STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on May 16, 2024

COMMISSIONERS PRESENT:

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

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

# ORDER APPROVING MULTIPLE SAVINGS RATES FOR COMMUNITY DISTRIBUTED GENERATION SUBSCRIBERS

(Issued and Effective May 16, 2024)

BY THE COMMISSION:

## INTRODUCTION

On June 23, 2023, the Public Service Commission (Commission) issued the NY-Sun Modification Order which, among other things, explored the option of permitting Community Distributed Generation (CDG) projects the ability to offer multiple savings rates to CDG subscribers.[1] The NY-Sun Modification Order directed the Joint Utilities to conduct a technical conference and file a proposal to implement multiple savings rates as part of the utility efforts to automate CDG

[1] Case 21-E-0629, Order Adopting NY-Sun Mid-Point Program Modifications (issued June 23, 2023) (NY-Sun Modification Order).

billing and crediting.[2] The technical conference was held in Albany on August 15, 2023, and on October 20, 2023, the Joint Utilities submitted a petition that proposes permitting multiple CDG savings rates in a single project (Petition). The Petition proposes that the Commission determine the appropriate number of CDG savings rates within a single CDG project, and whether to exclude multiple anchor customers in a single CDG project from Net Crediting.

In this Order the Commission adopts the Joint Utilities' Petition, with modifications. The Commission approves up to three distinct CDG savings rates per project. Also, the Commission authorizes CDG projects to exclude more than one anchor customer from Net Crediting. The Joint Utilities are directed to complete implementation of these policy changes within one year of the issuance of this Order.

## BACKGROUND

On December 12, 2019, the Commission adopted consolidated billing, or "Net Crediting", for CDG projects.[3] The Commission found that consolidated billing will benefit customers, who often find it confusing and cumbersome to pay two bills for electricity. Under the approved Net Crediting model, the CDG Sponsor enrolls a project in Net Crediting and designates the CDG Savings Rate for that project, which represents the

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[2] The Joint Utilities include Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange & Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E).

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

percentage of the project's monthly value that will be provided to members after the subscription charge is subtracted out.

As part of the CDG Consolidated Billing Order, the Commission determined that Net Crediting should be available for all customer classes. To avoid unnecessarily complicating the implementation, the Commission allowed utilities to require the CDG Sponsor to use net crediting for all customers of that project. However, the Commission directed the Joint Utilities to consider allowing a CDG Sponsor to exclude one large, anchor customer from Net Crediting in a project where all other customers are included in a Net Crediting arrangement. The Joint Utilities subsequently indicated their willingness and ability to exclude one large, anchor customer per project from Net Crediting in their February 2020 implementation plans.[4] Additionally, to address utility cost recovery, the Commission as part of the CDG Consolidated Billing Order directed that the Joint Utilities implement the Net Crediting model with a discount rate equal to one percent of the total value of the credits, subtracted from the Sponsor Payment.

On December 17, 2021, Department of Public Service Staff (Staff) and the New York State Energy Research and Development Authority (NYSERDA) filed New York's 10 Gigawatt (GW) Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar (Solar Roadmap).[5] In the Solar Roadmap, Staff

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4 Case 19-M-0463, supra, Net Crediting Program Implementation Plan - National Grid (filed February 3, 2020); Case 19-M-0463, supra, CHGE CDG Consolidated Billing Implementation Plan (filed February 3, 2020); Case 19-M-0463, supra, O&R CDG Implementation Plan (filed February 3, 2020); Case 19-M-0463, supra, CECONY Net Credit Plan (filed February 3, 2020); Case 19-M-0463, supra, CDG Net Crediting Program Implementation Plan – NYSEG/RG&E (filed February 4, 2020).

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

and NYSERDA recommended numerous options to achieve the State's goal of deploying 10 GW of distributed solar by 2030, including allowing multiple CDG savings rates within a CDG project.

On April 14, 2022, the Commission issued the 10 GW Order adopting many of the recommendations from the Solar Roadmap.[6] In that Order, the Commission adopted the target of achieving 10 GW of distributed solar deployment in New York State by 2030, representing a 4 GW incremental expansion. As part of the NY-Sun program implementation, the Commission directed NYSERDA and Staff to file a Mid-Point Review for stakeholder comment.

