October 15, 2018

Via Electronic mail

Hon. Kathleen Burgess
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350
Email: secretary@dps.ny.gov

Re: Case 15-E-0751 In the Matter of the Value of Distributed Energy Resources
    Matter 17-01276 In the Matter of the Value of Distributed Energy Resources
    Working Group Regarding Value Stack
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,

    The Association for Energy Affordability, Inc. (AEA), as an active party in these cases, respectfully submits these comments for consideration by the Commission.

    Respectfully submitted,

    David Hepinstall  
    Executive Director

    Valerie Strauss  
    Director of Policy & Regulatory Affairs
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Value of Distributed Energy Resources
In the Matter of the Value of Distributed Energy Resources
Working Group Regarding Value Stack

Case 15-E-0751
Matter 17-01276

Proceeding on Motion of the Commission as to the Policies,
Requirements and Conditions for Implementing a Community
Net Metering Program

Case 15-E-0082

THE ASSOCIATION FOR ENERGY AFFORDABILITY, INC.

October 15, 2018
Case 15-E-0751 and Matter 17-01276
In the Matter of the Value of Distributed Energy Resources (Value Stack)
Case 15-E-0082
Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program

Comments of the Association for Energy Affordability, Inc. on the
Staff White Paper on Future Community Distributed Generation Compensation

I. Introduction

The Association for Energy Affordability (AEA) respectfully submits these brief comments on the Staff White Paper on Future Community Distributed Generation Compensation issued on July 26, 2018 (hereafter “White Paper”).¹ AEA is non-profit organization dedicated to increasing energy efficiency and clean energy adoption in new and existing buildings in order to foster and maintain affordable and healthy housing and communities. AEA engages in a broad range of educational, technical and construction management activities and services, and is an active party in numerous Public Service Commission proceedings, including the Value of Distributed Energy Resources (DER).

We support the goal of Reforming the Energy Vision and the Value of Distributed Energy Resources (VDER) proceeding to advance more accurate valuations of clean energy resources based on the full benefits they provide. We also agree with Staff, however, that where markets are not transitioning as expected and, we would add, where accurate and complete

valuation is not in effect, components of VDER and state and utility support require adjustment. We therefore support the proposals outlined in the *White Paper*; in addition, we ask that the Market Transition Credit (MTC) be available to master-metered buildings (submetered or not) to end the unfair lack of access to community distributed generation residents of these buildings now face although they represent a substantial portion of the population CDG was specifically meant to assist (renters and others without access to appropriate rooftop space for solar).

II. The Proposed Changes to the MTC Are Appropriate and Should Be Adopted

The Commission, as part of the Reforming the Energy Vision transformation of energy policy in New York, is replacing net metering (retail rate crediting) with a new policy whereby credit for energy sent to the grid reflects the value provided by the resource based on location, time and environmental and other benefits. These values become part of the total “value stack.” The VDER Order sets out the components of the “value stack” for Phase One of the Value of DER (i.e. the replacement for net metering). As part of the “value stack” for eligible distributed generation, the Commission authorized a “market transition credit,” or MTC for certain projects to ensure a smooth transition and continued market development for DER recognizing that without an MTC the market would be disrupted.\(^2\) The *White Paper* correctly summarizes the disparate conditions for CDG development that currently exist in utility territories and identifies adjustments to the MTC as a remedy. We would add to the arguments that VDER at present does not yet provide compensation for the full value of DER. Unrealized values include

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environmental benefits from reductions in criteria air pollutants and other health and environmental benefits\(^3\) as well as long-term reductions in utility infrastructure. Nevertheless, the proposed modifications in the *White Paper* represent a partial and appropriate solution and we support their adoption.

### III. The Market Transition Credit Should Be Available to Master Metered Buildings

The Commission has noted in multiple proceedings a desire to assist low and moderate income consumers with the energy affordability they face in New York and their inability to readily access clean energy supplies. Community Distributed Generation was specifically noted as a response to serving low and moderate households given it can be used to serve renters and residents of multifamily buildings. Preventing master-metered buildings from receiving the MTC creates an economic barrier to serving building residents via CDG.

Owners of master-metered buildings participating in CDG may pass along the benefits to their tenants as bill credits if submetered, or via maintaining affordability if not submetered. All too often, energy affordability is viewed as distinct from housing affordability when energy should be seen as part of housing affordability. Participation in price stabilizing or price lowering CDG can lower housing costs and help maintain affordable housing. The unavailability of the MTC to master-metered buildings is a disincentive to CDG participation by affordable housing providers and creates further inequity between income classes. There are creative arrangements to ensure benefits flow to low and moderate income residents of master metered buildings. These

\(^3\) See NYU Policy Integrity, “How States Can Value Pollution Reductions from Distributed Energy Resources,” (July 2018).
could include commitments from property owners to pass along benefits and/or to provide upgrades to common areas.

Multifamily buildings house the majority of low income residents, particularly in downstate regions, and are in areas where the as-yet appropriately valued environmental and public health benefits of DER are likely to be greatest. Extending the MTC to this population is an option to help adjust for the current inequities in clean energy access and the current unrecognized values clean energy resources provide. The White Paper notes that “despite the high MTC value available, development of CDG projects in the Consolidated Edison Company of New York, Inc. (Con Edison) has been very limited…” Increasing the value of the MTC without extending its availability to master metered buildings may spur further development of CDG to serve better off residential customers but will exacerbate equitable access to clean energy in Con Edison’s territory given the prevalence of multifamily master metered buildings.

IV. Conclusion

AEA appreciates the work of DPS staff on the White Paper and thanks the Commission for the opportunity to provide comment. We believe it is imperative that all customers have the opportunity to participate in and benefit from the DER necessary to combat climate change and create a reliable and resilient grid, and it is especially important for affordable housing, which include many master-metered buildings, for whom the energy affordability benefits of distributed energy resources are especially critical. Therefore, the MTC should be made available to master-

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metered buildings (submetered or not); AEA would be happy to explore any protocols needed to ensure property owners and residents benefit from the clean energy projects that serve these buildings.

Respectfully submitted,

David Hepinstall
Executive Director

Valerie Strauss
Director of Policy & Regulatory Affairs