

April 7, 2015

VIA EMAIL

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

**RE: CASE 15-E-0082, Comments of the Shared Renewables Coalition on the Staff Straw Proposal for a Community Net Metering Program**

Dear Secretary Burgess,

On behalf of the New York Shared Renewables Coalition, please find attached, the initial comments of the Coalition on the Staff Straw Proposal for a Community Net Metering Program.

Thank you for your attention to this matter.

Sincerely,

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STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 15-E-0082 Proceeding on Motion of the Commission as to  
the Policies, Requirements and Conditions For  
Implementing a Community Net Metering Program

**COMMENTS OF THE SHARED RENEWABLES COALITION ON THE STAFF STRAW  
PROPOSAL FOR A COMMUNITY NET METERING PROGRAM**

On December 15, 2014, the New York Public Service Commission (“Commission”) issued an Order<sup>1</sup> that directed the Department of Public Service Staff (“Staff”) to commence a consultative stakeholder process with the New York State Energy Research and Development Authority (“NYSERDA”) and other partners to develop a program that will broaden access to renewable energy through a concept known as “community net metering”. On February 10, 2015, Staff initiated this stakeholder process through the release of a Staff Straw Proposal (“Staff Proposal”) and notice<sup>2</sup> requesting comments from stakeholders on particular provisions and questions pertaining to a community net metering program, known in many states as shared renewable energy.<sup>3</sup>

The New York Shared Renewables Coalition (“Coalition”) commends the Commission for recognizing the critical need to expand access to renewable energy opportunities in New York to electric consumers whom desire to invest in clean energy technologies for their energy needs. We believe it is critical to adopt this program immediately as stakeholders continue their engagement and deliberation in other proceedings, such as the Reforming the Energy Vision (“REV”), Clean Energy Fund (“CEF”) and others.

The Coalition is a diverse set of constituencies working to expand access to clean energy options for more of New York’s homes and businesses. The Coalition has been working together over the past six months to explore and advocate for options that can provide increased access to renewable energy for those that are unable or reluctant to install solar or other technologies on their property. As indicated by the signatories to these comments, the Coalition is represented by members of the clean energy industry, environmental and environmental justice advocates, clean and equitable energy advocates and low-income advocates, among others. Whether motivated by equity issues, environmental and environmental justice issues or market opportunity, the Coalition represents a range of voices committed to seeing New York take steps to expand access to renewable energy in the state.

The comments offered here by the Coalition discuss the tenets of a shared renewable energy program, drawing upon best practices and experience from other states that have implemented shared renewable energy policies and programs. In doing so, our comments will refer to the various aspects of the Staff Proposal that we believe are fundamental to a successful program or

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<sup>1</sup> Cases 14-E-0151 and 14-E-0422, *Order Raising the Net Metering Minimum Program Caps, Requiring Tariff Revisions, Making Other Findings and Establishing Further Procedures* (Net Metering Order), December 15, 2014; Cases 14-E-0151 and 14-E-0422, *Order Raising the Net Metering Minimum Program Caps, Requiring Tariff Revisions, Making Other Findings and Establishing Further Procedures* (Net Metering Order), December 15, 2014.

<sup>2</sup> Case 15-E-0082, *Notice Instituting Proceeding, Soliciting Comments, and Providing for Stakeholder Meeting*, February 10, 2015.

<sup>3</sup> For the purposes of these comments, the terms ‘community net metering’ and ‘shared renewable energy’ or ‘shared renewables’ shall be used interchangeably.

require additional consideration or clarification. Our comments also seek to respond to many of the questions in the Staff Proposal. In particular, we note our recommendations on how to ensure that such a program is designed to create maximum low- and moderate-income customer participation. Our comments on this aspect of the program reflect the Coalition's best thinking on this challenging aspect of program design, and are the result of lengthy discussions amongst our Coalition partners. We are confident that our suggestions will position the program to successfully engage this constituency in a meaningful way.