On January 17, 2023, NYSERDA and Staff filed a NY-Sun Mid-Point Review.[7] As part of the Mid-Point Review process, NYSERDA and Staff explored a requirement that future Community Adder awards be contingent on projects also meeting the requirements of the Inclusive Community Solar Adder (ICSA) by including a minimum percentage of eligible low- to moderate-income (LMI) subscribers with a minimum 10% customer bill discount. The current Net Crediting rules only allow for a single customer bill discount (referred to as the "Net Member Credit" in the context of Net Crediting) to be set for all non-demand subscribers in an individual community solar project, with a minimum allowable Net Member Credit of five percent. As part of the Mid-Point Review, NYSERDA and Staff recommended that the Commission consider amending the rules set in the CDG Consolidated Billing Order to allow multiple Net Member Credit rates within a single CDG project. NYSERDA and Staff further recommended that if the Commission agrees that multiple Net

6 Case 21-E-0629, et al., Order Expanding NY-Sun Program (issued April 14, 2022) (10 GW Order).

7 Case 21-E-0629, New York Sun Program – Mid-Point Review (filed January 17, 2023) (Mid-Point Review).

Member Credit rates should be allowed within a single CDG project, the utilities and stakeholders should work collaboratively to design specific requirements and procedures, potentially via the CDG Billing and Crediting Working Group, prior to implementation.

On June 23, 2023, the Commission adopted the NY-Sun Modification Order directing the Joint Utilities to hold a technical conference to explore integrating multiple Net Member Credit rates into the utilities' existing efforts to automate their billing systems. Further, the Joint Utilities were required to submit a proposal for Commission review within 120 days of the issuance of the Order. The Joint Utilities held a technical conference with stakeholders on August 15, 2023, detailing their proposal to offer two savings rates, one rate for mass market customers and one for LMI customers. Subsequently, the Joint Utilities filed the present Petition outlining their proposal for multiple savings rates, including roles and responsibilities for utilities and CDG Hosts, and estimated costs to implement the program.

## THE PETITION

The Joint Utilities propose that the Commission should determine the appropriate number of CDG savings rates within a single CDG project. Specifically, the Joint Utilities ask the Commission to determine whether there should be one CDG savings rate, as is currently provided, two as the Joint Utilities proposed at the Technical Conference, or unlimited, as a numerous developers requested. The Joint Utilities state that they can implement unlimited number of CDG savings rates provided the percentages are in whole numbers. However, the Joint Utilities note that unlimited CDG savings rate can lead to increased errors and may cause customer confusion. To implement multiple CDG savings rates, the Joint Utilities add that they would need to amend their initial and subsequent allocation forms to enable a CDG Hosts to specify an individual CDG savings rate for each subscriber but would not need to change the structure of the CDG Host Bank allocation form. The Joint Utilities propose that the CDG Hosts be allowed to change CDG savings rates monthly, instead of twice annually.

Further, the Joint Utilities state they would make the multiple CDG savings rates available to CDG Hosts only after developing the necessary automated processes. They oppose introducing error-prone manual processes or delaying current automation efforts to implement multiple CDG savings rates. The Joint Utilities propose that multiple CDG savings rates should only be required at a time that each utility has fully implemented and stabilized the automation of its existing CDG billing and crediting processes and has had sufficient time to develop the enhancements needed to accommodate multiple CDG savings rates.

The Joint Utilities assert that it is not the role of the utility to monitor the assignment of, or change in, CDG savings rates among subscribers within a CDG project. The Joint Utilities state that, should there be an incorrect CDG savings rate listed on the allocation form, the utilities should not be required to execute retroactive changes to allocations that have already occurred. Further, the Joint Utilities state that they should not be required to monitor or verify that CDG Hosts have received such consent before changing a CDG subscriber’s savings rate at the direction of a CDG Host.

The Joint Utilities also assert that they should not be required to provide customer information to CDG Hosts or other parties to determine whether CDG subscribers meet income eligibility or other parties to determine whether CDG subscribers meet income eligibility for a particular CDG savings rate. Further, the Petition states that CDG Hosts should be required to annually report (at an anonymized income-level basis), project participation to provide insight on the success of multiple CDG savings rates in relation to LMI customers. According to the Joint Utilities, CDG Hosts should be required to publicize CDG savings rates on their websites or other Commission-authorized marketing strategies.

The Joint Utilities propose allowing CDG Net Crediting projects to designate multiple anchor customers to be excluded from Net Crediting. However, the Joint Utilities note that utility system upgrades and allocation form modifications will be required, which will result in increased billing costs. The Joint Utilities state that the incremental costs should be recovered through the utility administration fee. The Petition includes cost estimates for each utility representing the estimated incremental administrative costs. In addition, the Joint Utilities request the right to petition the Commission for an adjustment to the administrative fee levied on subscribers to cover the costs to implement multiple CDG savings rates. Lastly, the Joint Utilities estimate that the implementation of multiple CDG savings rates and anchor customers can occur within approximately 12-16 months of a Commission order.

## NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on November 15, 2023 [SAPA No. 21-E-0629SP3]. The time for submission of comments pursuant to the Notice expired on January 16, 2024. Comments were received from the City of New York (the City), Green Street Power Partners (GSPP), the Coalition for Community Solar Access (CCSA), and the

New York Solar Energy Industries Association (NYSEIA) (collectively, the Commenters), and reply comments were received from the Joint Utilities. The comments received are summarized and addressed below.

## COMMENTS

### The City

The City endorses timely implementation of multiple savings rates for CDG projects enrolled in Net Crediting. The City also supports: (1) allowing CDG Hosts to make monthly changes to subscriber savings rates; (2) allowing CDG Hosts to exclude multiple anchor customers; and (3) recovering the incremental costs associated with the implementation of the proposal through the existing one percent administration fee.

The City advocates for the expansion of an unlimited number of savings rates and questions the Joint Utilities' insistence on restricting rates to whole numbers. The City notes that the Joint Utilities do not provide justification for the limitation to whole numbers. The City argues that extending the CDG savings rates to one decimal place enhances the marketability of CDG projects and provides more flexible and attractive incentives. The City adds that the granularity of savings rates will allow for tailored subscription structures that better meet individual consumer preferences and potentially increasing participation. Further, the City argues it will also support innovation and adaptability to market dynamics or regulatory changes.

The City advocates for a firm four to six month implementation timeline following a Commission order. The City states that any delays beyond this proposed timeframe should necessitate a thorough justification and require at least 30 days advance notice to avoid last minute extensions. The City stresses that the Joint Utilities' proposal does not address scenarios where an error in the CDG savings rates results from utility inaccuracies. The City argues that if there is a utility error, retroactive changes should be executed promptly. The City notes that this modification ensures parity in responsibility, holding both CDG Hosts and utilities accountable for rectifying errors.

The City requests the Commission clarify that funds collected via the administration fee will fund the needed upgrades and that no change is being made to the one percent administration fee. Lastly, the City recommends the Commission reject the request for CDG Hosts to publicize CDG savings rates on their website. The City states that this proposal raises questions about its necessity and applicability and is better suited for consideration within the Uniform Business Practices for Distributed Energy Resource Suppliers (UBP-DERS).

Coalition for Community Solar Access and New York Solar Energy Industries Association

CCSA and NYSEIA strongly support implementation of multiple CDG savings rates. CCSA and NYSEIA argue that permitting multiple savings rates would expand access of distributed solar to low-income customers, maximize New York's ability to leverage newly available federal funding, and provide flexibility that lowers risk for CDG Hosts and financiers.

CCSA and NYSEIA encourage the Commission to avoid arbitrarily restricting the number of CDG savings rates because it will not benefit CDG Hosts or customers. CCSA and NYSEIA note that the Joint Utilities failed to demonstrate how allowing more savings rates would increase confusion or error, especially after CDG crediting is fully automated. They add that once the allocations forms are machine readable, it should be no more error-prone than transferring any other piece of customer information. CCSA and NYSEIA contend that allowing multiple savings rates will reduce customer confusion by enabling CDG providers to offer the current "going rate" to subscribers who are enrolling in a project that is already operational. Additionally, CCSA and NYSEIA argue that the flexibility of multiple savings rates would allow CDG projects to serve a variety of customers, including large industrial, small commercial, LMI customers, and non-LMI customers. The flexibility will also help recruit customers to CDG projects.

CCSA and NYSEIA support the Joint Utilities' proposal to allow CDG Hosts to file updated host allocation forms on a monthly basis as customers unenroll and new customers are added on a regular basis. CCSA and NYSEIA agree with the Joint Utilities in principle that multiple savings rates should be implemented once CDG billing and crediting is fully automated. However, CCSA and NYSEIA note that implementation of this proposal is time-sensitive, because of the ability for developers to secure federal funding for low-income community solar, in the form of bonus credits. CCSA and NYSEIA encourage the Commission to establish a near-term implementation deadline for full automation and implementation of multiple savings rates such as six months from the date of any Commission order.

