

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

---

In the Matter of the Value of Distributed Energy Resources Working  
Group Regarding Rate Design

**Matter 17-01277**  
**Case 15-E-0751**

---

**Comments on Staff Whitepaper on Rate Design for Mass Market Net Metering Successor  
Tariff issued December 9, 2019**

**Clean Energy Parties: Solar Energy Industries Association, the Alliance for Clean Energy  
New York, Coalition for Community Solar Access, the Natural Resources Defense Council,  
the New York Solar Energy Industries Association, and Vote Solar**

**Dated: February 24, 2020**

The Clean Energy Parties (“CEP”) appreciate the opportunity to comment on the New York Department of Public Service (“DPS staff” or “Staff”) Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff issued December 9, 2020. The CEP also appreciate the willingness of DPS staff and other parties to fully consider the implications of full-scale changes to rate design on New York’s ability to meet the ambitious Reforming the Energy Vision (“REV”) 2030 goals, as well as the Climate Leadership and Community Protection Act (“CLCPA”) goal to install 6 gigawatts (“GW”) of distributed solar by 2025. Electric rate design must balance many competing objectives from numerous stakeholders, and bridge rate options are no exception to this rule.

As the CEP have stated throughout this process, residential rooftop and small commercial solar customers should have rate options. The bridge rate options presented in Staff’s whitepaper provide customer options on distribution rate design and compensation mechanism for exports. While CEP are supportive of both these options and Staff’s interest in pursuing improved time-of-use (“TOU”) rates for mass market customers, we find certain aspects of Staff’s whitepaper troubling.

First, the CEP are concerned about the uncertainty and scope of the customer benefits charge (“CBC”). The CBC, as proposed in Staff’s whitepaper, is loosely defined in terms of what costs could be included in such a charge in the future, as well as the process by which the charge would be updated by individual utilities. An undefined CBC provides significant uncertainty to the solar industry and presents substantial risks to developers and customers in securing reasonable payback periods on solar investments. In short, the CEP contend that an undefined or fluid CBC will stifle investment in customer-sited solar projects in New York.

Second, the CEP reject Staff’s underlying premise used to support the imposition of high charges on solar customers. Staff’s proposal is based on correcting a perceived “cost shift” from solar customers to non-adopters. While solar customers may have lower bills because of significant investments in rooftop solar systems, the scale of this “cost shift” is disputed by the CEP. The CEP cannot access customer-level data in New York to replicate the analysis produced by Staff, the joint utilities (“JU”), and their consultants. This leaves the CEP unable to support Staff’s basis for its policy proposals. Finally, there are many intra- and inter-class subsidies in electric rate design.

The solar customer adoption rate in New York is still very low, with only approximately 1% of total customers. Even if the average solar customer were avoiding paying some distribution charges, the magnitude of total costs avoided is very small given the total number of solar customers in New York.

Finally, CEP opposes Staff's proposed move to demand-based rates for mass market customers in New York in future phases of this proceeding. Staff indicated throughout the whitepaper that the bridge rate proposal is intended as a gradual step to demand-based rates. Demand-based rates for mass market customers are not reflective of cost causation, will discourage investment in most distributed energy resources, will reduce low- and moderate-income access to energy efficiency, and only serve to stabilize utility revenues. The CEP continue to contend that other rate options, TOU and enhanced TOU with critical peak pricing or peak time rebates are much more effective in aligning policy goals of the State with cost-reflective ratemaking principles.

The CBC fees proposed by Staff are significant. For residential customers considering a solar installation, the Staff proposed CBC would reduce potential bill savings by over 20%.<sup>1</sup> This substantial reduction in bill savings opportunities will reduce the customer incentive to install solar, increase payback periods and makes New York's overall policy goal of installing 6 GW of solar capacity by 2025 harder to achieve.

As noted above, the CEP welcome the opportunity to provide comment on the Staff Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff issued December 9, 2020. We appreciate the Commission's consideration of our comments and welcome discussion of these points.

#### I. Overall Recommendations

In response to Staff's Whitepaper, the CEP offer the following recommendations for the Commission to adopt.

