STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

ORDER ADOPTING NY-SUN MID-PROGRAM MODIFICATIONS

Issued and Effective: June 23, 2023

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on June 22, 2023

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
Diane X. Burman, concurring
James S. Alesi
Tracey A. Edwards
John B. Howard
David J. Valesky
John B. Maggiore

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

ORDER ADOPTING NY-SUN MID-PROGRAM MODIFICATIONS

(Issued and Effective June 23, 2023)

BY THE COMMISSION:

INTRODUCTION

On January 17, 2023, Staff of the New York State Energy Research and Development Authority (NYSERDA) and the Department of Public Service (DPS) jointly filed the New York Sun Program Mid-Point Review (MPR Filing), in accordance with the Public Service Commission's (Commission) 10 GW Order.[1] In the 10 GW Order, the Commission expanded the target amount of distributed solar generation projects installed in New York State from 6 gigawatts (GW) to 10 GW by 2030 (the Incremental 4 GW Target), and extended and expanded the NY-Sun program

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[1] Case 21-E-0629 et al., In the Matter of the Advancement of Distributed Solar, Order Expanding NY-Sun Program (issued April 14, 2022) (10 GW Order).

administered by NYSERDA to achieve that goal. The 10 GW Order specifically directed NYSERDA and DPS Staff to file the MPR Filing for Commission review and approval within 60 days of the earlier of: (1) the date when 50% of the capacity allocations authorized for Upstate New York or the Consolidated Edison Company of New York, Inc. (Con Edison) service territory have been committed, or (2) December 31, 2025. By this Order, the Commission approves, with modifications, the recommendations set forth in the MPR Filing.

BACKGROUND

On December 17, 2021, NYSERDA and DPS Staff filed the Solar Roadmap, which presented several policy options for procuring distributed solar in New York towards meeting the clean energy goals established by the Climate Leadership and Community Protection Act (CLCPA), including that 70% of the statewide electric generation secured by jurisdictional load serving entities to meet the electrical energy requirements of all end-use customers in New York must come from renewable sources by 2030 (the 70 by 30 Target).[2] Ultimately, NYSERDA and DPS Staff recommended that, based on the success of the NY-Sun Megawatt (MW) Block program, the Commission should establish the Incremental 4 GW Target and expand the NY-Sun program through 2030 to achieve that goal. The Solar Roadmap proposed incentivizing 3,393 MW of new distributed solar capacity through NY-Sun, using a "missing money" approach to setting incentive levels, with the incentive level for each geographical area

[2] Case 21-E-0629, supra, New York's 10 GW Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar (filed December 17, 2021) (Solar Roadmap).

reflecting the amount needed by the marginal resource block to reach its assumed internal rate of return in a given year.[3]

On April 14, 2022, the Commission issued the 10 GW Order adopting, with modifications, the recommendations from the Solar Roadmap, including the adoption of the Incremental 4 GW Target. The 10 GW Order also extended and expanded the existing NY-Sun MW Block Program as proposed towards achieving that target, established specific incentive structures for Upstate New York and the Con Edison service territory, expanded the Solar Energy Equity Framework (SEEF) to ensure that no less than 40% of the Incremental 4 GW Target be targeted towards low-to-moderate income (LMI) customers and disadvantaged communities (DACs), and set forth prevailing wage requirements for the NY-Sun program. The 10 GW Order also authorized an additional $1.474 billion in funding for the NY-Sun program, including $954 million for base project incentives and adders, $252 million for the SEEF, $239 million in incentive adders to assist the industry with the transition to prevailing wages, $16 million for the Cost Recovery Fee, $12 million for administration, and $1 million for evaluation.

As part of the expanded NY-Sun program, the Commission directed NYSERDA and DPS Staff to submit an MPR Filing within 60 days of the date when 50% of either the Upstate or Con Edison capacity allocations have been committed, or December 31, 2025, whichever occurs earliest (MPR Trigger). As part of the MPR Filing, the Commission directed NYSERDA to analyze, at a minimum: (1) updated project cost estimates based on developer-

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[3] The Solar Roadmap estimated that the remaining 607 MW of the Incremental 4 GW Target would be achieved through projects located on Long Island, and statewide unincentivized solar projects.

reported data, utility-reported interconnection costs, and international cost trends in modules and other components; (2) the types of projects being developed in response to the incentives offered (i.e., remote crediting versus community distributed generation (CDG) projects); (3) market or policy factors that may be driving changes in rate of uptake and/or costs, such as broader adoption of net crediting, opt-out CDG, or other changes to state or federal policy; and (4) whether any changes to the Environmental Value (E Value) component of Value Stack compensation, base incentives, or adders are warranted in response to the previous factors. On November 17, 2022, NYSERDA filed a letter indicating that 50% of the new MW Block capacity for Upstate New York had been committed and, therefore, the MPR Trigger was met.

MID-POINT REVIEW FILING

A. Summary of NY-Sun Activity During Review Period

The MPR Filing provides a general overview of NY-Sun program activity between the issuance of the 10 GW Order and the MPR Trigger (the Review Period), including all Clean Energy Fund (CEF) monies authorized by the Commission for the program. NYSERDA reports that, of the total $3.267 billion budget authorized for NY-Sun to-date, $1.891 billion had been committed or expended as of the MPR Trigger, with $1.375 billion remaining in uncommitted funding. NYSERDA further reports that, of the 8,195 MW in total MW Block program capacity authorized to-date, 5,999 MW have been committed or completed as of the MPR Trigger. A total of 1,946 MW of capacity was committed during the Review Period, as follows: (a) 51 MW to Upstate residential projects, (b) 16 MW to Upstate nonresidential projects, (c) 1,767 MW to Upstate commercial and industrial (C/I) projects, (d) 45 MW to

Con Edison residential projects, and (e) 67 MW to Con Edison nonresidential projects. The MPR Filing indicates that 2,196 MW of uncommitted MW Block program capacity remain as of the MPR Trigger.

The MPR Filing explains that uptake of the new Upstate C/I incentive capacity by eligible projects was rapid, including by projects that reached the program's eligibility threshold during the approximately one-year period prior to the 10 GW Order, when Upstate C/I incentives were unavailable. According to the MPR Filing, the incentive rate for the current Upstate C/I block (i.e., Block 21) was set significantly lower than previous blocks to reflect benefits associated with the federal Inflation Reduction Act of 2022 (IRA), including various changes to the federal Income Tax Credit (ITC).[4] Regarding residential projects, the MPR Filing reports that during the Review Period, the amount of capacity submitted to the NY-Sun program approximately doubled, as compared to the same period in the previous year, which NYSERDA attributes to rising retail electric rates for residential customers.

With respect to prevailing wages, the MPR Filing explains that the 10 GW Order established the requirement that, to be eligible for a prevailing wage adder incentive (Prevailing Wage Adder), a project must be greater than 1 MWac and have submitted its initial utility interconnection application after the date of the 10 GW Order. NYSERDA reports that, as of the MPR Trigger, it has received no project applications qualifying for the Prevailing Wage Adder because all projects submitted to

[4] According to NYSERDA, an increase in the ITC for a typical Upstate C/I project from 26% to 30% is equivalent to a cost reduction of approximately $0.07/Watt, and increasing the ITC from 22% to 30% is equivalent to a cost reduction of approximately $0.14/Watt.

the C/I project blocks during the Review Period had their initial utility interconnection applications submitted prior to the date of the 10 GW Order.

Regarding other incentive adder activity, the MPR Filing explains that the Community Adder incentive, which provides an additional incentive to community solar projects that did not receive a utility-administered Market Transition Credit or Community Credit, saw significant uptake in both the Upstate and Con Edison markets, and over 96% of Upstate C/I capacity and 59% of Con Edison nonresidential capacity submitted to NY-Sun during the Review Period were community solar projects. NYSERDA reports that its initial Upstate Community Adder block of 800 MW (later expanded to 1,150) was fully committed by October 3, 2022, and 24.6 MW of Con Edison Community Adder capacity was committed as of November 30, 2022. NYSERDA has paused the Community Adder for both Upstate and Con Edison as of the MPR Filing to allow NYSERDA to align Community Adder rules and incentive rates with the provisions of the IRA. The MPR Filing further reports that, during the Review Period, eight projects totaling 7.0 MW received the Parking Canopy Adder, 24 projects totaling 1.7 MW received the Rooftop Canopy Adder, and 13 projects totaling 65.6 MW received the Landfill/Brownfield Adder.

Regarding the SEEF, the MPR Filing reports that, as of the MPR Trigger, NYSERDA has committed or expended $78.9 million in dedicated SEEF funds, leveraged by approximately $125.1 million in other NY-Sun incentives, for a total of approximately $204.0 million. The MPR Filing asserts, however, that it is premature to consider progress towards the ultimate SEEF goal established in the 10 GW Order, as two of the major SEEF program components – the Inclusive Community Solar Adder (ICSA) and the

Expanded Solar for All (E-SFA) program jointly implemented by NYSERDA and Niagara Mohawk Power Corporation d/b/a National Grid (National Grid) – are being revised to align with the federal IRA, and have not yet been made available to projects that have received NY-Sun incentive awards since the 10 GW Order was issued. The MPR Filing further asserts that when the program revisions are complete, SEEF funding will be made available to all projects, including those that have already received other NY-Sun incentive awards, which meet the program requirements.

The MPR Filing reports that between July 2021 and March 2022, NYSERDA committed $46.4 million in ICSA awards to 119 projects totaling 333.7 MW of capacity, which is estimated to serve around 33,720 LMI customers, affordable housing residents, and non-profit and public facilities in DACs. NYSERDA states that it is preparing to relaunch the ICSA with adjustments based on program experience, stakeholder feedback, and the potential impact of the IRA.[5]

Regarding the E-SFA program, the MPR Filing reports that NYSERDA and National Grid initially solicited 21 projects totaling 121.4 MW to participate in the program and a total of $15.5 million in E-SFA awards have been issued to these projects. NYSERDA states that it plans a second procurement round in 2023 to procure up to the 300 MW of E-SFA program capacity authorized by the Commission.[6]

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[5] Since the MPR Filing was filed, several federal guidances have been issued on the tax implications of the IRA, most recently on May 31, 2023. See https://www.irs.gov/inflation-reduction-act-of-2022.

[6] See 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 2025, Order Approving Expanded Solar for All Program with Modifications (issued January 20, 2022).

The MPR Filing further reports that, during the Review Period, 73 projects totaling 4.5 MW have applied for the Multifamily Affordable Housing Incentive (MAHI), which provides an additional NY-Sun incentive to projects located at regulated affordable housing properties. The MPR Filing explains that MAHI participation largely occurred in the Con Edison territory where much of the State's affordable housing is located. The MPR Filing also reports that: (a) during the Review Period, 289 projects totaling 2.8 MW applied for the Affordable Solar Residential Incentive adder, which provides an increased incentive for residential projects for LMI homeowners; and (b) as of November 2022, 42 projects have received awards totaling $6.2 million from the Affordable Solar and Storage Predevelopment Technical Assistance Program, which provides early-stage technical assistance to owners and managers of affordable housing, municipalities, and community-based organizations seeking to develop solar and/or storage projects.

B. <u>Commission-Directed Mid-Point Review Items</u>

1. <u>Project Configurations</u>

According to the MPR Filing, Upstate C/I and Con Edison Nonresidential projects submitted to NY-Sun during the Review Period were a mix of community solar projects, remote crediting projects, and behind-the-meter projects located at a customer's site. As noted above, community solar was the dominant configuration Upstate.[7] The MPR Filing explains that there was a larger variety of projects in the Con Edison service territory, with almost half of Con Edison nonresidential

[7] The MPR Filing notes that the sustained interest in community solar development in both the Upstate and Con Edison regions underscores the importance of an effective CDG billing and crediting system.

projects receiving NY-Sun incentive commitments during the Review Period coming from behind-the-meter installations (generally rooftop solar) with an average project size of 94 kW.

2. Project Cost Analysis

In compliance with the 10 GW Order, the MPR Filing provides an analysis of market, labor, and other impacts on the distributed solar market. The MPR Filing explains that increased global demand, international supply chain constraints, and economy-wide inflation have all exerted upward price pressure on solar modules, racking, and balance-of-system components.[8] The MPR Filing also explains that non-module component costs (e.g., for copper, steel, and electric switchgear) have been unpredictable due to persistent COVID-related supply chain issues, and many components are difficult to source, resulting in long lead times for components. Other drivers of higher project costs include increased labor costs, increased difficulty in identifying suitable interconnection sites, and increased financing costs.

