STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

COMMISSIONERS PRESENT:

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

CASE 14-E-0423 - Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs.

# ORDER CLARIFYING PARTICIPATION RULES FOR NET ENERGY METERING CUSTOMERS

(Issued and Effective December 23, 2024)

BY THE COMMISSION:

## INTRODUCTION

On March 15, 2024, the Public Service Commission (Commission) issued the Order Directing Dynamic Load Management Program Changes (2024 DLM Order), in this proceeding. The 2024 DLM Order modified the rules and regulations of the Dynamic Load Management (DLM) Programs, including the Commercial System Relief Program (CSRP), Distribution Load Relief Program (DLRP), Term-Dynamic Load Management Program (Term-DLM Program), and Auto-Dynamic Load Management Program (Auto-DLM Program), among others. Subsequently, on April 15, 2024, Niagara Mohawk Power Corporation d/b/a National Grid (National Grid or Company) filed a “Petition for Rehearing, Reconsideration, and Clarification and Motion for Stay” (Petition) with respect to the Commission’s 2024 DLM Order, seeking rehearing and clarification related to participation of net energy metering (NEM) customers and the Value of Distributed Energy Resources (VDER) Value Stack Phase One customers in the CSRP and DLRP.

This Order clarifies and reaffirms that it is reasonable for NEM customers, inclusive of traditional NEM and VDER Phase One NEM customers, to simultaneously participate in the CSRP and DLRP, provided, however, that such customers forego Performance Payments that would otherwise be available during CSRP and DLRP Events (Events). The Commission directs National Grid, Central Hudson Gas & Electric Corporation (Central Hudson), New York State Electric & Gas Corporation (NYSEG), and Rochester Gas and Electric Corporation (RG&E) to file conforming tariff amendments.

## BACKGROUND

### VDER, NEM, Phase One NEM, and the Value Stack

NEM was established in New York as part of Public Service Law (PSL) §66-j in 1997. Put simply, NEM allows energy generated by eligible resources to "spin the meter backward," offsetting customer energy use, in kilowatt hours (kWh), and therefore also offsets delivery charges, supply charges, and applicable surcharges or surcredit mechanisms that are billed on an energy basis.[1] As part of the VDER Order, the Commission recognized inequities inherent in NEM, and established a transition plan to establish valuation methodologies for Distributed Energy Resources (DERs) that are more reflective of

[1] Resources eligible for compensation under NEM are listed in PSL §§66-j and 66-l.

the underlying costs that generation is able to avoid.[2] There are several subsequent orders which resulted in the present three compensation tracks for eligible resources – "traditional NEM" for NEM-eligible DERs in service by March 9, 2017; "Phase One NEM" for certain NEM-eligible DERs interconnected after March 9, 2017; and the "Value Stack," which is the mandatory compensation mechanism for some DERs, and is also available as an option for customers that would otherwise be eligible for traditional NEM and Phase One NEM.[3]

Traditional NEM and Phase One NEM are functionally identical, with the key difference being that customers participating in Phase One NEM are guaranteed that compensation methodology for a limited duration of 20 years beginning on the installation date of the eligible DER system.[4] The Value Stack is made up of several components: (1) an Energy Value component; (2) a wholesale Capacity Value component; (3) an Environmental Value component; and (4) a distribution-level Demand Reduction Value (DRV) or Locational System Relief Value (LSRV).[5] Customers participating in the Value Stack may also participate in the

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[2] Case 15-E-0751, VDER Proceeding, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) (VDER Order), pp. 3 and 5.

[3] VDER Order, pp. 15-16, 27-28; Case 15-E-0751, supra, Order Establishing Net Metering Successor Tariff (issued July 16, 2020), pp. 14-15.

[4] Customers participating in traditional NEM are not subject to duration limits. When discussed together, customers taking service under traditional NEM and customers taking service under Phase One NEM are collectively referred to as "NEM customers."

[5] VDER Order, pp. 15-16. Some specific elements of the Value Stack have been modified since the VDER Order, see Case 15-E-0751, supra, Order Regarding Value Stack Compensation (issued April 18, 2019) (Value Stack Order), among others.

CSRP, Term-DLM Program, or Auto-DLM Program; however, doing so requires that Value Stack customers forego DRV and LSRV payments.[6]

National Grid's November 15, 2023 Proposal

On November 15, 2023, National Grid filed its Annual Report which contained information about DLM Program operations during 2023, recommended actions to further improve such programs for 2024, and proposed draft tariff amendments to implement the recommended DLM Program modifications noted in the Annual Report.[7] Specifically, in the Annual Report, the Company noted that Phase One NEM customers were not eligible to participate in the Term- and Auto-DLM Programs, whereas Phase One NEM customers were eligible to participate in the CSRP. In the Annual Report, the Company stated that it would be proposing to change the CSRP customer eligibility requirements to exclude Phase One NEM customers from participating in the CSRP, consistent with the rules for participating in the Term- and Auto-DLM Programs. In the Draft Tariff Leaves, National Grid proposed modifications to Rule 40.1.12 on leaf 219.2 and to Rule

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[6] Value Stack Order, pp. 21-22; Case 18-E-0130, In the Matter of Energy Storage Deployment Program, Order Establishing Term-Dynamic Load Management and Auto-Dynamic Load Management Program Procurements and Associated Cost-Recovery (issued September 17, 2020) (Term- and Auto-DLM Order), p. 16.

[7] Case 14-E-0423, National Grid 2023 Annual DLM Program Report REDACTED (filed November 15, 2023) (Annual Report); Case 14-E-0423, National Grid DLM Programs Draft Tariff Amendments (filed November 15, 2023) (Draft Tariff Leaves). The Annual Report and Draft Tariff Leaves are collectively referred to as the 2023 Proposal.

62.1 on leaf 263.16 to exclude Phase One NEM customers from participating in the CSRP.[8]

The 2024 DLM Order

The 2024 DLM Order provided contradictory information regarding the Company's proposed exclusion of Phase One NEM customers from participating in the CSRP. In the Introduction section, the 2024 DLM Order stated:

> "the Commission adopts National Grid's proposal to modify customer eligibility and dual-participation rules by extending the exclusion of Phase One NEM customers in the CSRP. Currently, customers who take service under Phase One NEM are ineligible to participate in the Term- and Auto-DLM Programs. The CSRP and Term-DLM Program are similar programs and as such National Grid's proposal to extend this exclusion is warranted."[9]

However, in the Discussion section, the Commission contrasted determinations made in the September 17, 2020 Term- and Auto-DLM Order, which concluded that NEM customers should not be allowed to participate in the Term- and Auto-DLM Programs, with present rules in the Consolidated Edison Company of New York, Inc. (Con Edison) and Orange and Rockland Utilities, Inc. (O&R) tariffs that allow NEM customers to participate in the CSRP and DLRP if they forego Performance

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[8] As of National Grid's November 15, 2023 Annual Report and draft tariff filings, traditional NEM customers were ineligible to participate in the CSRP, DLRP, Term-DLM, and Auto-DLM programs.

[9] 2024 DLM Order, p. 4.

Payments under those programs during Events.[10] The Commission stated that CSRP customers that also participate in NEM would collect duplicate benefits for the duration of the demand response event.[11] The Discussion section then directed National Grid, among other utilities, to file tariff amendments to allow for Performance Payments not to be made to CSRP and DLRP participants if those customers also participate in NEM or the Value Stack tariffs.[12]

Ordering Clause No. 4 of the 2024 DLM Order directed National Grid, among other utilities, to "file tariff amendments modifying the CSRP and DLRP programs to state that Performance Payments will not be made to Commercial System Relief Program and Dynamic (sic) Load Relief Program if service is taken under NEM and Value-Stack."

## THE PETITION

In the Petition, National Grid summarizes its November 15, 2023 Proposal and the 2024 DLM Order. National Grid notes that the 2024 DLM Order appears to simultaneously approve National Grid's 2023 Proposal to exclude Phase One NEM customers from participating in the CSRP based on the text in the Introduction, while inferring that NEM customers would be

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[10] 2024 DLM Order, p. 14.

P.S.C. No. 10 – Consolidated Edison Company of New York, Inc. Schedule for Electric Service, Leaf No. 281.1; P.S.C. No. 3 – Orange and Rockland Utilities, Inc. Schedule for Electric Service, Leaf Nos. 156.10, 157.10.

NEM customers are not allowed to participate in the Term- and Auto-DLM Programs in the Con Edison and O&R service territories.

[11] 2024 DLM Order, p. 15.

[12] 2024 DLM Order, p. 15.

allowed to participate in the CSRP by accepting Reservation Payments only and foregoing Performance Payments.

National Grid notes that the Introduction section and portions of the Discussion section reiterate that NEM does not disaggregate various value streams within NEM compensation, and therefore it is impossible to ensure that allowing customers to participate in both NEM and the DLM Programs would not result in double-payment for the same benefit stream. National Grid continues, stating that the 2024 DLM Order then points to the tariffs in place at Con Edison and O&R, which allow NEM customers to participate in the CSRP and DLRP if such customers forego the Performance Payment portion of those programs' incentives. National Grid notes that allowing NEM customers to participate in the CSRP and DLRP by foregoing Performance Payments is contradictory to previous Commission Orders, such as the Term- and Auto-DLM Order. National Grid then points out that the 2024 DLM Order concludes by directing National Grid, among others, to file tariff amendments to "effectuate this modification that Performance Payments will not be made to CSRP and DLRP [participants] if service is also taken under NEM or Value-Stack tariffs."

National Grid states that it seeks reconsideration or clarification regarding the inclusion of both NEM and Value Stack customer participation in the CSRP and DLRP, as the 2024 DLM Order appears to both affirm National Grid's exclusion of NEM customers from participating in the CSRP in the Introduction section, and also directs National Grid, among others, to allow NEM and Value-Stack customers to participate in the CSRP and DLRP with eligibility to receive Reservation Payments but not Performance Payments. Further, National Grid requests an extension of the 2024 DLM Order's requirements to file tariff amendments modifying the CSRP and DLRP-related portions of its tariff until a minimum of 14 days after the Commission issues a determination on its Petition.[13] National Grid states that granting this extension would avoid unnecessary customer confusion and compliance issues.

## NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rule Making was published in the State Register on May 29, 2024 [SAPA No. 14-E-0423SP16]. The time for submission of comments pursuant to the Notice expired on July 29, 2024. SunRun, Inc. (SunRun) submitted comments on November 6, 2024.[14] Those comments are described below.

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[13] National Grid, along with Central Hudson, NYSEG, and RG&E requested an identical extension from the Secretary to the Commission (Secretary) on April 23, 2024. In the April 25, 2024 Ruling on Extension Request, the Secretary granted the requested extension until 14 days after the Commission addresses the Petition in this proceeding.

[14] SunRun’s comments were filed significantly beyond the comment deadline, and partially address topics that are outside the scope of this Order. While SunRun’s comments regarding proposals to implement Direct Load Control Programs for residential energy storage systems are outside the scope of this Order, they may be considered as part of the Commission’s annual review of DLM Program operations anticipated in the first quarter of 2025. Similarly, SunRun’s comments regarding operations of Con Edison and O&R’s DLM Programs are outside the scope of this Order, but may be considered as part of the Commission’s annual review of DLM Program operations anticipated in the first quarter of 2025. SunRun’s comments regarding compensation for exported electricity through the Value Stack tariff are also outside the scope of this Order, and should be resubmitted within a relevant public comment period in either the VDER proceeding in Case 15-E-0751 or the Grid of the Future Proceeding in Case 24-E-0165.

COMMENTS

SunRun notes that other states such as California, Hawaii, Massachusetts, and Texas, as well as the territory of Puerto Rico, each operate tariff-based retail Virtual Power Plant (VPP) programs not dissimilar to those in New York, but with different outcomes.[15] SunRun notes that different participation rules, compensation rates and structures, and other elements of program implementation have led to successful and robust residential customer participation in VPPs, whereas New York's tariff-based programs have not. SunRun highlights the importance of leveraging residential batteries in enabling flexible and scalable resources to meet New York's energy and demand needs as well as climate and energy policy goals. Further, SunRun highlights that other New York State programs, such as those run by the New York State Energy Research and Development Authority (NYSERDA), may require customers to participate in available DLM Programs as a condition for receiving incentives, and therefore suggests that clarifying issues regarding customer participation in those programs is critical.

SunRun notes that most residential customers install energy storage systems in conjunction with onsite solar photovoltaic (PV) systems, and therefore also participate in traditional NEM or Phase One NEM. SunRun notes, however, that current program rules either remove crucial components of the value proposition for participating, or otherwise prohibit NEM

[15] The difference between a VPP and a demand response program is largely definitional. A VPP is a collection of small-scale energy resources that, aggregated together and coordinated with grid operations, can provide similar services to the grid as traditional power plants. The Commission considers all demand response programs as VPPs, whereas all VPPs are not necessarily demand response programs.

customers from participating outright.[16] SunRun states that it supports clarification of the 2024 DLM Order regarding NEM customer participation in CSRP and DLRP. SunRun asserts, however, that Performance Payments should be paid to NEM customers, contrary to either outcome identified in the Petition. SunRun states that provision of Performance Payments to NEM customers is essential to drive residential customer participation in these programs.

## LEGAL AUTHORITY

Pursuant to PSL §§5, 65, and 66, the Commission has the legal authority to take the actions prescribed in this Order. Specifically, PSL §5 grants the Commission authority to direct utilities to "formulate and carry out long-range programs, individually or cooperatively, with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." The Commission has further authority under PSL §66(5) 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."

PSL §65 authorizes the Commission to ensure that every electric corporation furnishes and provides safe and adequate service, instrumentalities, and facilities at just and

[16] SunRun incorrectly asserts that there are some programs which limit the amount of load relief a participant is allowed to provide to the amount which would offset that customer's load, thus not allowing net export to the grid to be considered. However, there are no demand response programs in New York under our jurisdiction which include this restriction.

reasonable rates. The modifications authorized by this Order direct the utilities to implement programs that allow NEM customers to simultaneously participate in the CSRP and DLRP, provided, however, that such customers must forego Performance Payments that would otherwise be available during CSRP and DLRP Events.

Moreover, 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 will best promote the public interest, preserve the public health and protect those using such ... electricity."

The actions taken herein with respect to the modifications to the DLM programs fall within this legal authority and are designed to support long-range program goals economically and efficiently, support public health and safety, preserve environmental values, and conserve natural resources.

## DISCUSSION AND CONCLUSION

In its Petition, National Grid seeks reconsideration or clarification of the Commission's decision to require that NEM customers be allowed to participate in the CSRP and DLRP provided that they would not be eligible to receive Performance Payments under those programs. By this Order, the Commission reaffirms that the 2024 DLM Order was correct in its directive to allow NEM customers to participate in the CSRP and DLRP with restrictions on receiving the Performance Payment, but recognizes that clarification of the 2024 DLM Order is necessary to provide a cogent rationale for its determinations and eliminate contradictory language in the various portions of that Order. National Grid's request for clarification of the 2024

DLM Order is therefore granted and discussed in detail below, while its request for reconsideration (i.e., a change in the Commission's previous determination) is denied.

First, the information provided in the Introduction stating that National Grid's proposal to exclude Phase One NEM customers from participating in the CSRP and DLRP is corrected, as discussed herein. Instead, the Introduction should have reflected the Commission's determination in the Discussion section and Ordering Clause No. 4.

Second, the Discussion section and rationale for the Commission's determination in the 2024 DLM Order requires further explanation and clarification. The language in the Discussion section - regarding both the prohibition of NEM resources from participating in the Term- and Auto-DLM Programs, while also allowing NEM resources to participate in the CSRP and DLRP at Con Edison and O&R - was intended to draw distinctions between the two outcomes, both of which the Commission has previously approved and continues to support. In deciding to allow NEM customers to participate in CSRP and DLRP, we must reconcile two issues: (1) whether compensation provided by NEM is compatible with demand response programs; and (2) whether it is reasonable to simultaneously exclude NEM customers from participating in the Term- and Auto-DLM Programs while allowing NEM customers to participate in CSRP and DLRP.

NEM Customers and CSRP/DLRP

NEM's construct of "spinning the meter backwards" has proven to be a popular and comprehendible arrangement supporting the business case for installation of eligible resources, especially for residential customers. There is a mismatch however, as discussed in the VDER Framework Order, that while many grid costs are caused on a demand-basis, compensation under NEM is provided entirely on an energy-basis. Fundamentally, typical NEM customers have little to no incentive to shape when and how their generation is exported to the grid because the value for any kWh in a given month is the same from an hour-to-hour basis. In some instances, NEM may actually discourage customers from making usage and generation decisions that would be beneficial to the grid.

Most NEM customers take service under standard residential volumetric delivery rates and default monthly supply pricing, both of which provide a simple $/kWh rate which does not vary from hour to hour, but may vary from billing period to billing period. Because the prices most NEM customers pay for energy consumption does not vary within a billing period, whether energy is used overnight or at 5:00 p.m. on a peak summer afternoon, and NEM offsets energy consumption within the billing period, the apparent value of generation and consumption to NEM customers is flat, even while the actual value of that generation and consumption varies significantly on an hour to hour, or even more frequent, basis. That is, the value of generation under NEM is the same to participants if those systems export at low-load hours or during peak hours, and therefore NEM customers have no incentive to invest in technologies or strategies to shift either net load or net exports to different hours throughout a day.

Although the combination of time-of-use rates (TOU Rates) and NEM has the potential to provide some time-based price-signals for customers to respond to, customer participation in TOU Rates has historically been very low. Further, some utilities' TOU Rates and NEM tariff rules do not intermingle well – for example, National Grid's NEM tariff separates generation credits into on-peak, super-peak, and off-peak buckets with no opportunity for generation credits in one bucket to be used during a different time period.[17] This arrangement can result in a significant accumulation of unused on-peak generation credits which cannot be used to offset off-peak net usage, and thus resulting in a higher bill for customers participating in TOU Rates with NEM than if the same customer had instead continued to participate in standard volumetric delivery rates.

Even NEM customers that have decided to purchase a battery have no incentive to discharge their batteries because of net energy losses from doing so due to imperfect efficiency of the battery system.[18] That is, even with enabling technologies which would effectively allow customers to shape both the profile of energy imports from the grid and exports to the grid, the NEM construct discourages customers from doing so on a regular basis. It is reasonable to conclude, therefore, that NEM alone does not provide price signals for participants to shape their load and generation profiles, and that encouraging such behavior will require other price signals, such as participation in demand response programs.

The Commission must next consider whether participation and incentives available through the CSRP and DLRP constitute duplicative payments to NEM customers. Participation

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[17] P.S.C. No. 220 – Niagara Mohawk Power Corporation d/b/a National Grid Schedule for Electric Service, Leaf No. 219.2, Rule 40.1.8.6.

[18] The United State Department of Energy's National Renewable Energy Laboratory estimates an 85 percent round-trip efficiency of typical residential energy storage systems, meaning that approximately 15 percent of energy used to charge the batteries is lost.

NREL, Annual Technology Baseline, Residential Battery Storage, available at: https://atb.nrel.gov/electricity/2023/residential_battery_storage.

and performance during Events (as well as Term- and Auto-DLM Program events) is measured using one of two baseline methodologies – the Average Day Customer Baseline Load methodology (Average Day CBL) or a Weather-Adjusted Customer Baseline Load methodology (Weather-Adjusted CBL).[19] Both the Average Day CBL and Weather-Adjusted CBL measure the difference in a participants' hourly demand load during a CSRP or DLRP Event and the average of hourly loads that occurred during five similar non-Event days within a 10-day baseline window. These baselining calculations result in total hourly demand and energy reductions (or net exports) during the Event which are most likely the result of actions that CSRP and DLRP participants took to respond to called Events, and are designed to eliminate typical and random variations in the customer load data.

Since all CSRP and DLRP participants' performance during Events is measured using these baseline methodologies, we can be assured that the energy and demand reductions during Events are a result of incremental customer actions to respond to those Events, not just the random variations of generation inherent in intermittent renewable generating systems, such as those which would be used by NEM customers. Therefore, the kilowatt (kW)-based Reservation Payments and kWh-based Performance Payments that CSRP and DLRP participants would earn can be determined to be from incremental actions such customers took to respond to the Event, for example, by reducing behind-the-meter loads.

Although the load relief provided during a CSRP or DLRP Event would be the result of incremental customer load relief, as measured by the baseline calculations described

[19] The Term- and Auto-DLM Programs use the same baseline methodologies for measuring performance during Events in those programs.

above, such customer would still be compensated under the NEM construct for the kWh of net exports during those Events. Net exports are computed as the difference between total gross export of the DER, in most cases solar PV for NEM customers, and simultaneous energy use during that time. If, in response to an Event, the customer’s energy use during that Event decreases, but the gross generation of the DER asset stays the same, then net exports will increase.

Since NEM incentivizes total net energy exports, regardless of when the energy is generated, but does not incentivize customers on the basis of demand, the total amount of energy provided as load relief during a CSRP or DLRP Event would potentially receive energy-based incentives under both the Performance Payment and NEM, whereas the only demand-based incentive such participant would receive is through the Reservation Payment. Therefore, to avoid any potential for duplicate compensation, it is reasonable to require customers that simultaneously participate in NEM and CSRP and/or DLRP to forego Performance Payments under CSRP and DLRP, leaving NEM as the only source of energy-based incentives, while allowing such customers to receive Reservation Payments under CSRP and DLRP as the only source of demand-based incentives.

For the reasons detailed above, the Commission concludes and reaffirms that it is reasonable for NEM customers to simultaneously participate in the CSRP and DLRP, provided, however, that such customers forego Performance Payments that would otherwise be available during CSRP and DLRP Events. National Grid, Central Hudson, NYSEG, and RG&E are hereby directed to file tariff amendments necessary to allow NEM customers, inclusive of traditional NEM and VDER Phase One NEM customers, to participate in their respective CSRPs and DLRPs, as applicable, provided that such customers shall not be eligible to receive Performance Payments under those programs. The Commission will provide the same consideration for this required tariff filing as provided in the 2024 DLM Order – therefore, National Grid, Central Hudson, NYSEG, and RG&E shall file tariff amendments as necessary to comply with this Order to become effective on February 1, 2025, on not less than five days' notice.[20] Further, as with the tariff filings directed in the 2024 DLM Order, given that stakeholders have had ample notice and opportunity to submit comments, the requirements of PSL §66(12)(b) and 16 NYCRR §720-8.1, as to newspaper publication with respect to the tariff filings directed in this Order, are waived.

Term- and Auto-DLM Programs, Value Stack, and Other Programs

In its comments, SunRun requests consideration of NEM customer participation in the Term- and Auto-DLM Programs, as well as seeking reconsideration of previous determinations that customers participating in the Value Stack may simultaneously participate in the DLM Programs by foregoing eligibility to receive the DRV and LSRV components of the Value Stack. While this Order is not the appropriate venue for consideration of either issue, as the focus of this Order is narrowly on National Grid's petition for clarification of the 2024 DLM Order, this Order does present a relevant opportunity to draw a distinction between the CSRP/DLRP and Term- and Auto-DLM Programs, explain why rules regarding NEM customer participation between the sets of programs will remain different for the present time, and establish expectations for when and where the Commission may reconsider these policies in the near future.

[20] The February 1, 2025 filing date for tariff amendments in this Order reflects a similar amount of time provided by 2024 DLM Order to implement the required tariff modifications by May 1, 2024.

Although the CSRP/DLRP and Term- and Auto-DLM Programs are very similar and both sets of programs include a measurement of load relief provided during Events against a baseline, the Commission holds that the Term- and Auto-DLM Programs are distinct from CSRP/DLRP in that they represent a more reliable and "premium" service, and thus should be held to a higher standard of scrutiny than their counterparts. The Term- and Auto-DLM Programs include incentive payments that are typically higher than those available under CSRP/DLRP and also provide a multi-year term that provides participants with greater certainty against changing incentive payments. It follows, then, that the Term- and Auto-DLM Programs should also require a higher standard of service, which includes the potential for non-performance penalties. This supports the Commission's continuance of the policy that NEM customers will not be eligible to participate in these programs to ensure absolute certainty that there is no opportunity whatsoever for duplicative payments under the Term- and Auto-DLM Programs and NEM. Therefore, the Commission rejects SunRun's request to reconsider whether NEM customers should be able to participate in the Term- and Auto-DLM Programs at this time and as part of this Order.

Although modifications to the existing policies regarding NEM customer participation in the Term- and Auto-DLM Programs, and interactions between the Value Stack and DLM Programs more broadly, will not be addressed in this Order, the Commission has required that the Grid of the Future Proceeding must "consider establishing new compensation structures, or modifications to existing compensation structures, to encourage the best use of these new [flexibility] resources by customers.”[21] To date, the Commission has operated under a relatively conservative policy of avoiding any potentially duplicative incentives, requiring customers enrolling in potentially overlapping programs to forego one payment stream or another. As part of the Grid of the Future Proceeding, the Commission anticipates considering both the question of whether NEM customers and Value Stack participants should be eligible to participate in programs to provide flexible services, including the CSRP, DLRP, Term-DLM Program, and Auto-DLM Program; and the question of whether it continues to be reasonable to require customers to forego certain payment streams available in one program or another entirely, or if a more accurate accounting of incentives and potential provision of partial non-duplicative payments may be reasonable.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, and Rochester Gas and Electric Corporation are directed to file tariff revisions to allow customers participating in traditional Net Energy Metering and Value of Distributed Energy Resources Phase One Net Energy Metering to simultaneously participate in the Commercial System Relief Program and Distribution Load Relief Program, provided that such customers will not be eligible to receive Performance Payments under those programs, to become effective on February 1, 2025, on not less than five days’ notice, as discussed in the body of this Order.

2. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1, as to newspaper publication with respect

[21] Case 24-E-0165, Grid of the Future Proceeding, Order Instituting Proceeding, p. 16.

to the tariff filings directed in Ordering Clause No. 1, are waived.

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

4. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary