

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

In the Matter of Consolidated Billing for Distributed) Case 19-M-0463
Energy Resources.)

Proceeding on Motion of the Commission as to the)
Policies, Requirements and Conditions for) Case 15-E-0082
Implementing a Community Net Metering Program.)

**PETITION FOR REHEARING OF THE PUBLIC SERVICE COMMISSION’S ORDER
APPROVING COMMUNITY DISTRIBUTED GENERATION BILLING AND
CREDITING PERFORMANCE METRICS**

**COALITION FOR COMMUNITY SOLAR
ACCESS**

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In the Matter of Consolidated Billing for Distributed Energy Resources.)	Case 19-M-0463
)	
Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program.)	Case 15-E-0082
)	

I. Introduction

Pursuant to New York Public Service Law (PSL) Section 22 and New York Codes, Rules, and Regulations Tit. 16 Section 3.7,¹ the Coalition for Community Solar Access (CCSA) submits this petition for a limited rehearing and reconsideration in part of the New York Public Service Commission’s (PSC or Commission) *Order Approving Community Distributed Generation Billing and Crediting Performance Metrics*, issued July 17, 2025 (the “Order”).²

In the Order, the Commission established much needed performance metrics and negative revenue adjustments (NRA) for New York utilities associated with timely community distributed generation (CDG) credit application and host allocation list processing. CCSA appreciates the Commission’s actions to improve the CDG subscriber and system owner experience through the adoption of these mechanisms, which are the culmination of years of stakeholder engagement. The adopted metrics represent a meaningful framework to address CDG utility billing issues “impacting thousands of customers and generating confusion surrounding energy costs and CDG program benefits.”³

¹ Per 16 NYCRR § 3.7, “any person interested in an order of the commission may request rehearing within 30 days of service of the order” and that “rehearing may be sought only on the grounds that the commission committed an error of law or fact or that new circumstances warrant a different determination.”

² Case 15-E-0082 et al., *Order Approving Community Distributed Generation Billing and Crediting Performance Metrics* (July 17, 2025) (“July 2025 Order”).

³ Case 19-M-0463 et al., *Order Establishing Process Regarding Community Distributed Generation Billing* (September 15, 2022) (“September 2022 Order”).

However, the Order also imposed a 50% fee increase on these very same customers outside of a formal rate case and without the benefit of a utility proposal “based on actual costs and recovery.”⁴ In this petition, CCSA seeks a narrow rehearing of this 50% fee increase on grounds that it is inconsistent with the New York Public Service Law and contrary to the factual record before the Commission.

First, placing such additional soft costs on CDG subscribers because the *utilities* consistently failed to comply with the Commission’s prior orders is contrary to the Commission’s statutory obligation to ensure just and reasonable rates. CDG customers and system owners did not cause the need for additional billing and crediting accountability mechanisms; the cause was sustained utility noncompliance. Moreover, it penalizes the very parties that are adversely affected by utility negligence in not applying bill credits in a timely and accurate manner - CDG subscribers and system owners. It is unfair and unjust to require CDG stakeholders to effectively subsidize the utilities’ lack of performance in the form of increased CDG Net Crediting fees.

Second, the factual record before the Commission did not adequately establish a need for utilities to collect significant, across-the-board fees in advance of implementing the performance metrics and associated NRAs. It significantly risks utility overcollection, which has been documented in certain instances, and is likely to continue as utilities increasingly automate their billing and crediting processes. Despite varying costs, the Order did not charge separate fees for individual utilities and arbitrarily limited collection to only CDG customers participating in the Net Crediting program – a subset of all CDG subscribers. In addition, the estimated costs relied upon by the Commission in approving a fee increase are not reflective of the significantly narrow set of performance metrics adopted in the Order. To the extent that a utility incurs costs above the amount they recover from CDG subscribers and system owners, the Commission has already established a process by which fee increases can be requested and evaluated on a utility-specific basis to determine their reasonableness.

Reducing soft costs for solar deployment—including the CDG Net Crediting fee—is a necessary action to achieve both the Climate Leadership and Community Protection Act’s environmental goals and the Commission’s stated priority of achieving the state’s clean energy goals in a manner that’s affordable and cost-effective for all electricity customers in New York.⁵ By imposing higher CDG Net Crediting fees on CDG subscribers and system owners, the Order increases, rather than

⁴ Case 19-M-0463, *Order Regarding Consolidated Billing For Community Distributed Generation* at 19 (December 12, 2019) (“December 2019 Order”).

