

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on September 15, 2022

COMMISSIONERS PRESENT:

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

CASE 19-M-0463 - In the Matter of Consolidated Billing for
Distributed Energy Resources.

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

CASE 14-M-0224 - Proceeding on Motion of the Commission to Enable
Community Choice Aggregation Programs.

ORDER ESTABLISHING PROCESS REGARDING
COMMUNITY DISTRIBUTED GENERATION BILLING

(Issued and Effective September 15, 2022)

BY THE COMMISSION:

INTRODUCTION AND BACKGROUND

On July 17, 2015, the Public Service Commission
(Commission) authorized Community Distributed Generation (CDG)
in New York State, enabling customers for whom rooftop solar was
not a viable option to directly participate in and enjoy the

benefits of renewable energy programs.¹ As part of the CDG program, CDG Sponsors can develop an eligible generation project, usually a solar photovoltaic (PV) system, connected to a utility distribution network, and enroll customers served by that utility, as members. Members then receive credits on their utility bills for the generation the CDG project injects into the utility system. In return, members pay the CDG Sponsor a monthly subscription fee, which may be fixed or variable, but that are generally designed to be some amount less than the value of the credits the customer receives. This process requires that the customer receive two separate monthly bills - one from the utility for delivery service including the bill credits and another from the CDG Sponsor for the subscription fee.

On December 12, 2019, the Commission approved a Net-Crediting model for consolidated billing for CDG projects allowing for the CDG subscription fee to be included on the customer's utility bill, simplifying the process for members who, under the Net-Crediting model, would receive a single monthly utility bill.² Under the dual-billing CDG model, the utility allocates monetary bill credits to the CDG Host and subscribers and the CDG Sponsor separately collects a subscription fee from each CDG Host and subscriber for its share of the generation facility's output. Under the Net-Crediting model, the utility adds the CDG Sponsor's monthly subscription

¹ Case 15-E-0082, Policies, Requirements and Conditions for Implementing a Community Net Metering Program, Order Establishing a Program and Making Other Findings (issued July 17, 2015) (CDG Order).

² Case 19-M-0463, Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019) (CDG Net-Crediting Order).

charges to the utility bills of the CDG members and provides the CDG Host and subscribers with a credit for the difference between the value the customer receives from the CDG Sponsor and the amount the customer would owe the CDG Sponsor for the subscription fee on the bill, and then remits the subscription fees, minus a utility administrative fee, to the CDG Sponsor.

On March 29, 2022, Department of Public Service Staff (Staff) filed its Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation (Straw Proposal) that, among other things, provided recommendations related to the utility billing of CDG generally aimed at addressing ongoing CDG billing issues.³ The Straw Proposal recognized numerous ongoing billing issues related to utility billing of CDG impacting thousands of customers and generating confusion surrounding energy costs and CDG program benefits. As described in the Straw Proposal, instances have occurred, and are still occurring, where customers do not receive a utility bill for several months and later received multiple bills within a short period, or a single very high bill for that extended period. There have also been many reports of CDG members not receiving appropriate credits on their bills, fueling skepticism of the program itself. These billing deficiencies have also impacted the CDG Sponsor's ability to bill and collect payments from the utilities and/or customers for the generation that has been produced by these CDG projects. This has led to CDG Sponsor capital issues and, in some instances, the potential for default on their contractual obligations to their customers and project funding sources. The Straw Proposal also highlighted the significant delay on the part of the utilities in

³ Case 14-M-0224, et al., Department of Public Service Staff Straw Proposal on Opt-Out Community Distributed Generation (filed March 29, 2022).

implementing an efficient and automated billing process, particularly for CDG Net-Crediting.

To address these ongoing CDG billing issues, the Straw Proposal recommended that the Commission establish quarterly utility CDG billing and crediting performance reports, utility performance metrics tied to all CDG crediting and billing, and negative revenue adjustments for failure to meet those CDG crediting and billing metrics.

DISCUSSION AND CONCLUSION

Timely and accurate billing is essential to the success of energy programs such as CDG. A customer who experiences billing problems after enrolling in a CDG program will often associate their issues with the program itself, which may cause them to leave the program and/or deter future participation in potentially beneficial programs. The Commission takes seriously the concerns expressed by Staff and CDG stakeholders surrounding utility billing of CDG and hereby establishes a process to address these issues.

We note at the onset that the recommendations surrounding CDG billing were just one component of the larger Straw Proposal, which focused primarily on the establishment of an opt-out CDG program in New York. Those broader recommendations are currently under consideration by the Commission and may be taken up at a future Commission session. This Order instead focuses only on the future process necessary to ensure customers participating in a CDG program receive timely and accurate bills from their utility.

The Commission sees potential benefits in establishing CDG billing metrics to track and evaluate utilities' performance in billing for CDG. The details of such metrics shall be developed in consultation with industry stakeholders as part of

a collaborative process to establish minimum standards for utility billing of CDG. Accordingly, the Secretary shall, within 30 days of the effective date of this Order, issue a notice convening an initial stakeholder conference focused on developing CDG billing performance metrics. As part of this process, stakeholders shall also propose a negative revenue adjustment mechanism to be tied directly to the utilities' CDG crediting and billing performances. The metrics and negative revenue adjustment proposals shall be filed for public notice and comment, and Commission consideration. While the Straw Proposal also proposed establishment of quarterly utility CDG billing and crediting reports, the Commission sees this step as premature at this time, and instead will take up the issue of reporting requirements in the future as part of its consideration of any CDG billing and crediting metrics developed through the collaborative process.

Turning to the automation of CDG billing, the Commission shares the concerns expressed regarding the delays in achieving such automation. Over the past several years, the CDG Billing & Crediting Working Group has worked with the utilities on their progress to automate their Net-Crediting billing processes, though delays continue. As the Straw Proposal pointed out, the original timelines for utility automation of Net-Crediting have been exceeded by more than a year in some instances, with only one utility, Orange and Rockland Utilities, Inc., having achieved automation at the time the Straw Proposal was filed. These automation implementation delays can significantly disrupt the CDG market from offering a seamless Net-Crediting billing option. Moreover, achieving true automation of CDG billing can help alleviate the billing issue discussed above.

Understanding the utility billing system capabilities and constraints is the first step in addressing these delays. Thus, the Commission directs the investor-owned utilities who have filed tariffs related to CDG to file implementation plans associated with automated CDG billing. These implementation plans shall, at a minimum, include: (1) the current billing system constraints preventing full CDG billing automation; (2) the billing system changes necessary to effectuate automated CDG billing; and (3) the steps and timeline to achieve full automation of CDG billing. These implementation plans shall be filed with the Secretary within 30 days of the effective date of this Order and updated quarterly until automation efforts are complete.

The future processes established in this Order are intended to address and resolve ongoing CDG billing issues originating with the utilities, improve the industry's visibility into the utilities' transition to an automated Net-Crediting billing process, and incentivize more accurate and timely utility performance in billing for CDG. Any proposals for utility CDG billing metrics, including negative revenue adjustments and reporting, shall come back before this Commission for consideration prior to implementation or adoption.

The Commission orders:

1. The Secretary shall, within 30 days of the effective date of this Order, issue a notice convening an initial stakeholder conference focused on developing Community Distributed Generation crediting and billing performance metrics and a negative revenue adjustment mechanism, as discussed in the body of this Order.

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 Utilities, Inc., and Rochester Gas and Electric Corporation shall, within 30 days of the effective date of this Order, file Implementation Plans detailing the progress toward automation of crediting and billing of Community Distributed Generation. The Implementation Plans shall, at a minimum, include: (1) the current billing system constraints preventing full CDG billing automation; (2) the billing system changes necessary to effectuate automated CDG billing; and (3) the steps and timeline to achieve full automation of CDG billing. Updates to the Implementation Plans shall be made quarterly until automation efforts are completed, consistent with the discussion in the body of this Order.

3. 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.

4. These proceedings are continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary