

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on September 19, 2024

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan, recusing
Radina R. Valova

CASE 21-E-0629 - In the Matter of the Advancement of Distributed
Solar.

CASE 19-E-0735 - Petition of New York State Energy Research and
Development Authority Requesting Additional NY-
Sun Program Funding and Extension of Program
Through 2023.

CASE 14-M-0224 - Proceeding on Motion of the Commission to
Enable Community Choice Aggregation Programs.

ORDER PROVIDING CLARIFICATION

(Issued and Effective September 24, 2024)

BY THE COMMISSION:

INTRODUCTION

On June 21, 2024, the Joint Utilities¹ filed a petition
(Petition) seeking clarification of the Public Service
Commission's (Commission) Order Approving Statewide Solar for

¹ The Joint Utilities are: 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.

All Program with Modifications.² Specifically, the Joint Utilities request that the Commission clarify that costs associated with executing the Statewide Solar for All (S-SFA) program are subject to the same deferral treatment that the Commission has applied to other policy-driven programs. By this Order, the Commission confirms that the Joint Utilities shall apply deferral treatment for such costs, as discussed herein.

BACKGROUND

On May 16, 2024, the Commission issued the S-SFA Order, approving the S-SFA program whereby the Joint Utilities would aggregate Value of Distributed Energy Resources (VDER) Value Stack credits generated by participating community distributed generation (CDG) projects, and distribute them among customers automatically enrolled in the applicable utility's low-income energy affordability program (EAP) as bill credits. Under the approved S-SFA program structure, Value Stack credits from a participating generator would be divided into several components: (1) a percentage of the credits that would go towards providing bill savings to the utility's EAP customers (the Customer Share); (2) a 1% Utility Administrative Fee that the utility would be permitted to retain; and (3) the remaining portion of the Value Stack credits, paid by the utility to the project owner as direct compensation. The Customer Share of all participating generators in a particular utility service territory would then be aggregated and evenly divided among the utility's EAP customers (referred to as credit pooling).

² Case 21-E-0629 et al., Advancement of Distributed Solar, Order Approving Statewide Solar for All Program with Modification (issued May 16, 2024) (S-SFA Order).

THE PETITION

In the Petition, the Joint Utilities generally support the Commission's determination in the S-SFA Order regarding utility compensation via the 1% Utility Administrative Fee. The Joint Utilities also acknowledge that the S-SFA Order directed each utility to track its incremental administrative costs associated with implementing S-SFA, and to annually report such costs to the Commission. The Joint Utilities note, however, that each utility will likely incur substantial implementation costs well in advance of any generation occurring as part of the S-SFA program (and, therefore, any opportunity for the utilities to recover costs via the 1% Utility Administrative Fee). The Joint Utilities also express that revenues for the S-SFA program are unknown and subject to variable market forces. Absent express authority to defer implementation costs, the Joint Utilities caution that they would only be able to fund the S-SFA program rollout under existing rate plans and will not have incremental costs to offset in future recoveries.

The Joint Utilities state that they reasonably believe that the Commission intended for the S-SFA program to mimic other self-funded, policy-driven programs that give utilities a means of expending implementation costs that are recouped later. The Joint Utilities further note that, in the S-SFA Order, the Commission specifically confirmed that "the S-SFA project compensation process is built in the existing rules and processes for net crediting."³ The Joint Utilities further note that, in the CDG Consolidated Billing Order, the Commission provided:

³ S-SFA Order, p. 64.

"Each utility may defer the revenue requirement impacts of prudent, necessary, and incremental costs incurred before billing starts or prudent, necessary, and incremental ongoing costs in excess of recovery through the discount rate and accrue interest at the other customer provided capital rate, unless the utility rate plan currently in effect specifies a different rate. Recoveries through the discount rate should be used to offset such deferrals. Any remaining deferrals, as well as any over-recovery through the discount rate, should be reviewed in each rate case."⁴

Based on the foregoing, the Joint Utilities request that the Commission clarify its S-SFA Order and apply the same deferral treatment to S-SFA program implementation costs that it did for the Net Crediting Program, as explained above. The Joint Utilities assert that the Commission explicitly adopting this language for the S-SFA program will promote predictability and administrative congruence between program implementation and existing utility net crediting processes.⁵

DISCUSSION AND CONCLUSION

In approving the S-SFA program, the Commission specifically adopted the innovative compensation structure of the Expanded Solar For All (E-SFA) program, whereby a utility would be permitted to retain a portion of the Value Stack

⁴ See Case 19-M-0463, Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019) (CDG Consolidated Billing Order).

