December 10, 2020

VIA EMAIL to secretary@dps.ny.gov

Hon. Michelle Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, NY 12223-1350

RE: Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources & Matter 17-01277

Dear Secretary Phillips:

The July 16, 2020 New York State Public Service Commission ("PSC") "Order Establishing Net Metering Successor Tariff" (hereafter referred to as the "July Order") required the state's investor-owned utilities to submit draft tariff leaves and draft tariff statements related to implementing the newly established Customer Benefit Contribution ("CBC") charge by November 1, 2020.[1]

In compliance with the Order, the utilities filed the required materials for stakeholder review. The Clean Energy Parties[2] have reviewed these submissions and submit the following questions to Department of Public Service ("DPS") staff and to the utilities in this case.

Our questions fall into three categories: 1) the programs the utilities are including when calculating the CBC charge; 2) the applicability of the CBC to non-residential, demand metered customers; and 3) specific questions about the calculations themselves.

This limited set of questions could serve as the basis for continued stakeholder discussions of the Rate Design Working Group that are described by the July Order.[3] We recommend DPS staff begin those discussions in January 2021.

[1] New York State Public Service Commission, "Order Establishing Net Metering Successor Tariff" July 16, 2020. At 30.
[2] Solar Energy Industries Association, Alliance for Clean Energy New York, Coalition for Community Solar Access, Natural Resources Defense Council, New York Solar Energy Industries Association, and Vote Solar.
[3] New York State Public Service Commission, "Order Establishing Net Metering Successor Tariff" July 16, 2020. At At 29 & 30.

1) Programs Included in the CBC Calculations

a. The July Order required the utilities to calculate the CBC charge "based on collections for the Utility Low Income Programs, the Utility Energy Efficiency Programs, and the Clean Energy Fund, including NY-Sun and the New York Green Bank."[4] Furthermore, updates to the CBC will be based on "changes to the collections for the public benefit programs from non-NEM customers" and the PSC described a CBC "based specifically on public benefit programs as an appropriate first step."[5] However, the utility filings appear to add additional components to the charge. Each utility filing includes charges for a Dynamic Load Management ("DLM") program, which is a demand response and peak shaving program and generally not considered an energy efficiency effort. Including this component creates a material difference in the CBC charge for PV customers. Why was the DLM program included in the calculations for all utility filings?

b. The July Order explicitly states that "[t]he Commission adopts Staff's proposal to begin *recovery of public benefit program costs from mass-market customers installing solar PV through the application of a monthly CBC charge* …. The CBC … ensure that certain Phase One NEM customers *fairly contribute to these important programs*." Nonetheless, the utility filings include revisions to the revenue decoupling mechanisms ("RDM"). This raises two questions: (1) is any part of the RDM used to calculate the CBC in the utility filings; and (2) as filed, does the CBC provide any revenue for delivery service? As directed by the Commission, the CBC should only fund public benefit program costs.

2) Demand Metered Customers

a. The utility filings calculate CBC charges for non-residential customers (i.e. service classifications other than SC 1), including demand-metered customers, which are generally on the same order of magnitude as the calculated CBC for residential customers. This is inconsistent with the Commission's own view in the July Order where it states that non-residential, demand-metered customers "receive compensation from Phase One NEM that is much more aligned with utility costs than non-demand-metered customers, since the delivery portion of their bill is primarily based on a demand charge that is only reduced by distributed generation to the extent that the generator actually lowers the customer's demand."[6] and is echoed by the joint utilities in their comments responding to DPS's December 9, 2019 white paper, where they state that demand-metered

[4] Ibid. At 26 & 27.

[5] Ibid. At 24.

[6] Ibid. At 15.

customers "should not pay the CBC because properly designed demand charges should reflect customer benefit costs", and that any implemented CBC for this class of customers "should reflect any remaining delivery and customer benefit costs not captured in the demand charge structure applicable to these customers."[7] Why then are the CBC values for service classifications relating to demand-metered customers (e.g. SC 9 in Con Edison) non-zero in magnitude and calculated using the same exact methodology as those for residential customers?

3) Specific Questions on the Calculations

a. The July Order directs the utilities to calculate "the amount collected for each public benefit program from non-NEM customers in the appropriate service class on a $/kWh basis."[8] Do the calculations presented in the utility documents exclude the collections from existing NEM customers?

b. The PSC's July Order only determined the percentage of the CBC assigned to one rate design and two compensation options, mass market PV customers choosing standard rates[9] – these customers pay 100 percent of the CBC charge – and mass market PV customers choosing the value stack – these residential or small commercial customers pay 50% or 30% of the CBC charge respectively. However, several utility filings appear to calculate CBC charges to a much broader range of projects, including but not limited to all on site-solar PV projects for various rate designs, and as well as non-solar PV projects regardless of rate design. How did the utilities calculate these charges, what were the components of the charges, for both PV adopters and non-PV NEM technologies?

c. The July Order says "[t]hat program budget shall be first allocated to the individual service classes based on the percentage of delivery revenue assigned to each service class from the most recent approved utility rate case filing." These allocation percentages are typically predetermined. However, in Con Edison's filing the percentages are calculated in the "PubPolicy" tabs of the submitted workbook. Please explain.

Please direct any questions on this letter and the following questions to David Gahl at dgahl@seia.org or at (518) 487-1744.

---

[7] Joint Utilities of New York, "Joint Utilities Initial Comments on Staff Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff", February 24, 2020. At 14.
[8] New York State Public Service Commission, "Order Establishing Net Metering Successor Tariff" July 16, 2020. At 30. At 27.
[9] Ibid. See July Order, Appendix A.

On behalf of the Clean Energy Parties, respectfully submitted by,

David Gahl

David Gahl
Senior Director of State Affairs, Northeast
Solar Energy Industries Association