

October 20, 2023

VIA ELECTRONIC DELIVERY

Honorable Michelle L. Phillips
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

**RE: CASE 21-E-0629 – IN THE MATTER OF THE ADVANCEMENT OF
DISTRIBUTED SOLAR**

**JOINT UTILITIES’ PROPOSAL ON THE IMPLEMENTATION OF
MULTIPLE CDG SAVING RATES**

Dear Secretary Phillips:

In response to Ordering Clause No. 6 of the Public Service Commission’s June 23, 2023 *Order Adopting NY-Sun Mid-Program Modifications* in the subject proceeding, enclosed please find for filing the proposal of 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 (collectively, “Joint Utilities”) regarding the implementation of multiple community distributed generation (“CDG”) Savings Rates.

Respectfully submitted on behalf of
the Joint Utilities,

/s/ Janet M. Audunson

Janet M. Audunson
Assistant General Counsel

proposal regarding the implementation of multiple CDG Savings Rates as part of utility efforts to automate Community Distributed Generation (CDG) billing and crediting.⁵

II. Background

The Climate Leadership and Community Protection Act of 2019 (CLCPA)⁶ established a 6-gigawatt (GW) target for distributed solar resources by 2025. On December 17, 2021, DPS Staff and NYSERDA filed the *New York's 10 GW Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar* (Solar Roadmap).⁷ In the Solar Roadmap, DPS Staff and NYSERDA recommended numerous options to achieve the State's goal of deploying 10 GW of distributed solar by 2030. The Solar Roadmap outlines a pathway to develop the additional 4 GW of distributed solar resources to meet the State's 10 GW objective, as announced by Governor Hochul on December 17, 2021.⁸

On April 14, 2022, the Commission issued its *Order Expanding NY-Sun Program* (10 GW Order),⁹ which adopted many of the recommendations in the Solar Roadmap. In the 10 GW Order, the Commission directed NYSERDA to file a Mid-Point Review and recommendations 60 days after the earlier event: (1) when 50 percent of either the Upstate¹⁰ or Con Edison

⁵ Solar Roadmap Proceeding, NY-Sun Order, Ordering Clause Nos. 5 and 6, p. 32.

⁶ Climate Leadership and Community Protection Act (CLCPA), *available at* <https://www.nysenate.gov/legislation/bills/2019/s6599>

⁷ Solar Roadmap Proceeding, New York State Department of Public Service and New York State Energy Research and Development Authority, *New York's 10 GW Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar* (filed December 17, 2021) (Solar Roadmap).

⁸ *Available at* <https://www.governor.ny.gov/news/governor-hochul-announces-new-framework-achieve-least-10-gigawatts-distributed-solar-2030#:~:text=December%2017%2C%202021-,Governor%20Hochul%20Announces%20New%20Framework%20to%20Achieve%20at%20Least,of%20Distributed%20Solar%20By%202030&text=Governor%20Kathy%20Hochul%20today%20announced,annually%20power%20nearly%20700%2C000%20homes>

⁹ Solar Roadmap Proceeding, *Order Expanding NY-Sun Program* (issued April 14, 2022) (10 GW Order).

¹⁰ The NY-Sun Program assigns a certain amount of incentives to each of three regions (Con Edison, Long Island, and Upstate). The Upstate region includes the service territories of Central Hudson, NYSEG, National Grid, O&R, and RG&E. Each region is then broken into blocks that are designated an allocation of megawatts (MW) eligible for NY-Sun incentives.

capacity allocations have been committed, or (2) December 31, 2025.¹¹ On November 17, 2022, 50 percent of the new Upstate MW Block capacity had been submitted to the MW Block program.¹²

In the Mid-Point Review, DPS Staff and NYSERDA made six recommendations for the NY-Sun Program to meet the distributed solar target set by the 10 GW Order:¹³

1. Provide NYSERDA flexibility to adjust the Con Edison Community Adder and Inclusive Community Solar Adder (ICSA) incentive rates specified in the 10 GW Order, based on dynamic market and policy conditions, including the passage of the Inflation Reduction Act of 2022 (IRA) and the anticipated federal guidance.
2. Make no changes to the Value of Distributed Energy Resources (VDER) Value Stack at this time.
3. Authorize a change in the eligibility for the Prevailing Wage Adder approved in the 10 GW Order whereby all projects greater than 1 MWac in size that submit applications to the Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential >1 MW Block or later, commit to pay prevailing wages and submit a quarterly certification by a Certified Public Accountant to be eligible for the Prevailing Wage Adder. NYSERDA requests that, if adopted, this change should be made retroactive to the opening of Upstate C/I Block 21 on November 17, 2022. For

¹¹ Solar Roadmap Proceeding, 10 GW Order, Ordering Clause No. 10, p. 59. The Solar Roadmap introduced a statewide target capacity of 3,393 MW with 2,943 MW allocated to Upstate Commercial/Industrial (C/I) project capacity and 300 MW allocated to Con Edison nonresidential and C/I capacity. *See* Solar Roadmap Proceeding, Solar Roadmap, pp. 73-74.

¹² Solar Roadmap Proceeding, Mid-Point Review, p. 1.

¹³ *Id.*, p. 21.

clarity, this change would not impact the prevailing wage requirement based on the interconnection application date that was established in the 10 GW Order.

4. Provide authorization to expand the current offering of Beneficial Siting Adders for a Floating Photovoltaic (PV) Adder.
5. Authorize the removal of system production adjustments from the NY-Sun Commercial/Industrial incentive payment structure.
6. Amend the rules set in the Net Crediting Order¹⁴ to allow multiple CDG Savings Rates within a single CDG project.

The Joint Utilities filed comments in response to the Mid-Point Review on April 10, 2023.¹⁵ The Joint Utilities supported the recommendation to not make any changes to the VDER Value Stack compensation mechanism. The Joint Utilities added that they were not conceptually opposed to CDG Hosts having the ability to apply multiple CDG Savings Rates to different subscribers but supported maintaining the existing five percent minimum CDG Savings Rate established by the Commission.

The NY-Sun Order accepted many of the recommended changes within the Mid-Point Review and directed the Joint Utilities to conduct a technical conference regarding the implementation of multiple CDG Savings Rates as part of utility efforts to automate CDG billing and crediting.

¹⁴ Case 19-M-0463, *In the Matter of Consolidated Billing for Distributed Energy Resources* (Net Crediting Proceeding), Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019) (Net Crediting Order). The Mid-Point Review refers to this as the Consolidated Billing Order.

¹⁵ Solar Roadmap Proceeding, Joint Utilities' Comments on DPS Staff and NYSERDA's New York Sun Program – Mid-Point Review (filed April 10, 2023).

III. Technical Conference on Multiple CDG Savings Rates

The Joint Utilities conducted its Technical Conference on Implementing Multiple CDG Savings Rates (Technical Conference) on August 15, 2023.¹⁶ At the Technical Conference, the Joint Utilities proposed to allow each CDG project two CDG Savings Rates. Limiting projects to two such rates would provide CDG projects with an additional rate to offer to low- to moderate-income (LMI) customers, improve the customer experience, reduce customer inquiries to utilities and developers, and reduce the risk of billing errors such a change may introduce. The Joint Utilities also proposed permitting CDG Net Crediting projects to have multiple anchor customer accounts.

The Joint Utilities faced resistance from developers on limiting the number of savings rates to two. Developers requested that CDG projects have flexibility as to the number of rates that could be offered and asked the utilities to consider adjusting the proposal to allow unlimited savings rates. The Joint Utilities received support from attendees for the proposal to allow CDG Net Crediting projects to have multiple anchor customers.

