STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held in the City of Albany on August 12, 2021

COMMISSIONERS PRESENT:

John B. Howard, Chair
Diane X. Burman
James S. Alesi
Tracey A. Edwards
David J. Valesky
John B. Maggiore
Rory M. Christian

CASE 15-E-0751 – In the Matter of the Value of Distributed Energy Resources.

ORDER ADOPTING NET METERING SUCCESSOR TARIFF FILINGS WITH MODIFICATIONS

(Issued and Effective August 13, 2021)

BY THE COMMISSION:

INTRODUCTION

In the Net Energy Metering (NEM) Successor Order, the Public Service Commission (Commission) found that NEM has successfully provided incentives for the development of clean distributed generation (DG) in New York through its simple design and familiarity, and therefore retained Phase One NEM under the Value of Distributed Energy Resources (VDER) as a compensation option for certain customers installing eligible on-site renewable energy projects after January 1, 2022.[1] In conjunction with the extension of Phase One NEM, the Commission

[1] Case 15-E-0751, Order Establishing Net Metering Successor Tariff (issued July 16, 2020) (NEM Successor Order).

also established the Customer Benefit Contribution (CBC) charge to recover the costs from these customers for key policy programs that aid low-income customers and fund energy efficiency and clean energy programs. The Commission directed the Joint Utilities to file draft tariff amendments by November 1, 2020, to reflect the determinations in the NEM Successor Order and include CBC charges for all NEM-eligible technologies.[2]

In this Order, the Commission adopts the draft tariff filings with several modifications and clarifications. Notably, the Joint Utilities are directed to exclude the Dynamic Load Management (DLM) program costs from all CBC calculations. With the removal of the DLM program costs, the remaining components of the proposed CBC methodology used in the draft tariff filings applicable to customers with on-site solar photovoltaic (PV) are approved. For customers with on-site wind or micro-hydroelectric resources (with demand less than 25 kilowatts (kW)), the CBC shall be the same CBC rate as for customers with on-site solar PV resources. For mass market NEM customers on time-of-use (TOU) delivery rates, the Joint Utilities shall use the same methodology established for standard delivery rate customers, with no weighting component applied. The Commission also clarifies that commercial demand-metered customers with projects under 750 kW, as well as remote projects compensated under the Community Distributed Generation (CDG) or the Remote Crediting programs, shall not be subject to a CBC charge. The

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

Joint Utilities are further instructed to file tariff revisions to effectuate the determinations discussed herein.

BACKGROUND

In the 2017 VDER Transition Order, the Commission directed the immediate sunsetting of statutory NEM under Public Service Law (PSL) §§66-j and 66-l, and established the Value Stack as the preferred compensation methodology going forward for injected energy from DG technologies like solar PV, farm waste-based anerobic digesters, wind, micro-hydroelectric, fuel cell, and micro-combined heat and power generation systems.[3] The Value Stack provides monetary crediting for net hourly injections based on the actual values provided, including the energy, capacity, environmental, and distribution system values. The Commission required new CDG projects, remote net-metered projects, and large on-site projects using these technologies to immediately transition to Value Stack compensation.

The VDER Transition Order also established several transitional mechanisms to moderate the impact of the changeover from statutory NEM to the Value Stack. One of these mechanisms, Phase One NEM, is similar to statutory NEM except that projects are only eligible to receive Phase One NEM for a term of 20 years from the date of interconnection and are not entitled to a cash out of any excess bill credits. The Commission directed the use of Phase One NEM for eligible on-site mass-market projects that are interconnected before January 1, 2020. Projects eligible for Phase One NEM compensation may also opt into the Value Stack and receive other transitional mechanisms

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

such as the Market Transition Credit, and its successor, the Community Credit or Community Adder. Similarly, in the VDER Compensation Order, the Commission directed that eligible on-site commercial projects with a rated capacity of 750 kilowatts (kW) or lower shall also have the option to receive Phase One NEM if interconnected before January 1, 2020.[4]

