inconsistencies with the contract-based subscription model now in place for certain CDG projects, and customer protection concerns because customers may not be able to withhold a payment in the case of a billing dispute.

Regardless of the billing approach adopted, utilities will need to implement significant changes to their billing systems and processes in order to provide these new services. It is essential that the Commission consider whether such changes are warranted given the cost and time to implement and determine the proper mechanism for funding the transition to different billing mechanisms. The public policy goals supporting the continued development and transition to competitive markets must be balanced with enough cost recovery for utilities to implement systems to support such changes. As a result, a reasonable approach would provide for full recovery of all upfront and ongoing costs associated with implementing a new billing approach while also requiring the CDG Host to pay for utility billing services. While the details of such a new billing model would have to be developed, the approach would generally require a combination of payments by all utility customers offset by payments from the CDG Host for billing services. The Joint Utilities recommend that this fundamental issue be resolved prior to the implementation of any particular billing alternative.

Below, the Joint Utilities provide their responses to the specific questions presented in the Notice.

Question 1: Should consolidated billing use the "purchase of receivables" model? Should the purchase of receivables be with or without recourse?

The primary question when considering the "purchase of receivables" ("POR") consolidated billing model is whether utilities have the right to terminate service for non-payment of the entire bill, including the CDG subscription fee. The Commission's September 14, 2017 *Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters* ("VDER Phase One Implementation Order") states that consolidated billing for CDG "shall not result in utility shut-offs based on a customer's failure to pay the CDG portion of the bill nor shall it include use of utility collection mechanisms where the CDG portion of the bill is unpaid."[4] This requirement creates a very difficult situation because absent the right to terminate service for non-payment, utilities would

[4] VDER Proceeding *et al.*, Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters (issued September 14, 2017) ("VDER Phase One Implementation Order"), p. 51.

be required to establish complex rules for collecting unpaid or partially paid CDG subscription fees, as detailed in the Joint Utilities November 13, 2017 Comments.[5] Utilities would also need to make significant changes to their entire billing construct, which, with respect to continuity of service, today treats all charges on a consolidated bill under the POR without recourse model as utility charges subject to termination if unpaid.

If the Commission were to revise its policy on termination of utility service for non-payment of CDG subscription charges, implementation would be less complex for utilities. However, such a change should be considered carefully in the context of consumer protections and necessary changes to statutes or regulations, given that non-payment of even a portion of a CDG subscription could result in a residential customer having its electric service terminated. Moreover, rules would need to be developed that are mindful of legitimate disputes with the CDG Host so that the CDG Subscriber is able to resolve issues with the CDG Host without experiencing a utility service termination.

To the extent the Commission were to address these concerns and opt to pursue a POR model for consolidated billing of CDG, the Commission would need to determine whether the program offered is POR with or without recourse. Using the experience with energy services companies ("ESCO") as a guide, POR programs can be constructed so that utilities purchase the entire CDG subscription charge at a discount from the CDG Host and assume responsibility for collection from the CDG Subscriber. Conversely, POR can be established in a way where any unpaid CDG subscription charges are removed from the utility POR bill and sent back to the CDG Host for its own collection. Each POR method has its own complexities, advantages and

5 Joint Utilities November 13, 2017 Comments, pp. 5-7.

disadvantages, and would require development of business rules and agreements with CDG Hosts. By way of illustration, the Uniform Business Practices for ESCOs defines the two approaches as follows:

> Purchased accounts receivable – A debt owed to an ESCO by a customer for receipt of supplies of gas or electricity and transferred to a distribution utility in exchange for consideration.
>
> With recourse – Purchase of accounts receivable with recourse by a distribution utility means that the ESCO remains liable if its customers fail to make payments. A distribution utility that purchases accounts receivable with recourse sends payments to an ESCO at predetermined intervals for amounts billed that are not in dispute and may offset subsequent purchase payments against or obtain reimbursement from an ESCO of any unpaid amounts.
>
> Without recourse – Purchase of accounts receivable without recourse by a distribution utility means that the ESCO is not liable if its customers fail to make payments. A distribution utility that purchases accounts receivable without recourse sends payments to an ESCO at predetermined intervals for amounts billed that are not in dispute and has no right to seek reimbursement from an ESCO of any unpaid amounts. [6]

At this time, the Joint Utilities believe that a POR program, if the Commission determines that this approach is best, should be implemented without recourse with an appropriate discount rate to recover costs and risks. This approach would add more certainty for CDG Hosts and utilities while reducing the administrative burden and allocating the risks of non-payment to the appropriate party.

Implementing consolidated billing with or without POR would require utilities to establish a Billing Services Agreement ("BSA") that will detail the terms of the relationship between the utility, the CDG Host, and CDG Subscribers. BSA provisions must be aligned with rules or processes defined in the Uniform Business Practices for Distributed Energy Resource

[6] Case 98-M-1343, *In the Matter of Retail Access Business Rules*, Order Adopting Revised Uniform Business Practices (issued January 19, 2018), App. A, p. 4.

Suppliers ("UBP-DERS"). The UBP-DERS originally approved in the Commission's October 19, 2017 *Order Establishing Oversight Framework and Uniform Business Practices for Distributed Energy Resource Suppliers* ("DER Oversight Order")[7] would require amendments to accommodate various CDG BSA terms and conditions. For example, settlement provisions that apply to customer payments under the BSA may need to comply with payment allocation and prioritization rules that have not yet been defined. Additional BSA provisions that must be resolved include potential fees utilities would charge the CDG Hosts and the administration of those fees.

The Joint Utilities previously addressed issues associated with POR programs with and without recourse in their Reply Brief filed in Cases 15-M-0127 *et al*.[8] Specifically, the Joint Utilities urged that need for comprehensive consideration of implementing various POR mechanisms, stating that:

> The development of business rules, agreements, and systems for the current POR without recourse program was a lengthy and costly process... Thousands of hours were devoted to developing Joint Utility systems and millions of dollars in utility investments were undertaken to implement POR without recourse. Staff's recommendation would require significant time and resources to implement by the Joint Utilities..., with similar costs and resource demand. To design a new POR with recourse program would require technical conferences, revisions to retail access documents, changes to electronic data interchange protocols and changes to the Uniform Business Practices ("UBPs"). Staff acknowledged the need for further discussion in Exhibit 1500, where Staff acknowledged that technical conferences would need to be held prior to the Commission instituting any changes to the current

[7] Case 15-M-0180, *In the Matter of Regulation and Oversight of Distributed Energy Resource Providers and Products*, Order Establishing Oversight Framework and Uniform Business Practices for Distributed Energy Resource Suppliers (issued October 19, 2017) ("DER Oversight Order"), App. A. The UBP-DERS adopted in this order was subsequently amended in the Order Expanding Uniform Business Practices for Distributed Energy Resource Suppliers (issued March 14, 2019).

[8] Cases 15-M-0127 *et al.*, *In the Matter of Eligibility for Energy Service*s *Companie*s, Reply Brief on Behalf of Consolidated Edison Company of New York, Inc., Central Hudson Gas & Electric Corporation, National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., The Brooklyn Union Gas Company d/b/a National Grid and Niagara Mohawk Corporation d/b/a National Grid, New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation (filed April 30, 2018), pp. 3-4.

> POR program. Any such modifications should be considered in Phase 2 of these proceedings, as opposed to as part of this evidentiary proceeding. Before these activities are commenced, the Joint Utilities urge the Commission to evaluate carefully whether the benefits of having a POR with recourse program outweigh the costs and whether customers would actually receive benefits, including lower prices for services from both the utility and ESCOs.[9]

The Joint Utilities recognize that the consideration of new billing models in this proceeding raises additional issues beyond those associated with the matters under consideration in Cases 15-M-0127 *et al.* Many of the issues posed in those cases require similar consideration in this proceeding. The need for detailed consideration of policy implications, cost identification and recovery mechanism, and transition schedules must be given the same serious consideration here as was afforded in the prior cases.

The volume of system changes and time required to implement a POR program also should not be understated. The Joint Utilities also raised similar points in comments filed in the VDER Proceeding.[10]

Question 2: Should consolidated billing require that the subscription charge for each member be set at a percentage of value of the credit received by the CDG member (e.g., a subscription charge equal to 90% of value of the credits, varying each billing period based on the credit value) or should other billing models also be enabled?

