July 13, 2015

Via Electronic Mail

Hon. Kathleen H. Burgess
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New York State Public Service Commission
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Re: Proceeding on Motion of the Commission as to Multiple Generation Facilities at Host and Satellite Locations Under Remote Net Metering Tariffs Case 15-E-0267

Dear Secretary Burgess,

Please find reply comments of the Solar Energy Industries Association, New York Solar Energy Industries Association, and the Alliance for Clean Energy filed in response to the Commission's Proceeding on Motion of the Commission as to Multiple Generation Facilities at Host and Satellite Locations Under Remote Net Metering Tariffs.

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STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to

Multiple Generation Facilities at Host and Satellite

Locations Under Remote Net Metering Tariffs   Case 15-E-0267

REPLY COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCATION, THE NEW YORK SOLAR ENERGY INDUSTRIES ASSOCIATION, AND THE ALLIANCE FOR CLEAN ENERGY

The Solar Energy Industries Association (SEIA), the New York Solar Energy Industries Association (NYSEIA), and the Alliance for Clean Energy (ACE NY), together the Parties, respectfully submit these comments in response to comments filed by the Joint Utilities on June 29, 2015 in Case 15-E-0267.[1] In their comments, the Parties made recommendations to improve remote net metering (RNM) tariffs to better align the tariffs with statute and further animate the distributed energy resource (DER) market. Namely, the Parties recommend that the Commission require utilities to allow satellite accounts to be served by multiple host systems and allow customers with onsite net metering systems to also receive net metering credits from RNM facilities. However, the Joint Utilities assert that the Commission should not require these tariff improvements for two reasons: 1) improvements would increase an unproven cost-shift from RNM to non-RNM customers and 2) the administrative burden resulting from more flexibility in the tariff would be significant. The Joint Utilities assert the Commission should wait until a long term approach to support deployment of DER has been established before making incremental regulatory reforms.[2] Further, the Joint Utilities assert that if RNM tariffs are reformed, the

[1] Initial Comments of the Joint Utilities, June 29, 2015 (Case 15-E-0267)
[2] Id. at 4

Commission should implement a set of discriminatory charges and changes to RNM credits that would, in effect, undermine the RNM improvements.[3]

The regulatory reforms being considered in this proceeding are the very type of incremental reforms necessary to increase customer participation and attract new investment to scale up DER as envisioned by the Reforming the Energy Vision (REV) proceeding. Therefore, the Commission should adopt the recommended improvements to RNM tariffs put forth in the Parties' initial comments, and reject the Joint Utilities' attempts to block or undermine such improvements.

Established in 1974, SEIA is the national trade association of the United States solar energy industry and is a broad-based voice of the solar industry in New York. Through advocacy and education, SEIA and its 1,000 member companies are building a strong solar industry to power America. There are 70 SEIA member companies in operation in New York working in all market segments – residential, commercial, and utility-scale – many of which engage in RNM solar project development. In addition, SEIA member companies provide solar panels and equipment, financing and other services to a large portion of New York solar projects.

Founded in 1994, NYSEIA is a statewide membership and trade association dedicated solely to advancing solar energy use in New York State. NYSEIA strives to achieve significant, long-term and sustainable growth of solar energy adoption in New York State.

ACE NY is a nonprofit membership organization whose mission is to promote clean energy, energy efficiency, a healthy environment and a strong economy for New York State. Our diverse coalition includes energy efficiency companies and renewable energy companies active in the wind, solar, hydro, sustainable biomass and biogas, and fuel cell industries. Our members also include environmental organizations, academic institutions, and consultants to the energy sector. ACE NY strongly supports net metering for clean, on-site power generation. We have participated in both legislative initiatives and Commission proceedings regarding net metering for many years, and we look forward to participating in a broader discussion regarding the long-term role of net metering in the REV proceeding.

[3] Id. at 9

1. **The Commission Should Reject the Joint Utilities' Assertion that RNM Tariffs Should Not be Improved**

The Joint Utilities object to RNM tariff improvements on the basis that a cost-shift exists between RNM and non-RNM customers, and due to an unwillingness to make administrative adjustments to billing practices.[4] Further, the Joint Utilities assert that incremental regulatory reforms should not be made to further animate the DER market until a long term approach to driving DER deployment has been established by the Commission.[5] The Joint Utilities' reasoning is unfounded and obstructive to the objectives of REV, and therefore should be rejected.

a. **The Joint Utilities' Assertion That RNM Tariffs Should Not be Improved Is Based on a Cost-Shift that Has Not Been Proven to Exist**

The Joint Utilities assert that RNM tariffs should not be improved to animate markets and align the tariffs more closely with statute because such changes would increase a cost-shift from RNM to non-RNM customers.[6] However, the Joint Utilities provide no evidence that a cost-shift exists, let alone that the alleged cost-shift would increase as a result of tariff improvements. Instead, they rely merely on a naked assertion that RNM is a subsidy, and ignore the multiple studies showing that retail rate is a fair proxy for the value of distributed solar.[7]

