STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

Case 14-M-0224 – Proceeding on Motion of the Commission to Enable Community Choice Aggregation Programs.

Case 19-E-0735 – Petition of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2023.

DEPARTMENT OF PUBLIC SERVICE STAFF PROPOSAL ON A STATEWIDE SOLAR FOR ALL PROGRAM

Dated May 19, 2023

Contents

Introduction

In this proposal, the Department of Public Service Staff (DPS or Staff) assesses the potential for a Statewide Solar for All (S-SFA) initiative, and propose a utility-level implementation framework. This proposal, developed in collaboration with the New York State Energy Research and Development Authority (NYSERDA), is primarily based on the concept of adapting the "Expanded Solar for All" (E-SFA) program currently being piloted by Niagara Mohawk Power Corporation d/b/a National Grid (National Grid) to each of the other jurisdictional utilities, with important adjustments to the pilot E-SFA model to incorporate lessons learned from the E-SFA pilot's implementation to date and adapt the model to other utilities.[1] The proposal also recommends the inclusion of retail energy storage in S-SFA to address the significantly lower availability of solar capacity in the Con Edison service territory relative to the number of customers participating in the Energy Affordability Program (EAP). This proposal also offers a limited discussion of an inter-utility credit pool concept.

The 10 GW Order directed NYSERDA to target 40% of the approved programmatic capacity expansion to disadvantaged communities and certain other customer types, such as public and regulated affordable housing providers, under the Solar Energy Equity Framework (SEEF).[2] Community solar is central to meeting this goal, and the DPS/NYSERDA Future of Solar Roadmap articulated both "opt-in" community solar via the Inclusive Community Solar Adder (ICSA), and "opt-out" (or "automatic enrollment") community solar via the Solar for All model as playing important roles.[3] The federal Inflation Reduction Act of 2022 (IRA) introduced substantial new federal resources to support distributed solar, including community solar, that benefits low-income communities.

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1 See, Case 19-E-0735, NY-Sun Funding and Expansion, Order Approving Expanded Solar For All Program With Modifications (issued January 20, 2022) (E-SFA Order).

2 Case 21-E-0629, et al., Advancement of Distributed Solar, Order Expanding NY-Sun Program (issued April 14, 2022) (10 GW Order).

3 As discussed below, following issuance of the E-SFA Order, on September 15, 2022, the Public Service Commission (Commission) issued a further order modifying the E-SFA program to allow low-income customers to simultaneously participate in the E-SFA program, and in a separate distributed generation program like community distributed generation (CDG). See Case 19-E-0735, supra, Order Modifying Expanded Solar For All Program (issued September 15, 2022) (E-SFA Modification Order).

This framework for an S-SFA envisions a long-term program design that drives continued community solar growth and directs the benefits of that growth to New York State's low-income residents statewide. By excluding S-SFA projects from the Community Adder (CA) previously authorized by the Commission, this proposal ensures that the program will be an additive to the community solar market overall and, may ultimately, offer a cost-effective transition from NY-Sun incentives. The proposal acknowledges the realistic timelines for establishing a major, ambitious program, and the need to address important outstanding issues in the existing CDG market prior to implementation.

Background

Energy Affordability

On May 20, 2016, the Commission issued an order adopting an Energy Affordability Policy that set a target energy burden at or below six percent of household income for all low-income households in New York State.[4] To advance this goal, new low-income bill discount programs were established for each of the investor-owned electric and gas distribution utilities. Key directives set out by the policy include the standardization of utility energy affordability programs statewide to reflect best practices where appropriate, streamlining of rate cases, and greater consistency between the programs and the Commission's statutory and policy objectives. The Commission also acknowledged that, in order to reach the target six percent energy burden for low-income New Yorkers, it would be necessary to coordinate and leverage all available resources at the State's disposal, including multiple sources of financial assistance to lower customers' bills, energy efficiency measures to reduce usage, and access to clean energy sources – such as CDG - in order to lower the cost of the energy itself.

In 2018, NYSERDA launched its Solar for All program, a no-cost CDG subscription program for low-income utility customers in the National Grid, Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation (NYSEG), and Orange and Rockland Utilities, Inc. service territories. Solar for All is a New York State utility bill assistance program that, essentially, ties energy affordability and CDG together to provide low-income customer bill

[4] Case 14-M-0565, Energy Affordability, Order Adopting Low Income Program Modifications and Directing Utility Filings, (issued May 20, 2016).

savings through the development of CDG - all while utilizing the same investments. Through the program, eligible New Yorkers can sign up to receive benefits of clean energy while lowering their energy cost. However, the potential to provide clean energy access and associated savings to low-income households remains untapped as the rate of customer enrollment in NYSERDA's Solar for All program has fallen short of program goals. For that reason, NYSERDA and National Grid addressed this lack of low-income CDG participation within their E-SFA Proposal.[5]