⁵ See, e.g., New York Public Service Commission, *PSC Modifies Budget for Landmark Solar Program* (April 24, 2025) (reiterating the Commission’s “commitment to reducing energy costs for New York’s consumers and supporting clean energy development efforts.”); New York Public Service Commission, *PSC Authorizes Increased Annual Large-Scale Renewable Energy Procurement Targets* (May 15, 2025) (“The Commission today reaffirmed its commitment to achieving the state’s renewable energy targets in an affordable and cost-effective manner.”).

reduces, soft costs, thereby making it more difficult to finance projects, particularly those that serve a high percentage of low- and moderate-income subscribers, that achieve the state's renewable energy targets.

For these reasons, we urge the Commission to maintain the 1.0% CDG Net Crediting fee until the appropriateness of the fee and the obligated party responsible for funding the implementation costs associated with the adopted timeliness metrics can be duly considered and evaluated in a separate proceeding. This would align with the Commission's established protocol of implementing any CDG Net Crediting fee adjustments either through separate rate proceedings or a utility petition that provides specific costs upon which the Commission can make a reasonable determination.⁶ There is no reason to deviate from that sound practice here. Any remaining deferred balances or over-recoveries – including those resulting from a 1.0% fee – should be “subject to DPS staff review and addressed in a future rate proceeding.”⁷

II. Background

CDG billing and crediting is not a new policy feature. The Commission launched the CDG Program over a decade ago and introduced the Net Crediting model in 2019 under which utilities are responsible for calculating the value of generation and delivering those financial benefits to CDG subscribers and system owners.

In March 2022, Department of Public Service (DPS) Staff filed a Straw Proposal⁸ that “recognized numerous ongoing billing issues related to utility billing of CDG impacting thousands of customers and generating confusion surrounding energy costs and CDG program benefits.”⁹ In particular, the March 2022 Straw Proposal described instances in which CDG subscribers failed to receive a bill from their electric utility for multiple billing periods, only to be issued multiple bills in quick succession or a single bill that encompassed all the missed billing periods in arrears, as well as situations where CDG credits were inaccurately applied to subscriber bills. On September 15, 2022, the PSC issued an *Order Establishing Process Regarding Community Distributed Generation Billing* (September 2022 Order) to address the significant deficiencies in electric utility billing and crediting performance that were harming CDG customers and system owners in New York State. The September 2022 Order was “intended to address and resolve ongoing CDG billing issues originating with the utilities, improve the industry's visibility into the utilities' transition to an automated Net-Crediting billing process, and incentivize more accurate and timely utility performance in billing for CDG.”¹⁰ As a result, the Commission directed DPS Staff and

⁶ December 2019 Order at 18-19.

⁷ July 2025 Order at 26.

⁸ Case 14-M-0224 et al., *Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation* (March 29, 2022).

⁹ September 2022 Order at 3.

¹⁰ *Id.* at 6.

stakeholders to work collaboratively to develop, for Commission consideration, an NRA mechanism tied directly to the utilities' CDG billing and crediting performance.¹¹

On January 16, 2024, following two CDG stakeholder workshops, DPS Staff filed a *Staff Proposal on Community Distributed Generation Billing and Crediting Performance Metrics and Negative Revenue Adjustments* ("Staff NRA Proposal"). The Staff NRA Proposal included six performance metrics with associated penalties for utility underperformance. The six proposed metrics were: (1) Billing and Crediting Accuracy; (2) Accuracy of the Total Value of the Credits Earned Across the Service Area; (3) Accurate Application of Billing Credits; (4) Customer Complaints Regarding Transfer, Billing, and Crediting Timelines; (5) Utility Response Time to Allocation Lists; and (6) Utility Response Time to Host Communications.¹² Twenty parties submitted comments on the Staff NRA Proposal, with the overwhelming majority of commenters supporting Staff's proposed metrics.

On July 17, 2025, the PSC issued the Order establishing performance metrics and NRAs associated with timely CDG crediting and host allocation list processing. The impetus for the Order was a broad collective understanding that utilities were failing to properly administer CDG subscriber credits via net crediting. The Order approved two of the six metrics included in the Staff NRA Proposal, both focused on timeliness. The Order established NRAs that would be imposed if a utility performs at or below 95% on either of the two approved metrics on an annual basis starting in 2026. The two approved metrics focused on: (1) the timely application of credits to the CDG subscriber bill; and (2) the timely processing of CDG Host Allocation Lists. The Order also established a statewide \$10 monthly credit to be applied to CDG subscriber bills if credits are not applied within 75 days of the host billing period end date; an expansion of a credit that is already in effect in Con Edison, New York State Electric & Gas (NYSEG), and Rochester Gas & Electric (RG&E) service territories. Finally, the Order also authorized the utilities to increase the CDG Net Crediting fee from 1.0% to 1.5%.