## **I. BACKGROUND AND PROCEDURAL HISTORY ON SHARED RENEWABLES**

For many years New York has supported the growth and development of renewable energy through various policies, programs and regulations, the majority of which have been developed and implemented by the Commission and NYSERDA. As a result, New York's renewable energy market is a leading one in the Northeast and across the country. This is especially the case when it comes to the recent growth of solar energy.<sup>4</sup> However, as the Commission and others have recognized, much more can and should be done to ensure that New York's energy consumers have equitable access to clean energy opportunities.

Over the past decade, electric customers in New York and across the country have typically utilized renewable energy to meet their energy needs through directly installing clean energy technologies on their property. The policy of net energy metering continues to be a cornerstone for giving electric consumers the ability to economically offset their energy demands with customer-sited generation. The simplicity and understandability of net metering has made it one of the most successful policies for clean energy across the country.

Over the past several years, the Commission has taken deliberate action to appropriately support customer-sited renewable energy growth in the state. This is particularly the case with respect to the state's NY-Sun program and net metering policy. While providing support for the growth of solar energy through a NY-Sun program aimed to deliver a robust and sustainable solar industry,<sup>5</sup> the Commission has also shaped the state's net metering program to fit this period of market growth. Having increased the net metering caps<sup>6</sup> and expanded the net metering framework to help accommodate the optimal siting of renewable energy facilities (i.e., remote net metering)<sup>7</sup> for example, the Commission has provided the necessary ingredients for continued market maturation.

Despite the remarkable growth in utilizing solar and other renewable energy technologies for the energy needs of homes and businesses, for a variety of reasons<sup>8</sup> many consumers either cannot or

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<sup>4</sup> In 2014, New York had the 7<sup>th</sup> most new solar capacity installed in the country. In the last three years alone, the state has installed 282 MW of capacity and now has a total of 397 MW installed statewide. In 2014, \$451 million was invested in solar development, a 33% increase over the previous year. SEIA/GTM Research U.S. Solar Market Insight Report 2014 Q4, accessed from: <http://www.seia.org/research-resources/solar-market-insight-report-2014-q4>

<sup>5</sup> Case 03-E-0188, *Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs*, April 24, 2014.

<sup>6</sup> Cases 14-E-0151 and 14-E-0422, *Order Raising the Net Metering Minimum Program Caps, Requiring Tariff Revisions, Making Other Findings and Establishing Further Procedures* (Net Metering Order), December 15, 2014.

<sup>7</sup> Cases 11-E-0318 through 11-E-0323, *Order Modifying and Authorizing Remote Net Metering Tariffs, Modifying Standardized Interconnection Requirements, and Requiring Micro-Hydroelectric and Fuel Cell Tariff Filings*, November 21, 2011.

<sup>8</sup> Renters typically lack the right to install renewable energy, and landlords often lack the financial motivation. For owner-occupied units, physical constraints like shading, improper orientation, and

choose not to install an on-site renewable energy facility yet still desire to tap into renewable energy resources. In the case of solar, for instance, analysis shows that approximately 75-80% of residential and commercial customers are unable to site a renewable energy facility on their property.<sup>9</sup> Recognizing the importance of expanding access to renewable energy, 10 states have already pursued and adopted policies, programs and regulations to help address this issue.<sup>10</sup>

As the Commission, NYSEERDA and other stakeholders continue to work on these critical pillars of the state's renewable energy market, the question of expanding access to renewable energy remains. With the Staff Proposal for a community net metering program, the state has a well-conceived pathway for squarely addressing this issue. It is clear that Staff has closely reviewed what other states have adopted and are proposing some key program tenets that will establish an effective framework in the New York context.

## II. CRITICAL TENETS OF A SHARED RENEWABLE ENERGY PROGRAM

The Coalition is pleased that the Staff Proposal draws upon some of the core best practices that are essential for an effective shared renewable energy program. Outside of individual state-based policies and programs, perhaps the most comprehensive set of recommendations is the Interstate Renewable Energy Council ("IREC") and Vote Solar 2013 report entitled, *Model Rules for Shared Renewable Energy Programs*.<sup>11</sup> This resource provides a thorough investigation into the drivers of shared renewable energy programs and serves as a vital reference point for decision-makers and other stakeholders. Below is an examination of the Staff Proposal through the guidelines set out in the IREC and Vote Solar report.

### A. Shared renewable energy programs should expand access to a broader group of energy consumers, including those who cannot install renewable energy on their own properties.

As described in their December 15, 2014 Net Metering Order, the Commission has proposed that a community net metering program be built upon the existing net metering and remote net metering framework as statutorily provided for in Public Service Law §§66-j and 66-l. Inherent in the provisions of this framework is the ability for a single electric customer to utilize a remote net metering facility to offset their electric demands at a satellite utility account. By expanding this framework to multi-customer arrangements as directed in the Net Metering Order and provided for in provision number 8 of the Staff Proposal, the proposed community net metering framework is well positioned to expand access to a broader group of energy consumers, including those who cannot install renewable energy on their own properties.

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structural challenges can limit the suitability of renewable energy technologies. And even in the case of owner-occupied units with a suitable site for renewables, (a) the owner simply may not want the hassle or maintenance concerns associated with an onsite system, (b) may be considering moving and therefore not interested in a long term investment, or (c) may not qualify for financing necessary to make onsite renewable energy economical.

<sup>9</sup> National Renewable Energy Laboratory, *Rooftop Photovoltaics Market Penetration Scenarios*, February 2008.

<sup>10</sup> Shared Renewables HQ, [www.sharedrenewables.org](http://www.sharedrenewables.org)

<sup>11</sup> Interstate Renewable Energy Council and Vote Solar, *Model Rules for Shared Renewable Energy Programs*, June 2013. Accessed from: <http://www.irecusa.org/model-rules-for-shared-renewable-energy-programs/>

**B. Participants in a shared renewable energy program should receive tangible economic benefits on their utility bills.**

As is the case with the New York net metering framework, the Staff Proposal will establish on-bill crediting for community net metering. Provision numbers 6, 7, 11 and 13 specifically address this guiding principle. We support the Commission's proposal for community net metering members to receive the benefits of participation through a utility bill. This will maintain the essential linkage in a clear and understandable way between a customer's participation, their reduced energy use and bill savings through these clean energy options. As the Commission has affirmed in their REV Track One Order, while barriers remain, the utility bill is an important tool for customer engagement in distributed energy resources.<sup>12</sup> On-bill crediting of shared renewable energy would be a valuable step forward in strengthening this critical consumer tool.

**C. Shared renewable energy programs should be flexible enough to account for energy consumers' preferences and various business models.**

As discussed in the model rules, consumers are more likely to purchase a product that is tailored to suit their values and priorities. We therefore recommend that the community net metering program be flexible with regard to business models and options so that innovation can meet consumer desires. The Staff Proposal already provides flexibility in some very key areas. The Coalition strongly supports this flexibility in program design and is specifically supportive of the following provisions.

- Provision #1 - Eligibility for various technologies
- Provision #8 - Customer types and configurations
- Provision #10 - Entities eligible to serve as host organizer
- Provision #12 - Ability to adjust percent distribution to membership

In addition to these important aspects of flexibility, the Coalition believes there are several other aspects that deserve a decision by the Commission or warrant further consideration.

- Question #3 - Consistent with model rules, the Coalition suggests that a minimum of two members would be appropriate in order to accommodate two-family home owners, small apartment buildings and small commercial establishments where there may only be a small number of consumers wanting to come together and participate in a community net metering arrangement. The Coalition does not see a benefit to setting a maximum number of subscribers.
- Question #4 - The Coalition believes that a customer interested in becoming a member of a community net metering arrangement should have the option to offset up to 100 percent of their annual consumption of electricity, but with flexibility to account for expected changes in their consumption. Providing for this will be consistent with current net metering rules and will provide the maximum flexibility for consumers to decide the most appropriate sizing options.

As a baseline, the Coalition again suggests flexibility with respect to the amount of generation output from a community net metering facility that a host account can utilize. Recognizing that some host accounts may have non-trivial load while others

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<sup>12</sup> Case 14-M-0101, *Order Adopting Regulatory Policy Framework and Implementation Plan*, February 26, 2015, at page 55.

may have very minimal load, there is not a one-size-fits-all when considering a limit on the proportion of generation output that a host can utilize versus that which can be allocated to members.

Finally, we believe it is critical to ensure that a community net metering program is designed to accommodate the various business models around shared renewable energy. Specifically, we are aware of two distinct models – one that provides a customer with ownership stake in a facility and entitled to proportional benefits, and another that provides for more of a subscription-based relationship between a customer and project developer or host organizer for the benefits associated with that customer’s proportional generation from the facility. As the Commission deliberates final rules for a community net metering program, we urge the Commission to ensure flexibility so that these and potentially other business models are accommodated within the program framework. Issues including when (e.g., prior to or after project development) and how (e.g., through subscription or ownership stake) members sign up for a project will be critical for how projects are financed and developed, thus it will be essential to get the rules right in order to provide the flexibility for the market to respond.

**D. Shared renewable energy programs should be additive to and supportive of existing renewable energy programs.**

The Coalition expects that a community net metering program will provide new and unique opportunities in the market for expanding access to renewable energy. The Coalition is confident that these types of projects will be developed in a complementary manner to existing, and growing, market activity. We believe that a community net metering program should be designed to ensure that the level of market activity that it stimulates is commensurate with other market segments.

With respect to provision number 4 of the Staff Proposal, the Coalition understands counting community net metering projects against current utility net metering caps. We believe this is reasonable, recognizing the objective of supporting market opportunity for these projects today. As the Commission and many others have recognized, however, the current utility net metering caps are insufficient for supporting expected levels of penetration of customer-sited generation over the coming years. The advent of community net metering projects will make this even more the case. The Commission has already signaled the need to address this issue as part of the REV and parallel net metering proceedings. The Coalition anticipates these conversations and looks forward to working with the Commission, NYSERDA and other stakeholders to achieve a longer-term policy environment that can support a robust and sustainable market for shared renewable energy as well as customer-sited generation.

**III. LOW- AND MODERATE-INCOME INCLUSION IN COMMUNITY NET METERING (QUESTION #2)**

The Coalition believes that one of the primary purposes of the community net metering program in New York is to expand access to renewable energy beyond those that can, financially and physically, put solar on their roofs or a wind turbine in their backyard. It is important to note that community net metering policy, regardless of specific program components, creates unique opportunities for low- and moderate-income customers in and of itself.

Many of the factors that limit access to rooftop solar or other renewable energy – not owning a residence, living in multi-family housing – may have a stronger effect amongst low- and moderate-income communities, thereby increasing community net metering’s positive benefits for those groups. Finally, community net metering programs often allow participation at a lower capacity level per individual than the typical minimum size necessary for viable rooftop or

backyard installations. Thus, this aspect of community net metering will help address the cost of entry barrier for these types of consumers.

In order to truly build a low- and moderate-income market for renewable energy, however, more must be done than simply enabling community net metering. These customers face numerous barriers to market entry. For many of these customers, a viable community net metering product would require options including no upfront payment, no minimum credit score, no minimum income requirement, no minimum energy use, and near term economic savings. Such a product does not currently co-exist with reasonably priced financing for renewable energy projects, thereby making this market nearly closed for many customers in these income classes.

#### **A. Program-wide low- and moderate-income participation requirement**

The Coalition recommends that the Commission establish a program-wide standard that a minimum of 20% of residential members for community net metered projects be low-income households at or below 60% of the Area Median Income (AMI).<sup>13</sup> NYSERDA should be directed to establish a set of incentives and policies to ensure this standard is met in a way that does not burden other program members with incremental costs and risks, and gives NYSERDA flexibility to react to market factors. NYSERDA should be required to review and publicly release the statewide percentage of project members who are low-income households on an annual basis, and to revise incentives and program guidelines as necessary to meet or exceed this 20% program standard. We suggest that NYSERDA work with a stakeholder advisory committee, including representatives from the renewable energy industry, low-income advocates, community-based organizations, environmental organizations and others, to execute this directive.

As NYSERDA reconsiders its business model in the face of changing market needs, we recommend that they prioritize this program to meet its objectives of overcoming market barriers for low-income participation in renewable energy. Potential sources of funding include the \$13 million already allocated to assist low- and moderate-income households in reaping the benefits of solar energy,<sup>14</sup> as well as the CEF and New York Green Bank. The Coalition is confident that the 20% standard can be achieved with the appropriate set of policies and incentives. We are eager to partner with NYSERDA to develop the market conditions to enable private developers in partnership with non-profit organizations and others to develop community net metered projects that are accessible to all New Yorkers.

#### **B. In consultation with a stakeholder advisory committee, NYSERDA should administer a fleet of policies and programs to support low- and moderate-income participation.**

**1. An incentive program for low-income subscribers to community net metered projects.** NYSERDA should establish a program through which eligible low-income households could receive a deeper discount on top of any existing discount the project provides to all customers in order to help overcome the cost of entry for low-income customers. This discount could be supported through NYSERDA funding to the community net metered project organizer for every low-income subscriber as a performance-based incentive. Such incentives would be used to increase the profitability of the overall project, thereby making financing both cheaper and less risk-averse.

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<sup>13</sup> This percentage is recommended to serve the same proportion of New York households as are served by the Low Income Home Energy Assistance Program (<http://liheap.org/states/ny/>).

<sup>14</sup> Case 03-E-0188, *Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs*, April 24, 2014, at page 24.

**2. Credit support for low- and moderate-income customers.** In coordination with the New York Green Bank, financial institutions and charitable organizations, NYSERDA should work to support financing for low- and moderate-income customers who do not have the necessary credit scores to meet traditional underwriting standards. This credit support could be provided to projects with a substantial percentage of low- and moderate-income customers or directly to those customers where there are not-for-profit partners that could conduct the outreach and financial education necessary to identify and prepare those customers.

**3. Grants and technical assistance for not-for-profit developers and partners.** In order to assist non-profit organizations to develop or partner with for-profit developers to develop community net metered facilities that are structured to serve low- and moderate-income customers, NYSERDA should consider offering direct grants to help cover staffing to develop such projects and technical assistance to build organizational capacity. Such assistance to non-profit organizations will enable the creation of shared renewable energy facilities built in diverse locations and specifically designed for underserved communities. Not-for-profit recipients of these grants would also be well positioned to invest in workforce development and targeted hiring for community net metered projects, thereby increasing community benefits.

**4. Funding for pilot projects serving a majority of low-income subscribers.** In order to figure out the most successful models for community net metered projects that can serve low-income electricity customers, NYSERDA should release a request for proposals for teams of developers and not-for-profit partners to develop projects serving a majority of low- and moderate-income customers. NYSERDA should provide grant funding for a portion of these projects in order to attract interest. Such a pilot project initiative should be rolled out simultaneously with general community net metering regulations as to not delay projects that are market-ready. A key eligibility criteria for pilot projects should be a commitment to building a self-sustaining business model for community net metered projects that can serve low- and moderate-income customers after an initial round of funding support.

**5. Allocating energy assistance benefits toward shared renewable energy facilities.** In coordination with the Energy Affordability for Low-Income Utility Customers proceeding,<sup>15</sup> the Commission should provide low-income utility customers with the option to allocate their electricity assistance funds towards a shared renewable energy facility, rather than the utility supplier, and receive credits on their utility bill in proportion to their share. One example of this type of program has been proposed in California by IREC and is called CleanCARE.<sup>16</sup>

#### **IV. OTHER ISSUES AND CONSIDERATIONS**

In addition to the above aspects of designing a successful community net metering program in New York, the Coalition believes there are several other items deserving additional attention.

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<sup>15</sup> Case 14-M-0565, Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers

<sup>16</sup> Case R.12-06-13, CleanCARE – Investing in Communities, Interstate Renewable Energy Council (IREC), March 16, 2015. Accessed from:  
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M148/K824/148824274.PDF>



#### **A. Demand versus non-demand accounts (Question #1)**

In order to maximize potential community net metered project development, the Coalition recommends that both demand-metered and non-demand metered accounts be eligible as host sites. Among others, one particular application in which this provision will be helpful is in the case of multifamily residential buildings with demand meters for the common load and non-demand direct meters for individual units.

#### **B. Requirements to distribute credits within one year (Provision #7 & #13)**

The Coalition requests that the Commission give further consideration to the requirement that a host organizer must distribute all credits from a community net metering facility within one year. Although we appreciate the objective of the Staff Proposal to overcome any need for the cash out of credits as otherwise provided for in the net metering framework, we are concerned that without specified exceptions to this rule, it may add risk to project development and administration and may also prove challenging in the case of project financing. In addition, we are concerned that without further considering this one-year requirement, or at least detailing exceptions, that host organizers would be required to forfeit any remaining credits at year's end without recourse.

#### **C. Grid locational benefits (Question #6) and standard interconnection requirements (Provision #5)**

Community net metering will undoubtedly bring grid benefits depending on project location. We believe that the grid benefits that these projects can offer will not be unique when compared to other distributed generation development. Thus, Coalition members anticipate engagement in other proceedings and program design to address locational benefit questions in a more holistic fashion.

Likewise, several Coalition members are currently involved with the process to consider updates and revisions to the Standard Interconnection Requirements ("SIR"). We suggest the Commission proactively utilize this SIR revision process to consider any unique aspects of community net metering project interconnection. At a threshold level, more transparent and available data on grid constraints, needs and capacity will help to encourage community net metering development in areas that can bring clear and greater grid benefit.

#### **D. Changes to distribution of output upon 30-day notice (Provision #12)**

Recognizing that community net metering membership will not be static, the Coalition appreciates the flexibility for host organizers to make modifications to the distribution of output from a community net metering project. Indeed, this flexibility is important for the ongoing administration of these projects. Allowing host organizers to make these modifications on a regular basis is essential in order to help accommodate changes associated with adding membership, modifying proportional allocations and addressing members whom are moving or wanting to relinquish their membership subject to contractual terms with the host organizer. Our expectation is that this provision would not interfere with the length of membership agreements between a host organizer and a member.

#### **V. CONCLUSION**

The Shared Renewables Coalition is sincerely grateful for the opportunity to provide input as the Commission moves forward with a community net metering program. As New York State considers challenging questions about the future of our energy system, we are very encouraged that the Commission has prioritized equal access to renewable energy as a critical component to

address without delay. We appreciate the leadership of the Commission, DPS, NYSERDA and the Administration on this very important issue, and we look forward to continued engagement with other stakeholders during this comment period and beyond.

Respectfully submitted,

350 NYC  
AllEarth Renewables  
Alliance for a Green Economy  
Alliance for Clean Energy New York  
Association for Energy Affordability  
Aytzim: Ecological Judaism  
Bedford 2020  
Binghamton Regional Sustainability Coalition  
Borrego Solar Systems  
Cambridge Energy Co-operative  
Catskill Mountainkeeper  
Chhaya Community Development Corporation  
Citizens Campaign for the Environment  
Citizens' Environmental Coalition  
Clean Energy Collective  
CNY Solar  
Community Energy, Inc.  
Congregation Ansche Chesed  
El Puente  
Emerald Cities Collaborative  
Environment New York  
Environmental Entrepreneurs (E2)  
Hazon  
Helderberg Community Energy, LLC  
Hudson River Sloop Clearwater  
Hudson Solar  
Institute for Local Self-Reliance  
Lampros Solar, LLC  
Natural Resources Defense Council  
Nega Lakew  
Neighborhood Housing Services of Jamaica  
New York Solar Energy Industries Association  
New York State Sustainable Business Council  
Next Step Living  
Nextility  
NRG Home Solar  
Pratt Center for Community Development  
PUSH Buffalo  
Push Solar  
Recurrent Energy  
RUPCO  
Sane Energy Project  
Sierra Club  
Solar Energy Industries Association  
Solar One  
Sustainable Energy Developments, Inc.  
Sustainable Hudson Valley

Sustainable South Bronx  
Sustainable Tompkins  
Sustainable Westchester  
The Center for Social Inclusion  
The Green Education and Legal Fund  
The Solutions Grassroots Tour  
The Solutions Project  
Vote Solar  
West End Synagogue  
Zen Center New York City Earth Initiative