For projects interconnected on or after January 1, 2020 (later extended to January 1, 2021),[5] the Commission directed Department of Public Service Staff (Staff) to develop a proposed successor tariff for Commission consideration. In the NEM Successor Order, the Commission adopted most of Staff's recommendations for the successor tariff described in Staff's Whitepaper that was filed on December 9, 2019. The Commission found that NEM had successfully provided incentives for DG in New York by its simple design and familiarity, and therefore retaining Phase One NEM would be the best means currently available to support continued solar development while beginning to address cost shifts and improve incentives. The Commission further held that on-site mass market projects using NEM-eligible technologies, as well as those serving demand-metered

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[4] Case 15-E-0751, Order Regarding Value Stack Compensation (issued April 18, 2019) (VDER Compensation Order). The project must have the following characteristics: (a) a rated capacity of 750 kW AC or lower; (b) at the same location and behind the same meter as the electric customer whose usage they are designed to off-set; and (c) an estimated annual output less than or equal to that customer's historic annual usage in kWh.

[5] In response to a Staff request on December 9, 2019, the Secretary to the Commission extended the implementation date of the Phase One NEM replacement tariff from January 1, 2020, to January 1, 2021. See Case 15-E-0751, Ruling on Extension Request (issued December 20, 2019).

non-residential customers sized under 750 kW, would continue to have the option to choose Phase One NEM compensation.

In the NEM Successor Order, the Commission also required customers with new on-site solar PV generation to continue contributing to the funding of public benefit programs by the application of a monthly CBC charge of between $0.69 per kW direct current (DC) of installed PV generation to $1.09 per kW DC depending on utility and customer class.[6] This modest CBC, the Commission noted, was in contrast to the monthly $3.00 per kW DC to $7.00 per kW DC in estimated potential cost shifts to non-adopters from on-site solar PV adopters using NEM. The Commission explained that for a typical 6 kW DC project, completely eliminating this cost shift would require collections of approximately $19 to $44 per month, depending on the customer class. Those amounts included costs related to the maintenance of the utility distribution system, costs of key policy programs that aid low-income customers, and costs associated with funding energy efficiency and clean energy programs.[7] The Commission noted that NEM customers avoid contributing to these programs at the same level as non-participating customers, yet directly and indirectly derive benefits from them.

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[6] For commercial solar projects under 750 kW with a demand meter and customers opting into the new mass-market standby rates, the Commission directed utility filings followed by further evaluation in the VDER Rate Design Working Group to fully analyze the appropriate CBC charge to apply to such customers.

[7] The Commission identified the public benefit programs funded through volumetric charges as utility low-income programs, utility energy efficiency programs, and the Clean Energy Fund, including NY-Sun and the New York Green Bank. The Commission explained that through the immediate transition to Value Stack compensation, subscribers to CDG projects and large customers with on-site or remote net metering projects now contribute fully to these public benefit programs.

Further, for customers choosing Value Stack compensation instead of Phase One NEM, the Commission required the CBC charge to only apply to self-consumed energy for these customers. Self-consumed energy was assumed to be approximately 50 percent for a typical residential solar project and 70 percent for a small commercial project. The applicable CBC charge for customers choosing Value Stack compensation will therefore be reduced to 50 percent and 70 percent of the full CBC for the residential and small commercial customers, respectively. The Commission also determined that DG projects would continue to be eligible for the range of delivery rate options presently offered in utility tariffs, including standard, TOU, and standby rates.

The Commission directed the Joint Utilities to file, by November 1, 2020, tariff amendments incorporating the directives in the NEM Successor Order as well as a separate tariff statement, "Customer Benefit Contribution Statement" (CBC Statement), that would contain the CBC charge for each service class, rate category, and project type, to be updated annually. The Commission also provided guidance on how the CBC charge contained in the CBC Statement should be calculated. Staff was directed to evaluate the filings and hold stakeholder discussions in the VDER Rate Design Working Group.[8] The Commission noted that this schedule allowed for Commission review and decision, followed by utility compliance filings that include CBC charges for all combinations of NEM-eligible technologies and rates, with an effective date of January 1,

[8] National Grid and Central Hudson filed their proposed tariffs on November 2, 2020, while NYSEG, RG&E, O&R, and Con Edison submitted their filings on November 3, 2020. On March 25, 2021, Staff hosted a technical conference evaluating the filings.

2022.[9] The Joint Utilities were also directed to update the CBC charge on an annual basis, with the first update to be effective on January 1, 2023.

PUBLIC NOTICE

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on April 14, 2021 [SAPA No. 15-E-0751SP37] (SAPA Notice).[10] The time for submission of comments pursuant to the SAPA Notice expired on June 14, 2021. In addition, the Secretary to the Commission issued a Notice Soliciting Comments Regarding Customer Benefits Contribution Charges on May 11, 2021 (Secretary's Notice). Pursuant to the Secretary's Notice, comments were due on June 14, 2021. The comments received are summarized in Appendix A and are addressed in relevant part below.

LEGAL AUTHORITY

As described in the VDER Transition Order, the Commission has the authority to direct the treatment of Distributed Energy Resources by electric corporations pursuant to PSL §§5(2), 66(1), 66(2), and 66(3). Pursuant to the PSL, the Commission determines what treatment will result in the provision of safe and adequate service at just and reasonable rates consistent with the public interest.

[9] On May 7, 2020, the Clean Energy Parties (CEP) filed a request with the Commission to delay the implementation of the NEM Successor Tariff from January 1, 2021, to December 31, 2022, due to severe industry disruption caused by COVID-19. In the NEM Successor Order, the Commission delayed the implementation until January 1, 2022.

[10] Available online at: https://dos.ny.gov/system/files/documents/2021/04/041421.pdf

DISCUSSION

The NEM Successor Order struck an appropriate balance between the Commission's longstanding emphasis on the careful stewardship of ratepayer funds and the need for stability of rates and support of the clean energy industry. The addition of the monthly CBC charge to the existing and well-understood NEM compensation methodology ensures that solar developers and prospective customers will not be required to conduct a complex and potentially impractical analysis in order to understand the benefits and costs of installing solar PV. Moreover, the application of the CBC begins the process of gradually bringing compensation for new projects into alignment with identified cost shifts. Phase One NEM, with the addition of the CBC, balances the need to move compensation towards a more cost-based orientation with the importance of offering a simple and well-understood methodology to the Distributed Energy Resource industry.

Subject to the below-detailed modifications, the draft tariff filings appropriately reflect the principles and the determinations in the NEM Successor Order and are therefore approved. DLM program costs were not delineated in the NEM Successor Order as an eligible cost to be recovered in the CBC. Customers with on-site Wind and micro-hydroelectric resources shall receive the same CBC as customers with on-site solar PV. For mass market customers on TOU delivery rates, the utilities shall use the same methodology established for standard delivery rate customers with no weighting component applied. For commercial demand-metered customers with projects under 750 kW, as well as for remote projects compensated under the CDG or the Remote Crediting programs, no CBC shall be applicable at this time. The Commission also clarifies several matters raised by commenters.

Eligible Program Costs

Bloom Energy, the City of New York (City), and the Clean Energy Parties (CEP) note that DLM program costs were not identified as eligible public benefit program costs to be recovered in the CBC charge, and their inclusion constitutes a reclassification that contravenes the intent of the NEM Successor Order. The Utilities Intervention Unit (UIU) recommends that the Joint Utilities incorporate the costs of the EV Make-Ready Program into the CBC charge, as well as ensuring a procedure for updating the CBC charge whenever new ratepayer funded public benefit programs are adopted.

The Commission is cognizant of the utility costs that are embedded in the charges avoided by customers who adopt Phase One NEM, including items such as cyber security, emergency services, and safety programs, as well as costs associated with the secondary distribution system used to deliver injected power into neighboring load sources. However, a CBC charge based specifically on public benefit programs is an appropriate first step, and results in a CBC level that will not unreasonably impede solar PV deployment but will begin to address the cost shifts. DLM programs were not identified as an eligible public benefit program in the NEM Successor Order and, therefore, the Joint Utilities are instructed to exclude these costs in their current calculation of the CBC.

Wind and Micro-hydro Resources

For customers with non-dispatchable technologies such as on-site wind or micro-hydro resources, the Joint Utilities shall apply the same CBC used for customers with on-site solar PV. These technologies are more limited naturally, and do not presently pose a risk of excessive cost shifts due to significant growth and deployment.[11] In addition, these technologies face physical and geographic limitations and lower capacity factors such that the risk of cost shifts are minimal at this time. For customers with other technologies that include farm waste-based anerobic digesters, fuel cells, and micro-combined heat and power generation systems, the utilities shall calculate the applicable CBC using the methodology included in the draft tariff filings.