3. Inflation Reduction Act Impacts

The MPR Filing notes that the cost analyses conducted for the Solar Roadmap relied on old assumptions that existed prior to the passage of the IRA. According to the MPR Filing, the IRA, among other things: (1) allows an up to 30% ITC for solar photovoltaic systems, which decreases to 26% in 2033 and 22% in 2034; (2) provides only a 6% ITC for projects greater than 1 MW that fail to meet new federal prevailing wage and apprenticeship requirements; (3) allows ITC recipients to select

[8] NYSERDA staff estimates that, during the Review Period, overall costs trended upward by approximately $0.20-$0.30/Watt and $0.30-$0.70/Watt for Upstate C/I projects and Con Edison Nonresidential projects, respectively.

a direct pay option, or transfer or sell all or a portion of their tax credits to unrelated taxpayers; (4) provides additional tax credits for projects that satisfy certain criteria, for example, an incremental 10% tax credit for projects that source certain amounts of their materials domestically; (5) and allows solar projects less than 5 MWac (e.g., those participating in the NY-Sun program) to seek an additional allocation of "bonus" ITC if they are placed in service in connection with low-income communities. Based on this wide range of changes, NYSERDA concludes that quantifying the impact of the IRA (and adjusting NY-Sun program design elements accordingly) cannot be accomplished prior to the release of additional federal guidance by the United States Department of the Treasury and/or the Internal Revenue Service. Nonetheless, after the release of further federal guidance, NYSERDA expresses an intent to review and update program rules and incentive rates accordingly.

NYSERDA asserts that the flexible structure of the NY-Sun program permits it to adjust incentive rates and design in response to market, regulatory, and policy changes, and will allow NYSERDA to make IRA related adjustments in consultation with DPS Staff and program stakeholders. That notwithstanding, NYSERDA requests Commission authorization to adjust the specific incentive rates set in the 10 GW Order (e.g., the Con Edison ICSA and Community Adder), which may include different or adjusted incentive rates for projects that receive bonus tax credits.

4. Value Stack Compensation

The MPR Filing asserts that a NYSERDA-administered incentive program allows greater flexibility and adaptivity than an adjusted E Value, while protecting ratepayer dollars. As such, NYSERDA and DPS Staff recommend that no changes to the E Value or other elements of the Value of Distributed Energy Resources (VDER) compensation methodology be made as part of this mid-point review of the NY-Sun program.

5. Con Edison Nonresidential Capacity

The MPR Filing notes that, as of the MPR Trigger, there has been steady uptake in the Con Edison Nonresidential Blocks, with 52 MW of the 300 MW of incremental capacity allocated as of the MPR Filing (with approximately one third of that capacity falling into each of the three size categories established in the 10 GW Order). The MPR Filing states that this pace is consistent with the typical multi-year development cycle for downstate solar projects. Based on these circumstances, NYSERDA does not recommend changes to the Con Edison capacity allocations at this time.

6. Prevailing wages

The MPR Filing reports that, based on interconnection queue data published by the New York utilities, over 900 MW of projects submitted initial interconnection applications between the filing of the Solar Roadmap and the issuance of the 10 GW Order, and these projects are not eligible for the Prevailing Wage Adder approved in the 10 GW Order. The MPR Filing further reports that, as of the MPR Trigger, no applications subject to the prevailing wage requirements had been submitted to the NY-Sun program.

The MPR Filing anticipates that, based on initial Treasury Department guidance posted in November 30, 2022, projects that commence construction within 60 days of that guidance (i.e., by January 29, 2023) will be eligible for the 30% ITC under the IRA without needing to meet federal prevailing wage and apprenticeship requirements.[9] NYSERDA estimates that a typical Upstate C/I project that receives the full 30% ITC without having to meet prevailing wage requirements would only need a NY-Sun base incentive of approximately $0.05/Watt to achieve financial viability. On November 15, 2022, NYSERDA announced that Block 21 of the Upstate C/I MW Block Program would have an incentive rate of $0.05/Watt, down from the Block 20 incentive rate of $0.12/Watt, which would avoid over-incentivizing projects that receive a 30% ITC without incurring additional prevailing wage expenses.

Regarding projects that must meet the IRA's federal prevailing wage requirements (i.e., they cannot meet the "commence construction" exemption), NYSERDA states that the 6% ITC available to these projects is insufficient to enable project development and, therefore, they likely would meet the federal prevailing wage requirements to secure the 30% ITC, where required. However, NYSERDA asserts that this introduces a significant funding gap for a certain subset of projects that do not qualify for the "commence construction" exemption and must meet prevailing wage requirements as a de facto necessity to receive the 30% ITC and be financially viable, but are not eligible for the NY-Sun Prevailing Wage Adder because they submitted interconnection applications prior to the date of the 10 GW Order. To address this gap and to generally promote well-paying solar jobs in support of the Incremental 4 GW Target, NYSERDA recommends changing the eligibility requirements for the Prevailing Wage Adder and make it available to all projects

[9] According to the MPR Filing, projects may "commence construction" by either (a) performing on-site or off-site work of a significant nature, or (b) incurring 5% of project costs (i.e., "safe harboring").

greater than 1 MWac in size that: (1) either submit applications to Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential Block or later for projects greater than 1 MW; (2) are not subject to the prevailing wage requirement as established by the 10 GW Order; and (3) are willing to (i) commit to pay New York State Prevailing Wage and (ii) substantiate, as such, via quarterly certifications by a New York State-licensed Certified Public Accountant during the project construction period. NYSERDA requests that, if this change is adopted, it should be made retroactive to any projects that previously applied to Upstate C/I Block 21.

Regarding the Prevailing Wage Adder's incentive levels and budget, the MPR Filing states that labor costs have increased since the Solar Roadmap was filed, but those increases are counterbalanced by the fact that the IRA increased the ITC to 30% (or more, in certain cases) and allowed for labor costs to be included in a project's ITC-eligible costs. Based on these circumstances, NYSERDA does not propose any adjustments to Prevailing Wage Adder incentive levels at this time. NYSERDA also asserts that, based on utility interconnection queue data and the volume of projects already submitted without the Prevailing Wage Adder, the requested changes to the Prevailing Wage Adder eligibility requirements can be made without any increase in the authorized Prevailing Wage Adder budget of $239 million. Recognizing that labor costs are dynamic and that the sector is in a transition period, NYSERDA states that it will continue to closely monitor the cost impact of the prevailing wage requirement, and requests that the Commission grant NYSERDA, in consultation with DPS Staff, the flexibility to adjust the Prevailing Wage Adder incentive levels and budget in response to future significant market or policy changes, provided that the adjustments can be made without increase to the total program budget.

C. Additional Items Reviewed

First, the MPR Filing explains that NYSERDA currently adjusts incentive payments made to Upstate C/I projects on the first and second anniversary of project completion, based on system production relative to an assumed statewide average. However, given the evolution of the regulatory landscape for the solar market (e.g., adoption of Value Stack compensation), project owners and financiers are highly motivated to maximize system production. As such, NYSERDA proposes that incentive payments for the Upstate C/I program no longer be subject to adjustment based on production during the first two years of system operation. NYSERDA also proposes that current awardees be granted the option of adopting this change for future payments. NYSERDA further proposes that NY-Sun program rules be adjusted to allow project owners the option of either receiving a single incentive payment upon project completion, or receiving incentive payments on the existing schedule (50% at commercial operation, and 25% at each of the first two anniversary dates). For clarity, the single payment option would not apply to the ICSA, and projects receiving NY-Sun awards would continue to be required to share production data via NYSERDA’s Distributed Energy Resource (DER) Integrated Data Portal, or through an alternative process that may be established by NYSERDA in the future.

Second, NYSERDA proposes working with DPS Staff to establish a new, standard-offer incentive adder for floating photovoltaic (Floating PV) projects. NYSERDA states that, while Floating PV has yet to be widely deployed at scale, it offers a potential alternative to greenfield development, and may be feasible on certain waterbodies in New York, particularly municipal reservoirs. Based on available research regarding Floating PV project costs, NYSERDA proposes an initial incentive adder of $0.15/Watt.[10] Given the relatively modest total potential for Floating PV in New York, NYSERDA asserts that no increases to the NY-Sun incentive or administrative budgets are needed to create this adder.

Third, NYSERDA states that it explored establishing a requirement that future Community Adder awards be contingent on projects also meeting the requirements of the ICSA. However, NYSERDA found this requirement infeasible due to existing net crediting rules that only allow for a single customer bill discount (Net Member Credit) to be set for all non-demand subscribers in an individual community solar project, with a minimum allowable Net Member Credit of 5%.[11] NYSERDA states that, in most instances, project economics cannot support a 10% Net Member Credit (i.e., the minimum discount needed to meet ICSA eligibility requirements) for all customers, including customers who are not eligible LMI subscribers under ICSA rules. NYSERDA further explains that this makes the ICSA a less accessible option for CDG providers utilizing net crediting who wish to include both LMI and non-LMI subscribers within a single project - a business model that is allowable under ICSA rules and would enable a wider range of projects and providers to

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[10] NYSERDA relied on research conducted by the National Renewable Energy Laboratory on the technical potential, benefits, and costs of Floating PV projects to develop its proposed initial incentive adder rate. See MPR Filing, p. 20.

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

contribute to the SEEF goals set in the 10 GW Order. Based on those considerations, NYSERDA recommends that the Commission amend the rules established in the Consolidated Billing Order to allow multiple Net Member Credit rates within a single CDG project. NYSERDA acknowledges that this change may require significant adjustments to utility CDG procedures and software, and recommends that, if the Commission adopts such a change, it should direct utilities and stakeholders to work collaboratively on design-specific requirements and procedures, potentially via the CDG Billing & Crediting Working Group, prior to implementation.

D. Recommendations

Based on all of the foregoing, the MPR Filing makes six specific recommendations: (1) provide NYSERDA flexibility to adjust the Con Edison Community Adder and ICSA incentive rates specified in the 10 GW Order, based on dynamic market and policy conditions (including passage of the IRA); (2) make no changes to Value Stack compensation at this time; (3) modify the Prevailing Wage Adder eligibility requirements as described above; (4) authorize the creation of a Floating PV Adder; (5) authorize the removal of system production adjustments from the NY-Sun C/I incentive payment structure; and (6) allow multiple Net Member Credit rates within a single CDG project.

NOTICE OF PROPOSED RULE MAKING

On January 24, 2023, the Secretary to the Commission (Secretary) issued a Notice Soliciting Comments and Announcing Technical Conference. Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was also published in the State Register on February 8, 2023 [SAPA No. 21-E-0629SP2]. The time for submission of comments pursuant to the notices expired on April 10, 2023. Comments received are discussed below, as relevant, and summarized in the Appendix.

LEGAL AUTHORITY

The Commission has the responsibility and the authority under the Public Service Law (PSL) to ensure that utilities carry out "their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources."[12] Furthermore, the Commission has the responsibility, pursuant to PSL §66-p, to ensure that a minimum of 70% of the statewide electric generation secured by jurisdictional load serving entities to meet the electrical energy requirements of all end-use customers in the state be generated by renewable energy systems by 2030, including the procurement of "at least ... six gigawatts of photovoltaic solar generation by [2025] ... ." Furthermore, the Commission is directed to design programs under PSL §66-p "in a manner to provide substantial benefits for disadvantaged communities ... including low to moderate income consumers."[13]

Pursuant to the State Energy Law, the Commission is required to consider actions to effectuate State energy policy and the New York State Energy Plan.[14] In fulfilling the mandates of the PSL and the State Energy Law, the Commission has directed the development and implementation of a number of programs to increase the deployment of energy efficiency resources in New

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[12] PSL §5(2); see also PSL §66(3).

[13] PSL §66-p(7).

[14] State Energy Law §§3-103 and 6-104.

York, including the Clean Energy Fund, the Renewable Portfolio Standard, the Energy Efficiency Portfolio Standard, and the Energy Efficiency Transition Implementation Plans. The activities directed and authorized in this Order will continue and build upon the progress made through those programs.

DISCUSSION

In establishing the Incremental 4 GW Target, the Commission expressed that distributed solar resources have been and continue to be a vital component of New York's clean energy program, particularly as the State works toward the 70 by 30 Target established in the CLCPA.[15] The Commission is pleased with the performance of the expanded NY-Sun program toward the Incremental 4 GW Target, as evidenced by the rapid pace at which distributed solar projects have applied for NY-Sun incentives, and the mere seven months between issuance of the 10 GW Order and the MPR Trigger. Based on the analyses in the MPR Filing, it appears that New York State is well-positioned to achieve its goal of 10 GW of statewide distributed solar by 2030. More generally, the NY-Sun program, as a whole, has demonstrated success in spurring solar deployment across the State to-date, even as the per-Watt incentive levels needed by solar projects has consistently decreased over time.

