April 2, 2015

Honorable Kathleen H. Burgess
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 14-E-0151– Petition of Hudson Valley Clean Energy, Inc. for an Increase to the Net Metering Minimum Limitation at Central Hudson Gas & Electric Corporation
Case 14-E-0422– Petition of Solar Energy Industries Association, Alliance for Clean Energy New York, Vote Solar Initiative, Natural Resources Defense Council and The Alliance for Solar Choice to Clarify the Process for Utilities to Seek Relief from Net Metering Caps

Dear Secretary Burgess:

Please accept these comments on behalf of Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., Central Hudson Gas & Electric Corporation, Niagara Mohawk Power Corporation d/b/a/ National Grid, New York State Electric & Gas Corporation, and Rochester Gas and Electric Corporation (collectively, the "Joint Utilities") in response to the Notice Soliciting Comments on Transition Plan (the "Notice") issued by the Public Service Commission (the "Commission" or "PSC") on March 19, 2015.[1]

Resolution of the issues raised in these proceedings began with the Commission's direction to (i) change the credit calculation for remote net metered customers that are billed under non-demand (also referred to as "energy-only") rate classifications from a monetary to a

[1] Cases14-E-0511 and 14-E-0422—*Petition of Hudson Valley Clean Energy, Inc. for an Increase to the Net Metering Minimum Limitation at Central Hudson Gas & Electric Corporation, et al*., ("*Hudson Valley Clean Energy*"), Notice Soliciting Comments on Transition Plan, (issued March 19, 2015) (the "Notice").

volumetric basis, and (ii) require the utilities file tariff amendments.[2] Subsequently the Commission stayed the tariff filings,[3] and directed the Department of Public Service Staff ("Staff") to propose a transition plan ("Plan") addressing crediting methodology and grandfathering.[4] The Notice includes the Plan proposing criteria and deadlines to identify net metered projects to be grandfathered with respect to retention of the monetary crediting methodology and sets April 2, 2015, as the deadline for comments on the Plan.

The Joint Utilities first restate their support for the Commission's decision to change from a monetary credit methodology to a volumetric credit methodology for remote net metered accounts assigned to energy-only rate classifications, to address the unintended consequences of over-valuing net metering credits at those locations.[5] With respect to grandfathering, the Joint Utilities restate their comments that any expansion of grandfathered status beyond what was initially defined by the Commission increases the subsidization by non-net metered customers.[6] The Joint Utilities re-emphasize that grandfathering status should only be applied to *customers* who have been granted a waiver by the PSC because they relied on a tariff to make an economic decision.

With respect to the Plan, the Joint Utilities believe that the second criterion for grandfathering under the May 1, 2015 deadline by which net metered projects may retain monetary crediting at otherwise-qualifying remote net metered locations is incorrectly stated. The Plan refers to "Projects for which *developers* [emphasis added] have submitted a completed preliminary interconnection application to the relevant utility." Per the New York State

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[2] *Hudson Valley Clean Energy*, Order Raising Net Metering Minimum Caps, Requiring Tariff Revisions, Making Other Findings, and Establishing Further Procedures, (issued December 15, 2014).
[3] The PSC did not stay the requirement that the utilities file tariff amendments to increase the net metering purchase cap to six percent from three percent of 2005 load.
[4] *Hudson Valley Clean Energy*, Order Staying Prior Order in Part (issued February 27, 2015).
[5] *Hudson Valley Clean Energy*, Letter, dated February 17, 2015, filed by the Joint Utilities.
[6] *Id*.

Standardized Interconnection Requirements and Application Process for New Distributed Generators 2 MW or Less Connection in Parallel with Utility Distribution Systems dated February 2014 (the "SIR"), an applicant for interconnection under the SIR must be a utility customer or an agent acting on behalf of a utility customer with the customer's express authorization to do so. The applicant cannot be merely a developer looking to secure a place in the utility's interconnection queue with the intent to later identify a specific utility customer of record. To allow such a practice, inconsistent with the SIR, allows developers to game a system that was designed to protect customers' interests and not those of the development community at large.[7] The Joint Utilities urge the Commission to replace "developers" with "customers" in the second requirement under the "By May 1, 2015" list of conditions.

Additionally, with respect to the Plan, the Joint Utilities suggest that a term of twenty years for the grandfathering period is too long and should be limited to seven years. While there is little transparency into the contractual arrangements between customers and developers installing solar, based upon actual and anecdotal information, average payback periods for net metered solar PV installations are often cited as being between three and seven years. The high level of subsidy afforded customers who are allowed to continue the rate arbitrage should allow customers to recoup their investment more quickly than average. The Commission has already correctly set the course to end rate arbitrage. Grandfathered customers should revert to whatever rate treatment is afforded behind-the-metered remote net metered resources seven years from the project in-service date. Allowing the rate arbitrage to continue beyond seven years will serve

[7] For example, if developers are allowed to occupy space in the interconnection queue, a scenario could arise where multiple speculative applications from developers may exist for the same feeder and a subsequent customer application for the same feeder with a project ready to go may have to bear significant costs if the customer's proposed project is the one that triggers feeder impacts.

only to enrich customers or developers who have already recovered their investments, at the expense of non-net metered customers.

Lastly, the Joint Utilities suggest that a project in-service date of December 31, 2016, some twenty-one months away, is too distant to be eligible for retention of monetary crediting. One of the attributes of distributed solar PV often touted by the industry is that it can be installed relatively quickly with modest permitting requirements. As such, customers who are making decisions now about investing in solar PV or other forms of eligible distributed generation should be able to have resources installed in one year or less. The Joint Utilities suggest that the Commission limit grandfathering to those eligible resources in service by March 31, 2016.

Respectfully submitted,

By Susan Vercheak*
On Behalf of the Joint Utilities

*Admitted Only in New Jersey