---

<sup>1</sup> This estimate is based on average customer bill impact data provided by the Joint Utilities.

1. The CBC should only include costs related to utility low income programs. The CBC will significantly reduce the bill savings opportunities for customers, reducing the economic incentive for solar installations. The CEP contend this will stifle the solar market in New York and hinder the possibility of meeting the 6 GW of distributed solar goal outlined in the Climate Leadership and Community Protection Act. The CEP recommend including only the low-income program costs in the CBC. The customers that would be subject to the CBC are already making significant financial investments in support of New York's clean energy goals and it would be unreasonable to require them to pay public benefit charges for programs designed to meet these goals.
2. If the Commission adopts Staff's CBC proposal, it should provide clear guidelines regarding what cost categories will be included in the CBC. The CBC will significantly reduce the bill savings opportunities for customers, reducing the economic incentive for solar installations. The CEP recommend including only the low-income program costs in the CBC, which are expected to grow over time, requiring updates to the CBC through each utility's general rate case process. However, if the Commission includes other cost categories, such as contributions to the Clean Energy Fund or Dynamic Load management, CEP recommend the Commission adopt a clear list of cost categories to provide certainty to the solar industry. If the components of the CBC are undefined, it will result in significant uncertainty for solar developers and customers in New York that will stunt the future growth of the industry.
3. The Commission should impose a hard cap on the level of the CBC for the bridge rate period. A hard cap on the total monthly CBC cost, \$0.50 per kW for example, would provide solar developers and customers certainty on the future level of this charge. This price certainty would increase the likelihood of new solar installations in the bridge rate period. A hard cap on the total monthly CBC would not limit the ability of utilities to collect the necessary revenue to fully fund public benefit initiatives.
4. The Commission should outline a clear process for updating the CBC that will allow adjustments to the CBC levels in a statewide process without the need to litigate this issue in each utility rate case. The Staff Whitepaper provides no guidelines or clarity on how the CBC will be updated or changed. The CEP request that any changes to the CBC during the bridge rate period be proposed in a statewide process outside of

- individual utility rate cases. Utility rate cases are prohibitively expensive and time intensive. The CEP wish to avoid litigating changes to the CBC at the rate case level.
5. The Commission should reject the Staff proposal to directly assign the costs of new meters to solar customers. This proposal ultimately will require solar customers to pay twice for new metering because these costs will be embedded in the customer charge as all utilities in New York are already planning on installing new metering technology in the near future. Costs associated with new customer meters should be collected through the customer charge on an average customer basis, consistent with historic practice.
  6. The Commission should reject movement toward three-part rates for mass market customers in future phases of this proceeding. Staff's whitepaper strongly signals a preference to implement three-part rates for mass market customers in future phases of this proceeding. Three-part rates for mass market customers are antithetical to the State policy goals of increasing distributed energy resources, energy efficiency, and reducing carbon emissions. By rejecting the implementation of three-part rates, the Commission will provide strong direction to Staff to develop other options that are more beneficial to State policy goals while balancing the interests of the utilities and customers.
  7. The Commission should order greater data transparency in later phases of this proceeding to ensure all parties have access to metering data necessary to evaluate rate options that will succeed bridge rates. In the first phase of this proceeding, the CEP did not have access to the hourly customer-level data for any of the joint utilities, despite repeated requests. Instead, CEP were asked to rely on the analysis of the Joint Utilities, Staff, and their consultants. This severely limited the CEP's ability to conduct analysis and inform the Commission on rate design options that will substantially affect the solar industry in New York. To provide a level playing field and transparency, CEP ask the Commission to order anonymous data access protocols be established to ensure all parties have access to AMI data in future phases of this proceeding.
  8. If the Commission adopts the CBC, it should be assessed based on the AC size of the installed system, not DC as proposed by Staff. The power produced by customer-sited solar systems flows into the utility distribution system through the meter in AC, not

DC. Therefore, the system size measurement used to assess the CBC cost should be based on AC.

9. The Commission should order that utilities exempt any commercial customer on demand rates from paying the CBC. According to Staff, demand rates minimize and in most cases eliminate the alleged cost shift associated with volumetric rates. Staff also indicated it has not conducted analysis on the alleged cost shift for these customers., To the extent that the CBC is based on a cost shift, any commercial customer in New York on demand rates should be fully exempt from any CBC charges.
10. The Commission should order the Joint Utilities to update TOU rates. The current TOU rates in New York are undersubscribed and very poorly designed. The on peak windows are excessive, offering customers no opportunity to shift consumption to off peak periods. The CEP recommend the Joint Utilities update these rates to include a much shorter on peak time period that would allow customers to employ behavior and technological changes to reduce peak demands. This will also allow the Commission a tool to reduce peak demands, savings customers money through reduced future system costs borne through unnecessary distribution system upgrades.

## II. Customer Benefit Charge Cost Categories

**Staff Proposal:** Staff is recommending that new bridge rate options available after January 1, 2021 include an added charge to recover additional costs from solar customers for public benefit programs. Staff's preferred CBC cost categories will initially include those presented by Navigant on April 15 and May 31, 2019. These categories include: Utility Low Income Program, Utility Energy Efficiency Program, NY-Sun, New York Green Bank, Other Clean Energy Fund Programs, and the Clean Energy Standard. The total fixed cost of these programs varies by utility and will be calculated using the size of the rooftop solar system. For residential customers, the charge ranges from \$4.15 to \$6.54 per month; for commercial customers, the range is \$4.34 to \$6.60, depending on utility.<sup>2</sup> However, in its Whitepaper, Staff does not address changes to the cost recovery for the

---

<sup>2</sup> See Staff Whitepaper at page 17.

proposed cost categories.<sup>3</sup> Furthermore, Staff alludes to potentially including categories of substantial costs, including “cybersecurity, emergency services, safety initiatives, etc.”<sup>4</sup>

**Discussion:** Staff’s proposal presents significant uncertainty to solar developers and customers in New York on the future economics of solar installations. Throughout the rate design stakeholder process, the JU have expressed a clearly stated goal of recovering as much revenue as possible through the CBC. In prior comments, the JU proposed to vastly expand the CBC beyond that contained in the original proposal from the DPS consultant presentation.<sup>5</sup> The JU proposal would include administrative and customer payments for renewable energy credits, zero emissions credits, secondary distribution costs, and “certain other costs.” The JU comments did not define “certain other costs” or elaborate on the potential customer impact of developing such a charge. Essentially, the JU are proposing to use a fixed charge to collect all costs perceived to be “avoided” by solar customers using the usage and production profile for an average customer.<sup>6</sup>

The CEP are generally supportive of a CBC to recover costs for specific public benefit programs. However, the structure and details of this charge are critically important in assessing how it will affect the solar industry. CEP are concerned that a poorly designed charge may produce undesired outcomes such as a reduction in solar investment in New York and cause confusion in the marketplace.

Staff’s proposed CBC represents a substantial increase in future bills for solar customers. For all six Joint Utilities, the CBC levels proposed by Staff would increase total annual bills by more than 20%. For an average customer installing a solar system designed to meet 100% of summer consumption, the annual CBC cost would range from \$52.54 to \$115.90. For these customers, the imposition of the charge would increase the annual bill by 18-38%, depending on the utility.<sup>7</sup> The table below shows the range of potential CBCs for average customers and the

---

<sup>3</sup> See Staff Whitepaper at page 26.

<sup>4</sup> See Staff Whitepaper at page 15.

<sup>5</sup> See Mass Market DER Tariffs: Options for New York. Navigant. April 2019.

<sup>6</sup> See Joint Utilities Preliminary Comments on New York State Department of Public Service Staff Consultant’s April 15, 2019 Presentation on Mass Market DER Tariffs, footnote 14.

<sup>7</sup> Values from Joint Utilities bill impacts data from mid-stratum, mid-load factor customers, 100% solar scenario.

corresponding increase to the total annual bills for those customers. These values are for average customers.

*Table 1. Representative Percentage of Annual Bill Increase from CBC*

| Utility | Estimated Annual CBC | Estimated Annual Bill | % of Annual Bill Increase from CBC |
|---------|----------------------|-----------------------|------------------------------------|
| NG      | \$ 54.83             | \$ 269.73             | 20%                                |
| NYSEG   | \$ 52.54             | \$ 257.18             | 20%                                |
| RG&E    | \$ 61.65             | \$ 346.73             | 18%                                |
| CH      | \$ 81.14             | \$ 407.61             | 20%                                |
| ConEd   | \$ 54.28             | \$ 284.16             | 19%                                |
| O&R     | \$ 115.90            | \$ 307.56             | 38%                                |

Staff’s proposal also introduces additional uncertainty into future project economics, which will instill reluctance from customers to invest in solar. While Staff insists that it does not wish to harm solar project economics, a proposal for an open-ended CBC unquestionably reduces the economic attractiveness of investing in solar. Staff’s assertion that “subjecting the CBC to potential adjustments to reflect future, unavoidable cost increases... will not impact the original project economics, but rather minimizes windfalls” is incorrect and presents additional uncertainty in the form of future bill increases to solar customers.<sup>8</sup> As stated above, the JU have already expressed a desire to increase costs recovered in the CBC and Staff’s support of increasing this charge provides utilities an incentive to shift as much perceived cost recovery as possible into the CBC. This presents additional uncertainty in regards to project economics..

The CEP disagree with the inclusion of several cost categories into the CBC. The Utility Energy Efficiency programs, Dynamic Load Management, and Clean Energy Fund riders are all designed to lower consumption and reduce harmful air emissions. The Clean Energy Fund is intended to collect revenue that will be used to further New York’s acceleration of clean energy goals, specifically Governor Cuomo’s goal to install 6 GW of distributed solar by 2025. The

---

<sup>8</sup> See Staff Whitepaper at page 26.

Dynamic Load Management rider is intended to recover costs of utility demand response programs, which are designed to reduce peak demands at times of system constraints. The Utility Energy Efficiency programs are designed to reduce overall consumption and support the state goal of reducing greenhouse gas emissions.

DER customers, the intended target of the public benefit program surcharge, make substantial personal investments to meet the Governor's clean energy goals by installing rooftop solar and other DER technologies. These customers have already invested significant capital to advance these goals, far more than a non-solar residential ratepayer. Customers who have installed DER systems reduce their peak demand, lower their overall consumption, and reduce their carbon emissions, all the intended goals of the additional riders describe above. Therefore, DPS should consider reducing the CBC accordingly for customers that install DERs.

**Recommendation:** The CEP recommend the Commission limit the CBC cost categories to only include costs associated with the Low Income Program. The Utility Low Income Program provides critical services to those most in need and those funds should be collected from all mass market rate payers regardless of whether a DER technology has been deployed. As stated above, solar customers are already making substantial investments to meet the balance of other public benefit programs and are still paying into these funds through rates. Accordingly, these cost categories should not be recovered in a fixed fee assessed only to these customers. If the Commission decides to adopt the CBC as proposed by Staff, we further recommend that the Commission clearly define cost categories to be included in this charge to eliminate future uncertainty to developers and customers in New York.

### III. Customer Benefit Charge Cap

**Staff Proposal:** Staff is not currently proposing any cap or limit on the size or scope of the CBC in future years. Initially, Staff proposes that the CBC collect only costs presented in Figure 4 of the Whitepaper, but Staff also expressed support for expanding the costs collected in the CBC.<sup>9</sup>

---

<sup>9</sup> See Staff Whitepaper at pages 25-26.

**Discussion:** While the initial CBC levels may be currently known, the future levels are very uncertain based on Staff’s Whitepaper and prior utility comments (please see discussion in prior section).<sup>10</sup> This uncertainty presents significant difficulty to solar developers marketing projects to new customers and unpredictability to customers evaluating the economics of possible investments.

**Recommendation:** The CEP recommend the Commission cap the CBC charge at a fixed amount, potentially \$0.50/kW per month, to provide certainty on the ceiling of this potential charge for the bridge rate period. This cap would only remain active during the bridge rate period and would be revisited when Staff considers the replacement to the bridge rates. This cap will allow developers and customers predictability in estimating the future cost of this charge and its implication on project economics. Furthermore, based on the CEP proposal to only include Low Income Program costs in the CBC, utilities would be presented with the opportunity to significantly increase funding for the Low Income Program without hitting the cap. Table 2 shows the contribution of the Low Income Program to the Staff proposed CBC charge.

*Table 2. Contribution of Low Income to Proposed Public Benefit Surcharge for Residential \$/kW-month*

|            | CH     | CE     | NG     | NYSEG  | O&R    | RG&E   |
|------------|--------|--------|--------|--------|--------|--------|
| Low Income | \$0.08 | \$0.16 | \$0.29 | \$0.10 | \$0.10 | \$0.14 |

#### IV. CBC Update Process

**Staff Proposal:** Staff did not propose a specific approach to update the CBC but did ask stakeholders to provide input on how the CBC should change in the future, with a specific focus on methodology and timeframe.<sup>11</sup>

**Discussion:** There are two potential update processes to address in these comments. First, the update process for the dollars collected in existing cost categories in the CBC (public benefit charges). Second, foundational changes to the CBC, which would include the addition of new cost categories, modifications to the cap, or other significant changes.

<sup>10</sup> Currently proposed CBC levels will also likely increase from the initial values presented in the Staff Whitepaper because these values were developed based on costs collected in early 2019.

<sup>11</sup> See Staff Whitepaper at page 38.

The update process for this charge is critically important for the CEP. This process should be streamlined, simple, and adhere to strict guidelines to allow full participation by all stakeholders in this process, and avoid the need to litigate CBC changes in individual utility rate cases. If the Commission allows utilities to propose foundational changes to the structure of the CBC (types of costs allowed, changes to the cap, etc.), then it will require the participation of additional parties to litigate multiple rate cases. The litigation process would increase costs for all parties involved and is not the most efficient means to make changes.

**Recommendation:** The CEP recommend the Commission allow utilities to update the costs related to the Low Income Programs, the only CEP-recommended cost in the CBC. These updates should occur on an annual basis and allow participation, review, discovery, and response from stakeholders. The update would be served to all parties in this docket with notice to file comments or reply testimony to any changes. Parties would also reserve the right to request additional information in discovery to fully understand the basis for any utility updates.

To avoid future uncertainty that would undermine the continued growth of the solar market in New York, the CEP also recommend the Commission disallow any foundational changes to the CBC for the bridge rate period. Allowing foundational changes to the CBC during the bridge rate period would introduce significant uncertainty into future costs and economics of solar in New York, which would reduce solar deployment. If the Commission does allow foundational changes to the CBC, the CEP recommend the Commission only make foundational changes to the CBC within this existing docket. This approach will allow the Commission and all stakeholders to evaluate the proposed changes on a statewide basis in the context of state policy goals and regulatory precedent.

#### V. New Meter Cost Assignment

**Staff Proposal:** Staff proposes that if new NEM customers require new meters, those costs should be directly assigned (charged) to NEM customers, rather than socialized.<sup>12</sup>

**Discussion:** Several utilities are in the process of installing new metering infrastructure for all customers, while other utilities are expected to install these meters at a later date. Given this fact, all customers in New York are expected to receive new meters in the next several years. The costs

---

<sup>12</sup> See Staff Whitepaper at pages 26-27.

associated with these meters will be collected on a socialized basis for the entire customer class. By charging NEM customers directly for new meters, a utility would over-collect metering costs from that customer. NEM customers would still be required to pay the customer charge, which includes the socialized cost of meters for the entire customer class, AND pay the direct cost for their specific meter. The cost for this meter should be recovered in the customer charge and averaged among all customers in each utility service territory.

**Recommendation:** The CEP recommend that costs for all new meters be collected in the customer charge on an average basis, regardless of if any NEM technology has been installed or not. This is the approach historically implemented to collect metering costs and should not be altered solely because these customers are receiving new meters slightly earlier than other customers in New York.

#### VI. Three-Part Rates, Gradualism, and Bridge Rates

**Staff Proposal:** Staff is not proposing three-part rates as a bridge rate option at this time. However, Staff repeatedly states in the Whitepaper that its ultimate intention is to move mass market customers to three-part rates.

**Discussion:** As noted, Staff asserts that demand charges are a preferable future rate design option for mass market customers in New York. In the Whitepaper, Staff noted that “an underlying rate design with more sophisticated rate elements and demand-based price signals is preferable from system benefit and technology-enabling perspectives.”<sup>13</sup> Staff further states, “eliminating these cost shifts through fixed or demand charges would address the cost-causation principle of rate design,” but also notes this approach would violate other principles of rate design including customer orientation and encouragement of outcomes.<sup>14</sup> Staff also states the bridge rate proposal is a first step towards a gradual move towards “more cost reflective rates,” while mentioning gradualism several times to infer a movement towards demand-based rates.<sup>15</sup> <sup>16</sup> Finally, Staff states, “to the extent that the transition to more cost-reflective rate designs has a negative effect on

---

<sup>13</sup> See Staff Whitepaper at page 4.

<sup>14</sup> See Staff Whitepaper at page 30.

<sup>15</sup> See Staff Whitepaper at page 2.

<sup>16</sup> Staff mentions gradualism eight times in the context of the bridge rate proposal. See Staff Whitepaper on page 2, 3, 22, 26, 27, 30, 31, and 32.

the distributed solar market and threatens the achievement of New York’s 6 GW distributed solar goal, Staff recommends the Commission address the market gap more explicitly, through modifications to the incentive levels in the NY-Sun Program.”<sup>17</sup>

The CEP are concerned about this series of statements. Staff continues to signal to the solar marketplace that it fully intends to move forward with a transition to three-part rates for solar customers. This is problematic for several reasons. First, three-part rates for mass market customers are not cost-based, and the Commission should reject them. Three-part rates are an antiquated electric rate design and should not be considered for mass market customers. AMI will allow utilities to implement much more sophisticated and advanced rate designs, such as a time-of-use with critical peak price or a variable peak price. These rate designs better align utility costs with rates and allow customers opportunities to engage in behavior and technology changes that benefit the distribution system. Recent studies on demand charges for mass market customers show that the benefits of these rates are uncertain and little empirical evidence exists to show how mass market customers respond to these rates.<sup>18</sup> Other studies show demand-based rates reduce payback periods for energy efficiency measures and will likely discourage customer investments in energy efficiency.<sup>19</sup>

Second, the imposition of this type rate design has been very harmful to solar markets in other states. For example, in Arizona, when Salt River Project (“SRP”) drastically altered its rate design by imposing higher fixed charges and demand charges on solar customers, rooftop solar applications dropped by 75%.<sup>20</sup> This is because the rate design imposed by SRP was detrimental to the economics of customer-sited rooftop systems. SRP recently began offering solar customers a non-demand charge TOU option, partly in response to the backlash from the demand charge rate options. Similarly, Nevada’s largest utility, NV Energy, substantially altered rate design for solar

---

<sup>17</sup> See Staff Whitepaper page 32.

<sup>18</sup> Cross-Call, D. et al. A Review of Alternate Rate Designs. 2016 Rocky Mountain Institute. [rmi.org/insight/review-alternative-rate-designs/](http://rmi.org/insight/review-alternative-rate-designs/).

<sup>19</sup> Baatz, B. Rate Design Matters: The Intersection of Residential Rate Design and Energy Efficiency. 2017. American Council for an Energy-Efficient Economy. [aceee.org/sites/default/files/publications/researchreports/u1703.pdf](http://aceee.org/sites/default/files/publications/researchreports/u1703.pdf)

<sup>20</sup> See “Arizona Court Advances Solar City Lawsuit Against Salt River Project Over Solar Fees. November 10, 2015. [greentechmedia.com/articles/read/arizona-court-advances-solarcity-lawsuit-against-salt-river-project](http://greentechmedia.com/articles/read/arizona-court-advances-solarcity-lawsuit-against-salt-river-project).

customers in 2015, which resulted in a 92% drop in new solar installation permits in the first quarter of 2016.<sup>21</sup>

Staff is aware that three-part rates would be detrimental to the economics of rooftop solar and energy efficiency, which is why they propose increasing the NY-Sun incentive levels. The CEP contend that this solution is unnecessary. Three-part rates for mass market customers are not well studied, not cost-based, and would be harmful to New York's overarching energy goals. The State has reaffirmed its dedication to combatting climate change and clean energy deployment by enacting the CLCPA. The CLCPA requires greater reductions of greenhouse gas emissions than the REV 2030 goals and also promotes improvements to the state's resiliency to negative impacts driven by climate change. The CLCPA also calls for 6 GW of distributed solar to be installed by 2025. Three-part rates compromise the ability of New York to meet these goals.