At the same time, continued positive momentum of distributed solar growth in New York is needed to help ensure that the State's clean energy policies are achieved. The Commission recognizes that the solar industry remains fluid and adapting the NY-Sun program to address current and future market factors will be critical in ensuring the continued success of

[15] 10 GW Order, p. 27.

the program. For example, as explained in the MPR Filing, the distributed solar market has faced significant economic headwinds (e.g., increased equipment and labor costs, supply chain issues, and inflation), as well as potential tailwinds (e.g., the passage of the IRA, and potentially increased Value Stack revenue from rising energy prices) that must be taken into account in establishing appropriate incentive mechanisms and rates to ensure continued solar growth in an economically efficient manner.[16]

The MPR Filing provides details regarding the state of the distributed solar market in New York and an analysis of NY-Sun program performance to-date, and makes several discrete recommendations regarding programmatic approach and broader policy in light of lessons learned and to accommodate new circumstances. The Commission finds the proposals in the MPR Filing to be reasonable, and therefore generally adopts the recommendations advanced in that filing, subject to the specific discussions below. The Commission directs NYSERDA to file an updated NY-Sun Operating Plan reflecting the changes authorized in this Order by July 31, 2023.

A. NYSERDA Flexibility to Adjust Incentive Rates

The Commission confirms that NYSERDA shall have the flexibility to adjust the Con Edison Community Adder and ICSA incentive rates specified in the 10 GW Order, based on dynamic market and policy conditions. In establishing those initial incentive adder rates in the 10 GW Order, the Commission sought to balance the need to accelerate distributed solar growth in the Con Edison service territory (which had lagged behind the rapid uptake of incentives in Upstate New York), with the

[16] See MPR Filing, p. 10.

overarching goal of ensuring that the NY-Sun program achieves the statewide Incremental 4 GW Target in a cost-efficient manner. As demonstrated in the MPR Filing, solar development in New York continues to be largely driven by Upstate projects. At the same time, the passage of the IRA could have potentially significant impacts on project economics going forward, and could fundamentally alter the types and amounts of incentives needed by solar developers both Upstate and Downstate to economically develop their projects toward achieving the 70 by 30 Target. Given these considerations, the Commission finds it reasonable and appropriate for NYSERDA to have flexibility to adjust the Con Edison Community Adder, ICSA, and other NY-Sun incentive rates as necessary to respond to evolving market conditions (including anticipated future federal guidance on the IRA).[17]

Recognizing that the IRA introduced a substantial number of tax-related factors that will impact NY-Sun incentives, and with the understanding that federal guidance on the IRA continues to be issued on a piecemeal basis, NYSERDA is directed to, within 60 days of this Order, submit an informational filing consolidating and detailing the federal guidance received to-date on the IRA, its impacts to NY-Sun base incentive and adder rates (including but not limited to the Prevailing Wage Adder and the ICSA) and on the NY-Sun program as a whole, and what program adaptations have been and will be undertaken in response to that guidance. NYSERDA should also continue to consult with DPS Staff prior to any changes to

[17] This flexibility will allow NYSERDA to tailor the NY-Sun incentives and adders as necessary to facilitate additional solar growth downstate, consistent with the comments of multiple stakeholders.

program incentives, and should continue to provide the industry and stakeholders with adequate notice of impending changes in accordance with NYSERDA's NY-Sun Operating Plan.

B. Value Stack

Consistent with the recommendation in the MPR Filing, the Commission makes no changes to Value Stack compensation as part of this Order. The current structure of the NY-Sun program (i.e., providing upfront incentives) continues to provide for a transparent, efficient, and cost-effective path forward to spur additional solar development in New York, as evidenced by the amount of new solar capacity entering the statewide development pipeline in response to the 10 GW Order. Moreover, as the Commission stated in the 10 GW Order, the Value Stack methodology has been sufficiently developed such that it would benefit from a period of stability. In any event, the Commission notes that this Order is limited to addressing programmatic and other elements of the NY-Sun program, including available incentives and adders to encourage solar growth in New York. To the extent there is interest from stakeholders for potential future changes to or improvements on Value Stack compensation, such changes implicate policy issues that are broader than distributed solar and are therefore more appropriately addressed as part of the Commission's larger VDER proceeding instead of in this case.[18]

C. Prevailing Wages

In establishing a prevailing wage requirement for the NY-Sun program, the Commission stated that, as a general policy, the transition to a green economy should be accompanied by the creation of well-paying jobs. At the same time, the Commission

[18] See Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources.

also found it appropriate to authorize a new Prevailing Wage Adder to help offset some of the incremental development costs associated with transitioning to prevailing wages, and to establish a transition period to enable the solar industry to implement the prevailing wage requirement.

Based on NYSERDA's analysis of solar development activity, it is apparent that due to significant pent-up demand for incentive funding, no projects subject to the prevailing wage requirement (and eligible for the Prevailing Wage Adder) submitted applications to the NY-Sun program during the Review Period. NYSERDA has also indicated that federal guidance received to-date on the IRA indicates that the legislation will have a significant impact on what types of projects will have to pay federal prevailing wage and meet certain apprenticeship requirements to receive the higher federal ITC. As the MPR Filing notes, this could result in a significant funding gap for a certain subset of projects that do not meet or qualify for an exemption from the federal prevailing wage requirement (e.g., the "commence construction" threshold) and would therefore have to pay prevailing wages to access the higher ITC, but are also not eligible for the NY-Sun Prevailing Wage Adder because they submitted their initial utility interconnection application prior to the date of the 10 GW Order (i.e., April 14, 2022) and are not subject to the NY-Sun prevailing wage requirement.

The intention of the Prevailing Wage Adder is to assist the solar industry in its transition toward prevailing wages. To achieve that purpose, the Commission finds it appropriate to modify the adder incentive to support those projects that are not subject to the NY-Sun prevailing wage requirement established in the 10 GW Order and cannot benefit from the Prevailing Wage Adder in its current form, but would still have to pay federal prevailing wages to receive the 30% ITC. The Commission adopts the proposed eligibility requirement modification in the MPR Filing, whereby the Prevailing Wage Adder will be available to projects greater than 1 MWac in size that: (a) submit applications to Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential Block or later for projects greater than 1 MW; (b) are not subject to the prevailing wage requirement as established by the 10 GW Order; and (c) are willing to (i) commit to pay New York State Prevailing Wage and (ii) substantiate as such via quarterly certifications by a New York State-licensed Certified Public Accountant during the project construction period.[19]

Projects that submit initial utility interconnection applications after April 14, 2022, will continue to be required to pay prevailing wages and be eligible for the Prevailing Wage Adder, as specified in the 10 GW Order. Importantly, the Commission authorizes these changes based, in part, on the fact that no Prevailing Wage Adder monies have been committed to-date, and on NYSERDA's assertion that the changes authorized here will not result in increased costs. For those same reasons, the Commission does not alter the Prevailing Wage Adder budget at this time, which will remain at the level set in the 10 GW Order. Any proposed increase to the $239 million Prevailing Wage Adder budget shall require a formal filing from NYSERDA for Commission approval.