⁵ Pursuant to Ordering Clause No. 3 of the S-SFA Order, each of the Joint Utilities submitted a report on August 16, 2024, setting forth the utility's estimated costs for customer information system and billing system modifications needed to implement the directives of the S-SFA Order.

credits produced by participating generators as a Utility Administrative Fee to cover the utility's costs to administer the program. The Commission, however, recognizes the timing concerns identified in the Petition, specifically, that each utility is likely to incur some initial incremental costs associated with implementing the S-SFA program (e.g., for required modifications/upgrades to the customer information system and billing system) in advance of any enrolled generators actually producing electricity and generating Value Stack credits.

The Commission therefore clarifies that each utility may defer the revenue requirement impacts of prudent, necessary, and incremental S-SFA costs incurred during the initial project enrollment period for customer information system and billing system upgrades/modifications needed to be able to execute the program, and the ongoing incremental costs to track various elements of the utility's billing system, as required by the S-SFA program. No other administrative costs may be included in the deferral amount. Amounts deferred in accordance with this Order shall accrue interest at the utility's other customer provided capital rate, unless the utility's rate plan currently in effect specifies a different rate. Utilities shall recover such deferred costs through the Utility Administrative Fee, and these recoveries should be used to offset such deferrals.

The Commission reiterates its intention for the E-SFA and S-SFA program structures to be self-sustaining (i.e., utilities would not require additional ratepayer funding beyond the Utility Administrative Fee to administer the program). The Commission specifically capped the Utility Administrative Fee to 1% of the monthly value of participating CDG projects' Value Stack credits and directed that, if a utility's actual incremental administrative costs were less than the amount

recovered through the Utility Administrative Fee, 100% of the difference would be returned to customers via the S-SFA program's credit pooling mechanism.⁶ That framework will continue to apply here. To the extent that a utility incurs implementation costs in excess of what it would be able to recover through the 1% Utility Administrative Fee, the utility may file a separate petition for Commission consideration to modify the 1% Utility Administrative Fee cap and/or to otherwise address the excess deferred cost balances.

As noted above, each of the Joint Utilities submitted a report on August 16, 2024, setting forth the utility's estimated costs for customer information system and billing system modifications needed to implement the S-SFA program. The S-SFA Order also requires utilities to track administrative costs associated with the program, and to report them annually to the Commission.⁷ In order to properly track each utility's S-SFA implementation costs that will be deferred pursuant to this Order, the Commission hereby directs each utility to, going forward, prepare semi-annual reports for the six months ending June 30 and December 31, respectively. The reports should be filed with the Secretary to the Commission no later than two months from the end of each reporting period (i.e., by March 1 and September 1, respectively), beginning in 2025. Each report should provide the following data with supporting documentation covering the specified six-month period: (1) the monthly costs associated with S-SFA implementation that have been incurred and deferred; (2) the monthly deferral amounts that have been recovered through the 1% Utility Administrative Fee; and (3) the

⁶ S-SFA Order, pp. 60-61.

⁷ S-SFA Order, p.71

monthly ending balance of unrecovered deferral balances (including interest accrued).

The Commission orders:

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 are authorized to defer, for future recovery, implementation costs associated with implementing the Statewide Solar for All program, as discussed in the body of this Order.

2. 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 shall each file, by March 1 and September 1 of each calendar year, beginning in 2025, a report and supporting workpapers detailing the utility's deferred costs associated with implementing the Statewide Solar for All program, as discussed in the body of this Order.

3. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

4. These proceedings are continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary