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John B. Rhodes, Chair

**Contact:**

Jon Sorensen | Jon.Sorensen@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

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## **Expanding Access to Clean Energy, New York Begins New Compensation for Solar Power and Other Distributed Energy**

**— Public Service Commission unveils plans to increase size of community solar projects, reduce development costs —**

**ALBANY** — The New York State Public Service Commission (Commission) today announced New York State will see greater investment in clean, distributed energy systems thanks to a new compensation system based upon the value that these facilities bring to society and the electric grid. The New York State Public Service Commission approved an implementation plan for this mechanism, including plans to increase the size -- and reduce the development costs -- of community solar projects.

“Expanding access to cost-effective, clean energy is a primary goal of New York’s Clean Energy Standard, which will create enough renewable energy to meet half of the state’s electricity needs by 2030,” said **Commission Chair John Rhodes**. “The new compensation mechanism will spur the development of solar power, energy storage and other localized forms of electric generation.”

The new Value of Distributed Energy Resources (VDER) compensation system takes the first step in moving beyond net energy metering, which has served as a instrumental component of the emergence of renewable and distributed energy systems over the past decade. Uniquely, the VDER mechanism will be more accurate in determining the values that these systems bring to the grid and society, including, for the first time, locational and environmental benefits.

In the next phases of the Value of DER proceeding, this compensation system will be further improved to not only increase the accuracy of recognizing DER attributes and spur even greater investment in these distributed energy systems and the state’s thriving clean energy economy. Rhodes said Distributed Energy Resources (DER) offer tremendous value to the electric grid, but until now developers were not paid an accurate price for the electricity generated by solar projects and other forms of DER.

To ensure a smooth transition to the new value-based compensation model, solar and other distributed energy systems installed before March 9, 2017 will continue to remain on net energy metering compensations and receive the net metering credits that they have received in the past for the life of their system. For homeowners and small commercial customers that install solar or other small, distributed systems between March 9, 2017 and January 1, 2020, they will be compensated through net energy metering for a period of 20 years. All other systems installed after March 9th will be placed onto the new VDER compensation system after the utilities file final calculations and tariffs, which will take effect November 1st.

In today's order, the Commission also took the next steps towards expanding the size of solar projects (from a maximum of two megawatts to five megawatts) in order to help lower development costs and increase the competitiveness of the emerging community solar market. Following the further analysis by utilities, stakeholders and Department of Public Service Staff, the Commission anticipates considering final action early next year.

Building on the tremendous growth in solar energy – nearly 800 percent since 2011 under the leadership of Governor Andrew M. Cuomo – the implementation plan also:

- establishes the first compensation values for energy storage (battery) systems when those systems are combined with eligible forms of DER. Today's order also requires utilities to work with the state to integrate storage into the electric grid;
- requires CDG developers to send customers regular reports summarizing the value and benefits of their membership in a CDG system, including their share of the kilowatt hours produced and the total bill credits they received; and,
- reduces costs and membership fees for CDG customers.

The order is the result of a year-long collaboration with more than 20 meetings and dozens of exhibits filed between state agencies, environmental advocates, utility representatives, consumer advocates and the providers of solar and other forms of DER technology. It establishes the first phase of a multi-year effort to create a more market-driven approach to optimizing the use of clean, distributed energy systems. Over the coming months, these same parties will participate in a second phase to further refine the values that DER provide to the energy system.

The NEM mechanism, first adopted in 1997, required substantial reform given the changing needs of today's electric system. According to industry, environmental and consumer advocates, previous NEM regulations have limited the scope of investment in clean energy systems that give customers more control over their energy costs and use.

The Commission's action recognizes that NEM does not accurately reflect the values, services and other benefits provided by solar and other types of DER to the grid. The order determined that NEM "will neither encourage the high level of DER development necessary for developing a clean, distributed grid nor incentivize the location, design, and operation of DER in a way that maximizes overall value to all utility customers."

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 15-E-0751. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.

## **About Reforming the Energy Vision**

Reforming the Energy Vision is Governor Andrew M. Cuomo's strategy to lead on climate change and grow New York's economy. REV is building a cleaner, more resilient and affordable energy system for all New Yorkers by stimulating investment in clean technologies like solar, wind, and energy efficiency and generating 50 percent of the state's electricity needs from renewable energy by 2030. Already, REV has driven nearly 800 percent growth in the statewide solar market, enabled over 105,000 low-income households to permanently cut their energy bills with energy efficiency, and created thousands of jobs in manufacturing, engineering, and other clean tech sectors. REV is

ensuring New York State reduces statewide greenhouse gas emissions 40 percent by 2030 and achieves the internationally-recognized target of reducing emissions 80 percent by 2050. To learn more about REV, including the Governor's \$5 billion investment in clean energy technology and innovation, please visit [www.ny.gov/REV4NY](http://www.ny.gov/REV4NY) and follow us at @Rev4NY.