Customers on TOU rates

For mass market NEM customers on TOU delivery rates, the utilities shall use the same methodology established for standard delivery customers with no weighting component included. Such weighting creates more complexity in the calculations without a meaningful difference in the resulting CBC levels.

Customers Below 750 kW

In the NEM Successor Order, the Commission adopted the extension of the Phase One NEM compensation option to all on-site projects below 750 kW serving non-residential, demand-metered customers. The Commission directed Staff to further evaluate in the VDER Rate Design Working Group the appropriate CBC to apply to such customers. The Advanced Energy Companies, Bloom Energy, the City, and the CEP do not recommend applying the CBC charge to demand-metered customers. These parties argue that demand-billed customers already pay for public benefit programs and should not be subject to additional fixed and possibly duplicative charges, that cost shifts attributable to demand-metered customers are either negligible or otherwise

[11] See Case 15-E-0751, Order Regarding Value Stack Compensation for High-Capacity-Factor Resources (issued December 12, 2019).

covered by peak demand charges, that the proposal to apply a full allocation of the CBC charge to large commercial rate classes contravenes the NEM Successor Order, and that behind-the-meter Distributed Energy Resource installations do not contribute significantly to system stresses.

For commercial customers with projects under 750 kW that are demand-billed, the Commission agrees with the commenters and therefore no CBC should be assessed. These commercial customers receive compensation from Phase One NEM that is much more aligned with utility avoided costs than non-demand-metered customers because the delivery portion of their bill is primarily based on a demand charge that is only reduced by the distributed generation to the extent that the generator actually lowers the customer's energy demand. The Commission likewise applies this same reasoning to customers on new mass market standby rates because the vast majority of delivery costs are recovered in contract and daily as-used demand charges.

Other Matters

Several commenters requested clarification on various matters. In particular, the City requested clarification that the CBC charge does not apply to CDG projects or energy storage assets, particularly that the CBC charge applies to the capacity rating of the energy generation resource and not the capacity rating of any paired or stand-alone energy storage. The City notes that these issues were not specifically referenced in either the NEM Successor Order or the Whitepaper and that draft tariffs do not reflect these exemptions.

The Commission explained in the NEM Successor Order that, through the immediate transition to Value Stack compensation, subscribers to CDG projects and large customers with on-site or remote net metering projects now contribute fully to public benefit programs. Therefore, a CBC charge is not required for these customers. The Commission also confirms that the applicable CBC charge for customers with NEM-eligible generation that is also paired with energy storage shall be established based solely on the nameplate capacity of the applicable generation resource and shall not include the nameplate capacity of the energy storage.

In addition, CEP recommends that the Commission require the Joint Utilities to recalculate the CBC charge based only on contributions from non-NEM customers. The Commission agrees with the approach proposed by the Joint Utilities to determine the appropriate public benefit program costs in the calculation of the CBC charge, which assures that total collections will equal the total revenue requirement. This, in turn, assures that all customers will be charged equitably for public benefit program costs.

Turning to the Statement of the CBC that sets forth the CBC level for each year, the Joint Utilities propose to file the statement 15 days prior to the January 1 effective date, rather than the 30 days identified in the NEM Successor Order. The Commission agrees with the Joint Utilities that a 15-day notice is appropriate and consistent with the requirements for other annual statement filings.

As for UIU, it notes that Staff was directed to file updated customer disclosure forms in Case 15-M-0180, but the forms filed by Staff did not specifically address CBC charges. The Commission notes that the DG Customer Disclosure Form on the Distributed Energy Resource Regulation and Oversight webpage does describe the CBC charge and a separate filing in the Document Matter Management system is not necessary.[12]

The City also supported the annual recalculation of CBC charges based on public benefit program cost changes, with a reasonable cap on increases, and recommended a low-income exemption. Various solar industry parties requested that the Commission reduce the CBC charge to a level that would maintain current first-year savings for residential solar installations, while others commented that the CBC charge should not be adopted at all.