IV. Implementing Multiple CDG Savings Rates

The Joint Utilities propose that the Commission should determine the appropriate number of CDG Savings Rates within a single CDG project—whether that number is one, as the utilities currently provide; two, as the Joint Utilities proposed at the Technical Conference; or unlimited, as a number of developers at the Technical Conference requested.

¹⁶ Solar Roadmap Proceeding, Joint Utilities Multiple Net Member Credit (CDG Savings) Rates Technical Conference (presented August 15, 2023) (Technical Conference) (filed August 16, 2023).

Each of the Joint Utilities can implement an unlimited number of CDG Savings Rates, provided that those percentages are stated in whole numbers (*e.g.*, 5 percent, not 5.2 percent). However, permitting unlimited CDG Savings Rates within a single CDG project does pose some risks, including the increased potential for errors in the data provided by CDG Hosts, which could result in rejected submissions or billing errors. In addition, customer confusion may increase if subscribers receive different levels of benefits from their CDG subscriptions compared to other similarly situated subscribers.

If the Commission issues an order permitting CDG Hosts to use multiple CDG Savings Rates within a single CDG project, the Joint Utilities will file updated tariffs accordingly. The Joint Utilities propose the following procedures to implement such an order:

First, each utility will amend its existing initial and subsequent allocation forms to enable a CDG Host to specify an individual CDG Savings Rate for each CDG Subscriber. The introduction of multiple CDG Savings Rates will not change the structure of the CDG Host Bank allocation form or the process the Joint Utilities use to update CDG Subscriber banks. Each utility will also update its Net Crediting Manual and Net Crediting Agreement to reflect the availability of multiple CDG Savings Rates within a single CDG project.

Second, CDG Hosts will be allowed to change CDG Savings Rates monthly. Currently, the Joint Utilities' tariffs and Net Crediting Manuals restrict the frequency of CDG Savings Rate changes to twice annually, in March and September. CDG Hosts are required to provide the utility with updates no less than 30 days prior to the effective date of such change. CDG Hosts may change individual subscriber CDG Savings Rates only by providing the utility a complete

allocation file; utilities will not make ad hoc changes to individual subscriber's CDG Savings Rates.

Third, each utility will make multiple CDG Savings Rates available to CDG Hosts only after developing the necessary automated processes for doing so. The Joint Utilities oppose introducing new, error-prone manual processes to their existing automated billing and crediting solutions or delaying current automation efforts to implement multiple CDG Savings Rates, as doing so would negatively impact CDG Hosts, CDG Subscribers, and the utilities. If approved by the Commission, multiple CDG Savings Rates should be required only at such time as each individual utility has fully implemented and stabilized the automation of its existing CDG billing and crediting processes¹⁷ and has had sufficient additional time to develop the further enhancements necessary to accommodate multiple CDG Savings Rates within a single CDG project in an automated fashion.

V. Developer Responsibilities and Consumer Protection

In addition to the Joint Utilities' required procedural changes to implement multiple CDG Savings Rates, there remain additional accountabilities the Commission should order with respect to consumer protections and developer reporting.

CDG Net Crediting remains a contract between CDG Hosts and CDG Subscribers and it is not the Joint Utilities' role to monitor the assignment of, or change in, CDG Savings Rates among subscribers within a CDG project. The utility's sole responsibility in administering the

¹⁷ Each of the Joint Utilities file quarterly progress reports regarding the automation of CDG billing and crediting processes. *See, e.g.*, Cases 19-M-0463 *et al.*, In the Matter of Consolidated Billing (Consolidated Billing Proceeding), National Grid's CDG VDER Automation Quarterly Report (filed September 29, 2023).