CCSA and NYSEIA assert that both CDG Hosts and Joint Utilities have joint responsibility to ensure savings rates are applied correctly and that the additional requirements upon CDG Hosts proposed by the Joint Utilities are unnecessary and overly burdensome. CCSA and NYSEIA state that additional reporting requirements such as how the availability of multiple savings rates has expanded access to community solar for low-to-moderate income customers are not necessary because other mechanisms exist to measure the State's progress serving low-income customers. CCSA and NYSEIA further point out that CDG Hosts do not have complete income information on all of their customers, and argue that greater data sharing could help ensure that more qualifying customers receive the maximum energy savings possible. Further, CCSA and NYSEIA state that customer consent and awareness is important and could be addressed through modifying subscriber agreements to ensure customers are fully informed of any data sharing between utilities and CDG Hosts.

CCSA and NYSEIA disagree with the Joint Utilities proposal to require CDG Hosts to publish CDG savings rates on their website and all marketing materials. They assert that publishing pre-set savings rates could create additional confusion as a community solar provider usually has a diverse portfolio of projects and offer different savings rates to customers. CCSA and NYSEIA suggest if the Commission finds that CDG sponsors are not providing sufficient information to customers to make informed decisions, the issue should be taken up in the existing UBP-DER requirements.

CCSA and NYSEIA agree that the Joint Utilities should be compensated for costs incurred to implement Net Crediting, but the Joint Utilities do not provide evidence that the one percent administration fee is insufficient to implement multiple credit rates. CCSA and NYSEIA raise concerns about National Grid’s cost estimate which is four to five times higher than any other utility. They do not support asking CDG customers to pay a premium for poor software design and lack of foresight. Further, CCSA and NYSEIA argue the implementation of multiple CDG savings rates is primarily a one-time expense, and increasing fees on all CDG credits allocated to all CDG customers will overcompensate the utilities. CCSA and NYSEIA recommend that the utilities should be required to specifically demonstrate that what they recovered with the one percent administration fee is not sufficient to implement multiple savings rates.

CCSA and NYSEIA encourage the Commission to direct the Joint Utilities to allow saving rates that include an additional digit, such as 7.5 percent. CCSA and NYSEIA argue that allowing CDG Hosts to specify savings rates that include an additional digit/decimal place will encourage competition and result in greater savings for customers. Should the Commission approve multiple savings rates, the Net Crediting manual should be updated to reflect the tariff changes.

Green Street Power Partners

GSPP urges the Commission not to limit the number of CDG savings rates, and argues that the Joint Utilities have failed to provide a compelling justification for imposing limits on the number of savings rates. GSPP notes that the application of savings rates will be done through an automated system, utilize the same host allocation forms, and fall on the developer to ensure allocation accuracy, so there is no increased effort needed from the Joint Utilities in a system that allows two savings rates versus infinite savings rates. GSPP suggests that unlimited savings rates will empower developers and benefit customers significantly by providing CDG projects with the ability to diversify their offtake strategies. GSPP states that without the flexibility of offering multiple savings rates, CDG Hosts are compelled to extend increased discounts, such as to the low-income customers, to all customers, regardless of low-income eligibility. GSPP points out that project economics often cannot sustain savings rates exceeding ten percent especially when applied uniformly to all customers.

GSPP advocates for delegating the responsibility of accurate subscriber rates to CDG Hosts, with the utility responsible for uploading and automating host allocation forms. GSPP recommends that it is critical for utilities to acknowledge its responsibility in rectifying errors caused by its own actions and request the Commission suggest a process that safeguards customers in case of errors by either the utility or developer. GSPP disagree with the Joint Utilities' proposal to require additional reporting requirements for CDG Hosts. GSPP sees no justifiable reason as to why this reporting will benefits stakeholders. Further, GSPP opposes publishing savings rates and marketing materials on their website since it could impede Hosts' ability to provide tailored savings to meet individual customer's needs. GSPP supports the Joint Utilities' proposal to allow for multiple anchor customers' accounts to be excluded from Net Crediting which will provide more opportunities for small demand businesses to participate.

GSPP supports the utilities in their ability to recover costs associated with Net Crediting. However, GSPP adds that there is a need for absolute transparency in the process and the value of these costs will be recuperated. GSPP expresses profound concern regarding National Grid's estimate which is nearly four times higher than any of utility. GSPP recommends that the Joint Utilities publish calculations outlining how they intend to recover fees accompanied by a comprehensive rationale as to why the one percent administrative fee is insufficient for cost recovery. GSPP opposes the Joint Utilities' proposed timeline for implementation of multiple savings rates and argues that multiple savings rates have been in discussion for some time now and the utilities should have prepared for this advancement. GSPP strongly urges the Commission to not permit the Joint Utilities to postpone the implementation of multiple savings rates until the conclusion of automation. GSPP notes that any delay in implementation will directly impact project financing and models. GSPP supports a timeline of six months emphasizing the need for swift action and efficient integration of multiple savings rates into the CDG program. Lastly, GSPP requests the

Commission to ensure prompt resolution of persistent utility bill issues associated with billing upgrades. GSPP seeks assurance that its projects will not encounter further delays in receiving revenue and utility statements because of the billing system upgrades made to accommodate multiple savings rates.

Joint Utilities' Reply Comments

The Joint Utilities reply comments state that they would require 12-16 months to implement multiple CDG savings rates and multiple anchor customers per CDG Value of Distributed Energy Resource (VDER) Value Stack project. Specifically, NYSEG and RG&E state that they cannot begin the conversion to multiple CDG rate projects into the automated process until current VDER Value Stack changes are complete to ensure billing accuracy and system stability. As described in the Joint Utilities' reply comments, if NYSEG and RG&E are required to implement multiple CDG savings rates before all CDG projects are fully automated, it will divert resources and conversion activities and result in increased billing system errors. The Joint Utilities note that the proposed timeframes are based on substantial billing system changes and testing. The Joint Utilities assert that the proposed 12-16 month timeframe is reasonable considering the complexity of the work and the number of other enhancements underway or forthcoming to the CDG billing and crediting systems.

The Joint Utilities point out that there are other billing enhancements that need to be made before multiple CDG savings rates are implemented and automated such as Electric Vehicle Phase-In Rates, Standby and Buyback Rates, and the Customer Benefit Contribution charge. Due to the substantial penalties that Staff has recommended for inaccurate CDG billing and crediting, the Joint Utilities argue that they need sufficient time to design, implement, and validate the billing system improvements. The Joint Utilities note that CCSA/NYSEIA recommended performance-based incentives such as bonuses for timely and successful implementation and penalties for delays and errors. The Joint Utilities argue that financial penalties would be inappropriate since implementing metrics and targets in piecemeal fashion would undermine the uniform approach sought by the Commission in the Net Crediting proceeding.

The Joint Utilities suggest that they should be able to recover the incremental costs associated with implementing multiple CDG savings rates through the utility administration fee. While CCSA/NYSEIA and the City state that the one percent administration fee is adequate, the Joint Utilities do not expect the current one percent fee will be sufficient. In the most recent Net Crediting operating annual reports, the Joint Utilities indicate that Central Hudson, NYSEG, and RG&E reported administration costs in excess of the amounts collected through the administration fee. However, while Con Edison, National Grid, and O&R reported administration fees in excess of the administration costs, the Joint Utilities indicate these excess administration fees are not sufficient enough to cover the additional costs needed for the implementation of multiple CDG savings rates and to allow the exclusion of multiple anchor customers for CDG projects compensated under the VDER Value Stack.

In response to the concerns over National Grid’s cost estimate, the Joint Utilities state that National Grid did not contemplate the need for multiple CDG savings rates when they designed their Net Crediting programming and fully automated the Net Crediting billing system in August 2022. The Joint Utilities add that National Grid will need to modify nearly every module of the fully automated CDG Net Crediting billing process. They also note that these modifications are far more time-consuming and costly and that National Grid may not be able to recover the incurred programming costs using the authorized one percent administrative fee.

The Joint Utilities do not object in principle to CDG savings rates having more decimal points but they recommend the use of whole numbers due the limitations in the Con Edison and O&R billing systems. Con Edison and O&R estimated that it would cost approximately $30,000 combined to upgrade their respective billing systems in order to upgrade their systems to accommodate decimalization incremental to the cost estimate included in the original Joint Utilities proposal. The Joint Utilities note that Central Hudson, National Grid, NYSEG, and RG&E can implement a single decimal place in CDG savings rates.