Relatedly, the Commission also finds that NYSERDA should be granted flexibility to, in consultation with DPS Staff, modify the Prevailing Wage Adder rates to adapt to

[19] The Commission notes the broad general support among stakeholders for NYSERDA's recommendation to modify the eligibility requirements for the Prevailing Wage Adder.

dynamic market conditions (e.g., future labor costs and additional federal guidance on the IRA). Any changes to Prevailing Wage Adder rates (and their justifications) must be specified in a letter to be filed by NYSERDA in this docket, and stakeholders must be given adequate advance notice of such changes prior to them taking effect.

Given all the foregoing, the Commission finds it unnecessary at this time to carve out Prevailing Wage Adder allocations for Upstate or Con Edison, or to modify the 1 MW threshold to be eligible for the adder, as suggested by some commenters.[20] Instead, consistent with the 10 GW Order, NYSERDA will continue to be required to track spending of the Prevailing Wage Adder budget to ensure that one region does not disproportionately exhaust the Prevailing Wage Adder budget to the other region’s detriment. NYSERDA is also directed to file a report with the Commission detailing the spending by region and recommending additional changes to the adder incentive rates and/or structure, if appropriate and necessary, within 30 days of the date on which 50% of the total Prevailing Wage Adder budget is exhausted.

D. Floating PV Adder

NYSERDA requests authority, in consultation with DPS Staff, to create a new adder for commercial-scale Floating PV projects, similarly to the “beneficial siting” incentives available for projects located on landfills and brownfields. The Commission agrees with NYSERDA that Floating PV projects represent a promising potential addition to the suite of solar project types being developed in New York, particularly those

[20] The 10 GW Order established initial Prevailing Wage Adder rates of $0.125/Watt and $0.20/Watt for Upstate and Con Edison C/I projects, respectively.

that offer an alternative to greenfield development. The MPR Filing also notes that Floating PV projects have yet to be widely deployed at scale, and given the relatively modest total potential for these projects in New York, NYSERDA could implement a Floating PV Adder with no overall increase to the NY-Sun budget.

Based on the limited impact that a Floating PV incentive would have at this time, and given the potential benefits associated with this technology, the Commission authorizes NYSERDA to offer the incentive at the proposed rate specified in the MPR Filing. NYSERDA is directed to update its NY-Sun Operating Plan to incorporate details regarding the new Floating PV Adder. NYSERDA is also directed to, within one year following the initial offering of the Floating PV Adder, file a report with the Commission detailing the number and total capacity of projects applying for the incentive, as well as the dollar amount of incentives committed to such projects.[21]

E. System Production Adjustments

The Commission initially directed the NY-Sun incentive structure to include system production adjustments to encourage solar projects to maximize their production (and, commensurately, maximize the benefits of solar). With the adoption of Value Stack compensation, solar projects are directly compensated for their actual performance, and therefore they are already financially motivated to maximize system production through effective monitoring and maintenance practices. Moreover, based on NYSERDA’s program data, annual

[21] Several commenters express the need for an agrivoltaics adder. As the MPR Filing explains, NYSERDA is currently working with DPS Staff and other stakeholders to evaluate the potential for an agrivoltaics offering. See MPR Filing, p. 19.

system production for a project during its initial two-year post-completion period is largely driven by extraneous factors such as annual weather variations and non-emergency utility shutdowns. System production adjustments, therefore, may inadvertently penalize solar projects for factors out of their control.

Based on these considerations, the Commission agrees with NYSERDA and DPS Staff that the solar industry has sufficiently matured such that it is no longer necessary to condition NY-Sun incentive payments on system performance relative to an assumed statewide average, and adopts the recommendation to remove them from incentive payment calculations. The Commission also adopts the recommendation in the MPR Filing to provide developers with the option of receiving a single incentive payment upon project completion, or over several years, pursuant to the existing NY-Sun incentive payment schedule.

F. Multiple Net Member Credit Rates for CDG Projects

Stakeholder comments generally indicate support for modifying the Consolidated Billing Order to allow a single CDG project to offer multiple Net Member Credit Rates, with some commenters expressing concerns with the current pace of utility billing automation and arguing for the establishment and enforcement of near-term deadlines, performance metrics, and penalties associated with the utilities' efforts to upgrade their billing systems to automate consolidated billing. The Joint Utilities[22] note that they are not conceptually opposed to

[22] The Joint Utilities include Con Edison, National Grid, Central Hudson Gas & Electric Corporation (Central Hudson), New York State Electric & Gas Corporation (NYSEG), Orange & Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E).

CDG hosts having the ability to apply multiple Net Member Credit rates for individual subscribers, but assert that the degree of system complexity to implement multiple Net Member Credit rates varies by utility and could require several years to implement once standards are established, and that enabling multiple Net Member Credit rates cannot begin until the Joint Utilities' billing automation efforts are complete.

The Joint Utilities also state that, due to each utility's unique billing system, the utility must have the flexibility to implement changes on their own timeline, with the focus on meeting Commission-directed requirements associated with multiple Net Member Credit rates and not on other billing and crediting modifications. The Joint Utilities further argue that any discussions regarding the implementation of multiple Net Member Credit rates should be conducted via a stakeholder technical conference sponsored by DPS Staff and NYSERDA rather than through the CDG Billing and Crediting Working Group. The Joint Utilities point to other alternatives, such as a statewide E-SFA program, that could offer developers a different avenue for meeting LMI goals.[23]

As a practical matter, the Commission recognizes that the existing rule regarding offering a single Net Member Credit rate to all individual subscribers of a CDG project may not be economically feasible or efficient from a business standpoint for all CDG hosts. While projects could theoretically seek to maximize the potential ICSA that they receive by enrolling 100%

[23] Subsequent to comments being filed on the MPR Filing, DPS Staff, in collaboration with NYSERDA, issued a proposed framework for a statewide E-SFA initiative. See Case 19-E-0735, supra, Department of Public Service Staff Proposal on a Statewide Solar For All Program (filed May 19, 2023) (Statewide SFA Proposal).

LMI customers, customer acquisition costs and other considerations could prevent a CDG host from doing so, and, as the MPR Filing notes, in many cases project economics cannot support a 10% customer bill discount for all customers as compared to the current minimum Net Member Credit rate of 5% for non-LMI customers. This issue is further exacerbated by recent federal guidance issued by the Treasury Department, which indicates that CDG projects would have to deliver at least a 20% discount rate to low-income subscribers in order to obtain an allocation of the 20% bonus ITC available as part of the federal Low-Income Communities Program.[24] These concerns could potentially impact the achievement of the CLCPA requirement that 40% of the Incremental 4 GW Target benefit those New Yorkers that generally lack access to rooftop solar, such as LMI residents, residents in regulated affordable housing, DACs, and environmental justice communities.

At the same time, the Commission recognizes that the Joint Utilities are currently making efforts to automate their billing systems for consolidated billing purposes. While the Joint Utilities do not oppose the concept of multiple Net Member Credit rates generally, introducing an additional requirement for the utilities to integrate multiple Net Member Credit rates into their billing systems at this time could result in further delays to the utilities' billing system upgrade efforts, as

[24] See Internal Revenue Service, Notice 2023-17 (issued February 13, 2023), available at https://www.irs.gov/irb/2023-10_IRB.

asserted by both the Joint Utilities and acknowledged in the MPR Filing.[25]

Based on those considerations, the Commission finds merit in potentially modifying its consolidated billing rules to allow CDG projects to offer multiple Net Member Credit rates to individual subscribers. Rather than utilizing the CDG Billing & Crediting Working Group to explore the design and other considerations associated with such an undertaking, the Joint Utilities should instead host at least one technical conference to present on the technical and other parameters for integrating multiple Net Member Credit rates into the utilities' existing efforts to automate their billing systems. This technical conference should be conducted no later than 60 days following the issuance of this Order, and should provide an opportunity for stakeholders to ask questions and provide feedback on the proposal. Feedback received through the technical conference process should inform a further utility filing detailing whether and how multiple Net Member Credit rates could be implemented as part of the utilities' billing automation efforts, including timeframes and costs. Such a filing should be submitted for Commission review within 120 days of the issuance of this Order.

G. Procurement Beyond the 10 GW Target

Beyond the six discrete recommendations in the MPR Filing, several commenters urge the Commission to consider the next phase of incentives after the current goals of the NY-Sun program have been achieved, so that continuity in funding for the solar industry could be ensured. Some commenters further

[25] See MPR Filing, p. 21 (stating that NYSERDA recognizes that amending consolidated billing rules to allow for multiple Net Member Credit Rates, "though superficially simple, may require significant adjustments to utility CDG procedures and software").

argue that, to the extent the IRA offers cost savings to the NY-Sun program budget, the goal of the NY-Sun program should be increased to 12 GW of statewide distributed solar by 2030.

The Commission acknowledges that components of the IRA offer significant potential benefits to future CDG projects being developed in New York State, particularly the expansion of tax credits available to such projects. In turn, those benefits directly lower the amounts of incentives necessary to enable solar projects to be economically viable, reduce the overall level of incentives needed to be provided under the NY-Sun program, and could enable achievement of the Incremental 4 GW Target at a lower cost than the NY-Sun program budget authorized in the 10 GW Order. To obtain a more in-depth understanding of the impacts of the IRA on the NY-Sun program's future procurement potential, the Commission shall require NYSERDA to, within 60 days following issuance of this Order, file for Commission review and determination a report that describes, in detail, an estimate of how much of the currently-approved budget NYSERDA expects to spend to achieve the Incremental 4 GW Target in light of the passage of the IRA and other economic considerations set forth in the MPR Filing. The filing shall include, at a minimum, an estimate of the amount of incremental distributed solar capacity that NYSERDA could achieve beyond the Incremental 4 GW Target while remaining within the 10 GW Order's approved budget (and the associated time for achievement). The Commission expressly requires that such additional capacity must consist only of CDG projects that commit at least 40% of project capacity to residential subscribers within DACs. While we are setting the 40% DAC requirement for this particular NYSERDA filing, the Commission may revise the requirements for any capacity that NYSERDA may be authorized to procure beyond the

Incremental 4 GW Target (e.g., based on the potential future expansion of the Expanded Solar for All Program).[26]

CONCLUSION

The Commission is encouraged by the performance of the NY-Sun program to-date, which has helped accelerate the pace of distributed solar deployment in New York and supported the continued development of a clean, distributed, dynamic, and efficient electric grid. Based on the foregoing, the Commission approves the recommendations set forth in the MPR Filing, subject to the discussion in the body of the Order, which will serve to refine the program as a whole, and will continue the program's successes toward the goal of achieving New York State's clean energy policies.

The Commission orders:

1. The NY-Sun program administered by the New York State Energy Research and Development Authority is modified, as discussed in the body of this Order.

2. The New York State Energy Research and Development Authority shall file an updated NY-Sun Operating Plan reflecting the decisions in this Order by July 31, 2023.

3. The New York State Energy Research and Development Authority shall, within 60 days of the issuance of this Order, file a report detailing the federal guidance that has been issued to-date on the Inflation Reduction Act of 2022, its impacts on the NY-Sun program, and NY-Sun program adaptations that have been and will be undertaken in response to that guidance, as discussed in the body of this Order.

[26] See Statewide SFA Proposal.

4. The New York State Energy Research and Development Authority shall file, for Commission review, a report on prevailing wages within 30 days of the date on which 50 percent of the total Prevailing Wage Adder budget is exhausted, as specified in the body of this Order.

5. Within 60 days of the issuance of this Order, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Rochester Gas & Electric Corporation, and Orange and Rockland Utilities, Inc. shall conduct a technical conference regarding the implementation of multiple Net Member Credit rates as part of utility efforts to automate Community Distributed Generation billing and crediting, as discussed in the body of this Order.

6. Within 120 days of the issuance of this Order, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Rochester Gas & Electric Corporation, and Orange and Rockland Utilities, Inc. shall file a proposal regarding the implementation of multiple Net Member Credit rates as part of utility efforts to automate Community Distributed Generation billing and crediting, as discussed in the body of this Order.

7. Within 60 days of the issuance of this Order, the New York State Energy Research and Development Authority shall file for Commission review a report detailing the incremental distributed solar capacity that could be procured within the existing budget authorized for the NY-Sun program, as discussed in the body of this Order

8. 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.

9. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary

SUMMARY OF COMMENTS

Ampion, PBC (Ampion)

Ampion supports enabling CDG projects to offer multiple Net Member Credit rates, which would help maximize savings and benefits for low-income subscribers while maintaining the margins for everyone else that makes a project economical.

Solar Energy Industries Association, the Alliance for Clean Energy New York, the Coalition for Community Solar Access, and the New York Solar Energy Industries Association (Clean Energy Parties)

The Clean Energy Parties largely support the MPR findings and recommendations, including granting NYSERDA flexibility to adjust the Con Edison Community Adder and ICSA rates, and removing system production adjustments from the C/I incentive payment structure. The Clean Energy Parties also: (1) support a Floating PV adder, but encourage NYSERDA to continue exploring an agrivoltaics adder/program; (2) support changes to Prevailing Wage Adder eligibility, and request that it be made available to public works projects that require prevailing wages regardless of size; (3) support multiple Net Member Credit rates for CDG projects, but recommend that the Commission establish and enforce performance metrics, performance standards, Negative Revenue Adjustments, and near term deadlines for the utilities to address their CDG billing issues; and (4) support relaunching the Community Adder and ICSA as soon as possible. While the Clean Energy Parties agree with NYSERDA that the MPR may not be the appropriate venue to make immediate Value Stack changes, they argue that VDER tariff improvements remain a high priority to the industry as it plans for long-term growth. Absent such changes, the Clean Energy Parties stress the importance of planning now for continued solar deployment in the State once current NY-Sun program funding is depleted. The Clean Energy Parties also note that interconnection costs remain an issue for the industry, and encourage consideration of an expanded Cost Sharing 2.0 framework.

City of Cohoes

The City of Cohoes supports the proposed Floating PV Adder.

City of New York (City)

The City generally supports the MPR, with several recommendations for improvements, including: (1) allocating more MWs to the downstate region, and authorizing a higher Community Adder for community solar projects developed in the Con Edison service territory; (2) extending the Prevailing Wage Adder to any project that agrees to pay State prevailing wages, regardless of size; (3) allowing the MAHI incentive to be fully stackable with other incentives or, in the alternative, increasing the Con Edison ICSA; (4) mitigating barriers for LMI participation, including providing additional technical support, outreach, education, engagement, and incentives for LMI customers and residents of disadvantaged communities; and (5) planning the next phase of solar incentives and funding to ensure adequate funds to meet distributed solar demand (especially in New York City) and prevent lapses in incentives.

Ecogy Energy (Ecogy)

Ecogy argues that VDER modifications are required to appropriately compensate clean DERs for the value they offer to the grid, ratepayers, environment, and public health. Ecogy also supports the proposed changes in the Prevailing Wage Adder eligibility requirements, and suggests that the adder be made available to all projects that pay prevailing wages, even if below 1 MWac. Ecogy further supports the MPR proposal to allow multiple net crediting rates within a single CDG project.

<u>GreenSpark Solar</u>

GreenSpark Solar supports the comments filed by NYSEIA. GreenSpark Solar notes the rapid pace at which Upstate C/I program funds are being exhausted, and recommends that those program incentives be made available over a longer period of time. GreenSpark Solar also supports the Floating PV Adder, and encourages similar adders for parking canopy projects and agrivoltaics.

<u>Green Street Power Partners (GSPP)</u>

GSPP strongly encourages transparency and stakeholder input regarding NYSERDA's request for flexibility to adjust NY-Sun incentive levels in response to changing market conditions. GSPP also encourages NYSERDA and DPS Staff to implement a stakeholder process to enhance VDER compensation. GSPP supports the proposal to remove system production adjustments from the NY-Sun C/I incentive payment structure.

<u>Joint Utilities</u>

The Joint Utilities agree with the MPR recommendation to make no changes at this time to the VDER Value Stack compensation mechanism. The Joint Utilities note that they are not conceptually opposed to multiple Net Member Credit rates for CDG projects, but raise a number of concerns like the feasibility of offering multiple Net Member Credit rates while the utilities' CDG and Net Crediting automation efforts are still ongoing. The Joint Utilities assert that, if approved by the Commission, (1) multiple Net Member Credit rates should only be required when a utility has been able to adequately enhance their customer service system to accommodate multiple Net Member Credit rates in an automated fashion; (2) CDG hosts should be required to report project Net Member Credit rates to the Commission and publicly post those rates; and (3) CDG hosts should be responsible for monitoring and adhering to any Net Member Credit rate rules, with the utility only responsible for processing the rates as detailed on the allocation file sent to the utility. The Joint Utilities also assert that discussions around multiple Net Member Credit rates should take place through a technical conference, not the Billing and Crediting Working Group.

As an alternative to allowing CDG projects to offer multiple Net Member Credit rates, the Joint Utilities suggest broadening the Expanded Solar For All program to a statewide initiative that could offer developers a different avenue for meeting LMI goals.

Lightstar Renewables, LLC (Lightstar)

Lightstar generally concurs with the Clean Energy Parties' comments, and specifically urges the Commission to implement an agrivoltaics adder as quickly as possible.

Perch Energy, Inc. (Perch)

Perch notes the long delays in the utilities automating their billing systems for net crediting. Perch also supports allowing CDG projects to offer multiple Net Member Credit rates, and encourages the Commission to establish a near-term deadline (e.g., 90 days) for the utilities to implement this functionality in their billing systems.

New York Power Authority (NYPA)

NYPA stresses the need for both short- and long-term market certainty around compensation for distributed solar projects. NYPA recommends setting incentive levels and sizing MW Blocks so that they remain open for a longer period of time, (i.e., provide a consistent incentive level for at least two years to give sufficient revenue certainty to projects that are being designed and evaluated while a given block is available). NYPA continues to support planning and evaluation of longer-term options to support market certainty, including tariff-based compensation mechanisms such as the E Value.

Solar One and Vote Solar (together, Solar One)

Solar One recommends that NY-Sun programs implement the remaining SEEF funding without delay. Solar One also supports flexibility for NYSERDA to adjust incentive rates, but should prioritize transparency, collaboration, and market stability when changing incentives. Solar One further supports revisiting Value Stack compensation to improve access to community solar in the Con Edison service territory. Solar One supports allowing CDG projects to offer multiple Net Member Credit rates, but urges the Commission to compel the utilities to create and implement plans for upgrading their billing systems to enable consolidated billing, with financial penalties for noncompliance. Regarding incentives, Solar One supports allowing stacking of the MAHI and the Canopy Adder, raising the threshold to qualify for the Affordable Residential Solar Adder in Con Edison from below 80% to below 130% of average median income, and developing a Floating PV Adder. Solar One also encourages NYSERDA to consider: (1) increasing incentives to support 12 GW of distributed solar statewide; (2) providing further technical assistance and workforce development to would-be solar workers and end-users via the statewide hubs network, and via grant funding of community nonprofits; (3) conducting and funding the co-design of a community-led solar program; and (4) extending the Prevailing Wage Adder to Con Edison projects under 1 MW.

Laura Burkhardt

Laura Burkhardt urges the Commission to aggressively develop small-scale solar installations on built environments, supports a Floating PV Adder, seeks a greater allocation of capacity for downstate projects, and argues that the Commission’s Cost Sharing 2.0 framework should cover projects up to 15 MW.