While the Commission is appreciative of these comments, the Commission declines to adopt a cap or reduce the CBC or to eliminate the CBC altogether, since doing so would further exacerbate cost shifts. Regarding the comments highlighting a decline in year one bill savings due to the CBC, the Commission notes that the NY-Sun program and the VDER compensation policy are complementary policies that the Commission has managed and will continue to manage in a coordinated manner to stimulate solar development at the necessary levels to support the clean energy economy and meet State policy goals. While low-income customers will not be explicitly exempt from CBC charges, the Commission notes that various forms of assistance already exist for low-income customers. For example, Solar for All and NY-Sun include assistance for eligible low-income customers.

To implement the determinations made herein, the Joint Utilities are directed to file tariff revisions to effectuate the modifications discussed in the body of this Order, to become

[12] Available online at: https://www3.dps.ny.gov/W/PSCWeb.nsf/All/EAB5A735E908B9FE8525822F0050A299

effective on September 1, 2021. The revisions shall be filed on not less than 10 days' notice. Given the public process undertaken in developing the tariffs, including the fact that the proposed tariff changes were provided in draft format and that public comments regarding the proposed changes were solicited through the SAPA and Secretary's Notice, it is reasonable to waive newspaper publication regarding the revisions.

CONCLUSION

Continuing and accelerating the pace of distributed generation in New York will support the continued development of a clean, distributed, dynamic, and efficient electric grid. The tariff leaves and CBC statements, as directed by this Order, strike an appropriate balance between the need to reduce the cost shifts created by future NEM projects, providing customers with a simple to understand option, and maintaining the stability of the thriving Distributed Energy Resource market in New York.

The Commission orders:

1. 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 Joint Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file tariff amendments to incorporate the revisions consistent with this Order, on not less than 10 days' notice, to become effective on September 1, 2021.

2. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State

Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Joint Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file Customer Benefit Contribution charge (CBC) Statements on not less than 15 days' notice, to become effective on January 1, 2022, and shall file updated statements annually thereafter with an effective date of January 1.

3. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 as to newspaper publication for the tariff revisions required in Ordering Clause No. 1 are waived.

4. 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.

5. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary

SUMMARY OF COMMENTS

Commenters

Advanced Energy Economy Institute and Alliance for Clean Energy New York (the Advanced Energy Companies)
Bloom Energy Corporation (Bloom Energy)
Brooklyn SolarWorks
Buffalo Solar Solutions, Inc. (Buffalo Solar)
City of New York (City)
Clean Energy Parties[1] (CEP)
ETM Solar Works
GreenSpark Solar (GSS)
Department of State Utility Intervention Unit (UIU)
New York State Solar, LLC (NYSS)
Solar Liberty Energy Systems, Inc. (Solar Liberty)
Sun Source Technologies, Inc. d/b/a Lighthouse Solar (Lighthouse Solar)

Advanced Energy Companies

While the Advanced Energy Companies generally agree that all customers should contribute to public benefit programs, they do not endorse the Customer Benefit Contribution (CBC) charge and they recommend that the Commission adopt a technology-neutral approach should it be implemented. This would entail implementing a CBC charge for mass-market customers that use other technology types, not just mass-market solar photovoltaic (PV) customers. The Advanced Energy Companies do not recommend applying the CBC charge to non-volumetric rates because demand-billed customers already pay for public benefit programs through demand charges. Furthermore, the Advanced Energy Companies contend that distribution system costs are generally reflected in demand charges, unlike in volumetric charges, further weakening the argument for placing demand-billed customers on the CBC charge.

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[1] The CEP includes the Solar Energy Industries Association, the Alliance for Clean Energy New York, Coalition for Community Solar Access, the Natural Resources Defense Council, the New York Solar Energy Industries Association, and Vote Solar.

The Advanced Energy Companies maintain that a CBC charge is likely to result in duplicative charges for public benefit programs for many demand-based customers, because the use of many distributed energy resources (DERs), including solar PV, does not generally reduce peak demand significantly because of the variable and intermittent generation output of these technologies. While DER may reduce volumetric energy consumption substantially, and therefore would result in a sizeable CBC charge, the customers may also be subject to demand charges not reduced by DER. The Advanced Energy Companies suggest that the imposition of a CBC charge on these customers will result in demand-based customers paying more for public benefit programs than customers without DER, which they argue runs counter to Commission intent.

Bloom Energy

Bloom Energy recommends that the Commission reject the proposed application of CBC charges to demand-metered customers as being inconsistent with prior Commission determinations. Bloom Energy maintains that demand-metered customers already support public benefit programs through the payment of demand charges, and alleges that by imposing CBC charges at the same rate for demand-metered customers as for non-demand-metered customers, the filed draft tariffs are inconsistent with Commission intent. It notes that nearly every party, including the Joint Utilities, agrees that demand charge customers already support public benefit programs.

Bloom Energy observes that there are convincing policy reasons to avoid further cost increases for demand-metered customers. Bloom Energy contends that behind-the-meter DER installations generate locational, capacity, temporal, and environmental value, and that customers employing these technologies do not contribute significantly to system stresses. Bloom Energy notes that these customers contribute no incremental stress on the system and are in many respects similar to customers that decrease load through energy efficiency measures, for whom no mechanism has been proposed to recover lost public benefit revenue.

Furthermore, Bloom Energy notes that fuel cells were never compensated at the retail rate, and that through avoided cost rate compensation, fuel cell DER did not contribute to the alleged cost shift in recovery that the CBC charge was designed in part to offset. Consequently, fuel cell DER does not contribute to the alleged cost shifts in revenue recovery that the CBC charge was designed to partially offset. Bloom Energy notes that non-combustion fuel cells provide highly predictable load relief, often in the form of microgrids. Bloom Energy comments that VDER provides no recognition of avoided local combustion-related pollutants like nitrogen oxides, sulfur oxides, and particulate matter, despite having been shown to have significant impacts on human health particularly in disadvantaged communities.

Bloom Energy adds that the imposition of additional charges for DER project developers would amplify current impediments to DER deployment in New York State. Bloom Energy argues that these developments run counter to the public interest and inhibit the deployment of microgrids and the associated reduction of local air pollution. Bloom Energy submits that the Commission reject the draft tariffs filed by the Joint Utilities. Bloom Energy recommends that the Commission direct the Joint Utilities to exclude the Dynamic

Load Management (DLM) program costs from any CBC charge calculations.

Brooklyn SolarWorks

Brooklyn SolarWorks is concerned about diminishment of first-year savings to solar customers that generally constitutes an important marketing feature of these investments. Brooklyn SolarWorks alleges that this scenario will result in reduced deployment of residential solar, with deleterious effects on State energy and climate policy goals and Climate Leadership and Community Protection Act-mandated targets. Brooklyn SolarWorks estimates that over 60 percent of its residential customers rely on loan arrangements to finance purchases of solar systems, rather than outright purchases. Because of the lower cash outlay required by loan-financed systems, reductions in first-year savings severely diminish the value proposition of residential solar installations for many customers. Brooklyn SolarWorks points to analysis that shows the proposed CBC charge for Con Edison would drive a decline from $584.52 to $501.85, or 14.1 percent in Year 1 savings, dramatically reducing the value proposition for adopting solar.

Brooklyn SolarWorks maintains that if a CBC charge of this magnitude, with the likelihood of continual annual increases, is imposed on the residential market, it would likely contribute to ongoing impediments to the residential solar industry in the Con Edison service territory and across New York State, particularly given the combined effect of inflationary pressures and continually declining NYSERDA incentives. Brooklyn SolarWorks submits that the Commission consider reducing the magnitude of the proposed CBC charge to a level that would maintain first-year savings, which would be significantly below the proposal.

Buffalo Solar

Buffalo Solar argues that the CBC charge will significantly weaken the value proposition and financial appeal of residential solar installations to potential customers by generating drastic reductions in first-year savings. Buffalo Solar cites analysis that demonstrates that the proposed CBC charge for National Grid, NYSEG, and RG&E would generate a decline in first-year savings from $418.94 to $180.78, or 43.2 percent. Specifically, Buffalo Solar estimates that 75 percent of its residential customers rely on loans to finance solar system purchases, and alleges that first-year savings are the most important metric for potential customers in determining the financial viability. Reducing first-year savings through the CBC charge will inhibit residential installations with deleterious effects on State energy and climate policy objectives.

Additionally, Buffalo Solar proposes that the CBC charge be based on solar system size according to its alternating current (AC) rating, rather than a direct current (DC) rating, arguing that charges based on DC size are generally irrelevant to Joint Utilities and create a false public impression that solar customers are punished for adopting this technology. Buffalo Solar notes that with the continual advancement of solar PV technology and battery technologies, the solar industry will be capable of pushing more DC power into smaller AC systems, thereby decreasing load on the grid.

The City

While the City supports the CBC charge as a long-term solution, it requests that market certainty be provided by implementing guardrails to ensure predictable and gradual changes if the CBC charge is not adopted as a long-term solution. The City expresses concern that a successor tariff could undermine market certainty required for successful DER deployment. The City notes that classifying the CBC charge as an interim stopgap risks negative effects on market certainty, particularly as the development of a successor tariff will require significant time and effort and further delay the stability necessary to attract and maintain DER customers. The City also supports the annual recalculation of CBC charges based on changes to public benefit program costs and a reasonable cap on such increases.

The City recommends an exemption from the CBC charge for low- and moderate-income (LMI) customers and affordable housing projects to avoid disproportionate economic impacts to these customers, particularly in the context of a power purchase agreement (PPA) model. The City argues that under a PPA model, residential customers are subject to the entire CBC charge, but only gain a portion of a project’s benefits. The City notes that the Commission deferred this issue to the Rate Design Working Group but alleges that it was not adequately addressed there. Furthermore, the City claims that Staff has not performed economic impact analysis to ensure the CBC charge avoids imposing disparate impacts on different business models. The City emphasizes that the CBC charges must be balanced against the City’s and State’s decarbonization objectives.

The City requests that the Commission reject the Joint Utilities’ proposal to apply a full CBC charge to demand-metered customers. While noting that the justification for the CBC charge is to reduce impacts to nonparticipating customers while promoting DER deployment, the City maintains that such cost-shifts attributable to demand-metered customers are either negligible or otherwise covered by peak demand charges. The City also recommends that the Commission reject the proposals to apply a full CBC charge to certain large commercial rate classes using Value Stack compensation and to include the DLM program costs into the CBC charge calculation. The City claims that the proposal to apply a 100 percent allocation of the CBC charge to certain large commercial rate classes within the Value Stack is contrary to the Order, noting that the Whitepaper recommended that the CBC charge only be applied to self-consumed energy under the Value Stack, resulting in a 50 percent discount for residential customers and a 30 percent discount for small commercial customers.

The City requests clarification confirming that the CBC charge is not applicable to either energy storage assets, especially DER resources paired with energy storage or community distributed generation projects. The City requests that in the case of distributed energy generation paired with energy storage, the resulting tariffs should specify that the CBC charge applies to the capacity rating of the energy generation resource alone to eliminate any ambiguity. Additionally, it is the City's understanding that the CBC charge is not applicable to CDG projects, but as the tariffs are not entirely clear on this point, the City requests the Commission to explicitly confirm that CDG projects are not subject to the CBC charge.

CEP

The CEP offers two major recommendations. First, it maintains that the CBC charge is calculated incorrectly, namely by the inclusion of public benefit programs not specified in the order and by failure to account for contributions that NEM customers already make to such programs. The CEP observes that all the draft utility filings include charges for DLM programs, which were not identified in the Order and should be removed. Also, the CEP notes that the Joint Utilities calculated the CBC charge based on collections from all existing customers, rather than non-NEM customers, as was required. The CEP recommends that the Joint Utilities recalculate the CBC charge in their compliance filings based only on contributions from non-NEM customer. The CEP claims that these two disparities with the July Order generate a significant difference in the scale of the CBC charge for solar customers and should be addressed by the Commission.

The CEP alleges that these inconsistencies create a material difference in the size of the CBC charge for PV customers, especially in the Con Edison territory. CEP analysis shows the Con Edison CBC is estimated at nearly 12 percent higher than what was initially proposed. The CEP requests that the Commission clarify that the CBC charge not be applied to nonresidential, demand-metered customers. The CEP alleges that this application of the CBC charge is inconsistent with the July Order and with previous comments by the Joint Utilities.

ETM Solar Works

ETM Solar Works argues that the calculated CBC charges would dramatically reduce the first-year savings for customers that constitutes a benchmark metric for marketing solar PV systems, with over 75 percent of its residential customers financing solar systems through loans rather than outright cash purchases. Quoting analysis that demonstrates that the proposed CBC charge for NYSEG would drive a decline from $92 to $1, or 98 percent in Year 1 savings, ETM Solar Works alleges that its implementation would dramatically reduce the value proposition of residential solar deployment. ETM Solar Works contends that the proposed CBC charge will, along with inflation and declining NYSERDA incentives for residential solar systems, reduce customer adoption of solar energy and negatively affect State energy and climate policy goals. ETM requests that the Commission consider reducing the CBC charge to a level that will allow the continuation of first-year savings currently realized.

GSS

GSS is opposed to the implementation of a CBC charge before a higher level of residential and solar commercial solar installations is achieved in New York State. GSS argues that there is little justification for such a charge considering the limited deployment of residential solar, particularly upstate. Furthermore, GSS notes that arguments for the implementation of the CBC charge ignore grid, environmental, and economic benefits provided by solar energy installations. GSS adds that a CBC charge will create a substantial financial impact on residential and small commercial solar customers, particularly in the RG&E service territory where relatively low electricity rates can undermine the usual economic arguments for solar installations, likely resulting in further impediments to deployment. GSS recommends that the Commission delay consideration of a CBC charge until a level of solar penetration of eight to ten percent is realized.

UIU

UIU generally supports the proposed CBC charge, but requests that the Commission establish a procedure for updating the CBC charge when new ratepayer-funded public benefit programs are adopted. UIU argues that this modification is essential to ensure equitable policy by requiring that NEM customers contribute at an appropriate level to public benefit programs from which they benefit. UIU contends that such modifications will not affect the original investments of solar energy customers but will avoid the inequitable windfall of benefits to nonpaying customers. Similarly, UIU recommends that Joint Utilities incorporate the costs of the EV Make-Ready Program into the CBC charge to avoid a potential windfall of benefits to Phase One NEM customers that may not have been considered at the time of the Staff whitepaper.

UIU recommends compulsory and standardized outreach and education to protect and inform consumers who will be subject to the CBC charge. UIU asserts that these customer outreach issues have not been fully addressed as required by previous Commission directives. UIU argues that without such requirements, consumers are at risk of being misled about the total costs of such participation, in addition to being subject to long-term financial commitments. UIU notes that Staff was directed to file updated customer disclosure forms, but they did not specifically address CBC charges.

NYSS

NYSS claims that the implementation of a CBC charge will result in adverse effects on the solar industry by severely reducing the economic appeal and value proposition of solar installations to residential customers. NYSS predicts that a CBC charge will severely diminish the value proposition of residential solar deployment for individual customers. NYSS contends that the CBC charge would lessen first-year savings to a point where this usually important benefit in marketing loan-financed solar systems would diminish the economic attraction of solar deployment to customers. NYSS adds that these effects would be compounded by economic inflation and ongoing reductions to NYSERDA incentives to severely inhibit solar adoption in New York State. NYSS recommends that the Commission consider reducing the CBC charge to a level that would maintain these first-year savings.

Solar Liberty

Solar Liberty maintains that the CBC charge will have a significant injurious effect on the residential solar industry, and predicts a dramatic reduction in first-year customer savings because of calculated CBC charges. Solar Liberty contends that over 80 percent of residential customers finance solar systems through loans, rather than outright cash purchases, making first-year savings a more relevant factor in most customer decisions to install this technology. Solar Liberty stresses that such harmful charges, coupled with the possibility of annual increases, economic inflation, and reduced NYSERDA incentives for residential solar customers, will have dramatic negative effects on the residential solar industry in New York State.

Lighthouse Solar

Lighthouse Solar is concerned about the potentially harmful effects of implementing a CBC charge at the proposed level, and alleges that this scenario will result in reduced deployment of residential solar with deleterious effects on State energy and climate policy goals. Lighthouse Solar estimates that over 60 percent of its residential customers rely on loan arrangements to finance purchases of solar systems, rather than outright case purchases. Because of the lower cash outlay required by loan-financed systems, reductions in first-year savings severely diminish the value proposition of residential solar installations for many customers. Lighthouse Solar maintains that a CBC charge will contribute to ongoing impediments to the residential solar industry, including economic inflation and reduced NYSERDA incentives.