COMMENTS OF THE NEW YORK POWER AUTHORITY

The New York Power Authority (“NYPA”) submits these comments in response to the New York Public Service Commission’s (“Commission”) notice soliciting comments on the Staff’s Proposal on Value Stack Eligibility Expansion, Interzonal Crediting, and Community Distributed Generation (“CDG”) Subscription Sizes, issued on May 22, 2018, in Cases 15-E-0751, 15-E-0082, and Matter 17-01276. Specifically, NYPA supports expansion of the Value Stack (“VS”) eligibility to the proposed technologies and interzonal crediting, and requests the Commission to adopt a technology and project-type neutral VS eligibility mechanism. NYPA further requests a streamlined, uncomplicated and equitable implementation of VS compensation and related rate design.

The Principle of ‘Electricity Injection Focus’ Excludes Behind-the-Meter Generation From Consideration For VS Eligibility.

NYPA recommends the Commission reject the principle of ‘Electricity Injection Focus’ to avoid foreclosing an opportunity for the Commission to consider BTM generation for VS eligibility in the near future. The principles for establishing a VS eligibility mechanism should be enabling, and not prohibitive, to technologies and usage scenarios that have potential to advance the Reforming the Energy Vision (“REV”) and State Energy Efficiency goals. Limitations on technologies or usage scenarios should only be established to avoid undesirable outcomes. The Staff’s proposed principle of ‘Electric Injection Focus’ requires each element of the VS to have a direct relationship to the production and injection of electricity to the grid. While this principle may be appropriate to exclude load reduction projects that cannot be metered or accurately measured from the VS eligibility, it unnecessarily excludes behind-the-
meter (“BTM”) generation. BTM generation consumed onsite could be separately metered and should approximate the distribution system benefits of a separately metered on-site application that injects directly to the distribution system. This may simplify system designs so that Distributed Energy Resources (“DER”) could interconnect BTM rather than running lead lines to the distribution system in order to receive VS compensation.

New York’s State Energy Plan established a clean energy goal of a forty percent reduction in greenhouse gas (“GHG”) emissions from 1990 levels by 2030. NYPA energy service customers are interested in consuming cleaner energy generation from onsite DER projects in order to reduce their total energy consumption and GHG emissions. Many of these customers are rapidly adopting these technologies because they are required to comply with the Executive Order directive of implementing a portfolio of measures including capital energy efficiency retrofits and onsite renewable projects. In order to further the State Energy Plan goals and REV objectives, NYPA recommends the Commission to reject the principle of ‘Electric Injection Focus’ and allow an opportunity for the Commission to consider BTM generation for VS eligibility in the near future.

**Implementation of The VS Compensation and Rate Design Mechanisms Should be Streamlined, Uncomplicated, and Provide Equitable Opportunity for Similar Resources.**

Eligibility for Net Energy Metering (“NEM”) was limited to certain technologies, and certain project sizes by technology, depending upon customer type (e.g., residential vs commercial). NYPA supports Staff’s proposal to expand the VS eligibility to: (i) Clean Energy Standard (“CES”) Tier 1 Eligible Resources that were not previously NEM eligible, (ii) standalone storage, and (iii) regenerative braking. NYPA also supports the removal of the size and technology limits on individual classes of customers. Expanding VS eligibility to technologies beyond the NEM eligible technologies, and removing the size and technology limits on individual customer classes, will allow wider deployment of DER and encourage innovative renewable projects.

The implementation of the VS compensation, however, should be consistent, streamlined and uncomplicated. Specifically,
ICAP Alternative 3 –

The Staff Whitepaper proposes the non-NEM eligible resources to receive Alternative 3 ICAP credits, and not be eligible for Alternative 1 and Alternative 2 applicable to the intermittent NEM eligible technologies. The Staff notes that Alternatives 1 and 2 were transitional constructs to allow NEM resources to gradually adapt to the VDER approach. The Staff believes that Alternative 3 will provide an improved value signal for entry by new market participants. For the standalone storage and regenerative technologies, Alternative 3 ICAP compensation is consistent with the Commission’s adoption of capacity tag approach for the dispatchable resources.\(^1\) However, adoption of Alternative 3 ICAP credits for the non-dispatchable, non-NEM eligible Tier 1 technologies may not be beneficial because the compensation mechanism will inherently favor non-dispatchable NEM eligible technologies with more compensation options. Further, application of different compensation schemes to different non-dispatchable renewable generations will further complicate the VS compensation scheme for customers.

Mandatory Hourly Pricing (“MHP”) for Storage –

NYPA supports the Staff proposal to avoid uneconomic arbitrage by requiring customers with stand-alone storage seeking VS compensation to be charged for consumption under the utility’s MHP rate. NYPA further supports the Staff proposal regarding exempting small energy storage with the primary focus to manage BTM consumption, to be exempt from the MHP. NYPA, however, recommends, that the metric, based upon sizing the injecting storage resource to be at or below 115% of the customer peak consumption, be clearly defined by the Commission. The metric should be based upon the customer’s annual peak consumption at the time of installation, and not an unnecessarily complex metric that could vary over time. Unduly complex measures may serve as a barrier for customer interest in choosing energy storage as an effective and efficient solution.

Standby Rates –

NYPA recommends a simplified standby rate schedule whereby all the VS eligible technologies would remain exempt from standby rates for the timeframe deemed appropriate by the

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Commission. The Staff proposes that any standby rate provision that applies to non-VDER prosumers be applied to customers in expanded VS eligibility. The purpose of standby rates is to match the rate paid by a specific customer with the cost of serving that customer, and are set through a combination of delivery, energy, contract demand and daily as-used demand charges. At present, in order to promote development of distributed generation (“DG”), the Commission exempted many environmentally beneficial DG technologies from the standby rate structure, including, fuel cells, wind, solar thermal, photovoltaic, biomass, tidal, geothermal, methane waste-powered generation, and combined heat and power facilities. In order to promote the development of DG and to avoid undue complexity associated with variable rate structure for intermittent DG, the Commission should extend the current standby rate exemption to all the non-NEM eligible Tier 1 resources. Further, the Commission should extend the beneficial DG standby rate exemption to the distributed energy storage in order to promote the energy storage deployment and support New York’s target of 1,500 MW energy storage by 2030. This would be consistent with the exemption’s goal of not having standby rates be a barrier to the deployment of emerging beneficial DG. Although, there may be some underlying cost shifting effects of such an exemption, it would be a fair and streamlined approach to avoid undue complexities and be consistent with New York’s public policy objectives.

Adopting Interzonal Crediting Will Allow for Fair and Equitable Access to Clean Energy for Customers Within A Utility Service Territory.

NYPA supports the Commission’s adoption of interzonal CDG and single-customer remote crediting across the NYISO load zones. The VS mechanism values electricity at the point of generation and calculates a monetary credit. The cost allocation to customer classes that benefit from the net injections is determined at the point of generation. Allocating the monetary credits from DER generation, either through CDG or the single-customer remote crediting, at one NYISO load zone to customer accounts located at another NYISO zone within the same utility territory will merely offset the bill for the participating accounts while fairly allocating costs to the customer classes that benefit from the generation within the utility service territory.

2 Case 14-E-0488, In the Matter of the Contribution of Standby Rate Exemptions, Order Continuing and Expanding the Standby Rate Exemption, issued April 20, 2015.
The purpose of CDG is to create opportunities for participation in clean distributed generation for utility customers that would not otherwise be able to access that generation directly. Allocating the monetary credits from DER generation at one NYISO load zone to customer accounts located at another NYISO zone within the same utility territory will expand clean energy access to customers residing in a NYISO zone that presents limited CDG or DER project opportunities, which is consistent with the purpose of CDG. Additionally, interzonal crediting will allow customers to develop or participate in a high value generating DER project in another NYISO zone within the same utility territory, and thus encourage deployment of DER projects where the system needs it the most and thus values it higher.

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4 Case 15-E-0082, Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program, Order Establishing a Community Distributed Generation Program and Making Other Findings, issued July 17, 2015.
Respectfully submitted,

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