

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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| In the Matter of the Advancement of<br>of Distributed Solar   | )<br>)                | Case 21-E-0629 |
| Petition of New York State Energy<br>Research and Development Authority<br>Requesting Additional NY-Sun<br>Program Funding and Extension<br>of Program Through 2025 | )<br>)<br>)<br>)<br>) | Case 19-E-0735 |
| In the Matter of the Value of<br>Distributed Energy Resources   | )<br>)                | Case 15-E-0751 |
| Proceeding on Motion of the<br>Commission to Consider a<br>Clean Energy Fund  | )<br>)<br>)           | Case 14-M-0094 |

**JOINT UTILITIES COMMENTS ON  
NEW YORK’S 10 GW DISTRIBUTED SOLAR ROADMAP**

**I. Introduction**

In *New York’s 10 GW Distributed Solar Roadmap*,<sup>1</sup> the Department of Public Service Staff (Staff) and New York State Energy Research and Development Authority (NYSERDA) note that the 6 Gigawatt (GW) goal of the NY-Sun distributed solar program is nearly met<sup>2</sup> and propose how to add 4 additional GW to reach the new State goal of 10 GW of distributed solar

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<sup>1</sup> Cases 21-E-0629 *et al.*, *In the Matter of the Advancement of Distributed Solar* (Roadmap Proceeding), Department of Public Service Staff and New York State Energy Research and Development Authority, *New York’s 10 GW Distributed Solar Roadmap: Policy Options for Continued Growth in Distributed Solar* (filed December 17, 2021) (Solar Roadmap or Roadmap).

<sup>2</sup> *Id.*, pp. 12-13.

by 2030.<sup>3</sup> The Joint Utilities<sup>4</sup> support the State’s clean energy goals and the recommendations in the Solar Roadmap. To further those goals, the Joint Utilities propose to develop a pilot<sup>5</sup> based on a subscriberless Community Distributed Generation (CDG) procurement model that more effectively directs bill credits from solar energy to low income customers and is simpler and less costly to implement than traditional CDG. The Joint Utilities also propose a modification to the Solar Roadmap to provide greater flexibility in program implementation to improve delivery of the additional 4 GW of solar energy.

## II. Background

The Climate Leadership and Community Protection Act<sup>6</sup> (CLCPA) established a 6 GW target for distributed solar resources by 2025 and requires that disadvantaged communities<sup>7</sup> receive at least 35 percent of the overall benefits of spending on clean energy and energy efficiency programs. Recently, Governor Hochul expanded the distributed solar goal to 10 GW by 2030.<sup>8</sup> The Solar Roadmap outlines a pathway to develop the incremental 4 GW of

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<sup>3</sup> *Id.*, p. 1.

<sup>4</sup> The Joint Utilities are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange & Rockland Utilities, and Rochester Gas and Electric Corporation.

<sup>5</sup> The Solar Roadmap specifically encourages the use of pilots to help advance State distributed solar objectives. Roadmap Proceeding, Solar Roadmap, p. 75.

<sup>6</sup> Available at: <https://www.nysenate.gov/legislation/bills/2019/s6599>.

<sup>7</sup> The Roadmap refers to low income customers, low and moderate income customers, regulated affordable housing, disadvantaged communities, and environmental justice communities. These comments generally use the single term disadvantaged communities, consistent with the CLCPA, for these groups except when it is more accurate to refer to low income customers. The Joint Utilities define low income customers as those customers participating in utility Energy Affordability Programs (EAP).

<sup>8</sup> Available at: <https://www.governor.ny.gov/news/governor-hochul-announces-new-framework-achieve-least-10-gigawatts-distributed-solar-2030#:~:text=December%2017%2C%202021-.Governor%20Hochul%20Announces%20New%20Framework%20to%20Achieve%20at%20Least,of%20Distributed%20Solar%20By%202030&text=Governor%20Kathy%20Hochul%20today%20announced,annually%20power%20nearly%20700%2C000%20homes>.

distributed solar resources that the State’s new 10 GW objective requires. This higher target demands not only the Roadmap’s proposed continuation of the existing CDG incentive structure, but also, as the Roadmap recognizes, requires new approaches to develop solar resources.<sup>9</sup>

Based on an analysis of several policy options, the Roadmap recommends an administratively-set incentive over either an auction-based procurement approach or indexed-based pricing as used in the Clean Energy Standard.<sup>10</sup> The Roadmap recommends retaining the longstanding NY-Sun Megawatt Block incentive mechanism with incremental targets of 2,943 Megawatt (MW) for upstate New York, 450 MW for Con Edison, and 607 MW for Long Island and Upstate Unincentivized Projects.<sup>11</sup> Staff and NYSERDA propose \$1.47 billion to fund the program<sup>12</sup> and target 1,600 MW (40%) of the 4 GW for disadvantaged communities. The Roadmap anticipates that about 70% of this new capacity will be CDG projects, with the remaining 30% from Remote Crediting and behind-the-meter projects.<sup>13</sup>

### **III. Considering the Solar Roadmap**

In response to the Solar Roadmap’s observation that the Joint Utilities’ presentation in the May 7, 2021 technical conference did not adequately address application to low income customers and disadvantaged communities,<sup>14</sup> and as further informed by the Roadmap recommendation to propose pilots,<sup>15</sup> the Joint Utilities plan to submit a proposal for a pilot focused on improving the procurement process and commercial framework for distributed solar

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<sup>9</sup> Roadmap Proceeding, Solar Roadmap, pp. 77-78.

<sup>10</sup> *Id.*, p. 2.

<sup>11</sup> *Id.*, p. 3.

<sup>12</sup> *Id.*, p. 5.

<sup>13</sup> *Id.*, App. B, p. 11.

<sup>14</sup> *Id.*, pp. 57-58.

<sup>15</sup> *Id.*, p. 75.

resources, where the benefits would be provided to low income customers participating in utility Energy Affordability Programs (low income customers). This additional approach is warranted because the existing CDG construct is not an effective tool for delivering benefits to low income customers.<sup>16</sup> As described below, the Joint Utilities' pilot will expand clean energy benefits to more low income customers, similar to the Expanded Solar-for-All program NYSERDA and National Grid are implementing that the Commission approved earlier this year.<sup>17</sup>

Within the pilot, either NYSERDA or individual utilities would issue solicitations for distributed solar resources on behalf of low income customers. Projects would be evaluated on the basis of their proposed fixed discount percentage to the value of their revenue stream. The discount would be the source of the benefits to low income customers from solar resources. In other words, the discount amounts (fixed percentage of the total value as determined in the evaluation of solicitation bids, *e.g.*, 10%) would be an additional discount to low income customer bills. This approach eliminates the need to enlist project subscribers as well as the billing and crediting complexities associated with a subscriber-based approach. While details must be developed, including the MW amount and frequency of solicitations, winning bidders would be compensated based on the discount they bid with respect to (1) locational values of energy and capacity, (2) environmental value based on renewable energy certificates (REC) clearing prices, and (3) distribution value based on avoided cost estimates. The energy, capacity,

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<sup>16</sup> The Joint Utilities note the Roadmap's recognition that the entire 4 GW expansion will provide benefits to "an estimated 127,000 new solar customers and off-takers." *Id.*, p. 6. Even if all of the off-takers were low income customers, the vast majority of low income customers would still remain unserved. This estimate assumes that about 70% of this new capacity will be traditional CDG projects, with the remaining 30% from Remote Crediting and behind-the-meter projects.

<sup>17</sup> 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 2025*, Order Approving Expanded Solar for All Program with Modifications (issued January 20, 2022).

and REC values from these projects can offset supply costs amounts and would be collected from each utility's full service customers. Distribution values would be collected from all of the interconnecting utility's customers. To the extent that out-of-market costs remain, they would be collected from all of the utility's customers. These positive attributes support the Commission and State goals.

This pilot, if successful, would support acceleration of solar development on a larger scale than existing approaches and at a reduced cost. This approach is consistent with the Roadmap's recognition that "[e]liminating customer acquisition costs and bill crediting would reduce program costs"<sup>18</sup> because the soft costs of attracting, retaining, and replacing subscribers are reduced or eliminated. The approach would also potentially reduce the need for the NY Sun/Community Adder and thus would require less total CDG compensation, which is paid for by all customers. The pilot's straightforward nature will also avoid costs associated with the complexities developers must balance when financing portfolios of multiple projects with variable revenue streams.

In addition, the State has aggressive distributed solar targets and goals to provide clean energy to disadvantaged communities. The Joint Utilities recognize the importance of meeting the solar distributed generation targets, directing clean energy benefits to disadvantaged customers, and achieving these objectives at reasonable cost to all customers. The Joint Utilities proposal will enable the allocation of clean energy bill credits to the customers who need them most.

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<sup>18</sup> Roadmap Proceeding, Solar Roadmap p. 57.

Finally, the Roadmap proposes administratively-set incentive levels for the incremental 4 GW of solar resources with a mid-point review of the incentive levels.<sup>19</sup> The Joint Utilities urge the Commission to improve the effectiveness of this mid-point review by considering what, if any, incentive levels are required to continue market adoption and what additional funding mechanisms are available. The mid-point review should also consider the potential of leveraging other incentives such as tax credits or funding from the recent federal infrastructure law<sup>20</sup> as this funding could directly reduce New York customer costs while supporting State goals. Considering incentives and funding at the mid-point review, before funds are exhausted, is imperative to achieve a smooth transition for customers and developers alike and avoid situations such as the current dislocation caused by the full subscription of Con Edison's Community Credit incentive.<sup>21</sup> The Joint Utilities also support the Roadmap's suggestion to collaborate with NYSERDA to integrate distributed solar and energy efficiency as part of a Statewide LMI portfolio of energy efficiency programs.<sup>22</sup>

#### **IV. Conclusion**

In keeping with the Roadmap, the Joint Utilities are developing and planning to file a pilot to bring more solar energy to underserved communities in support of New York State's 10 GW distributed solar target. The Joint Utilities support collaboration with NYSERDA for

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<sup>19</sup> Roadmap Proceeding, Solar Roadmap, pp. 2, 70-72.

<sup>20</sup> Infrastructure Investment and Jobs Act, H.R. 3684, Public Law 117-58.

<sup>21</sup> Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, Joint Petition [of City of New York, Sustainable Westchester, Inc., Solar One, New York Solar Energy Industries Association, New York City Economic Development Corporation New York City Housing Authority, and Vote Solar] (filed March 10, 2021) and Comments of Consolidated Edison Company of New York, Inc. on Proposal to Expand Availability of Community Credits in Its Service Territory (filed June 21, 2021).

<sup>22</sup> Roadmap Proceeding, Solar Roadmap, p. 42

effective integration of LMI programs. In addition, the mid-point review should explore more funding sources and evaluate incentive levels so that necessary modifications can be made before funding is exhausted.

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Respectfully submitted,

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