



May 17, 2016

**TO:**

Honorable Sean Mullany  
Administrative Law Judge  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

**CC:**

Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, New York 12223-1350

**FROM:**

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**RE: Process Recommendations for Case 15-E-0751 - In the Matter of the Value of Distributed Energy Resources**

Dear Administrative Law Judge Mullany,

On May 10, 2016, the Public Service Commission held a technical conference to consider the proposals put forth by several parties on the value of distributed energy resources. The Solar Energy Industries Association and Vote Solar (together the Solar Parties) and the New York

Solar Energy Industries Association (NYSEIA) presented at the technical conference as parties to the proceeding. During the meeting, Staff directed parties to recommend a process to be followed going forward. Staff indicated two possible pathways. Option One would be more akin to a conventional rulemaking process in which parties are afforded the opportunity to exchange data, develop a record, and respond to a Staff whitepaper within a formal framework. Option Two would follow a process in which parties engaged in a facilitated settlement discussion to address the issues presented. Staff stated that it expects either process would result in an order by the Commission at the end of the year on an interim tariff for distributed energy resources.

The Solar Parties and NYSEIA have considered Staff's process proposals and recommend Option One – a process more akin to a conventional rulemaking within a formal framework. This is consistent with the Solar Parties' recommendations put forth in our initial proposal in this proceeding. The Solar Parties and NYSEIA appreciate Staff's goal of maintaining a collegial atmosphere in which parties are encouraged to find common ground. However, given the tremendous impact the outcome of this proceeding will have on the economic interests of the parties, the likelihood that the parties have adverse interests and significant resource disparities, and the importance of developing a robust data driven record upon which the Commission can base its decision before the end of the year, the Solar Parties and NYSEIA recommend a formal framework be adopted for this proceeding. Specifically, the Solar Parties recommend the following going forward:

#### **Phase I: Framework Phase**

1. **Technical Conference:** Staff holds technical conference with parties to address threshold issues as described below
2. **Reply Comments (due June 10, 2016):** Parties reply to initial comments
3. **Technical Conference (As Needed):** Opportunity for parties to confer with Staff on key issues from comments
4. **Staff Draft Framework:** Staff issues draft proposal for interim framework based on comments

- a. Proposal Includes:
  - i. Components of DER Rider rate
  - ii. Identification of fixed vs. variable components
  - iii. Statement regarding how often components will be set
  - iv. Statement regarding application of DER Rider to market segments
5. **Comment Period:** Opportunity for parties to comment on Staff draft framework
6. **Commission Approval of Staff Framework:** Commission rules on resulting Staff proposed framework of DER Rider, including components of DER Rider rate

### **Phase II: Quantitative Phase**

1. **Staff Proposal of DER Rider Valuation:** Proposal from Staff recommending valuations of each component within DER Rider rate
2. **Discovery Phase:** Opportunity for parties to engage in discovery in preparation for comment on Staff proposed DER Rider valuation
3. **Comment Period on Staff Proposal:** Comment period in which parties offer critique and propose modifications of Staff's proposed DER Rider valuations
4. **Commission Approval of Staff's Proposed DER Rider:** Staff submits proposed DER Rider to Commission for approval

Please note that at the May 10 technical conference, Staff suggested it may hold another technical conference to address threshold issues and resolve issues that arose on May 10 before reply comments are due June 10th. Staff requested input from stakeholders on whether such a technical conference should be held. The Solar Parties and NYSEIA believe such a technical conference would contribute to a more expeditious resolution of this proceeding and therefore support Staff's suggestion and have included it in the above process. The Solar Parties and NYSEIA have identified grandfathering as a threshold issue that could be addressed, and encourage Staff to request recommendations from stakeholders on other possible threshold issues for discussion at the technical conference.

The Solar Parties and NYSEIA appreciate the Commission and Staff's willingness to take input from stakeholders and ensure a robust and transparent process for establishing a framework for valuing distributed energy resources moving forward.

Sincerely,

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