## LEGAL AUTHORITY

The Commission's authority derives from the New York State Public Service Law (PSL), through which numerous legislative powers are delegated to the Commission. Pursuant to PSL §5(1), the "jurisdiction, supervision, powers and duties" of the Commission extend to the "manufacture, conveying, transportation, sale or distribution of ... electricity." PSL §5(2) requires the Commission to "encourage all persons and corporations subject to its jurisdiction to formulate and carryout long-range programs, individually or cooperatively, for the performance of their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." PSL §66(2) provides 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 ... .”

PSL §4(1) also expressly provides the Commission with “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,[8] environmental stewardship, and the conservation of resources.[9] Further, PSL §65 provides the Commission with authority to ensure that “every electric corporation and every municipality shall furnish and provide such service, instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable.” The Commission also has authority to prescribe the “safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public” whenever the Commission determines that the utility’s existing equipment is “unsafe, inefficient or inadequate.”[10] In addition to the PSL, the New York State Energy Law §6-104(5)(b) requires that “[a]ny energy-related action or decision of a state agency, board, commission or authority shall be reasonably consistent with the forecasts and the policies and long-range energy planning objectives and strategies contained in the plan, including its most recent update.”

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[8] See International R. Co. v Public Service Com., 264 AD 506, 510 (1942).

[9] PSL §5(2); see also Consolidated Edison Co. v Public Service Commission, 47 N.Y.2d 94 (1979) (overturned on other grounds) (describing the broad delegation of authority to the Commission and the Legislature’s unqualified recognition of the importance of environmental stewardship and resource conservation in amending the PSL to include §5).

[10] PSL §66(5).

## DISCUSSION

The Joint Utilities' Petition is adopted, with modifications, as discussed herein. The NY-Sun Modification Order identified the potential benefits of multiple CDG savings rates as a pathway to provide savings to LMI customers. The Commission recognized that the existing rule regarding offering a single savings rate to all individual subscribers of a CDG project may not be economically feasible for all CDG Hosts. Further, the federal guidance states that CDG Hosts would have to deliver a 20 percent savings rate to low-income subscribers to obtain an allocation of the 20 percent Investment Tax Credit as part of the federal Low-Income Communities Program.[11] At the same time, the NY-Sun Modification Order recognized the Joint Utilities' efforts to automate their CDG billing systems and highlighted that additional regulatory requirements could introduce delays in their automation efforts.

The majority of the Commenters support implementation of multiple CDG savings rates, not just limiting it to two, as proposed by the Joint Utilities. CCSA and NYSEIA note that customers will benefit from the flexibility and will allow the project to serve a variety of customer types. The City and GSPP argue that the Joint Utilities do not provide justification in their proposal as to why they cannot provide savings rates with fractional figures. GSPP argues that a project may not be able to economically support providing a ten percent savings rate to all customers, so the lack of flexibility becomes a hinderance to expand the subscriber base.

The Commission agrees that providing multiple savings rates will offer greater flexibility for CDG Hosts to reach

[11] United States Internal Revenue Service, Additional Guidance on Low- Income Communities Bonus Credit Program, 88 FR 55506 (August 15, 2023).

various markets, including residential, low-income, and commercial customers. We direct the Joint Utilities to offer up to three CDG savings rates per project, which will help the CDG developers adapt to a dynamic market or regulatory changes and remain competitive through the life of the project. Allowing up to three CDG savings rates will also allow CDG Hosts to access the NYSERDA and federal incentives for low-income subscribers. As new projects come into the market, the flexibility of offering multiple CDG savings rates will ensure long-term viability of the CDG project. The NY-Sun Modification Order highlighted the opportunities that multiple CDG savings rates will provide CDG developers to tap into low-income programs such as NYSERDA's Inclusive Community Solar Adder and the federal Inflation Reduction Act bonus credits to ensure their projects remain economical. Allowing up to three CDG savings rates will also further the Climate Leadership and Community Protection Act (CLCPA) requirement that 40 percent of the incremental 4 GW target benefit those customers that lack access to rooftop solar, such as low-income residents, residents in affordable housing, and environmental justice communities.

Next, as the Commenters noted, the Joint Utilities' Petition does not provide justification as to why the CDG savings rates should not be modified to reflect fractional percentages. The Commission does not find that allocating fractional savings rates, such as 7.5 percent instead of 7.0, is likely to cause confusion or increased potential for errors, as the Joint Utilities noted. Therefore, the Commission directs the Joint Utilities to modify their allocation form to allow CDG developers to specify CDG savings rates utilizing fractionalized percentages, up to one decimal place.

The Joint Utilities propose allowing CDG Hosts to update the subscriber allocation form monthly, instead of the current process of allowing updates twice a year. CCSA and NYSEIA argue that allowing monthly allocation changes provides flexibility to onboard subscribers from their waitlist. The Commission agrees. Subscribers come and go, and it is important for the CDG Hosts to be able to reallocate project credits as needed to ensure the project remains fully subscribed. Further, this change will allow the CDG Hosts to adapt to market changes appropriately. The Commission directs the Joint Utilities to allow CDG project allocation forms to be submitted on a monthly basis instead of twice a year. This methodology will allow CDG projects to have more flexibility to replace or update customers as the market changes or customers are removed from the CDG project.

The Commission agrees with the Joint Utilities that Net Crediting remains a contract between the CDG Host and the subscriber and it is the utility's responsibility to process the rates detailed on the allocation form provided by the CDG Hosts. CCSA and NYSEIA stress that the Joint Utilities should be held responsible to correct any errors caused by the utility, including making retroactive changes. The City notes that any errors on the subscriber's allocation form submitted by the CDG Host does not require retroactive changes by the utility. The Commission agrees with the Joint Utilities that it is not the responsibility of the utility to confirm or approve changes to the CDG savings rates on the allocation form submitted to them. If there is an inaccurate CDG savings rate listed on the allocation form, the Commission will not require the Joint Utilities to execute retroactive changes for allocations that have already been billed by the utility. However, in instances when the error is a result of the utility, the utility is responsible for appropriately crediting the subsequent customer bill. Additionally, the Joint Utilities will not be required to provide customer information to CDG Hosts or other parties to determine if a subscriber meets income eligibility for a particular CDG savings rate such as low-income. With limited exceptions, it is the Commission's long-standing policy that utilities are not authorized to provide customer account information, including low-income status, without customer consent.

The Commission denies the Joint Utilities' request for CDG Hosts to monitor and report on income-level participation by the CDG developer to provide insight into the success of offering multiple CDG savings rates in relation to expanding CDG Net Crediting to low-income customers. Subscribers change frequently throughout the year, and annual reporting of income-level participation will not result in an accurate picture of the CDG Net Crediting of low-income subscribers. According to GSPP, there is no justification as to why the reporting requirements will benefit stakeholders. Further, the Commission denies the Joint Utilities request that CDG Hosts must publish the CDG savings rates and their marketing materials on their website. As stated by CCSA and NYSEIA, publishing multiple savings rates could cause customer confusion since developers can serve a diverse portfolio of projects with varying savings rates among subscribers. The Commission sees both of these requirements as unnecessary and an administrative burden on CDG Hosts.

Currently in the Joint Utilities tariffs, CDG Hosts can designate one anchor account to be excluded on the CDG allocation form. An anchor customer is defined as demand-billed, non-mass market electricity customer with demand greater than 25 kW within the last 12 months. The Joint Utilities' proposal allows CDG Hosts to exclude more than one anchor account number from Net Crediting projects. Excluding anchor customers, with their inherent complexities, from Net Crediting reduces administrative burdens for both the sponsors and the CDG Host. CCSA and NYSEIA support this change and conclude that it will not materially increase customer costs nor result in higher Net Crediting administrative fees. The Commission adopts the Joint Utilities proposal to allow for the exclusion of multiple anchor customers for a single CDG project. However, the Commission notes that allocations to anchor customers will continue to be limited to up to 40 percent of the total monthly allocations to ensure that mass market customers still receive the majority of the benefits of participating in a community solar project.