CDG Savings Rates should be to process the rates as detailed on the allocation file provided by the CDG Host to the utility.¹⁸ As noted above, the introduction of multiple CDG Savings Rates increases the risk of error during the allocation form submission process. The Joint Utilities stress that the responsibility of accurate identification of the CDG Savings Rate for each CDG Subscriber on the allocation form lies with the CDG Host, not the utility, and the utility should not be required to confirm or approve changes in CDG Savings Rates on allocation forms. If an incorrect CDG Savings Rate is listed on an allocation list in error, the utilities should not be required to execute retroactive changes to allocations that have already occurred. CDG Hosts should be required to submit a revised allocation form with the correct CDG Savings Rate for the identified subscriber in accordance with each utilities' Net Crediting Manual. In compliance with the Net Crediting Order, CDG Savings Rates cannot be lowered without customer consent, and the Commission should continue to require developers to adhere to this important customer protection policy.¹⁹ The Joint Utilities, however, should not be required to monitor or verify that CDG Hosts have received such consent before changing a CDG Subscriber's Savings Rate at the direction of a CDG Host.

The introduction of multiple CDG Savings Rates provide CDG developers the ability to offer a wide range of savings to customers, including the opportunity to expand offerings to LMI customers, as emphasized by a number of commenters to the NY-Sun Mid-Point Review.²⁰ Utilities should not be required to provide customer information to CDG Hosts or other parties to

¹⁸ Solar Roadmap Proceeding, Joint Utilities' Comments on DPS Staff and NYSERDA's New York Sun Program – Mid-Point Review (filed April 10, 2023).

¹⁹ Net Crediting Proceeding, Net Crediting Order, p. 23.

²⁰ *See, e.g.*, Solar Roadmap Proceeding, Comments of the Clean Energy Parties; the New York Solar Energy Industries Association (NYSEIA), Solar Energy Industries Association (SEIA), the Coalition for Community Solar Access (CCSA), and the Alliance for Clean Energy New York (ACE-NY) (filed April 10, 2023), p. 4.

determine whether CDG Subscribers meet income eligibility or other requirements for a particular CDG Savings Rates. CDG Hosts should be required to monitor and report on each CDG project's ability to expand availability of CDG Net Crediting to LMI customers. Annual reporting of anonymized income-level project participation by the CDG developer will provide insight into the success of offering multiple CDG Savings Rates in its relation to expanding CDG Net Crediting to LMI customers.

In addition, to promote fair and equitable market competition among CDG Net Crediting offerings, each CDG Host should be required to publicize CDG Savings Rates on their websites or other Commission-approved marketing strategies. As directed in the Net Crediting Order, DPS Staff should carefully monitor CDG marketing to ensure that CDG Hosts provide clear and accurate information about CDG Savings Rates.

VI. Anchor Customers & Utility Administrative Fee

The Net Crediting Order allows CDG Hosts to exclude one large, anchor customer from a Net Crediting project.²¹ The Joint Utilities' electricity tariffs define an anchor customer as a demand-billed, non-mass market electricity customer with demand greater than or equal to 25 kW in the last twelve months. Currently, CDG Hosts can designate one anchor *account* to be excluded on a CDG Host's initial or subsequent allocation form. Stakeholders have frequently requested the Joint Utilities amend their electricity tariffs to allow more than one account number to be excluded from Net Crediting projects.

²¹ Net Crediting Proceeding, Net Crediting Order, p. 14

While not discussed within the Mid-Point Review or the NY-Sun Order, the Joint Utilities propose allowing CDG Net Crediting projects to designate multiple anchor customers to be excluded from Net Crediting. Under this proposal, allocation to anchor customers will continue to be limited up to 40% of the total monthly allocation.²² Utility system upgrades and allocation form modifications will be required to implement this change. The Joint Utilities note that this change will increase costs for billing system upgrades. However, impacts are minimized by combining these modifications with system enhancements allowing multiple CDG Savings Rates. Costs and system impacts for allowing the designation of multiple anchor customers to be excluded from Net Crediting are included in the utility cost and implementation plans outlined below.

VII. Cost Estimates

Incremental costs associated with implementing multiple anchor customers and multiple CDG Savings Rates should be included in the expenses recovered through the utility administration fee. The Joint Utilities should also retain the right to petition for an adjustment to the administration fee percentage. Table 1, below, contains high-level estimates by utility for modifying existing systems to apply multiple savings rates and allow multiple anchor customers to Value Stack Net Crediting in the manner discussed herein.²³ These estimates may change if

²² 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), pp. 7-8.