III. Applicable Law

Under 16 NYCRR §3.7(b), a person may seek rehearing of a Commission order only on the grounds that the Commission "committed an error of law or fact or that new circumstances warrant a different determination."¹³ Under PSL §22, any corporation or person interested in an Commission order "shall have the right to apply for a rehearing in respect to any matter determined therein, but any such application must be made within thirty days after the service of such order . . ."

¹¹ *Id.* at 5-6.

¹² Case 19-M-0463, et al., *Department of Public Service Staff Proposal on Community Distributed Generation Billing and Crediting Performance Metrics and Negative Revenue Adjustments* (January 16, 2024).

¹³ 16 NYCRR § 3.7(b).

IV. The 50% Fee Increase is Not Just and Reasonable.

The CDG Net Crediting fee increase does not comport with the Commission’s statutory obligation to ensure just and reasonable rates. As the Commission has recognized, PSL §65 authorizes the Commission to ensure that “every electric corporation . . . shall furnish and provide such service, instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable.” In addition, PSL §4(1) endows the Commission “all powers necessary or proper to enable [the Commission] to carry out the purposes of [the PSL] including, without limitation, a guarantee to the public of safe and adequate service at just and reasonable rates, environmental stewardship, and the conservation of resources.”¹⁴ The fee increase constitutes legal error and sufficient grounds for rehearing under 16 NYCRR § 3.7(b).

A. Compliance Costs Should Not Be the Burden of the Injured Parties.

Without the benefit of a dedicated proceeding, the Commission authorized increasing the CDG Net Crediting fee from 1.0% to 1.5% on the sole ground that “CDG subscribers will benefit from the implementation of these metrics through more timely billing and crediting, as well as more accurate Host allocation lists.” That is, because the utilities will start complying with their existing legal obligations, CDG subscribers will benefit as a result. This fundamentally misallocates costs and places the burden of rectifying the utilities’ shortcomings with respect to the administration of Net Crediting on the parties that have financially suffered as a result of utilities’ negligence. The Commission has been clear since the September 2022 Order that the purpose of developing performance metrics and associated NRAs is to create accountability for the Joint Utilities’ (JU) failure to provide timely and accurate CDG billing, in compliance with existing law, regulation, and Commission orders.¹⁵

The record is replete with evidence that these billing and crediting failures originated with the JU, not CDG subscribers or system owners. In 2022, the Commission expressly recognized that “numerous ongoing billing issues” were “impacting thousands of customers and generating confusion surrounding energy costs and CDG program benefits” and that these deficiencies had “resulted in CDG Sponsor capital issues and, in some instances, default on their contractual obligations.”¹⁶ These issues were exacerbated by years of delay in automating utility net crediting systems. The Order further reaffirmed that “billing and crediting errors . . . financially impacted CDG developers” and caused subscriber cancellations, undermining the viability of projects and customer trust in the program.¹⁷ In other words, the very parties now being assessed higher CDG

¹⁴ July 2025 Order at 7-8.

¹⁵ September 2022 Order at 4-6; July 2025 Order at 8-10.

¹⁶ September 2022 Order at 4-6.

¹⁷ July 2025 Order at 8-9.

Net Crediting fees are the ones who have borne the financial consequences of utility nonperformance over the last several years.

Shifting the costs of compliance with these new performance metrics onto CDG subscribers and system owners amounts to charging the injured parties for the systems and solutions required to prevent future harm. This outcome is inconsistent with the Public Service Law’s requirement that rates be just and reasonable and that the Commission protect those using electricity from unsafe, inadequate, or unjust service.¹⁸ The Commission has authority to direct utilities to make “reasonable improvements” to ensure safe and adequate service at just and reasonable rates—authority that exists precisely to avoid burdening harmed customers with the cost of remedying a utility’s own violations.

The burden of incremental NRA compliance costs should fall on the party responsible for them – *i.e.*, utility shareholders. Utility shareholders are not only in the best position to avoid the need for NRAs altogether, but once implemented, they also receive benefits from such NRAs, including the preservation of their social license to provide monopoly electric service and the avoidance of lawsuits and penalties related to customer billing.¹⁹ Moreover, the NRAs were intended to incentivize utilities to invest in adequate billing systems and practices—not to create an opportunity for utilities to fully pass the costs of compliance back to the same individuals and system owners the NRAs are designed to protect. Allowing the JU to recover these costs from net crediting participants undermines both the deterrent value of the NRA framework and the policy goal of restoring trust in New York’s CDG market.