The Joint Utilities support a billing model that splits the Value Stack credit between the CDG Host and CDG Subscriber, with a portion of the CDG Host's credit retained by the utility, as a simpler alternative to consolidated billing. The CDG Host would designate a portion of the Value Stack credit to be allocated to the CDG Subscriber as a net credit, with the remaining portion of the Value Stack credit, less the utility billing fee, to be retained by the CDG Host as a payment from the utility. This payment to the CDG Host would take the place of the

---

[9] *Id.*
[10] Joint Utilities November 13, 2017 Comments, pp. 2-3.

subscription fee that is traditionally billed to the CDG Subscriber. If the Commission adopts such a Net Crediting Model, the Commission should require that the credit to the CDG Subscriber always be zero or greater. In other words, the Net Crediting Model must be implemented in a way that the sum of the monthly Value Stack credit amounts retained by the CDG Host, CDG Subscriber, and utility can never exceed 100 percent of the Value Stack credit for that month.

The Net Crediting Model avoids many of the policy and implementation complexities and concerns raised by putting subscription fees onto the customer bill, as described in the response to Question 1 and in the Joint Utilities November 13, 2017 comments. It also simplifies the CDG Host-CDG Subscriber relationship by eliminating the requirement for CDG Hosts to generate customer bills and collect payment, and by CDG Subscribers avoiding the need to reconcile bills and pay an additional bill each month.

It is important to note, however, that the Net Crediting Model would require a change to the VDER structure in order to allow utilities to make direct payments to CDG Hosts[11] and therefore represents an alternative to the existing VDER model. Also, the approach could significantly reduce costs to CDG Hosts, which would warrant a review of the Community Credit[12] levels applicable to the projects taking advantage of this billing model[13] to ensure a competitive CDG marketplace and that all customers are not paying more than necessary to certain CDG Hosts.

---

11 Currently, cash outs of any kind are prohibited by the VDER construct. *See* VDER Proceeding, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) (“VDER Transition Order”), p. 77.

12 VDER Proceeding, *Order Regarding Value Stack Compensation*, (issued April 18, 2019), pp. 24-27.

13 To the extent the Commission decides to offer this model to existing CDG projects, the Market Transition Credit (“MTC”) would also need to be evaluated and revised accordingly.

Some utilities may already be testing constructs similar to a Net Crediting Model, that model could be explored as a demonstration project to determine whether it can reduce the cost of developing CDG projects and to identify any valuable lessons learned that can be incorporated into a broader rollout if it is adopted on a statewide basis as an alternative to the existing VDER CDG rules. These lessons learned could be combined with those emanating from existing CDG demonstrations/pilots that are already underway with similar objectives. Demonstrating the concept will allow for the development of an optimal program, poised to accelerate CDG projects in the most cost-effective way.

Regardless of the approach the Commission determines to take with respect to the Net Crediting Model, the Commission should establish a simple and standardized structure for any new CDG billing model to assure cost-effective implementation. The Commission should begin by offering only one billing option to CDG Hosts and avoid creating additional confusion and additional costs at the outset by creating multiple and potentially competing billing models offered to a variety of DER providers. Additionally, the Commission should establish rules that simplify billing processes and keep implementation costs reasonable. For example, the Commission should limit the Net Crediting Model to only VDER projects that generate monetary credits and exclude legacy volumetric (kWh) credit CDG projects. The decision to switch to a Net Crediting Model for operational CDG VDER projects could be considered after a Commission decision adopting a Net Crediting Model. At this time, the rules and structure of the Commission's CDG and VDER programs, including cost recovery mechanisms, should otherwise be maintained as is. The Net Crediting Model should limit net credits applied to a customer's monthly bill to those derived from the maximum gross credit they would otherwise have received. Because a net credit is based on the credit amount applied to a customer's bill, payments to CDG Hosts should be linked to this net amount that actually offsets charges on a CDG Subscriber's utility bill. Also, as is currently the case, a CDG Subscriber should not be allowed to sign up for a subscription that reflects more kWh than its historical average annual consumption.

Question 3: Should a limit be set on the amount of charges, such as a requirement that the subscription charge be less than the bill credit value?

All CDG subscription charges should be capped at the bill credit value.[14] This will protect customers and reduce the likelihood of CDG Hosts using subscription fees to effectively pay for and/or finance other unrelated equipment or services. Under the Net Crediting Model, this is a built-in feature as it only allows for the provision of net credits to CDG Subscribers and CDG Hosts. Moreover, the Net Crediting Model avoids the issues the Joint Utilities previously identified associated with charges on utility bills.

Question 4: Should consolidated billing be limited to specific service classes or available to all customers?

At this time, the Joint Utilities are not aware of any reason why the availability of a new CDG billing model should differ among service classes, as long as appropriate rules are developed that: 1) do not allow the new CDG billing model to be used as a method of on-bill financing; and 2) cap the charges applied at the bill credit value. These rules are critical for all customers, and especially so as the size of the customer increases. The Commission's existing rules could otherwise allow a large commercial or industrial customer to finance 40 percent of a five MW solar project via its utility bill. These kinds of transactions would flow large sums

[14] Should the Commission choose to allow charges to be applied to the bill in excess of the credits received, the Commission must, at a minimum, address the myriad of questions and issues raised in the Joint Utilities November 13, 2017 Comments. `

through the utility balance sheet, may result in increased credit risk for the utility, and may subject utilities to additional regulatory requirements.

<u>Question 5: Should any special provisions apply to consolidated billing of low-income customers?</u>

In its July 12, 2018 *Order Adopting Low-Income Community Distributed Generation Initiatives*,[15] the Commission adopted Staff's proposal to create a bill discount pledge program ("BDP Program"). The BDP Program would allow low-income customers to use a share or all of monthly low-income program bill discounts toward the purchase of CDG subscriptions. As required, the Joint Utilities filed a proposed implementation plan on December 10, 2018, which has not yet been acted on by the Commission. Like the new billing models discussed in these comments, the Joint Utilities noted in their implementation plan that the BDP Program is an administratively complex program, requiring an evaluation of processes and assessment of internal systems before implementation. The Joint Utilities recommend that the Commission prioritize the new billing models discussed herein in lieu of implementing the BDP Program. At the very least, the BDP Program should be delayed pending full evaluation of the billing models discussed here. If implemented with appropriate customer protections for low income customers, the new billing models discussed here could achieve the same objectives that Staff and the Commission were trying to achieve with the BDP Program.

Any new billing model must be designed to protect low-income customers. The Joint Utilities support additional customer protections so that CDG projects using alternative billing arrangements do not create opportunities for predatory sales and marketing practices or exploitation of low-income communities. One mechanism to ensure the protection of low-

---

[15] VDER Proceeding, Order Adopting Low-Income Community Distributed Generation Initiatives (issued July 12, 2018).

income customers is to require that subscription fees be capped at the bill credit value, as discussed above (in response to Question 3). Additionally, the Commission should consider whether additional protections are required in the UBP-DERS to appropriately protect low-income customers, including as it relates to early termination fees or other hidden or unreasonable fees or rate escalators. In particular, the Commission should consider the applicability of the UBP-DERS to all parties working with CDG Hosts such as community organizations and third-party vendors and whether current customer disclosure requirements provide enough clarity and transparency to low-income customers on the benefits and costs of participating in a CDG program, including to non-native English speakers.

Question 6: Should utilities recover the costs associated with consolidated billing through retaining a percentage of the billed amount or through another method such as a per customer fee? At what level or how should the amount of the percentage or other fee be set?

Utilities must be allowed to recover upfront costs and future costs of establishing and/or modifying systems to provide billing services. In providing a value-added service, utilities should be permitted to recover appropriate costs including compensation for any increase in risks to utilities from new billing models. The fee for such services should be deducted from the Value Stack compensation. This topic is also addressed near the end of the Summary section of these comments.

Additionally, under a POR consolidated billing model, a methodology to calculate each utility's POR discount level would need to be considered and incorporated into the UBP-DERS.

Question 7: How should the information necessary for consolidated billing be communicated between the CDG Sponsor and the utility?

The Joint Utilities are already providing information to CDG Hosts, and discussions are ongoing through the Community Solar Access Working Group on that topic. In the DER

Oversight Order, the Commission indicated that CDG sponsors (*i.e*., CDG Hosts), among other types of DERs, should use the Electronic Data Interchange ("EDI") system to receive customer-specific data from utilities while other suitable methods of data sharing continue to evolve.[16] The Joint Utilities continue to believe that EDI is the most expedient solution for data exchange with CDG Hosts that are interested in utility new billing models.