**Recommendation:** The Commission should reject Staff's proposal to move toward three-part rates for mass market customers. Staff's continued statements send a clear signal to solar developers that investing in New York carries significant risks. The Commission should support the State policy goal of growing solar energy by rejecting Staff's proposal.

## VII. Alleged Large-Scale Cost Shift

**Staff's Proposal:** Staff continues to assert that a large-scale cost shift exists between Distributed Generation ("DG") and non-DG customers, which necessitates wholesale changes to rate design.

**Discussion:** The CEP reject the Staff assertion of a cost shift from DG to non-DG customers. While Staff continues to assert a cost shift exists based on the E3 analysis, the CEP have never been given the necessary data to replicate this analysis. Furthermore, the alleged "cost shift" cannot be considered without also considering the numerous benefits that distributed generation provides to the grid, which are fundamentally different from embedded utility costs. Finally, there are a number of cost shifts in electric utility ratemaking. Solar customers account for approximately 1% of the total electric customers in New York; therefore, any potential cost shift is not significant.

---

<sup>21</sup> See "Rooftop Solar: Net Metering is a Net Benefit." Brookings Institute. May 23, 2016. [brookings.edu/research/rooftop-solar-net-metering-is-a-net-benefit/](http://brookings.edu/research/rooftop-solar-net-metering-is-a-net-benefit/).

**Recommendation:** CEP reject the premise that a massive cost shift between DG and non-DG customers is significant enough to necessitate separate riders or new rates for this class of customers. The Commissions should reject this notion and not implement any additional costs for DG customers.

#### VIII. Commercial Customers on Demand Rates and CBC

**Staff Proposal:** Staff is requesting feedback on how the CBC would be imposed on commercial customers on demand rates. Staff has not conducted any analysis on the cost shift for these customers and is not planning on conducting such analysis.<sup>22</sup>

**Discussion:** The bridge rate options under discussion would apply to all onsite systems below 750 kW . Staff’s proposed CBC is focused on customers taking service under volumetric rates because of the perceived cost shift created by these customers. However, Staff stated in its whitepaper that demand rates minimize and in most cases eliminate the alleged cost shift associated with volumetric rates. Staff also indicated it has not conducted analysis on the alleged cost shift for these customers.

**Recommendation:** The CEP recommend that any commercial customer on demand rates, which for most utilities is any customer with greater than 10kW of peak demand, be exempt from paying the CBC. This recommendation is based on Staff’s assertion that these customers do not impose a cost shift on other customers. If the Commission decides to impose a CBC on commercial customers on demand rates based on additional analysis, the CEP recommend the charge only include low income program costs and adhere to other recommendations made herein.

#### IX. Next Steps

The CEP look forward to continuing this process and participating in the next round of discussions on the future of NEM in New York. We appreciate the work of Staff and other stakeholders in support of meeting New York’s clean energy goals.

---

<sup>22</sup> See Staff Whitepaper page 17.

Respectfully submitted,

/s/

David Gahl  
Senior Director of State Affairs, Northeast  
Solar Energy Industries Association

/s/

Anne Reynolds  
Executive Director  
Alliance for Clean Energy New York

/s/

Erika Niedowski  
Northeast Director  
Coalition for Community Solar Access

/s/

Cullen Howe  
Senior Renewable Energy Advocate, Eastern Region  
Natural Resources Defense Council

/s/

Shyam Mehta  
Executive Director  
New York Solar Energy Industries Association

/s/

Nathan Phelps  
Regulatory Director  
Vote Solar