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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


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

Dear Secretary Burgess,

Enclosed please find the comments of the Coalition for Community Solar Access regarding the Staff Report on Low-Income Community Distributed Generation Proposal.

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Introduction

CCSA appreciates the efforts of the Working Group Regarding Low and Moderate Income Customers and Staff in the Staff Report on Low-Income Community Distributed Generation Proposal (Staff Report). As staff notes in the Staff Report, community distributed generation (CDG) can help customers overcome challenges which are particularly acute for low and moderate income customers: a lack of funds for the upfront cost of a renewable energy investment on the customers’ premises, split incentives between landlords and tenants, and an insufficient tax burden for monetizing federal tax incentives. We fully agree with the staff that “compared to rooftop solar, CDG has unique potential to benefit low-income communities for a variety of reasons.” and we generally support Staff’s proposal for a “Bill Discount Pledge Program” (BPD), modeled on the Interstate Renewable Electric Counsel (IREC)’s proposal developed for California, “Clean CARE”.

CCSA agrees that the BPD program is a good way to use existing ratepayer funds to reduce low and moderate income customer energy expenditures, beyond savings they would have achieved through participation in the utilities’ affordability programs, but believe the BPD program’s creation will not alone ensure low-income participation.

In order to ensure increased access for low income customers to community distributed generation, CCSA encourages the Commission to:

1) View issues relevant to all CDG customers on the VDER tariff as important to increasing access for low and moderate income customers;
2) Ensure that incentives to support low income participation can be monetized that CDG sponsors can access a creditworthy revenue stream associated with low and moderate income customers;
3) Adopt interzonal crediting to help overcome the barrier of high project development costs in some areas of the state, which is one barrier to access for many customers including low and moderate income customers;
4) Move expeditiously to reduce minimum subscription sizes for all customers in CDG projects to 250kWh per month;
5) Create Solutions for Challenges with Utility Billing and Data Flows between Customers, Utilities, and Subscriber Organizations; and
6) Realize the goal of savings beyond affordability programs, while avoiding requirements for guarantees, and provide for a neutral third party to monitor customer savings and manage removal.

**View issues affecting all CDG customers on VDER as critical to the participation of low and moderate income customers**

A robust VDER tariff is critical to the success of any low-income program. As staff notes in their BDP proposal, customers will reduce the amount of bill reduction they receive through the assistance programs of the utilities in order to subscribe to a CDG project.

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1 Staff Report, p. 4.
2 Id., p. 7.
The program will work if the bill credits customers realize through VDER more than offset the reduction in savings that would otherwise be realized by simply participating in the assistance program. The extent to which low income customers can achieve benefits beyond those offered through the assistance programs will be contingent on the value and financeability of the VDER value stack and tariff.

There are a number of issues, currently under consideration as part of the Phase 2 proceeding for VDER, that will be key to the tariff’s success for all customers. For example, Locational System Relief Value (LSRV) in the Phase 1 tariff is currently too uncertain to support the financeability of projects and therefore is discounted by project developers and financiers. Resolving this, and other, VDER tariff issues is a market-wide issue for CDG but will directly impact the ability to bring the benefits of CDG to low and moderate income customers at a meaningful scale. There are a number of other issues which effect the CDG customer population generally but which have direct bearing on low income customers’ participation and which we outline in our comments below, such as interzonal crediting and minimum subscription sizes. Resolution of these and other VDER issues is outside of the scope of Commission action on the Staff Report but should be viewed as key to the success of any decision based on the Staff Report.

Ensure that incentives to support low income participation can be monetized by developers and that CDG sponsors can access a creditworthy revenue stream associated with low and moderate income customers

For a project financier, the ongoing revenues created by customer subscriptions, and the reliability of those revenues, is of paramount importance. As structured, the BPD program reduces the cost for the customer to subscribe to a project, but does not address the challenge a project developer faces in ensuring that subscriptions overcome the costs of project development and customer acquisition and are viewed as reliable in the eyes of project financiers.

Staff acknowledges the increased costs of acquiring low and moderate income customers for CDG projects and the additional costs that will be created by customer turn over, which Staff anticipates will be significant. The Staff Report also suggests further provisions for the BPD that will increase costs, such as the aforementioned requirement to track savings and remove customers if they are not realizing savings. These costs are in addition to the additional risk financiers see when financing projects with low-income customers who may not have strong credit histories.