However, if EDI is used to transmit information between the CDG Host and the utility, two important foundational steps must be completed. First, CDG Hosts should either develop in-house capabilities to perform EDI transactions or hire a vendor that can perform such services on their behalf. Second, the Joint Utilities and other stakeholders that have participated in the New York EDI Collaborative must develop new data protocols or modify existing protocols and associated technical guidelines to enable consolidated billing specifically for CDG projects. These new or revised protocols should be based on the parameters for new billing models determined by the Commission and conform with appropriate cybersecurity protocols.

As the Joint Utilities have stated in the past, "[t]his process will permit all parties to agree to and provide the proper transactions and technical capabilities to transfer data accurately, securely, and in a timely fashion."[17] Creating or revising EDI rules and structures to facilitate the transfer of data in a secure manner is a complicated process that should not be rushed and should factor in lessons learned from similar projects already underway.

---

16 DER Oversight Order, p. 28.
17 Joint Utilities November 13, 2017 Comments, p. 9.

<u>Question 8: Are additional consumer protection rules necessary for the institution of consolidated billing, beyond those currently in the Uniform Business Practices for Distributed Energy Resource Suppliers (UBP-DERS)?</u>

As discussed above, the features of a new CDG billing model that are selected for implementation will determine whether supplemental customer protections are required in a revision to the UBP-DERS. It is certainly possible that they will be required once the Commission chooses a model and defines the set of rules that will control business operations.

<u>Question 9: Beyond CDG, what other DER products and services should consolidated billing be considered for?</u>

Consideration of new billing models should be limited to CDG projects for several reasons. First, implementing new billing models for CDG would be complex from both a policy and procedure standpoint, and accordingly performing demonstration projects and gaining experience is recommended before expanding the concept beyond CDG. Second, it is not at all clear that new billing models are necessary or even desirable for other DER products. Moreover, there are other DER policy initiatives underway that could overlap or conflict with a broader new billing model effort. Finally, the new billing models should not be used as broader on-bill platforms to pay for or finance unrelated services and DER technologies which do not generate explicit credits through the VDER framework.

<u>Conclusion</u>

The Joint Utilities appreciate the opportunity to respond to the Commission's questions regarding consolidated billing for CDG projects. The Joint Utilities urge the Commission to carefully evaluate any new billing model, including costs and the likelihood of advancing CDG projects, before requiring the Joint Utilities to move forward with implementation. The Joint Utilities favor a Net Crediting Model for the reasons articulated in this response, including that a Net Crediting Model:

- Is a simpler alternative that would achieve many of the desired objectives while appropriately balancing other considerations;
- Avoids many of the policy and implementation complexities associated with putting CDG subscription fees onto the customer bill; and
- Simplifies the CDG Host-CDG Subscriber relationship by eliminating the CDG Host's requirement to generate customer bills and collect subscriber payments, and the CDG Subscriber's need to reconcile bills and pay and additional bill each month.

Dated: September 3, 2019

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. and ORANGE AND ROCKLAND UTILITIES, INC.

By: */s/ Kerri Kirschbaum*

Kerri Kirschbaum
Associate Counsel
Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Tel.: 212-460-1077
Email: kirschbaumk@coned.com

CENTRAL HUDSON GAS AND ELECTRIC CORPORATION

By: */s/ Paul A. Colbert*

Paul A. Colbert
Associate General Counsel –
Regulatory Affairs
Central Hudson Gas and Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601
Tel: (845) 486-5831
Email: pcolbert@cenhud.com

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID

By: */s/ Janet M. Audunson*

Janet M. Audunson
Assistant General Counsel
National Grid
300 Erie Boulevard West
Syracuse, New York 13202
Tel: (315) 428-3411
Email: janet.audunson@nationalgrid.com

NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION

By: */s/ Amy Davis*

Amy Davis
Senior Regulatory Counsel
89 East Avenue
Rochester, New York 14649
Tel: (585) 771-4234
Cell: (585) 866-9675
Email: amy.davis@avangrid.com