

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

- CASE 15-E-0751 - In the Matter of the Value of Distributed Energy Resources.
- MATTER 17-01276 - In the Matter of the Value of Distributed Energy Resources Working Group Regarding Value Stack.
- MATTER 17-01277 - In the Matter of the Value of Distributed Energy Resources Working Group Regarding Rate Design.
- MATTER 17-01278 - In the Matter of the Value of Distributed Energy Resources Working Group Regarding Low and Moderate Income Customers.

NOTICE OF INITIAL SCOPES FOR PHASE TWO WORKING GROUPS

(Issued July 28, 2017)

On July 20, 2017, a Notice Regarding Working Group Process and Filings was issued in the above-referenced proceedings. The Notice provided details on the next steps in the Working Group process, including the opportunity to provide input on issue prioritization, followed by the announcement of initial scopes for the Working Groups, and the deadline for stakeholders to declare their active participation. Subsequently, a Notice of Next Working Group Meetings and Extension to Declare Active Participation was issued on July 26, 2017.

PLEASE TAKE NOTICE that the initial scopes for each Phase Two Working Group are attached as Appendices A (Value Stack), B (Rate Design), and C (Low and Moderate Income Customers). As a reminder, stakeholders should declare their commitment to actively participate by July 31, 2017 via email to the respective addresses for the Working Groups (i.e.

CASE 15-E-0751 et al.

[ValueStackWG\\_VDER@dps.ny.gov](mailto:ValueStackWG_VDER@dps.ny.gov) for the Value Stack Working Group, [RateDesignWG\\_VDER@dps.ny.gov](mailto:RateDesignWG_VDER@dps.ny.gov) for the Rate Design Working Group, and [LMIWG\\_VDER@dps.ny.gov](mailto:LMIWG_VDER@dps.ny.gov) for the Low and Moderate Income Customer Working Group).

Any questions may be directed to Jalila Aissi at (518) 474-5368 or [Jalila.Aissi@dps.ny.gov](mailto:Jalila.Aissi@dps.ny.gov).

(SIGNED)

KATHLEEN H. BURGESS  
Secretary

**Appendix A: Initial Scope for Value Stack Working Group**

Listed in Order of Priority

1. Expanding Eligibility
  - a. Fastest Track: Determine Non-Phase 1 technologies that may be eligible for existing Value Stack (or elements thereof) before any changes need to be made to the existing Value Stack methods:
    - i. Stand Alone Storage (LBMP, ICAP, DRV/LSRV)
    - ii. Tier 1 Eligible Technologies that were not Phase 1 NEM eligible-- e.g. biogas, biomass, liquid biofuel, tidal/ocean (E, LBMP, ICAP, DRV/LSRV)
    - iii. Storage combined with technologies in ii., above, subject to same VDER rules as storage combined with Phase 1 NEM technologies.
    - iv. Any non-Tier 1 REC technologies that require no changes to the existing Value Stack methods--list to be determined
  - b. Non-Phase 1 technologies that require changes to existing Value Stack before receiving access to it
    - i. Technologies that are more environmentally damaging than non-Tier 1 bulk system power;
    - ii. Other
  - c. Projects Greater than 2 MWs (being addressed in Phase 1 Implementation Comments)
2. Improving Existing Value Stack Elements
  - a. DRV/LSRV
    - i. New approach to distribution MCOS studies
    - ii. Existing vs. New Resources
      1. MW Caps on DRV/LSRV
      2. What would trigger new LSRV area (e.g. resource loss, demand growth)
  - b. E (Adjustments to improve on existing Tier 1/SCC valuation and commitment term)
    - i. Potential modifications in the event that carbon is incorporated into wholesale pricing (in addition to RGGI)
  - c. ICAP
  - d. LBMP
    - i. Day ahead vs. real time
  - e. Losses

3. Adding New Elements to the Value Stack
  - a. Environmental avoided cost/value not in the current Tier 1 REC Value (or outright replacement of Tier 1 REC Value with multiple elements, including time differentiated externalities)
  - b. Distribution avoided cost/values not reflected in improved DRV/LSRV
  - c. Any other values not reflected in the current value stack that should be reflected in the Value Stack price signal
  
4. Process (applicable to all subgroups)
  - a. How to define and obtain data/work papers/information from utilities and others to enable progress
  - b. Should there be testimony/hearings for certain issues and if so, which and when?
  - c. How to manage multiple issue groups here and in rate design working group

#### **Suggested Near Term Subgroups**

- A. Fast Track Eligibility (No change to the Value Stack required prior to eligibility)
  - a. Process Issues
  - b. Legal Issues (if any)
  - c. Implementation Issues
  - d. Specific facility types to add to eligibility list on fast track basis
  
- B. DRV/LSRV Studies Required
  - a. Process Issues
  - b. Substance
  - c. Timeline
  - d. Provider(s)
  
- C. Studies Required to Improve/Replace/Supplement Existing "E" Value
  - a. Process Issues
  - b. Substance
  - c. Timeline
  - d. Providers

**Appendix B: Initial Scope for Rate Design Working Group**

Listed in Order of Priority

1. Contribute to the development of the Track 2 Order Report – due October 1, 2017 – Staff report to the Commission regarding the scope, feasibility, and deliverables of a potential study of bill impacts of mass market default rate design reforms
  - Consider existing and new VTOU rates, Smart Home Rates, Demonstration Projects and AMI rate pilots
2. Develop Mass Market NEM Transition in January 2020 Report – due December 2018
  - Evaluation of the currently-in-effect VDER and the implications for mass market customers
  - Development of optional and/or new default rates for Mass Market prosumers
  - Discussion of the criteria to be met before mass market customers should be transitioned to VDER and if such an approach should be adopted
  - Discussion of market and customer impact studies of proposal
  - Methods to provide equal compensation for reduced consumption and injected generation when appropriate
    - Consider existing and new VTOU rates, Smart Home Rates, Unbundling of Services, Pricing of externalities and all other Value Stack components into default retail rates
3. Develop a framework for the development and consideration of grid access charges, non-bypassable fees, or other methods to mitigate costs posed on non-participants
  - Calculation and application of standby charges
  - Development of optional rates for VDER participants
4. Commercial & Industrial Rate Reform:
  - Consider making C&I rates more peak-sensitive by changing the determinants, such as peak-to-off-peak ratio that influence customer decisions
  - Examine application of minimum demand charges
  - Aligning demand charges with system peak instead of customer peak
  - Methods to provide equal compensation for reduced consumption and injected generation when appropriate

- o Consider existing and new VTOU rates, Smart Home Rates, Unbundling of Services, Pricing of externalities and all other Value Stack components into default retail rates

Process (applicable to all issue groups)

- Sub-groups to be determined for each issue based on discussion of working group. Identify topics that could be resolved quickly before moving to more technical and challenging issues.
- How to define and obtain data/work papers/information from utilities and others to enable progress
- Should there be testimony/hearings for certain issues and if so, which and when?
- How to manage multiple issue groups here and in Value Stack working group

Suggested Near Term Subgroups

- Stakeholder input to October 1, 2017 DPS Staff Report to the Commission regarding the scope, feasibility, and deliverables of a study of bill impacts of mass market default rate design reforms
- Scope and deliverables for any analytical study(ies) to inform December 2018 Report on Mass Market NEM Transition

**Appendix C: Initial Scope for Low and Moderate Income Customer  
(LMI) Working Group**

Listed in Order of Priority<sup>1</sup>

1. Interzonal CDG Credits
  - a. The Commission's Order specifically required review of this topic
2. LMI Adders
  - a. LMI value stack adder to encourage LMI inclusion
  - b. Consideration of an Environmental Justice adder
  - c. Funding source/who pays
3. Role of NYSEERDA Solar Programs
  - a. Coordinating NYSEERDA incentives and programs with VDER tariffs
  - b. Establishing goals for MW of installed CDG serving LMI customers
4. Eligibility Determination/Enrollment Mechanisms
  - a. Further refinement and segmentation of the definitions of "LMI" and "economically disadvantaged communities"
  - b. Solutions to address high LMI subscriber churn rates
  - c. Treatment of master-metered buildings with LMI tenants
  - d. New methods to determine LMI eligibility
  - e. Leveraging CCA Programs
5. On-bill Financing
  - a. Investigation of a Pay-As-You-Save type approach
6. Utility Ownership
  - a. Circumstances under which utility ownership of DERs should be permitted

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<sup>1</sup> Note: An effort has been made to identify all topics suggested by parties; however, Staff intends to focus on the top three to be addressed first. Topics need not be addressed sequentially, and work on more than one topic can be pursued concurrently.