Staff’s proposal helps ameliorate one challenge of low income participation by reducing the cost of that customer participating in a CDG project. However, the proposal does not address the primary challenge which limits a CDG provider’s ability to bring more low income customers into a project as subscribers, namely that many low-income customers do not have credit scores that a financing provider will accept or underwrite to. Unless

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3 Id., p. 27. Staff recognizes this problem and recommends a wait list of subscribers be developed. We agree that this is one tool to mitigate the challenges created by customer turn over.

4 Id., p. 8.
the BDP allows for funds to be paid directly to the project owner, it will not address this fundamental barrier to participation by low-income customers. The parallel efforts at NYSERDA and the NY Green Bank, which target this credit barrier directly, may be able to overcome this challenge. Without these or other measures to provide a revenue stream that can be financed, none of the other proposed measures to increase low-income participation will succeed.

**Adopt interzonal crediting to help overcome the barrier of high project development costs in some areas of the state, which is one barrier access to many customers including low and moderate income customers**

The Commission’s March 9th Order on Phase One of the Value of Distributed Energy Resources ("VDER") directed staff to consider statewide interzonal crediting as a mechanism to further enable low-income participation in VDER programs and tariffs. In compliance with the Commission Order, the initial scope of the Low and Moderate Income Customer (“LMI”) Working Group listed interzonal crediting as a priority issue to be addressed in the group. At the first meeting of the LMI Working Group, participants agreed that the issue of interzonal crediting was not just of potential benefit to LMI customers, but rather an issue with broader potential for all. As such, the topic of interzonal crediting was moved out of the LMI Working Group to the Value Stack Working Group as an issue to be included for a “fast-track” Commission decision.

The issue of interzonal crediting awaits resolution. Staff acknowledges the changed procedural plan in their Staff Report on Low-Income Community Distributed Generation Proposal as a reason for deferring action on interzonal crediting for low and moderate income customers until this issue is resolved by the Value Stack Working Group and Commission.

The benefits of interzonal crediting benefit all customers, including low-income customers. CCSA encourages the Commission to move expeditiously to adopt interzonal crediting as outlined in the Clean Energy Parties’ recommendations in their October 10, 2017 comments in Case 15-E-0751, Matter 17-01278, and Case 15-E-0082.

**Move expeditiously to reduce minimum subscription sizes for all customers in CDG projects to 250kWh annually**

As part of the July 2015 Order establishing the Community Distributed Generation ("CDG") program, the Commission outlined multiple “Membership Participation

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7 Staff Report, p. 20
that provided specific rules and structure around the CDG membership. One of these Membership Participation Practices requires that participating CDG subscribers must take a subscription that amounts to at least a minimum of 1,000 kWh annually. This minimum subscription size requirement was subsequently incorporated into the utility tariffs implementing CDG and continues to be part of the now effective utility Value of Distributed Energy (“VDER”) tariffs.

In their July 24, 2017 comments regarding the VDER Phase One Implementation Plans of the Joint Utilities, the Clean Energy Parties proposed reducing that minimum subscription size to 250 kWh. The Phase One Implementation Order did not address their proposal, thus the issue was re-introduced in Clean Energy Parties comments following discussion at the October 26, 2017 Value Stack Working Group meeting for inclusion in the forthcoming Staff Whitepaper regarding Expedited Expansion of Eligibility for VDER Value Stack.

The issue of minimum subscription sizes awaits resolution. Resolution of this issue could be beneficial to low and moderate income customers as a lower minimum subscription size could facilitate low-income participation where customers have lower energy demands or should that customer elect to only use some of their affordability program funds towards a CDG project. Given the value of this proposed minimum subscription size change to enhancing access to many customers, including low income customers, CCSA reiterates the Clean Energy Parties’ request for an expeditious reduction in the minimum subscription size.

**Create Solutions for Challenges with Utility Billing and Data Flows between Customers, Utilities, and Subscriber Organizations**

The Staff Paper envisions significant data flows between CDG providers and the utilities in order to implement Staff’s BDP program proposal, including billing and crediting issues and potentially maintaining a wait list of customers to replace those that rotate out of the BPD program. These issues would be in addition to current challenges related to data sharing between utilities, customers and CDG providers, particularly on billing. CCSA suggests near term action to create a focused Billing Issues Working Group modeled on the Interconnection Policy Working Group. This Working Group could be a

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11 Staff Paper, p. 25.
forum for experts on these issues, from both CDG providers and the utilities, to convene to address the practical challenges to easing dataflow challenges, including those raised in the Staff Report. The Joint Clean Energy Parties have suggested such a working group in previous comments.\footnote{Case 15_E-0751 In the Matter of Value of Distributed Energy Resources Comments of the Clean Energy Parties Regarding the VDER Phase 1 Implementation Plans of the Joint Utilities. July 24, 2017, p.14.}

Consolidated billing is another data-flow and billing-related issue which, if brought to resolution, could benefit both low-income and other customers while reducing soft costs for CDG providers. Indeed, the recent DPS decision on additional tranches for CDG projects anticipates consolidated billing as a cost reduction measure which could mitigate the impact of reductions in the Market Transition Credit\footnote{Case 15-E-0151 Order regarding Compensation of Community Distributed Generation Projects. January 18, 2018, p.14}. However, consolidated billing also has two clear benefits for enhancing low-income participation in CDG projects: reduced bills for the customer and reduced risk from the perspective of a CDG project financier. Having a consolidated bill eases the burden borne by a low income customer by reducing the number of bills he or she needs to pay. At the same time, since utility customers are typically reliable in paying their utility bills, a consolidated CDG and utility bill could reduce the risk, as perceived by the CDG project financier, that customers will pay for their CDG subscriptions. This reduced risk could help increase the financeability of projects with significant numbers of low income customers.

As the Commission acknowledged in its January 18, 2018 order\footnote{Id., p. 14.}, consolidated billing is an important soft cost reduction mechanism. Billing and collections are significant ongoing costs for community solar providers and are functions that could be more cost-effectively executed by utilities. CCSA reiterates our previous suggestion that the Commission require utilities to offer consolidated billing for CDG subscriptions at the election of the CDG provider.\footnote{Realize the goal of savings beyond affordability programs, while avoiding requirements for guarantees, and provide for a neutral third party to monitor customer savings and manage removal}

Staff argues that it is critical to the success of the BDP program that customers realize savings beyond those they would have achieved through participation in the utilities’ affordability programs. CCSA agrees on principle but worries about creating “guarantees” of savings. Staff lays out two options for CDG providers to assure that customer savings beyond those that would be realized due to participation in the rate affordability program are realized: “CDG developers would either (a) sign up interested low-income customers only after evaluating whether, by participating in BDP, customers would save the same or more money as they would have under the traditional Affordability program, based on their past 12 months of energy consumption; or (b) offer to provide guaranteed savings to low-income consumers, similar to the guarantee
required for ESCOs." Staff suggests that developers would be responsible for ensuring that customers realize savings over the course of a year and would remove them from the CDG projects if savings are not realized; failure on the part of the CDG provider to comply with this provision would result in the CDG providing losing funding from the BPD program.

CCSA discourages an approach where the burden of a savings guarantee would fall exclusively on the CDG provider. CDG subscriptions are fundamentally different from offerings from ESCOs, with CDG providers financing new generation infrastructure based on the expectation of most customers participating in long-run subscriptions versus the ESCO model which typically relies on spot market purchases and short run contracts with existing generators and an expectation of high customer turnover.

CCSA believes that the obligation for ensuring customer realize savings, and removing customers if they do not realize savings, should not be the obligation of the CDG program provider. Savings are dependent on a number of functions outside of the control of the CDG provider, including the value of VDER credits, changing utility rates, and customer usage as well as any changes in the underlying Affordability program the customer is participating in. CCSA agrees that a good faith estimate should be made when enrolling customers to ensure they will benefit from the program, but believe that an independent program administrator would be more appropriate for managing tracking of customer savings and any resulting removal from the program. Given their role in managing customer subscriptions through their low-income backstop program, NYSERDA would be a logical entity to play this administrator role.

CCSA reiterates its appreciation for Staff’s BPD and for the Commission’s consideration of these comments. CDG can be a powerful tool for expanding access to low and moderate income customers, but key policy design issues must be addressed for this potential to be realized. First and foremost, a robust VDER tariff underpinning the CDG program must be in place; the work to realize a robust tariff continues in the VDER phase 2 proceeding. It is also critical that the risk and cost of low income customers be overcome through incentives that the project developer can monetize and which otherwise create financeable revenue streams. In addition to addressing overarching issues with the final form of the VDER tariff and the financeability of low income projects, interzonal crediting, minimum subscription sizes, resolution of billing and dataflow issues, and reasonable requirements for ensuring enhanced bill savings for BPD participants, will collectively be important to ensuring staff’s proposal works and, more broadly, that CDG can provide clean energy access to a large number of customers.

Please contact me at 978-869-6845 or brandon@communitysolaracccess.org with any questions.

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16 Staff Report, p. 27.
Respectfully submitted,

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