²³ Value Stack Net Crediting is either fully automated or in the process of being fully automated by each of the Joint Utilities. These cost estimates are specific to required changes of these automated processes for Value Stack Net Crediting.

the Commission directs additional changes to current practices to accommodate other proposed CDG program modifications.

Table 1: High-Level Cost Estimates for Implementation of Multiple Anchor Customers and Multiple Savings Rates for Value Stack Net Crediting

Company	Estimated Costs
Central Hudson	\$300,000
Con Edison, Orange & Rockland	\$500,000
National Grid ²⁴	\$1,700,000
NYSEG, RG&E	\$220,000 - \$370,000

VIII. Implementation

Due to a variety of factors, Central Hudson, Con Edison, National Grid, and O&R estimate that implementation of multiple CDG Savings Rates and anchor customers per CDG project can occur within approximately 12-16 months of a Commission order, assuming that such an order does not place additional responsibilities on utilities beyond those contemplated here.²⁵ This implementation timeframe is based on the substantial billing system changes that would be required.²⁶ There are numerous other regulatory proceedings that will require billing

²⁴ National Grid’s CDG VDER automation efforts did not contemplate the need for individual CDG Savings Rates per CDG Subscriber and those billing and crediting automation efforts are complete. If multiple CDG Savings Rates are adopted by the Commission, National Grid will need to make changes to nearly every step of the fully automated CDG VDER process in its customer service system which is a far more time-consuming and costly effort than had this been part of the original automation work scope.

²⁵ NYSEG and RG&E propose implementing multiple CDG Savings Rates and anchor customers per CDG project on or after April 1, 2026. These companies have been focused on Value Stack automation, scheduled to be implemented by year-end 2023. In 2024, the companies will continue to focus on Value Stack automation for items deferred during the initial automation and conversion activities of the 120 active Value Stack CDG projects with over 50,000 CDG Subscriber accounts at NYSEG and RG&E. The complexity and time to convert each Value Stack project may take weeks considering the amount of pre-work needed prior to conversion and number of CDG Subscribers per project; it must be done accurately to ensure proper CDG Host and CDG Subscriber billing once a CDG project is converted from manual billing to automation.

²⁶ The Joint Utilities envision the potential to complete this implementation concurrent with implementation of Volumetric Net Crediting, as proposed by the Joint Utilities on October 20, 2023. *See Consolidated Billing Proceeding, Petition of the Joint Utilities to Establish Net Crediting for Volumetric Community Distributed Generation Projects (filed October 20, 2023).*

system enhancements prior to the utilities' ability to effectively implement multiple CDG Savings Rates and anchor customers per CDG project, including Electric Vehicle Phase-In Rates, Standby and Buyback Rates, and Customer Benefit Contribution charge changes. In addition, some of the utilities are in the process of billing system conversions or have future conversion plans, and their timelines for implementation may be contingent on the status of their new systems.

IX. Conclusion

The Joint Utilities propose that the Commission allow CDG Hosts to assign multiple anchor tenants and determine the appropriate number of CDG Savings Rates that may apply to a single CDG project. While supporting the policy goals underlying the proposal to allow multiple CDG Savings Rates, the Joint Utilities caution that allowing multiple CDG Savings Rates per CDG project poses certain risks, including the increased potential for errors in data provided by CDG Hosts and the possibility that customer confusion may increase if subscribers receive different levels of benefits from their CDG subscriptions compared to other similarly situated subscribers. Provided that appropriate procedures and guardrails apply, the Joint Utilities expect to be able to implement these changes within the timeline proposed herein following a Commission order.

Dated: October 20, 2023

Respectfully submitted,

**CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC. and ORANGE AND
ROCKLAND UTILITIES, INC.**

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