Expanded Solar For All

In 2019, the New York State Legislature enacted the Climate Leadership and Community Protection Act (CLCPA), which codified and expanded several statewide clean energy and climate goals, including that New York develop 6 gigawatts (GW) of distributed solar projects by 2025, and that 70% of New York's electricity come from renewable energy sources, such as wind and solar, by 2030.[6] Recognizing that the inclusion of low-to-moderate income (LMI) customers and disadvantaged and environmental justice communities in New York State's clean energy programs is crucial both to the programs' success and to their fairness, the CLCPA also created a requirement that disadvantaged communities receive at least 35% of the benefits of clean energy programs.[7]

On December 12, 2019, the Commission issued an order adopting the use of a net crediting model for CDG project consolidated billing.[8] In the Net Crediting Order, the Commission expressed an openness to innovative proposals, including from the utilities, to increase low-income participation in and benefit from the CDG program. In addressing a proposal offered by National Grid, the Commission found that the proposal was not sufficiently limited to avoid unreasonably encroaching on market segments outside of low-income

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[5] Case 19-E-0735, supra, Joint Petition for Approval of an Expanded Solar For All Program For Providing Community Solar to Low-Income Customers (filed April 23, 2021) (E-SFA Proposal).

[6] See, Chapter 106 of the Laws of 2019. The CLCPA became effective on January 1, 2020.

[7] Environmental Conservation Law §75-0117.

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

customers, but specifically encouraged National Grid to work with stakeholders, as well as DPS Staff and NYSERDA, to consider a modified proposal focused entirely on low-income customers. Thereafter, in 2020, the Commission issued an order expanding the NY-Sun program towards achieving the 6 GW goal, and authorizing $573 million in additional funding for NYSERDA to administer the expanded NY-Sun program.[9] As part of that funding, the Commission authorized $200 million in funding for a SEEF dedicated to increasing solar opportunities for LMI customers, affordable housing, and environmental justice and disadvantaged communities. In the 6 GW Order, the Commission specifically encouraged NYSERDA to collaborate with one or more utilities on a program to facilitate utility enrollment of LMI customers in CDG projects.

On April 23, 2021, NYSERDA and National Grid filed a Joint Petition requesting approval of an E-SFA program in National Grid's service territory, based on the original Solar for All concept.[10] Under the proposed program, National Grid would aggregate Value Stack bill credits generated by participating CDG projects (referred to as credit pooling) and evenly distribute them among customers automatically enrolled in National Grid's EAP program. NYSERDA and National Grid proposed sizing the program to provide each participating customer with $10 per month in bill credits, which they estimated would require approximately 600 megawatts, direct current (MWdc) of participating CDG projects. NYSERDA and National Grid also proposed utilizing previously authorized SEEF funds to provide additional incentive adders as needed for some participating solar projects, and allowing National Grid to retain an administrative fee.

On January 20, 2022, the Commission issued the E-SFA Order, finding that the program, as proposed, "represents a near-term opportunity to accelerate the benefits of distributed solar to LMI customers consistent with the CLCPA's mandates and the [6 GW Order]."[11] Specifically, the Commission authorized a general framework whereby NYSERDA would competitively solicit eligible CDG projects to participate in the E-SFA program, National Grid would separately, automatically enroll all of its EAP customers into the E-SFA program (subject to

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9 Case 19-E-0735, supra, Order Extending and Expanding Distributed Solar Incentives (issued May 14, 2020) (6 GW Order).

10 See, E-SFA Proposal.

11 E-SFA Order, p. 19.

certain exceptions), and participating projects would inject their generation into National Grid's system and be compensated by National Grid through the Value Stack, similar to the existing compensation methodology for CDG projects. Value Stack credits produced by a participating CDG project would be split into three portions: (1) a Customer Share to be used for participating customers' benefit, based on the project's bid that was accepted during the NYSERDA solicitation process; (2) a Utility Administrative Fee for National Grid, capped at 1%; and (3) the remainder, which would be paid directly to the project owner. Through credit pooling, the Customer Share of all participating CDG projects would then be aggregated and distributed evenly among all E-SFA customers as a fixed monthly credit on electric bills. The Commission also established a phased approach for the program, with the first phase aiming to achieve an initial target of $5 in monthly bill credits, and capped at 300 megawatts (MW) of CDG project capacity. The Commission further authorized NYSERDA to create a SEEF incentive for a subset of participating CDG projects that may need the incentive to achieve the program goals for savings across the full E-SFA customer pool, but capped the maximum spending of SEEF dollars on the E-SFA incentives at $41 million. NYSERDA and National Grid subsequently filed an E-SFA Implementation Plan[12] and E-SFA Tariff,[13] and implemented a competitive solicitation process.[14]

The Commission initially ruled in the E-SFA Order that "[t]o maintain consistency with the existing CDG framework, customers that participate in the E-SFA program will not be permitted to simultaneously participate in another CDG project, or to simultaneously enroll in a Remote Crediting or Remote Net Metered project."[15] Subsequently, in response to a petition for rehearing, on September 19, 2022, the Commission issued the E-SFA Modification Order, modifying the E-SFA program to allow EAP customers to simultaneously participate in the E-

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[12] The latest iteration of the E-SFA Implementation Plan was filed on October 17, 2022.

[13] The tariffs were filed on February 18, 2022, and approved, with modifications, on November 18, 2022. See Case 19-E-0735, supra, Order Approving Tariff Amendments with Modification on a Permanent Basis (filed November 18, 2022).

[14] Case 19-E-0735, supra, E-SFA Initial Report (filed October 17, 2022).

[15] Case 19-E-0735, supra, E-SFA Order, pp. 30-31. E-SFA participants were permitted to voluntarily exit the E-SFA program and enter their CCA's CDG program (if one is available), independently subscribe to another CDG project, or to not participate in community solar at all.

SFA program and in another distributed solar program. The Commission reasoned in the E-SFA Modification Order that customers are prohibited from participating in multiple CDG projects (One Subscription Rule) in part to enable a greater number of customers to participate in Distributed Energy Resources (DER), and to avoid situations where large customers subscribe to multiple CDG projects and leave a smaller amount of solar capacity to be allocated to smaller customers. However, the Commission found enough distinct differences between the E-SFA program and programs like CDG such that the One Subscription Rule was inapplicable to E-SFA, including: (1) the E-SFA program's credit pooling mechanism means that E-SFA participants are not actually subscribed to any single CDG project; (2) large customers and non-EAP residential customers cannot participate in the E-SFA program, therefore negating the One Subscription Rule's goal of limiting the amount of CDG capacity allocated to such customers; and (3) allowing for dual participation would avoid competition between the E-SFA program and traditional CDG projects, and preserve customer choice.

In December 2021, Staff and NYSERDA jointly filed New York's 10 GW Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar, which offered policy options to continue the rapid development of distributed solar in New York towards achieving a goal of 10 GW of statewide distributed solar by 2030.[16] The Commission subsequently issued the 10 GW Order approving the Solar Roadmap, with adjustments. Specifically, the 10 GW Order, among other things, expanded the NY-Sun program goal to 10,000 MW of distributed solar deployed by 2030, and increased funding for the SEEF by $251,764,000.

Market uptake of the approved NY-Sun incentive capacity has been rapid, and in November 2022 the program reached the "Mid-point Review Trigger" established in the 10 GW Order and subsequently filed the NY-Sun Mid-point Review, which highlighted program and market activity since the issuance of the 10 GW Order.[17]

Opt-Out Community Choice Aggregation

On April 14, 2021, Staff filed a CCA Whitepaper and proposed numerous recommendations to improve the State's Community Choice Aggregation (CCA) Program,

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

[17] Case 21-E-0629, supra, NY-Sun Mid-Point Review (filed January 17, 2023).

including a recommendation that the Commission adopt an opt-out CDG model for integration into existing CCA programs.[18] Staff further expanded upon this recommendation in Staff's Straw Proposal on Opt-Out Community Distributed Generation (Straw Proposal).[19] Comments received in response to Staff's Straw Proposal highlighted several areas that require additional examination.

The Straw Proposal proposed to first prioritize enrollment of low-income customers in opt-out CDG projects prior to serving other customer groups. While this is a commendable goal, doing so would limit the benefits of low-income participation to those customers who reside in a municipality conducting an opt-out CCA program. Alternatively, if a scalable Solar for All program could be expanded statewide, the Commission would be able to guarantee the value of CDG credits to all low-income customers throughout the State, not just for a limited subset.

Additionally, the Commission must also consider the benefits generally to the CDG program of permitting an opt-out model. As discussed within the Straw Proposal, it was anticipated that opt-out enrollment would create efficiencies that reduce soft costs for the CDG host, thus reducing the need for State incentives to support CDG development. However, given the CCA community's comments on the Straw Proposal regarding this topic, it appears that such products would require the same level of incentives and State support given to opt-in projects, negating the perceived efficiencies that should result from opt-out enrollment. According to the Community Choice Aggregation Administrators of New York (CCAANY), there are significant initial fixed costs for opt-out programs even though they do not include some traditional "customer acquisition costs." Upfront implementation and administrative costs include the need to have processes established, systems set up, data security requirements met, and customer support trained over a year before the CDG project generates any income. Thus, CCAANY argued that "the development of an Opt-out CDG offering requires a very high, upfront, fixed costs and a steep learning curve, neither of which can be ignored. As such, if DPS and NYSERDA desire to create competition through encouraging new market participants, Opt-out

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[18] Case 14-M-0224, Community Choice Aggregation Programs, Department of Public Service Staff Whitepaper on Community Choice Aggregation Programs (filed April 14, 2021).

[19] Case 14-M-0224, et al., supra, Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation (filed March 29, 2022).

CDG should have access to the full community adder."[20] On the other hand, if the S-SFA model could be expanded across all investor-owned utilities, low-income customers would be able to access and receive the benefits of CDG credits without the need for the CA or ICSA, and less State incentives overall compared to opt-in CDG.

Finally, there are other major concerns with advancing an opt-out CDG offering at this time, as Staff is aware of serious CDG crediting and billing issues originating at the utilities. To protect customers, specifically low-income customers who would be the first to be enrolled, the Commission must ensure utilities can correctly bill for CDG credits to avoid putting customers at risk of financial hardship. The Commission and Staff are currently addressing these billing issues outside the context of CCA programs and have implemented processes to ensure timely and accurate billing of CDG services and to hold utilities accountable for CDG billing issues.[21] The Commission has directed development of both performance metrics associated with utility billing and crediting of CDG services, as well as a negative revenue adjustment mechanism tied to failure to satisfy those performance metrics. Those collaborative processes are underway, and Staff expects to provide a proposal for stakeholder comment later this year.

Consequently, as the opt-out CDG program under the CCA model remains under consideration, the Commission sought input on the exploration and feasibility of a scalable statewide Solar for All program. Based on the foregoing, on January 19, 2023, the Commission issued an order instituting a series of improvements to the CCA program, and directing Staff to, within 120 days of the effective date of the order, file a proposal for the implementation of an S-SFA program.[22]

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20 Case 14-M-0224, et al., supra, Community Choice Aggregators of New York Comments (filed June 3, 2022), p. 7.

21 Case 19-M-0463, et al., Consolidated Billing for Distributed Energy Resources, Order Establishing Process Regarding Community Distributed Generation Billing (issued September 15, 2021).

22 Case 14-M-0224, supra, Order Modifying Community Choice Aggregation Programs and Establishing Further Process Opt-Out Program (issued January 19, 2023).

Market Assessment

As discussed in detail in the NY-Sun Mid-Point Review, the 10 GW Order has enabled continued growth of the community solar development pipeline in New York. New York is the nation's leading community solar market, with over 1,667 MWdc operational in the service territories of the investor-owned utilities (IOUs). The state's community solar pipeline continues to grow, with over 3,298 MW in advanced development (with NY-Sun incentives) and approximately 7,457 megawatts, alternating current (MWac) total (about 10,290 MWdc) in the utility interconnection queues.

The IRA has added further tailwinds to the community solar market, and includes new "bonus" tax credits for projects serving low-income communities.[23] However, additional federal guidance is needed before the impact of these resources on an S-SFA program can be fully considered. At the same time, the market headwinds discussed in the NY-Sun Mid-Point Review will likely impact the proposed program. These include continued equipment cost uncertainty due to inflation, the threat of federal trade tariffs, and, perhaps most importantly, limits on available hosting capacity in the interconnection process.

In support of the S-SFA proposal, NYSERDA assessed the potential for the S-SFA program in each utility territory. This assessment examined, at a high level, the solar generation capacity that may be available to a Solar for All program in each utility territory relative to the total number of EAP customers. This is illustrated in Table 1 below, which indicates that the State's distributed solar pipeline continues to grow.

The proposed S-SFA model, like the NY-Sun initiative in general, relies on private solar companies to develop, own, and operate participating solar projects. In the current National Grid E-SFA pilot, rather than taking an ownership stake in generation, NYSERDA runs a project procurement process and National Grid offers a special tariff to selected projects. Under the proposed S-SFA model, projects would not be eligible for enrollment until they are at a relatively advanced state of development, by which time the project's developer will have invested significant time and money on the project's siting, permitting, interconnection, and engineering.

A successful program design would theoretically offer solar developers an attractive value proposition relative to alternatives, which in most cases includes developing the project as

[23] Inflation Reduction Act of 2019. Sections 48(e) and 48E(h).

market-rate community solar or for large commercial/industrial offtaker(s), while maximizing the monetary savings delivered to participating EAP customers. To this end, the table below provides a starting point to illustrate the potential opportunities and challenges presented by the implementation of a Solar for All model statewide. However, it is also not clear at this time what portion of potential projects may elect to participate in a Solar for All program, as some project developers have voiced a preference for conventional opt-in CDG customer acquisition. Staff emphasizes that the numbers presented below should not be read as predictive or representing a proposed target for an S-SFA program within the current "10 GW by 2030" structure. If the program is implemented, actual capacity procurement, credit value, and customer benefits will depend on dynamic conditions such as energy prices and total EAP enrollment.

Table 1: Assessment of Program Potential by Utility Service Area

Utility	# of EAP Customers in 2022	MWac of PV Under Development with at least 25% Utility Upgrade Payment Made[24]	MWac of PV Under Development with no 25% Utility Upgrade Payment Yet Made
Central Hudson Gas and Electric	18,948	115	248
Consolidated Edison	486,787	199	438
National Grid	166,901	2,080	2,005
NYS Electric and Gas	79,674	763	1,096
Orange and Rockland Utilities	15,115	153	81
Rochester Gas and Electric	48,999	53	226
Total	**816,424**	**3,363**	**4,094**

[24] March 2023 Interconnection Inventories, projects >25kW, available at: https://dps.ny.gov/distributed-generation-information

This assessment indicates that the S-SFA model has significant potential in the Upstate utility service territories, with the potential exception of the Rochester Gas & Electric Corporation (RG&E) service territory. Unsurprisingly, the assessment found that, when counting only solar development capacity, the program had by far the lowest potential in the Con Edison service territory. New York City and the dense Westchester suburbs offer relatively few feasible sites for the large, ground-mounted installations that have driven community solar development Upstate. However, the inclusion of distributed front-of-the-meter energy storage as an eligible participating technology into the S-SFA program could significantly increase potential savings for Con Edison EAP customers. This concept is discussed in more detail below.

Proposed Implementation Framework

Staff proposes the adoption of an S-SFA Implementation Framework ("Implementation Framework") based on the E-SFA model currently being piloted by National Grid, as described in the Background section above and the referenced filings. For example, Staff believes that the National Grid E-SFA Tariff could be adopted by the other IOUs without major revisions, including provisions permitting dual participation (i.e., participation in both the S-SFA program and another distributed generation program like CDG or remote net metering). The same is true of National Grid's overall operational approach, which effectively uses minor adaptations to the existing net crediting process for project compensation, and minor adaptations to the existing EAP process for customer crediting. The utilities adopted this general position in comments filed on the NY-Sun Mid-point Review, stating that utility-level Solar for All programs would be a cost-effective way to drive community solar benefits to low-income customers.[25]

Notwithstanding the foregoing, Staff recommends important adjustments to the pilot E-SFA model to incorporate lessons learned from the E-SFA pilot's implementation to date, and adapt the E-SFA model to the specific circumstances of the other utilities. In addition to these adjustments, discussed in more detail below, Staff emphasizes that further information regarding

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[25] Case 21-E-0629, supra, JU Comments on the NY-SUN Mid-Program Review. (filed April 10, 2023). To be clear, Staff's reference to this portion of the Joint Utilities' filed comments should not be construed as its evaluation or endorsement of other issues raised by the Joint Utilities in their comments, including in regards to CDG billing and crediting.

the deployment of the National Grid pilot (which will begin crediting customers in December 2023) and the applicability of the new federal tax credits are needed to create a final Implementation Plan, as is a robust stakeholder feedback process. A timeline to incorporate these crucial considerations and fully implement the program is proposed below.

Inclusion of Energy Storage

As discussed above, siting constraints relating to the development of community solar in Con Edison's service territory significantly limit the potential savings range for Con Edison's EAP customers, under the assumption that only solar photovoltaic (PV) CDG would be eligible to participate in an S-SFA program. The Con Edison territory, however, is expected to represent the largest share of future distributed, front-of-the-meter, standalone (i.e., siting independent of solar PV) energy storage development of all the utility territories in the State, with over 800 MW of front-of-the-meter commercial storage in the Con Edison DER interconnection queue as of February 2023.[26] In concept, as a CDG-eligible technology that is compensated under the Value Stack, distributed front-of-the-meter energy storage under 5 MWac in size (both standalone storage as well as storage paired with solar) could be included in a Solar for All program to increase the cost savings to participants. Based on the current in-development pipeline of such projects, NYSERDA estimates that the inclusion of distributed energy storage could contribute an additional $12 to $24 in savings per year for Con Edison EAP customers.

While it would be especially beneficial to include standalone energy storage as an eligible technology in a Con Edison Solar for All program, it could similarly be included in other utilities' Solar for All programs as well. However, given the relatively small amount of front-of-the-meter energy storage currently in development Upstate, the additive benefits of doing so for Upstate utility EAP customers would likely be significantly lower than for Con Edison.

Assuming a Standard Offer approach towards procurement, as proposed below, consideration would need to be given to the appropriate percentage of a storage project's total Value Stack compensation that would be added to the customer credit pool, which may necessarily be a different percentage than that applicable to solar projects, given the differing levels of Value Stack compensation for community solar projects versus energy storage projects.

26 By comparison, the utility with the next highest quantity of storage in their interconnection queue, National Grid, has under 40 MW in its queue.

Procurement Approach

The initial E-SFA Proposal filed by NYSERDA and National Grid described the pros and cons of two potential procurement methods: Standard Offer and Competitive. The E-SFA Order directed NYSERDA to utilize the Competitive method and, as with all elements of the pilot, report on successes, challenges, and lessons learned. NYSERDA filed the report on the first round of the competitive solicitation on October 17, 2022.[27] The competitive solicitation was met with mixed results. NYSERDA successfully procured 121.1 MW of community solar capacity within the requirements set by the E-SFA Order, but NYSERDA had intended to procure up to the full 300 MW authorized for Phase 1 of the E-SFA program. This result points to a dynamic that Staff and NYSERDA underscored in the Solar Roadmap – that periodic competitive solicitations, while theoretically more cost-effective, are poorly matched for the market dynamics and development schedules of distributed solar.[28] NYSERDA's Request for Proposal (RFP) for Round 1 of the E-SFA competitive solicitation was attractive to a smaller segment of the solar development pipeline than had been anticipated, as many projects eligible to submit bids were already committed to market-rate CDG development. Moreover, the most important argument against a Standard Offer approach in Phase 1 of the E-SFA program (i.e., the existence of multiple tiers of Value Stack compensation from Market Transaction Credit (MTC) Community Credit (CC), and Value Stack only projects eligible to apply) is no longer applicable, as most MTC and CC-awarded projects have entered operation.

Based on these lessons learned, Staff recommends that a Standard Offer approach be used for an S-SFA program. The Standard Offer would take the form of a specified percentage of a project's total Value Stack compensation that would be paid to the project for its monthly generation via the net crediting mechanism (termed "Compensation Level" in the E-SFA RFP), with the remaining portion added to the customer credit pool, less utility administrative fees. In this framework, any project that meets project maturity requirements, such as the payment of an interconnection deposit, could elect to participate in Solar for All for the Standard Offer compensation.

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27 See, E-SFA Initial Report.

28 See, Solar Roadmap, pp. 48-57.

For clarity, the offer would be "standard" only within an individual utility territory (or potentially individual utility/zone combination) for projects that enroll during a pre-designated time period. Energy and project economics can vary significantly across the State, and these variations would need to be accounted for in setting a standard offer compensation level. Project eligibility for additional federal tax credits, as discussed above, will also need to be accounted for in the final program design. Staff proposes that the compensation levels, similar to the MW Block incentive levels, be determined by NYSERDA and Staff, in consultation with the applicable utility, solar developers, and other stakeholders. The compensation level(s) would be reviewed by Staff on at least an annual basis to balance the need for predictability for solar developers with flexibility to adjust the standard offer level based on market conditions.

Project Enrollment Process

Within the context of the Standard Offer approach described above, the process for projects to enroll in an S-SFA program would differ from that used by National Grid and NYSERDA in the pilot E-SFA program. The Implementation Framework does not envision a need for NYSERDA to participate directly in S-SFA enrollment, and prior awards of NY-Sun incentives would not be a condition for enrollment. Instead, each utility would provide CDG projects with the option to enroll in the utility's Solar for All tariff at the time of the project's initial (25%) interconnection deposit payment. The Commission has consistently used this milestone as the appropriate point at which to establish a project's compensation under the Value Stack structure.

Capacity Caps

The E-SFA Order placed a cap on the total capacity (300 MWdc) that could be included in Phase 1 of the E-SFA program. However, under this Implementation Framework, Staff does not envision a need to cap the amount of capacity participating in any utility's Solar for All program via a Standard Offer, though caps may be placed on associated NY-Sun incentives through the existing process for setting and adjusting NY-Sun incentives. Since market-rate Remote Crediting and CDG projects are not subject to any capacity caps and, under this Implementation Framework, S-SFA projects would not impose any different or greater costs than those project types, artificially limiting the amount of capacity that can enroll in an S-SFA program would create inequities between the different market segments, and may limit the benefits that low-income customers can receive from distributed solar development.

Targeted Distribution of Credits

The E-SFA pilot model includes identical monetary savings, in the form of a bill credit, to each National Grid EAP customer who does not opt-out of the program. Staff supports automatic enrollment and crediting of all EAP customers as a fundamental element of an S-SFA program. However, Staff also recommends that utilities have the flexibility to propose more targeted credit distributions in alignment with the State's goals for residential electrification. Specifically, utilities could propose higher Solar for All credits for EAP customers who have implemented home heating electrification and may thus experience higher electric bills. Staff welcomes stakeholder comments on this issue.

Utility Compensation

Staff recommends that the innovative compensation structure originally proposed by National Grid for the E-SFA pilot be extended to the S-SFA program. Reporting by National Grid to date indicates that implementation costs for the pilot will be no greater than the 1% cap set in the E-SFA Order, demonstrating the effectiveness of this approach.[29] Upon review of complete cost data from National Grid, Staff may set a cap at less than 1% of total compensation in the Final Implementation Plan.

NY-Sun Incentives

The E-SFA Order directed that participating projects should be allowed to retain a NY-Sun CA award from NYSERDA, but not an ICSA award. For the purpose of an S-SFA program, Staff proposes disallowing both the CA and ICSA, NY-Sun incentives previously authorized for opt-in CDG, to ensure that the program will be an additive to the community solar market overall and, ultimately, offer a cost-effective transition from NY-Sun incentives. However, S-SFA projects may still be eligible for base NY-Sun incentives, the Brownfield/Landfill Adder (or other siting-related incentives), the Prevailing Wage Adder, and/or a specific S-SFA incentive from approved SEEF funds. The level and configuration of such incentives should be developed by NYSERDA, in consultation with Staff, in a way that complements the larger program design and goals while making cost-effective use of ratepayer funds. For clarity, this proposal does not envision any new collections to support NY-Sun incentives or other program components.

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[29] Case 19-E-0735, supra, National Grid Expanded Solar for All Program 2022 Administrative Cost Report (filed April 7, 2023).

Inter-Utility Credit Pooling

The Commission's April 20, 2023 order modifying Tier 1 of the Clean Energy Standard adjusted the mechanism for recovering the cost of the Tier 1 Renewable Energy Credits generated by distributed solar projects that receive the E-Value.[30] This adjustment makes some level of exchange between the aggregated Customer Shares ("credit pools") between different utilities at least theoretically possible. The Market Assessment performed by NYSERDA indicates that such pooling could help address the disparate program potential across different utility service territories. For example, credit pooling between NYSEG and RG&E could allow RG&E customers to reliably benefit from Solar for All without reducing benefits to NYSEG customers or necessitating any "extra" solar development within NYSEG's service territory. Staff acknowledges that there are significant regulatory and operational complexities associated with this concept, and raises it here for further stakeholder feedback and exploration. Staff further acknowledges that this is just one potential option to address the anticipated disparities in program potential within the different utility service territories, and seeks stakeholder feedback on other options, including but not limited to the energy storage option discussed above.

Utility Reporting

In addition to the reporting requirements set in the E-SFA Order, Staff recognizes the value of reporting on "dual participation" (customers who participate in both Solar for All and opt-in CDG subscriptions) as discussed in the Background section. Utilities would be required to report the number of dual-participation customers and the total annual credits received.

Implementation Timeline

As noted above, the S-SFA project compensation process is built on the existing rules and processes for CDG net crediting. While National Grid, as part of their pilot effort, has successfully implemented manual net crediting for participating E-SFA projects, Staff believes

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[30] Case 15-E-0302, Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligations (issued April 20, 2023). In concept, the cost of the "E Value" portion of the Value Stack would now be recovered equally from customers of all load serving entities, regardless of the interconnecting distribution utility. If the inter-utility credit pool is limited to monetary value associated with the E Value for the participating Solar for All projects, this value could be exchanged across utilities without resulting in cross-subsidization.

that an initial implementation of Solar for All in other utility territories prior to the full automation of net crediting would be disruptive to the automation process. This, in turn, could further delay the successful resolution of ongoing CDG billing and crediting problems, and add unnecessary costs for customers, solar developers, and the utilities.

Staff therefore recommends that additional utility-level Solar for All programs only be implemented after completion of net crediting automation. Utilities have been filing regular automation updates, and the March 31, 2023 updates are summarized in Table 2.[31] As shown, each utility anticipates completion of the automation process no later than the end of 2023. To provide adequate time for the implementation of Solar for All functionality in the utility billing systems, and the procurement of an initial pool of projects, Staff recommends that the final Implementation Plan(s) include Solar for All credit distribution to customers beginning with the 2025-2026 EAP cycle, which would commence in December 2025.

Table 2: Utility Automation Completion Dates as of 3/31/23

Utility	Automation Date
Central Hudson Gas and Electric	Q2 2023
Consolidated Edison	In Automation* new billing system launch fall 2023
National Grid	Q1 2023
NYS Electric and Gas	Q2 2023
Orange and Rockland Utilities	In Automation* new billing system launch fall 2023
Rochester Gas and Electric	Q2 2023

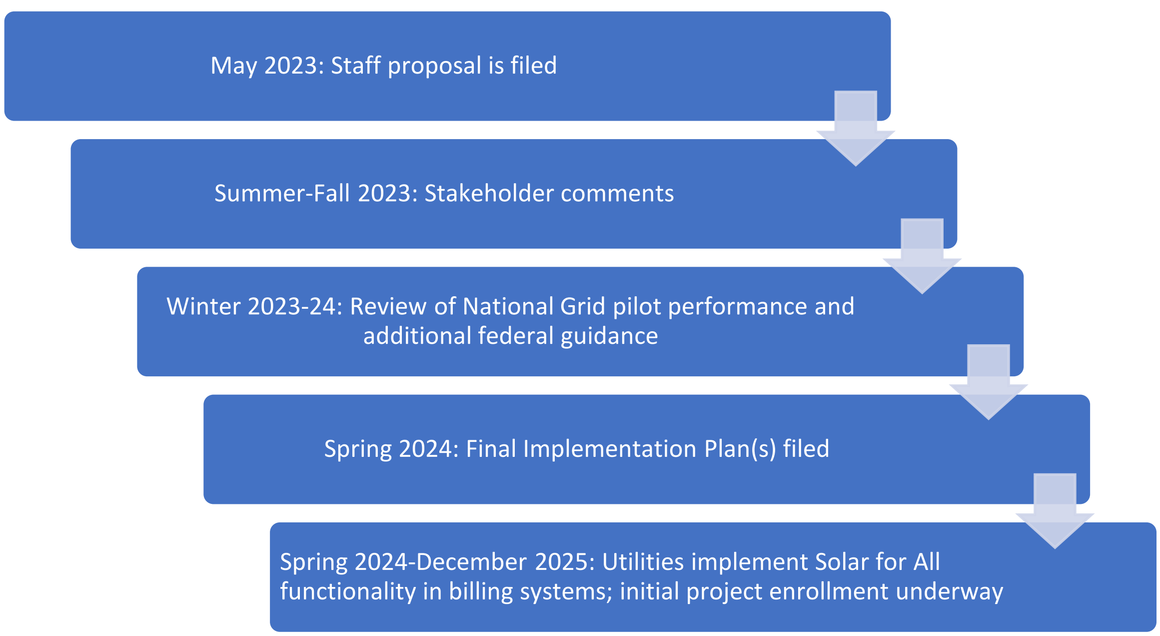
This proposed timeline would also provide adequate time for Staff and stakeholders to gain additional insights from the National Grid/NYSERDA E-SFA program, as National Grid will be crediting EAP customers beginning in December 2023 and will be conducting customer education through 2023. Because National Grid is already implementing the E-SFA pilot, Staff

31 Case 19-01480. In the Matter of Consolidated Billing for Distributed Energy Resources.

proposes that any adjustments needed to adopt the Statewide SFA model will require significantly less time than for the other utilities, and could be fully implemented by the beginning of the 2024-2025 EAP cycle. Staff recommends that the Commission remove the requirement for a “Phase 2” petition set in the E-SFA Order, as the continuation of the National Grid would be aligned with the S-SFA model and an additional filing would be duplicative.

Moreover, further federal guidance on the bonus tax credits for projects benefitting low-income communities is also expected during the third quarter of 2023, and this information is critical for establishing appropriate compensation levels for an S-SFA program. The proposed timeline is illustrated below. Not included on this graphic is Commission action on this proposal, which would likely occur at some point following the receipt of stakeholder comments.

Illustrative Timeline for Statewide Solar for All Implementation



Conclusion

The utility-level S-SFA implementation framework, explained above, is a long-term program design aimed at driving the continued growth of community solar in New York State, while directing the benefits of that growth to low-income residents statewide. A successful program design will offer solar developers an attractive value, which will in turn, maximize the monetary savings delivered to participating EAP customers. This proposal acknowledges what Staff considers a realistic timeline for establishing a major, ambitious program, while recognizing that further information regarding the success of the National Grid E-SFA pilot and the applicability of the new federal tax credits are required before a final S-SFA Implementation Plan can be developed. Staff welcomes all stakeholder feedback on the recommendations and/or issues identified in this Proposal.