At a minimum, the Commission should establish a dedicated proceeding to reconsider its blanket approval of a 50% CDG Net Crediting fee increase and ensure that costs of compliance with the NRA framework are not imposed on an arbitrary subgroup of CDG subscribers and system owners.

B. Arbitrary Recovery of Costs is Not Just and Reasonable.

Any rate or fee that allows a utility to recover an amount from customers that is materially in excess of its actual, prudently incurred costs is neither just nor reasonable under PSL §65. However, the Order increased the CDG Net Crediting fee from 1.0% to 1.5% across all JU without any factual demonstration that such a blanket 50% increase is necessary for each utility’s actual cost of compliance with the Commission’s adopted performance metrics. As discussed below in Section V.B, there is no evidence that under the existing CDG Net Crediting fee, utilities significantly under-collect relative to their reported billing implementation costs.

¹⁸ See, PSL §65.

¹⁹ See, *e.g.*, *Walker, et al. v. Central Hudson Gas & Electric Corp.*, Index No. 2023-50074 (Dutchess Co. Sup. Ct., Dec. 20, 2023); New York Public Service Commission, *PSC Reaches \$64.59 Million Settlement with Central Hudson Over Billing Issues* (June 20, 2024), available at: <https://dps.ny.gov/news/psc-reaches-6459-million-settlement-central-hudson-over-billing-issues>.

Allowing a utility to continue collecting a fee that exceeds its actual costs simply results in a transfer of funds from CDG subscribers and system owners to utility shareholders, with no corresponding improvement in service quality or CDG program outcomes. Such over-collection not only violates the “just and reasonable” standard but is contrary to the Commission’s longstanding ratemaking principles, which require that cost recovery be limited to prudently incurred, necessary costs, supported by verifiable evidence.

A separate proceeding could resolve other arbitrary features of the fee increase. There is no discussion for why utility shareholders should not bear even a portion of the NRA compliance costs. Despite a wide variance in compliance cost estimates, the Commission imposed a uniform 50% increase across all utilities. Even among CDG projects, the fee is only collected on that subcategory of projects that participate in Net Crediting program. CDG Projects that do not participate in Net Crediting do not pay the CDG Net Crediting fee and thus are not subject to the fee increase. The Order does not provide an explanation for these determinations. A dedicated proceeding informed by actual cost data would yield just and reasonable rates.

C. Current Commission Precedent Adequately Covers the Recovery of Utility Costs.

A blanket, across-the-board increase to the utilities’ CDG Net Crediting fee is inconsistent with established cost recovery processes from prior Orders. In its *Order Regarding Consolidated Billing for Community Distributed Generation*, the Commission adopted the net crediting billing model with a 1.0% fee applied to the Sponsor Payment to recover the utilities’ reasonable costs of implementing and operating net crediting. That Order expressly recognized that this fee or discount rate was appropriate given the simplicity of the net crediting model and the expected moderation of costs relative to other consolidated billing arrangements.²⁰ Notably, the Commission also established a transparent process for addressing any claim that the 1.0% CDG Net Crediting fee was insufficient to cover the costs incurred by a utility. This process requires that each utility track the actual costs associated with implementing and operating the Net Crediting model. After these costs were tracked, each utility was to then file an annual report documenting those costs, the amount recovered through the CDG Net Crediting fee, and certain participation statistics.²¹

The Commission further stated that “[a]fter the implementation of the net crediting model, and based on actual data about costs and recovery, a utility or utilities may file a proposal for a change to the discount rate,” and that “[t]he costs associated with the program and the discount rate may also be reviewed in utility rate cases.”²² In other words, the Commission already authorized a fact-

²⁰ December 2019 Order at 18-19.

²¹ *Id.* at 19.

²² *Id.*

based, utility-specific mechanism to address any shortfall in legitimate CDG Net Crediting cost recovery.

Under this precedent, a utility that can demonstrate the existing 1.0% rate is insufficient based on actual cost data and workpapers has the right to petition the Commission for an increase. The Commission can then evaluate that petition on the factual record, consistent with its statutory obligation to ensure just and reasonable rates under PSL §65. This targeted, evidence-driven process is more equitable than the Order's automatic 50% fee increase, which is not tied to any demonstrated utility-specific cost shortfall and risks substantial overcollection from CDG subscribers and system owners. Maintaining the established 1.0% CDG Net Crediting fee pending the utilities' required September 2025 cost filings preserves the Commission's ability to act on documented needs without pre-emptively imposing unwarranted soft costs on the very market participants harmed by past utility noncompliance.

D. Like Other Proposed Rate Increases, An Increase to the CDG Net Crediting Fee Should be Subject to Data Discovery to Ensure that Cost Estimates are Reasonable.

As noted above, the Commission established that any change to the CDG Net Crediting fee should be considered within the context of a utility rate case or utility proposal based on "actual data about costs and recovery."²³ In such a proceeding, the proposed change can then be formally subjected to discovery by DPS staff and intervening stakeholders to ensure that the costs are prudently incurred, accurately calculated, and just and reasonable.

In this case, the JU self-reported cost estimates from April 2024 were neither based on the narrower scope of metrics ultimately adopted nor accompanied by any detailed breakdown of expense categories, employee staffing levels, billing system changes, or ongoing operating assumptions. As the Order itself acknowledges, these estimates were prepared for the Staff NRA Proposal's broader six-metric framework and are therefore overstated relative to the adopted timeliness-only metrics. Without proper discovery, there is no means for Staff, stakeholders, or the Commission to evaluate whether the JU assumptions are reasonable, to identify inefficiencies, or to determine whether the claimed costs reflect activities that the JU already received compensation for.

The Commission should grant rehearing to require that any proposed increase in the CDG Net Crediting fee be supported by a detailed cost filing and subjected to a formal discovery process open to DPS Staff and other parties. This procedural mechanism will better protect CDG subscribers and system owners from unjust and unreasonable rates and will ensure that cost

²³ See, December 2019 Order. See also PSL §66(2) (providing that the Commission shall "examine or investigate the methods employed by [] persons, corporations and municipalities in manufacturing, distributing and supplying ... electricity ... and have power to order such reasonable improvements as well as promote the public interest, preserve the public health and protect those using such gas or electricity ...").

recovery is limited to prudently incurred and demonstrably necessary expenses. Moreover, the question of a proposed net crediting fee in a detailed cost filing and separate proceeding should have no impact on the implementation timelines approved by the Commission regarding the approved CDG NRAs.

E. Sudden Fee Increases on Financed CDG Projects Outside of an Expected Dedicated Proceeding Could Introduce Policy Risk for All New York Projects.

Community solar has been the workhorse for New York’s renewable energy development in large part because the Commission has made sustained efforts to establish a reliable policy framework. When policy changes are needed, the Commission has consistently aimed to preserve the reasonable expectations of market participants by making those changes prospective and applying them on a going forward basis. Because of this, CDG system owners have a reasonable degree of certainty that the CDG program will not change on a dime or in a manner that is not relatively foreseeable.

In its prior Order, the Commission indicated that the CDG Net Crediting fee could be adjusted but it only would be done so by way of the utilities filing “a proposal for a change to the discount rate” or through a utility rate case.²⁴ The Order’s unexpected CDG Net Crediting fee increase departs from that established practice. The CDG projects that now face higher fees were already financed, constructed, or are fully operational. These projects were modeled and capitalized based on the Commission’s longstanding 1.0% CDG Net Crediting fee and the ability for the Commission to scrutinize whether any increase is needed. The abrupt imposition of higher administrative costs after they secured financing directly alters the economics of executed financial transactions. Such retroactive cost increases not only strain the financial performance of existing projects but also inject avoidable uncertainty into the market.

Introducing new administrative fees for projects that have secured financing, entered construction, or are already operational will make future CDG projects more expensive. Going forward, financiers that previously provided capital based on the existing 1.0% CDG Net Crediting fee will need to consider the potential risk that the Commission may introduce new unforeseen soft costs for projects participating in the CDG program at any point after financial commitments are made and, crucially, without a stakeholder input. This heightened perception of regulatory risk will translate into higher cost of capital, reduced investment appetite, and ultimately, more expensive or less viable community solar offerings for New Yorkers. Importantly, neither CDG subscribers nor system owners have any ability to control a utility’s failure to comply with Commission orders or the Commission’s choice of remedies for such failures. Imposing new administrative fees on these parties to address utility performance deficiencies is therefore both inequitable and counterproductive to the State’s clean energy and affordability goals.

²⁴ December 2019 Order at 19.

V. The Commission Committed an Error of Fact by Assuming that a 50% Fee Increase Will Be Necessary to Cover Incremental Compliance Costs.

Separate and apart from whether a certain subset of CDG subscribers and system owners should bear the cost of utility non-compliance, it is unclear what, if any, incremental costs will be incurred. The Commission appeared to assume that utilities would incur significant incremental compliance costs as a result of the Order and that such costs necessitate a uniform 50% increase in additional CDG Net Crediting fees across all utilities.²⁵ This assumption is not established in the record before the Commission. It is likely not true and further militates for utility-specific determination through a dedicated proceeding.²⁶

A. The 50% Increase to the CDG Net Crediting Fee is Arbitrary and Has No Adequate Factual Basis.

In the Order, the PSC references a range of cost estimates provided by the JU in its rationale for increasing the CDG Net Crediting Fee from 1.0% to 1.5%.²⁷ The JU cost estimates were based upon the Staff NRA Proposal, which included six performance metrics with elevated performance targets rather than the two that were adopted with lower performance targets.

The JU cost estimates associated with the more stringent Staff NRA Proposal, detailed below, were based on a belief that they would incur two new types of costs – the first as a result of new necessary systems to develop scorecards and tracking new effective metrics and the second in terms of ongoing operating and maintenance (O&M) costs associated with new, additional personnel to track and report on the metrics.²⁸

- Central Hudson estimated an upfront cost of “approximately \$1 million to develop and implement new manual tracking and reporting capabilities as well as procuring and customizing new IT resources dedicated to customer inquiry management. Additionally, Central Hudson would need at least \$350,000 annually to track and report the proposed metrics, including additional FTEs and IT licensing fees.”²⁹
- ConEdison and O&R estimated the need for “approximately \$5 million in capital spending and \$500,000 in annual O&M spending for system licenses, maintenance, and support.

²⁵ July 2025 Order at 24 (“... the implementation of CDG billing and crediting metrics is necessary to promote the accuracy and timeliness of billing and crediting and the Commission acknowledges that the implementation of such metrics may result in incremental costs.”).

²⁶ This erroneous assumption constitutes an error of fact and provides sufficient grounds for rehearing under 16 NYCRR § 3.7(b).

²⁷ July 2025 Order at 24-25.

²⁸ Joint Utilities April 2024 Comments at 48-49.

²⁹ *Id.*

ConEdison further estimates that it will require approximately \$12 million in annual O&M spending for at least the next three years for increased staffing to meet the performance thresholds in the NRA Proposal ... O&R further estimates that it will need \$275,000 in additional O&M spending each year to account for some, but not all, of the added performance and reporting requirements under the NRA Proposal.”³⁰

- National Grid estimated a “minimum of \$1.8 million is needed on an annual basis to stand up and execute manual systems to track and report the metrics as recommended in the NRA Proposal including funding for 15 new FTEs across multiple departments.”³¹
- NYSEG and RG&E estimated “a minimum of \$2 million operating and maintenance expenses annually to manage a team of at least 22 new FTEs dedicated solely to tracking and reporting the metrics as recommended in the NRA Proposal. Concurrent to the initial manual tracking and reporting, NYSEG and RG&E will spend upwards of \$450,000 and require approximately 45 weeks to map out requirements for automated tracking and reporting.”³²

The JU further acknowledged that “to the extent the Commission adopts simpler metrics and/or makes the proposed metrics less severe, the implementation costs would likely be less than the estimates provided.”³³ It’s difficult to imagine that any utility would incur multiple millions of dollars or require dozens of new full-time employees to track and report on the two transparent performance metrics adopted in the Order. The Order does not require that utilities “guarantee [they] answer nearly all customer inquiries within two days” – a key cost driver that the JU highlighted in their comments on the Staff NRA Proposal and upon which their cost estimates relied.³⁴ The Commission’s reliance on these estimates for increasing the CDG Net Crediting fee thus lacks an adequate factual basis. The new fee is not based upon the metrics adopted in the Order. The Commission appears to acknowledge that the initial JU cost estimates may not be accurate by requiring the JU to file updated implementation costs based on the Order’s adopted metrics within 60 days of the Order’s effective date.³⁵

Not only were the JU cost estimates based upon a significantly more expansive and complex set of metrics to track; the cost estimates were not accompanied by workpapers and were not subjected to any critical evaluation or analysis by parties or DPS Staff. The significant discrepancy between the utilities in cost estimates to achieve the same outcome are indicative of the need for further scrutiny on whether these costs are prudent. In proposing their own mechanisms to recover costs associated with the Staff NRA Proposal, the JU acknowledged that each would be “accompanied

³⁰ Joint Utilities April 2024 Comments at 50.

³¹ *Id.*

³² *Id.* at 50-51.

³³ *Id.* at 49.

³⁴ *Id.*

³⁵ July 2025 Order at 31.

by a filing justifying the treatment of the costs” rather than simply assuming that they would be awarded an automatic 50% fee increase on CDG net crediting customers and system owners.³⁶

B. Reported Actual Utility Cost Data Requires Additional Scrutiny and Has Not Established that Under-Recovery is a Material Risk.

In March 2025, the JU filed annual reports setting forth their actual 2024 costs to implement CDG Net Crediting as well as the amount they recovered through the existing 1.0% CDG Net Crediting fee and how many projects and customers participate in CDG Net Crediting. The JU self-reported data shows an incredibly wide range of costs to implement CDG Net Crediting; from \$5,922 (Central Hudson) all the way to \$5,015,417 (NYSEG/RG&E) as well as cases of significant over recovery (National Grid and Central Hudson). According to this data, it cost NYSEG/RG&E 847-times more than it cost Central Hudson to implement CDG Net Crediting last year, and it cost NYSEG/RG&E 9-times more than it cost its peer large Upstate utility National Grid. Even after normalizing for the number of CDG Net Crediting customers served, the utility reported costs range widely, with NYSEG/RG&E reportedly spending 130-times more than Central Hudson on a per customer basis. If nothing else, these figures demonstrate the need for additional data discovery to validate the utilities’ self-reported costs.

New York Joint Utilities’ 2024 CDG Net Crediting Metrics³⁷

	National Grid	ConEd/ORU	NYSEG/RG&E	Central Hudson
CDG Net Crediting Costs Incurred	\$558,046	\$592,168	\$5,015,417	\$5,922
Amount Recovered from CDG Sponsors	\$1,153,199	\$517,115	\$725,640	\$132,117
Number of Participating CDG Sponsors	247	296	35	15
Number of CDG Net Crediting Projects	299	312	131	35
Capacity of CDG Net Crediting Projects (MW-AC)	1,107.02	183.6	491.7	92
Number of Customers Participating	93,787	17,826	55,092	8,479
Net Crediting Cost per Participating Customer	\$ 5.95	\$ 33.22	\$ 91.04	\$ 0.70

Additionally, the reported data for 2024 shows a significant difference among utilities in administrative costs - indicating that a blanket fee increase across all utilities is not warranted. Administrative fees should be utility-specific and only recover the actual costs incurred by each utility. This supports a determination to abide by the Commission’s current practice of handling CDG Net Crediting fee changes through a separate proceeding under which facts can be established. Among other things, this proceeding would allow the Commission to consider a mechanism for administrative fees to be reduced and/or refunded by utilities that over collect as compared to the costs they incur.

³⁶ Joint Utilities April 2024 Comments at 51-52.

³⁷ Data compiled from the Joint Utilities 2024 Net Crediting Annual Reports, filed March 2025 in Case 19-M-0463.

C. CDG Net Crediting Costs are Expected to Decline Over Time with Automation and Scale.

Over the last few years, New York’s utilities have automated their CDG Net Crediting processes.³⁸ While automation efforts typically do have an upfront software development cost, they are reasonably expected to reduce ongoing operating costs for several reasons. First, automation reduces the quantity of, and time required to perform, manual repetitive tasks such as data entry and reporting. By shifting these types of routine tasks to automated systems utility employees can instead focus on higher-value work and produce more output, thereby reducing labor costs. Task automation also increases work quality and accuracy by reducing the amount of human error inherent in a manual process. Improved accuracy results in lower costs by reducing the time spent by employees correcting errors or handling complaints from CDG subscribers and system owners that arise due to the initial error. Finally, automation allows for the ability to scale the quantity of tasks completed without any proportional increase in cost. Once a task such as reporting or allocating CDG credits is automated, it’s unlikely that a utility will need to hire significant additional employees to complete those tasks as they scale in size.

Given that the utilities’ core CDG Net Crediting automation efforts are complete, most of the upfront software development costs have already been incurred. Based on this fact and for the reasons described above, CCSA anticipates that the JUs’ cost to serve CDG Net Crediting customers will decline, rather than increase, in future years. The Commission has similarly indicated expectations that automation of the CDG Net Crediting process will (1) reduce the number of billing and crediting issues experienced by CDG subscribers and system owners,³⁹ and (2) translate into lower implementation costs for the timeliness metrics adopted in the Order.⁴⁰

Accordingly, the existing 1.0% CDG Net Crediting fee in all likelihood should be sufficient to cover any increase in NRA compliance and tracking costs to the extent that those costs are determined to be assessed on CDG subscribers and system owners. As a matter of fairness, CCSA believes the costs associated with the utilities’ implementation of the adopted performance metrics and NRAs should not be borne by the aggrieved parties, but by utility shareholders.

D. The Narrowed Scope of the Approved Performance Metrics in the July Order Will Greatly Limit Utility Costs.

In the Order, the Commission only approves two of the six performance metrics proposed by DPS Staff—both exclusively focused on timeliness—instead of the full suite of accuracy, timeliness, and responsiveness metrics included in the Staff Proposal. One of the Commission’s core

³⁸ July 2025 Order at 9.

³⁹ September 2022 Order at 5.

⁴⁰ July 2025 Order at 11.

justifications for the narrowed scope of performance metrics was that the utilities do not have the mechanisms in place to track accuracy, and the Commission sought to limit administrative burden and cost that would be required to implement and administer all six metrics on an ongoing basis.⁴¹ The Commission's finding in this respect confirms that the scope and complexity of the adopted requirements and their associated compliance costs are materially lower than those contemplated under the Staff NRA Proposal. Indeed, no party has provided any analysis demonstrating how a 67% reduction in adopted performance metrics justifies a 50% increase in CDG Net Crediting fee compensation for the JU to track, measure and report on those metrics.

As the Order recognized, the two metrics that were approved are simple to track, measure, and report on; for both metrics, the utilities must simply calculate the time duration between two timestamped events and report that data four times each year in the form of a simple spreadsheet template prepared by DPS Staff.⁴² Some of the data reporting requirements, such as the total number of CDG projects and the total number of CDG subscribers, are currently tracked by the JU and provided in the annual net crediting reports provided to the Commission each March. Additional staffing should not be required to achieve the timely processing of Host Allocation Lists, as the Order simply turns an existing work function into a performance metric for a potential basis point adjustment.

Given that the Commission intentionally reduced the scope of the performance metrics to limit cost and selected two requirements that are simple for the JU to implement with minimal incremental effort, the record does not support the assumption that a uniform 50% increase in the CDG Net Crediting fee is necessary to recover compliance costs. Any cost recovery should reflect the actual, reduced scope of work approved in the Order and be based on updated, utility-specific cost estimates, not on the inflated projections associated with an abandoned six-metric framework.

E. It is Premature to Raise CDG Net Crediting Fees When Utilities Have Not Yet Provided Cost Estimates.

The Order directed the JU to file implementation cost estimates within 60 days, i.e., by September 15, 2025, based upon the Commission's approval of only the billing credit timeliness metric and host allocation list responsiveness metric. Typically, the Commission only approves a rate increase after the utility provides reasonable cost estimates which the Commission deems just and reasonable. Approving a rate increase prior to receiving data to justify it violates longstanding principles of ratemaking.

Utilities should be required to provide increased transparency with respect to implementation and ongoing CDG Net Crediting costs in annual reports. Currently, utilities only provide a single line-

⁴¹ *Id.* at 21-22.

⁴² This spreadsheet template was filed by DPS Staff in Case 19-M-0463 on August 1, 2025.

item number, not a detailed breakdown of what functions or tasks are being performed in the annual automation reports. A review of the last five years' worth of JU self-reported data also shows a wide, inconsistent range of costs year-over-year by individual utilities which justifies increased scrutiny of the JU self-reported data.

VI. Conclusion

For the reasons set forth above, CCSA respectfully submits that the Commission's across-the-board 50% increase to the CDG Net Crediting fee is unsupported by the record, inconsistent with New York Public Service Law requirements for just and reasonable rates, and contrary to established Commission precedent. The Order erred by making critical factual and legal errors. It relied on inflated, utility-provided cost estimates developed for a materially broader set of performance metrics than those ultimately adopted, ignored that there is no evidence of under-recovery under the existing fee, and failed to subject the utilities' proposed CDG Net Crediting costs to the necessary transparency and stakeholder scrutiny afforded by a formal discovery process.

The purpose of the adopted performance metrics and associated NRAs is to hold the JU accountable for longstanding billing and crediting failures that have already caused significant financial harm to CDG subscribers and system owners. It is unreasonable to require these injured parties to bear the costs of utility compliance with rules intended to prevent future harm. Doing so undermines the deterrent effect of the NRA framework, raises soft costs in direct conflict with state policy goals, and places unnecessary financial burdens on the very market participants driving New York's clean energy transition.

The Parties therefore urge the Commission to grant rehearing, reverse the 50% increase in the CDG Net Crediting fee and adopt our proposal to:

- Maintain the fee at the currently effective 1.0% unless and until a utility-specific, evidence-based cost showing justifies an increase. These reports should be subject to formal discovery by DPS Staff and stakeholders.
- Closely evaluate the utility cost estimates, which are to be filed within 60 days of the July Order.
- Direct the JU to submit work papers with their annual CDG Net Crediting cost reports. Such work papers should describe how collected fees are held and what happens if or when fees are collected in excess of costs incurred.

This approach ensures that legitimate utility costs are recovered while protecting CDG subscribers and system owners from unjust and unreasonable charges, advancing both ratepayer protections and New York's clean energy policy goals.

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