Further, the Joint Utilities improperly raise the issue of whether net metering is a fair proxy for the value of DER in this proceeding. The best practice for determining the value of distributed resources, which has been established in public utility commissions throughout the country and is consistent with longstanding principles of ratemaking, is to conduct a proper cost benefit analysis that takes into account the full costs and benefits of distributed generation to the system as a whole.[8] This should be done on the record in a venue with sufficient procedural safeguards to ensure a comprehensive analysis and due process for all stakeholders. Thus, the Joint

[4] Id. at 6
[5] Id. at 4
[6] Id. at 4, 6
[7] Id.; For a compilation of the various studies on the value of solar, see http://www.seia.org/policy/distributed-solar/solar-cost-benefit-studies
[8] See A Regulator's Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation http://www.irecusa.org/2013/10/experts-propose-standard-valuation-method-to-determine-benefits-and-costs-of-distributed-solar-generation/ (IREC, 2013) ; See A Review of Solar PV Benefit and Cost Studies http://www.rmi.org/elab_empower (Rocky Mountain Institute, 2013)

Utilities' assertion should be rejected because it is based on the assumption of a cost-shift that has not been shown to exist and that is improperly raised in this proceeding.

b. The Commission Should Not Allow the Joint Utilities to Obstruct Regulatory Reform Because they are Unwilling to Make Adjustments to their Billing Processes

The Joint Utilities assert that RNM tariffs should not be improved because improvements would require administrative changes to their billing processes.[9] While the Parties recognize that regulatory reform will require changes to utility business practices, some of which will place temporary administrative burden on utilities, this is insufficient justification for not pursuing incremental regulatory reforms.

The Commission has set forth an ambitious agenda for a comprehensive regulatory overhaul that, if carried forth, has the potential to unleash significant capital and establish New York as a global leader in DER development. However, regulatory reform will require administrative changes on the part of utilities. In fact, the utilities have proposed to act as the very platform for the new DER marketplace (the DSP).[10] As the DSP, the utilities will be required to undergo radical changes to how they conduct business, including changes to internal processes. The Commission should not set an early precedent of allowing temporary administrative burden to slow or impede the regulatory reforms necessary to achieve the objectives of REV.

In any event, the Parties question whether the allowance of a customer account to be served by more than one host system would impose more than an incidental additional burden on utility billing personnel. The change simply requires that the output from an additional Remote Net Metering facility or facilities be tracked and properly allocated to the designated host account.

Therefore, the Joint Utilities' assertion that improvements to the RNM tariffs should not be adopted because they will require changes to internal billing processes should be rejected.

c. The Commission Should Reject the Joint Utilities' Assertion that Incremental Regulatory Reforms Should Not be Made

Finally, the Joint Utilities argue that changes to RNM tariffs should not be made until the Commission has examined net metering and established a long-term vision for supporting

[9] Id. at 6
[10] See Order Adopting Regulatory Policy Framework and Implementation Plan (Case 14-M-0101) at 45

DER.[11] Not only is this argument misleading because it relies on the assumption of an unproven cost-shift to suggest that net metering should not support DER moving forward, but the argument also runs counter to the principle of incremental regulatory reform upon which REV is based. While the Parties support the Commission's vision for a sustainable DER market driven by increased customer participation and innovation, this vision cannot be achieved unless DER is scaled up in the near term through regulatory reforms that can be implemented now to attract new customers and capital. The RNM tariff improvements are one such set of regulatory reforms that promise to increase customer participation and bring additional capital into the market in the near term, which will drive innovation and reduce costs, laying the foundation for the next phase of market development.

Therefore, the Commission should adopt the improvements to the RNM tariffs recommended by the Parties and reject the Joint Utilities' efforts to delay regulatory reform.

2. The Commission Should Reject the Joint Utilities' Recommendations for Discriminatory Rate Changes and Fees, as Such Changes Would Undermine the Reforms Being Considered in this Proceeding

The Joint Utilities make three recommendations if RNM tariff improvements are made: 1) implement a "wheeling" fee to address remote net metered customers' use of the grid; 2) change the remote net metering credit to a generation based credit; 3) determine that "rate per kilowatt hour" apply to some component of the charges that is less than the full retail rate.[12] These changes constitute discriminatory rate changes and fees that would discourage further adoption of DER and undermine the very purpose of the RNM tariff improvements. Further, the ad hoc rate changes recommended by the Joint Utilities would amount to single-issue ratemaking for DER customers outside the context of a rate-case that, if implemented in this proceeding, would fly in the face of longstanding ratemaking practices.

Therefore, the improvements to RNM tariffs recommended by the Parties should be adopted, and the discriminatory rate changes and fees recommended by the Joint Utilities should be rejected.

[11] Initial Comments of the Joint Utilities, June 29, 2015 (Case 15-E-0267) at 4-5
[12] Id. at 9

CONCLUSION

The Parties appreciate the opportunity to respond to the comments of the Joint Utilities, and urge the Commission to adopt the RNM tariff changes recommended in its initial comments, as these changes are the very type of incremental regulatory reforms needed to build a robust DER market.

Respectfully submitted on July 13, 2015

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