The Joint Utilities propose to implement multiple CDG savings rates once CDG VDER Value Stack automation efforts are complete. Central Hudson, Con Edison, National Grid, and O&R estimate implementation within 12-16 months after any Commission order adopting modifications for CDG savings rates. NYSEG and RG&E propose an implementation date on or after April 1, 2026, and note that their CDG VDER Value Stack automation efforts are expected to be completed by the end of 2023. Generally, the Commenters oppose the proposed implementation timeline. CCSA and NYSEIA recommend implementation of multiple CDG savings rates within six months of the Commission determination. They recommend that the changes needed for multiple CDG savings rates be incorporated into the final stages of automation, rather than be queued sequentially. The City supports a four to six month implementation period and suggests that any delay beyond that proposed timeframe requires justification from the Joint Utilities. The Joint Utilities reply comments further outline the reasons for their proposed implementation timelines. They note that implementation of multiple CDG savings rates could disrupt the current CDG VDER Value Stack automation efforts and cite other regulatory proceedings that require billing system enhancements before they can implement multiple CDG savings rates.

The Commission agrees that the implementation of multiple CDG savings rates should occur after the CDG VDER Value Stack automation has been completed. However, a timeline of more than a year, and certainly up to two years, is unreasonable. CDG VDER Value Stack automation has taken far too long to implement, with some members of the Joint Utilities still upgrading their billing systems. CDG developers and subscribers have been patient dealing with the automation delays. In the Commission's view, developers and subscribers should not have to wait an unreasonable amount of time in order to benefit from the implementation of multiple CDG savings rates. While the Commission understands the need for time to address necessary billing enhancements, expecting developers and subscribers to wait over a year for implementation is unreasonable. Therefore, the Commission directs the Joint Utilities to fully automate the implementation of multiple CDG savings rates and the exclusion of multiple anchor customers from a CDG project within one year of the effective date of this Order. The Joint Utilities shall file updated Net Crediting Manuals to include the changes described in this body of this Order within 60 days of the effective date of this Order.

The Joint Utilities also request to recover incremental implementation costs ranging from $300,000 to $1.7 million through an increase in the utility administration fee. The current cost recovery mechanism is through a discount rate equal to one percent of the total value of the credits, subtracted from the CDG Host payment.[12] In their reply comments, the Joint Utilities request to temporarily increase the administrative fee to recover costs associated with incremental costs associated

[12] CDG Consolidated Billing Order, p. 18.

with implementation of multiple CDG savings rates or to reserve the right to petition the Commission for an adjustment to the administrative fee. CCSA and NYSEIA agree the Joint Utilities should be compensated for reasonable costs incurred to implement Net Crediting, and the City requests that the Joint Utilities clarify the funds that will be needed for the billing upgrades and that no change be made to the administrative fee. The Commission denies the request to temporarily increase the administrative fee because we do not find that the Joint Utilities have provided enough justification for the cost estimates included in the Petition. As stated in their reply comments, the Joint Utilities point out that some utilities have incurred lower administrative costs than the amounts collected through fees. The Joint Utilities may petition the Commission in the future in the event the costs incurred for the incremental upgrades materially exceed the costs recovered through the one percent administrative fee.

The Joint Utilities are directed to file tariff amendments needed to implement up to three CDG savings rates and the exclusion of multiple anchor customers, as discussed in the body of this Order. The tariff amendments should be filed on not less than 30 days' notice to become effective on June 1, 2025. As this Order was the subject of substantial public process, the requirements related to newspaper publication of tariff amendments are waived.

## CONCLUSION

In conclusion, the Commission adopts up to three CDG savings rates for subscribers and authorizes the exclusion of more than one anchor customer per project, as described in the body of this Order. Implementation of multiple savings rates and more than one excluded anchor customer shall be completed within one year of the effective date of this Order. Utilities must file updated Net Crediting manuals within 60 days of the effective date of this Order. It is expected that all costs associated with billing upgrades should be recovered through the administrative fee, while recovery of any additional costs will be reviewed by the Commission.

<u>The Commission orders</u>:

1. The Petition of Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, Inc., and Rochester Gas and Electric Corporation to implement multiple Community Distributed Generation savings rates and to permit the exclusion of multiple anchor customers is approved, with modifications, as discussing in the body of this Order.

2. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall implement the changes directed in this Order within one year of the effective date of this Order.

3. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file, in conformance with the discussion in the body of this Order, tariff leaves implementing the modifications to allow up to three CDG savings rates and the exclusion of multiple anchor customers for

CDG projects, on not less than 30 days' notice to become effective on June 1, 2025.

4. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720.8.1 as to newspaper publication for the modifications in Ordering Clause No. 3 are waived.

5. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, Inc, and Rochester Gas and Electric Corporation shall file updated Net Crediting manuals to include the changes discussed in this Order within 60 days of the issuance of this Order.

6. 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.

7. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary