

**NEW YORK STATE PUBLIC SERVICE COMMISSION**

**Case 19-M-0463 – In the Matter of Consolidated Billing for  
Distributed Energy Resources**

**COMMUNITY DISTRIBUTED GENERATION  
NET CREDITING PROGRAM IMPLEMENTATION PLAN**

**Niagara Mohawk Power Corporation d/b/a National Grid**

February 3, 2020

# Community Distributed Generation (“CDG”) Net Crediting Program Implementation Plan

## Introduction

Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) submits this Community Distributed Generation (“CDG”) Net Crediting Program Implementation Plan (“Implementation Plan” or “Plan”) in accordance with Ordering Clause 1 of the Order Regarding Consolidated Billing for Community Distributed Generation issued by the New York Public Service Commission (“Commission”) on December 12, 2019 (“Order”).<sup>1</sup> The Implementation Plan describes the Company’s plans for implementing a “net crediting” arrangement for CDG subscribing customers (*i.e.*, “Satellites”) and CDG owners/sponsors (*i.e.*, “Hosts”) of participating CDG projects in National Grid’s service territory.<sup>2</sup> The Plan includes anticipated timelines and cost estimates, and describes the proposed deferred accounting treatment for incremental costs incurred to implement the net crediting program. The Company will continue to work with the state’s other Joint Utilities<sup>3</sup> as well as the Department of Public Service Staff (“Staff”) and other stakeholders to develop and refine the net crediting program, and will submit future compliance filings pursuant to the Order.

## Background

On June 18, 2019, the Commission issued a notice soliciting feedback on nine specific questions regarding consolidated billing for CDG (“Notice”).<sup>4</sup> On September 3, 2019, the Joint Utilities submitted a response to the Notice. The Joint Utilities’ response identified several important considerations affecting the ability to implement traditional consolidated billing for CDG that could require substantial time to resolve, while also noting that a net crediting model could provide a simpler alternative to achieve many of the benefits sought to be achieved with consolidated billing. Subsequently, on September 11, 2019, the National Grid filed a petition for authority to implement a two-tiered CDG Platform that included a CDG net crediting model as an essential feature.<sup>5</sup>

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<sup>1</sup> Case 19-M-0463, *In the Matter of Consolidated Billing for Distributed Energy Resources* (“DER Consolidated Billing Proceeding”), Order Regarding Consolidated Billing for Community Distributed Generation (issued and effective Dec. 12, 2019) (“Order”), pp. 27-28.

<sup>2</sup> The Order refers to “CDG Subscribers” and “CDG Sponsors,” but the Company uses the terms “CDG Satellites” and “CDG Hosts,” respectively, in this Implementation Plan to be consistent with Rule 29, Community Distributed Generation (“CDG”), of P.S.C. No. 220 – Electricity (the “Tariff”).

<sup>3</sup> The Joint Utilities are 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 and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

<sup>4</sup> DER Consolidated Billing Proceeding, Notice Seeking Comments Regarding Consolidated Billing for Community Distributed Generation (issued June 18, 2019) (“Notice”).

<sup>5</sup> DER Consolidated Billing Proceeding, Verified Petition of Niagara Mohawk Power Corporation d/b/a National Grid for Authority to Implement Community Distributed Generation Platform (filed September 11, 2019) (“Petition”).

In the Order, the Commission adopted the CDG net crediting concept and directed the Joint Utilities to file implementation plans by February 1, 2020 that “include anticipated timelines for implementation of net crediting as well as cost estimates, including estimates of costs that are incremental to current rate recoveries as well as an accounting plan for deferral of incremental revenue requirements.”<sup>6</sup> The Order also directed future actions, collaborations, and filings by the Joint Utilities and Staff intended to ensure effective implementation of CDG net crediting in New York.<sup>7</sup> The Plan presented below describes National Grid’s plans to implement net crediting for Value Stack CDG projects beginning July 1, 2020.

## Eligibility Requirements

### Eligible CDG Projects

All CDG projects, including existing projects that are interconnected and projects that are filing for interconnection, are eligible to participate in the Net Crediting Program. As such, existing CDG projects may ‘opt in’ to the program at any time. Participating CDG Hosts must be registered with the Commission in accordance with the Uniform Business Practices for DER Suppliers (“UBP-DERS”)<sup>8</sup> and conform to the relevant requirements outlined in the Order.

The Order leaves it to each utility to decide whether their Net Crediting Program will allow CDG Hosts to exclude one large anchor customer. National Grid understands that anchor customers can provide needed revenue certainty for CDG Hosts, and therefore anticipates allowing CDG Hosts to exclude one large anchor customer from participating in net crediting. Thus, the Company plans to require that any CDG Project enrolled in the Net Crediting Program must use the Net Crediting Program to bill all Satellites; provided, however, that the CDG Project may elect to exclude up to one anchor customer from CDG net crediting.

### Eligible Subscribing Customers

Customers from any service class would be eligible to enroll with a CDG project that is participating in the Net Crediting Program, including customers on budget billing.

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<sup>6</sup> DER Consolidated Billing Proceeding, Order, Ordering Clause 1, pp. 27-28.

<sup>7</sup> The Commission denied the Customer Acquisition and Turnover Management aspect of National Grid’s Petition.

<sup>8</sup> Case 15-M-0180, *In the Matter of Regulation and Oversight of Distributed Energy Resource Providers and Products*, Order Establishing Oversight Framework and Uniform Business Practices for Distributed Energy Resource Suppliers (issued October 19, 2017) and Order Expanding Uniform Business Practices for Distributed Energy Resource Suppliers (issued March 14, 2019).

# CDG Enrollment

## New CDG Project Application Process

To simplify the experience for CDG Hosts, National Grid will include the Net Crediting Program enrollment and data submission through the existing CDG onboarding process managed by National Grid’s Customer Energy Integration Team. At the time the CDG Host is applying for an interconnection agreement for a new CDG project, they will have the option to enroll the project in the Net Crediting Program. To start the enrollment process, the CDG Host will submit an executed copy of the Sponsor Net Crediting Agreement through the Company’s online application self-service portal, National Grid Customer Application Portal (“nCAP”),<sup>9</sup> where CDG Hosts can create and administer interconnection applications. The Company’s Customer Energy Integration Team will then collect three data sets from the CDG Host: the CDG Savings Rate, anchor customer exclusion request (if any), and the Automated Clearing House (“ACH”) payment details. Each data set is described below.

### CDG Savings Rate

Calculation of the net credits will still require the CDG Host to designate the subscribing customers to receive credits by submitting a Community Net Metering Allocation Request Form and attached CDG Excel Template and designating a CDG Satellite allocation percentage for each participating customer (“CDG Satellite Allocation Percentage”). In addition, CDG Hosts must specify the percentage of the Project Credits each month that will be distributed in total among the CDG Satellites (“CDG Savings Percentage”) for the project when it enrolls in the CDG Net Crediting Program.<sup>10</sup>

To simplify the collection of this information, National Grid will update the existing CDG Excel Template to add a column to collect the CDG Savings Percentage for each Satellite. Table 1 below illustrates how the new CDG Excel Template will be structured. The CDG Excel Template will be available through nCAP.

*Table 1: Illustration of updated CDG Excel Template to include the CDG Savings Percentage (highlighted in gray)*

Account Number	Account Name	CDG Satellite Allocation Percentage	CDG Savings Percentage
XXXXXXXXX1	Name	1.5%	10%
XXXXXXXXX2	Name	2.0%	10%
XXXXXXXXX3	Name	1.7%	10%

<sup>9</sup> Available at <https://ngus.force.com/s/>.

<sup>10</sup> The Order establishes a minimum CDG savings percentage of 5 percent. See DER Consolidated Billing Proceeding, Order, p. 14.

## Anchor Customer Exclusion Request

The CDG Host will also be able to identify one anchor customer to exclude from the Net Crediting Program. The CDG Host can indicate on the CDG Excel Template which anchor customer to exclude from the Net Crediting Program, as illustrated in Table 2 below.

*Table 2: Illustration of how a CDG Host can indicate which customer is an anchor customer (highlighted in gray)*

Account Number	Account Name	Generation Allocation Percentage	CDG Savings Percentage
XXXXXXXXX1	Name	1.5%	10%
XXXXXXXXX2	Name	2.0%	10%
XXXXXXXXX4	Name	35%	Exclude

## ACH Payment Details

The Company will require ACH payment details to submit payments to the CDG Host. National Grid will create a new form to collect this information that will be available on nCAP.

## Existing CDG Project Application Process

Existing Value Stack CDG projects that want to enroll in the Net Crediting Program can do so by submitting an executed Sponsor Net Crediting Agreement through nCAP, and submitting the forms required from new projects, including an updated CDG Excel Template and ACH Payment form. The Company anticipates that transitioning all the CDG Satellites of an existing Value Stack CDG project to the Net Crediting Program could take up to three months following submission of a completed application.

## CDG Project Unenrollment Process

The Order requires utilities to offer the option for CDG Hosts to unenroll from the Program. National Grid will create an unenrollment form that will be available on nCAP. Once the form is received, the Company anticipates it could take up to three months to process the unenrollment request.

Once a project is unenrolled, they will not be eligible to request re-enrollment in the Net Crediting Program for a period of three months after the unenrollment process is completed. This is intended to minimize customer disruption, reduce the potential for unforeseen gaming, and mitigate the administrative burden of unenrolling and re-enrolling projects.

## CDG Satellite Billing and CDG Payments

### CDG Satellite Billing Process Changes

#### Net Member Credit Calculation

National Grid's Billing Team will receive the Program Enrollment, CDG Savings Percentage, and Anchor Tenant Exclusion details from the Company's Customer Energy Integration Team as a part of an existing hand-off process for CDG projects.

National Grid will calculate the Project Credits to be applied in each billing period on net (excess) generation for each project. The Project Credits will be split between the CDG Host (“CDG Host Payment”) and the CDG Satellites (“Net Member Credits”) for each project consistent with the principles of the VDER framework and the Commission’s directives in the Order. The CDG Savings Percentage used for calculating credits to CDG Satellites must be no less than 5 percent,<sup>11</sup> and the Order establishes the utility’s initial discount percentage “equal to 1% of the total value of the credits, to be subtracted from the Sponsor Payment.”<sup>12</sup>

Other requirements applicable to CDG Hosts and CDG Satellites in Rule 29 of the Tariff would continue to apply, including that the allocation percentage for a CDG Satellite must result in at least 1,000 kWh of bill credits annually, but cannot exceed the CDG Satellite account’s historic average annual kWh or a forecasted average annual kWh if actual data are not available.

### CDG Satellite Bill Presentation

The Order noted that a number of commenters proposed expanded visibility for the CDG Host on customers’ utility bills. However, the Commission recognized that significant modifications to utility bills could require significant additional effort and time to implement. Therefore, the Commission authorized each of the Joint Utilities to proceed initially with simple messaging so as not to unnecessarily delay or increase the costs of the CDG Net Crediting Program; but, to work together and with the EDI Working Group to explore the potential for enabling expanded messaging in the future.<sup>13</sup> The Company initially proposes the bill presentation to include a single line item showing the CDG Project Credit the CDG Satellite receives near the bottom of the bill, as shown in Figure 1, below.

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<sup>11</sup> DER Consolidated Billing Proceeding, Order, p. 14.

<sup>12</sup> DER Consolidated Billing Proceeding, Order, pp. 18-19 (footnote omitted).

<sup>13</sup> The Joint Utilities are to file a Billing Upgrade Report by July 1, 2020 that would, among other things, address the feasibility and potential timeline for including total credit value and subscriptions cost of customer bills, identifying the CDG Host and/or project prominently on the bill, and enabling the CDG Host to include a bill message. See DER Consolidated Billing Proceeding, Order, pp. 24-25.

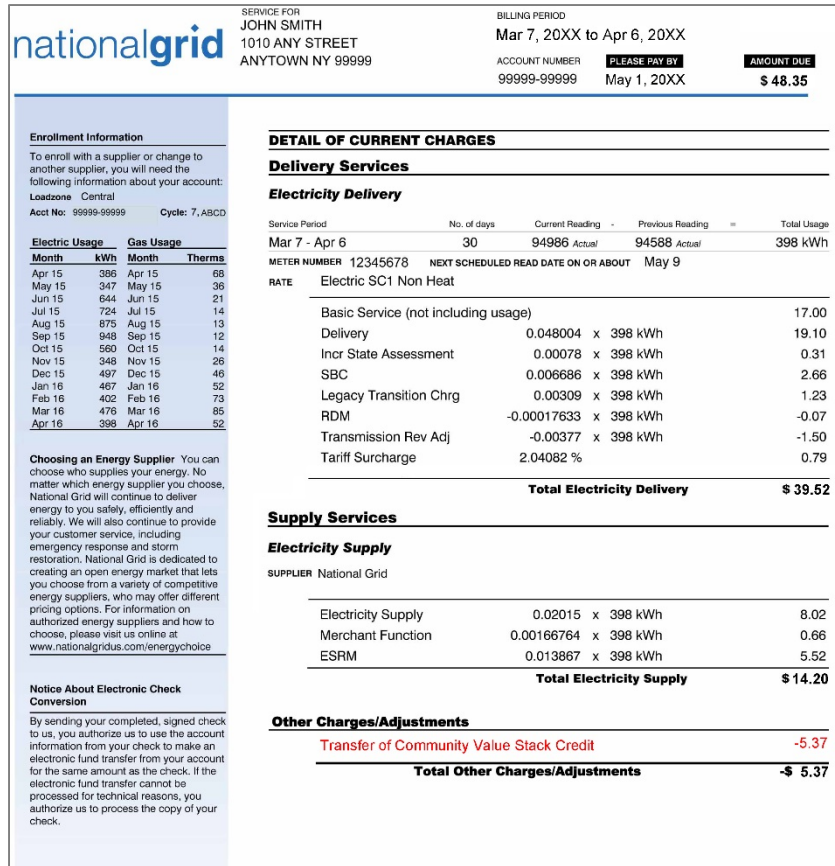


Figure 1: Bill presentation mockup as shown in the Company's initial proposal

## CDG Host Payment

The CDG Host Payment will be a payment, separate from the retail bill, from the Company to the CDG Host that represents the compensation to the CDG Host for the CDG Satellite's participation. The CDG Host Payment will account for the CDG Savings Percentage and for the payment to the utility to compensate for the cost of providing the Net Crediting Program.

Any unallocated Project Credits will be banked in the CDG Host account and may be reallocated once per year, following the current process for credit reallocation. When the unallocated Project Credits are allocated, they are eligible for the CDG Host Payment. If an existing project enrolls in Consolidated Billing and that project has unallocated Project Credits associated with its account in the billing system, those credits can still be reallocated under the Net Crediting Program and the CDG Host will receive payment for those reallocated credits.

## CDG Monthly Statement Presentation

The Company provides CDG Hosts with a monthly statement that includes how many Project Credits were applied to each CDG Satellite in the previous month. This statement will be updated to include how many Net Member Credits were applied to each CDG Satellite, and the total CDG Host Payment generated.

## Managing Existing CDG Project Enrollment and Unenrollment

When an existing CDG project enrolls in the Net Crediting Program and when a CDG project unenrolls from the Net Crediting Program, CDG Satellites may receive a bill with both Project Credits and Net Member Credits. The Company plans to work through the details on how to accomplish this transition to minimize confusion for the CDG Satellite and provide the necessary information to the CDG Host to allow them to bill the CDG Satellite for any Project Credits that are applied to their bill.

## System Upgrade Plan

Crediting for the CDG Satellite and issuing the CDG Host Payment requires modifications within two existing National Grid systems: CSS and SAP.

### Modifications to CSS

CSS is used to manage the billing for all of National Grid's electric customers in the Upstate NY territory. Billing handles volumetric crediting (*i.e.*, Phase One NEM) and Value Stack differently due to different timing of the implementations of the respective programs.

For projects on Value Stack crediting, the Company underwent an extensive design review process when developing its initial proposal to identify needed upgrades and develop an estimated implementation cost and timeline. To enable Net Crediting, the following modifications must be made to CSS:

- A new field must be created for the CDG Host and CDG Satellites to identify whether they are enrolled in the Net Crediting Program.
- The equation that identifies what credit is applied to the CDG Satellite bill must be updated to the Net Member Credit calculation.
- A new calculation must be developed to determine the CDG Host Payment for each CDG Satellite. These payment amounts must be communicated to the SAP system to be paid to the CDG Host for each enrolled project.

The Company has not developed the design requirements for existing CDG projects receiving volumetric crediting opting into the Net Crediting Program; but intends to do so once the Value Stack net crediting model design is sufficiently matured.

The next steps in determining needed system upgrades are outlined in the Implementation Costs and Timeline section, below.

### Modifications to SAP

SAP is used to remit payments to third parties. The system must be upgraded to complete the following tasks:

- Accept the ACH forms from nCAP to enable payments to the CDG Host
- Accept the CDG Host Payment amounts from CSS for each participating CDG Project
- Complete the CDG Host Payment on a monthly basis to each participating CDG Project

## Implementation Costs and Timeline

### Implementation Costs and Timeline for CDG Projects on the Value Stack Rate

As described above, implementation will require updates to nCAP, CSS, and SAP. The updates to nCAP and SAP are anticipated to be in place to enable implementation on July 1, 2020. The CSS upgrade is linked to the existing plan to automate the Value Stack bill credit allocation and is expected to take approximately two years to complete with an anticipated go-live date of January 2022. Prior to the fully automated billing solution being available, National Grid will implement a manual billing process, which will enable a July 1, 2020 launch of the Net Crediting Program.

Figure 2: Timeline for Implementation of System Upgrades

	CY 2020				CY 2021				CY 22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
nCAP Implementation										
SAP Implementation										
Manual Billing Implementation										
CSS Implementation										
Program Launch for Value Stack Projects										

The costs for these upgrades and for ongoing management of the program are identified in the table below. In addition to the three system updates identified, there are additional costs built in for IT oversight and support, for manual billing until the CSS modifications are complete, and for ongoing billing operation costs tied to the Program. All costs identified in Table 3, which are above and beyond existing activities such as the CSS project to automate the allocation of Value Stack credits, are incremental to current cost recoveries.

Table 3: Costs for Program Implementation and Operations

(\$'000s)	YEAR	1	2	3	4	5	6	7	8	9	10
<b>Capital Costs</b>											
CSS Update	-	-	150	150	150	150	150	150	150	150	-
SAP Update	-	-	20	20	20	20	20	20	20	20	-
nCAP Update	20	20	20	20	20	20	20	20	-	-	-
<b>Operating Costs</b>											
Manual Billing	140	160	-	-	-	-	-	-	-	-	-
Ongoing Billing	460	540	1,040	1,060	1,080	1,110	1,130	1,150	1,170	1,200	
IT Project Manager	180	180	-	-	-	-	-	-	-	-	-
Program Support Resources	170	60	-	-	-	-	-	-	-	-	-
<b>Total Costs</b>	<b>970</b>	<b>960</b>	<b>1,230</b>	<b>1,250</b>	<b>1,270</b>	<b>1,300</b>	<b>1,320</b>	<b>1,320</b>	<b>1,340</b>	<b>1,200</b>	

### Design Requirements for CDG Projects on a Volumetric Rate

As stated above, the Company has not developed the design requirements for existing CDG projects receiving volumetric crediting; but intends to do so once the Value Stack net crediting model design is

sufficiently matured. The Company also anticipates coordinating with the Joint Utilities, and conferring with Staff and other stakeholders, to determine an appropriate framework for a NEM net crediting model.

### Cost Recovery Plan

The Order provides for recovery of costs to implement and operate the Net Crediting Program primarily through the retention of the 1 percent Discount described above. The Order also requires the Company to track the costs of implementation and ongoing operation of the Program and the amount recovered through the Discount and file an annual report on March 31 of each year for the preceding year, beginning March 31, 2021. Following implementation and based on actual costs and recoveries, the Company may file a proposal to revise the Discount Percentage or may propose a revision in a subsequent rate case.

The Order also provides for the Company to defer the revenue requirement impacts of prudent, necessary and incremental costs of implementation, both before billing starts and after, as well as ongoing costs of the Program that are in excess of the recoveries through the Discount, with interest accrued at the other customer provided capital rate. The Company proposes to defer any unrecovered costs for recovery in subsequent rate cases. Any over-recoveries will also be reviewed in subsequent rate cases.

To facilitate tracking Program costs, the Company will create a regulatory asset to defer the revenue requirement associated with the actual costs incurred for the incremental operating and capital costs associated with implementation and ongoing operation. The Discounts will be subtracted from these costs when determining the deferral amounts. Below is the proposed accounting for the various components.

Deferral Accounting CDG Net Crediting Model	Deferral Accounting – Incremental CDG Net Crediting Revenue Requirement		Cost Recovery via Discounts		Carrying Charges on (over) under recovery of Incremental CDG net Crediting Revenue Requirement	
	FERC Acct db	FERC Offset cr	FERC Acct db	FERC Offset cr	Deferral *	Offset
	182.3	456	456	182.3	182.3/254	419/431

\*if the deferral is in an over recovered position then a regulatory liability will be used for the deferral.

## Conclusion

National Grid looks forward to working with the Joint Utilities, Staff and other stakeholders to enable the successful and efficient implementation of CDG net crediting to facilitate customer participation in the clean energy economy and help the state achieve its clean energy goals. In addition to advancing the measures identified in this Implementation Plan, the Company also will work with the Joint Utilities, Staff and others on other deliverables from the Order, including a Sponsor Net Crediting Agreement, the CDG EDI Report, the Net Crediting Manual, and a Billing Upgrade Report.