



Department  
of Public Service

**Matter 17-01278**

**Staff VDER Team CDG Proposal Framework**

**Presentation to VDER LMI Working Group**

**November 6, 2017**

# Ordering Clause from 3-9-2017 Order

17. In consultation with stakeholders, Staff shall develop and file, by September 1, 2017, a Low-Income CDG Proposal, which shall include, at a minimum, information developed through the CDG Low Income Customer Collaborative, a report on the feasibility of an interzonal CDG credit program, and discussion of the other options to encourage and support low-income customer participation discussed above. (pp. 155-156).

# Interzonal Credit

- Not strictly a low income issue, will be addressed in Value Stack WG

# CDG as a Low Income Solution

- Unlikely to provide electricity to broad segments of low income population
- Not the least-cost approach to affordability
  - Remains a relatively expensive resource
  - Energy efficiency more cost-effective
- Must support Commission's goal to address inequities/ encourage low-income participation in CDG
  - Not likely to become a major initiative

# Low Income Incentive

- Existing utility low income program participants may commit up to 50% of their low income discount toward the cost of CDG subscription fees
  - Monthly discounts will range from \$4 (Tier 1, NYSEG/RG&E) to \$76 (Tier 3, O&R)
  - Per customer/month, not per kWh
  - Utility pays subscription fee portion of discount directly to developer
    - Provides revenue certainty
    - Creates no new subsidy

# Low Income Incentive (cont'd.)

- Subscription fee goes to developer as incentive to serve low income market
  - Portion of fee could also offset energy charges
  - No incentive for low income subscriber
  - Benefit of solar subscription (VS+MTC) is the customer incentive
- Low income participants covered by a rate cap (held harmless)
  - Costs (including subscription fees) may not exceed *discounted* utility rate

# Is this a Material Incentive?

| Company        | Tier 1       | Tiers 2/4    | Tier 3       |
|----------------|--------------|--------------|--------------|
| Central Hudson | Probably Not | Maybe        | Likely       |
| Con Edison     | Probably Not | Probably Not | Probably Not |
| National Grid  | Probably Not | Maybe        | Likely       |
| NYSEG          | Probably Not | Maybe        | Maybe        |
| O&R            | Maybe        | Maybe        | Likely       |
| RG&E           | Probably Not | Probably Not | Probably Not |

\*Subscription fee can be higher than discount portion

# Expanding Participation

- Developers may seek out customers who are not enrolled in utility low income programs, but are income-eligible (60% or less of State Median Income (SMI))
  - Potential role for CBOs
    - Fees for service negotiated between developer/CBO
  - Income qualifications to be verified through NYSERDA-administered process
  - Qualified customers will be enrolled in utility low income discount program and can pledge discount
    - Helps expand reach of utility low income discount programs as well
- All participants subject to annual recertification
  - Income-ineligible participants may continue as non-low income subscribers
  - Or, waiting list to replenish low income subscriptions (utilities & CBOs)
    - Reduces customer acquisition costs associated with customer “churn”



# NYSERDA Programs

- Implement proposed Low Income Community Solar Initiative
  - NYSERDA model flexible/adaptable to the broader policy framework
  - can integrate the bill discount adder
    - Potentially provides utility low income program cost offset
    - Addresses some utility concerns

# NYSERDA Income Verification Service

- Verify income eligibility of expansion participants
- NYSERDA already contracts this service for its income-verified programs
  - Incremental costs unknown but should not be large
  - NYSERDA examining ways to lower costs
  - need to determine whether contractor could handle annual recertification

# Loan Guarantee/Loss Reserve

- Funds would be available to cover losses in the event of low income subscriber default
- Provides credit support and addresses perception of low income customer risk
- Addresses JU/NYC interest in focusing on financing barriers
- Initial funding level uncertain
  - Less than \$33 million (CEF fund balance)
  - Potentially could be assumed by Green Bank
  - Could other kinds of financial institutions provide these services?

# Collecting/Reporting Payment Data

- Goal is to limit use of FICO as a qualification requirement
  - Collecting payment history for low income CDG customers could help improve low income access
  - Information about underwriting requirements and payment performance may also be available from SEC filings of publicly traded CDG companies (e.g., NRG, Tesla)
- Q: What data would be valuable?
  - What sample size would be compelling (500 customers? 5,000 customers?)
  - What length of time is needed for meaningful results (1 year? 5 years?)

# Environmental Justice Component

- EJ “adder” could facilitate EJ project development/low income subscription
- Not necessarily linked to electric facilities
  - Landfills, industrial plants, truck depots
- Gentrification – not necessarily low income
- Needs more work
  - Further development in VS Working Group
    - Estimate of EJ value
    - Eligibility -- CDG sited in EJ (or only in generation) area? Serving customers (or low income customers) residing in EJ area? Both?
    - How to allocate between developer/customer
    - Where does the \$\$ come from?
  - Potential to be a true value stack item and not an “adder”

# Further Process

- Staff anticipates seeking additional 30 day extension (to December 15, 2017)
- Handal Order requires Staff to work through VDER Working Groups to lower barriers for master-metered buildings to participate in DER
- CCA + CDG not explicitly prohibited
  - Consolidated billing -- under consideration
  - 1,000 kWh annual usage subscription threshold – separately proposed in VS WG
- Additional LMI Working Group meetings needed?

# Questions?

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