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Audrey Zibelman, Chair

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## **Public Service Commission Adopts Landmark Order to Value Distributed Clean Energy Systems**

**— Decision Moves New York Beyond Net Metering to More Accurate, Fair and Efficient Compensation Program —**

**— Reforms Benefit All New Yorkers by Boosting Solar Development and New York's Clean Energy Economy —**

**ALBANY** — The New York State Public Service Commission (the “Commission”) today approved an order enacting a new compensation structure to more accurately and efficiently value distributed energy resources installed in New York State. The order enables solar power, energy storage and other small, local clean energy systems to grow faster across New York, accelerating the opportunity for consumers to take control of their electricity costs and usage, supporting the clean energy economy. Today’s order advances New York’s Clean Energy Standard for half of the state’s electricity to be supplied by renewable energy by the year 2030.

“Under Governor Cuomo’s Reforming the Energy Vision (REV) initiative, we have adopted a series of orders that promote clean distributed energy resources,” said **Commission Chair Audrey Zibelman**. “Distributed resources offer tremendous value to the electric grid, but until now these values were not reflected in the energy prices paid to these resources. Today’s order will finally give distributed energy resources their due, and all New Yorkers will have a more efficient, secure and responsive electric system as a result.”

Large solar energy systems, known as Community Distributed Generation (CDG), will be among several forms of distributed energy resources (DER) that will benefit from today’s order. Approximately 70 proposed CDG projects will benefit immediately from today’s action and the number of CDG projects moving toward construction is expected to increase following action on additional steps in the coming months.

The Commission’s order is an important first step in moving beyond “net metering” (NEM) to an improved compensation system that recognizes the full and accurate value of DER, taking into account previously unquantified values including location and environmental benefits. The order is the result of a year-long collaboration 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.

**Commissioner Gregg Sayre (who has been designated interim Commission Chair effective today),** “Today’s order is an important milestone under New York’s Reforming the Energy Vision, or REV, strategy to build a cleaner, more resilient and affordable energy system for all New Yorkers. This innovative and nation-leading structure directly supports the modernization goals of REV to fight climate change, create new clean energy jobs and put greater control for energy use directly into the consumer’s hands.”

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 order 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.”

Taking deliberate and necessary steps to move away from the imprecise methodologies, the Commission’s order provides a smooth transition and maintains NEM for existing solar energy systems, as well as certain new solar and distributed power systems that will be installed between now and January 1, 2020 to serve residential and small commercial customers. The Commission’s order also asks the New York State Energy Research and Development Authority (NYSERDA) to develop plans to make available at least \$28 million in funds through New York’s Clean Energy Fund, if needed, to encourage CDG investment and development.

**John B. Rhodes, President and CEO, NYSERDA said,** “Today is a huge win for consumers, developers and the environment. New York’s solar market is thriving under Governor Cuomo’s leadership and the state is leading the nation in making it easier and more affordable to use clean, renewable energy systems that reduce our carbon footprint and create clean energy jobs.”

Building on the tremendous growth in solar energy – nearly 800 percent since 2011 under Governor Andrew M. Cuomo – today’s Commission action directs the necessary and foundational steps to move New York’s electric distribution grid toward realizing the benefits of clean, reliable, distributed and dynamic power sources. When combined with emerging data-driven technology and networks, DER will produce numerous benefits including consumer bill savings through improved system efficiency, the customer’s control of energy choices, a cleaner environment and greater private investment across the state in clean energy industries.

Existing rooftop solar systems, for instance, will continue to receive compensation under their current NEM contracts, while systems connected to the grid after the date of the Commission’s decision are eligible to receive NEM compensation for a period of 20 years, after which they will be eligible for the successive compensation system in effect at that time. Residential and commercial owners of systems that are currently compensated under NEM will also have the option to switch to the new and more accurate compensation structure approved today.

The Commission’s order recognizes that CDG systems provide opportunities to customers that prefer not to install solar directly on their property or face economic or geographic barriers to doing so. While the new Value of DER compensation system is implemented over the coming months, certain CDG projects will be eligible to receive compensation under NEM in order to support some of the projects already being developed. Moving beyond NEM, the new compensation mechanism is designed to

support the expansion of these community power solutions as price signals for DER are further refined.

The order also:

- Establishes compensation values, for the first time in New York, for energy storage (battery) systems when combined with certain types of DER;
- Requires utilities to submit work plans to develop locationally-based prices that reflect the full value of DER in their service territories;
- Limits incremental cost impact on non-participating customers in each utility service territory;
- Advances the state's efforts to bring CDG opportunities to low-income customers and neighborhoods, including consideration of a program that would permit the development of a CDG project outside of the utility service territory where the low income participants reside, enabling developers to take advantage of lower project costs;
- Directs the Department of Public Service Staff to issue recommendations on oversight of DER providers for the Commission's consideration in the same timeframe as implementation of the new compensation mechanism; and,
- Commences Phase Two of this proceeding to accelerate further improvements to the Value of DER methodology.

In a separate, but related decision today, the Commission reduced the minimum membership requirement for CDG projects proposed for multiple-unit buildings.

Responding to a petition submitted by the City of New York, Solar One, GRID Alternatives, Natural Resources Defense Council, the Association for Energy Affordability and the Environmental Defense Fund, the Commission will waive the previous ten-member minimum for CDG projects, opening more development of those projects in dense urban areas and better serving the needs of low-income communities. Supporters of the change argued that the accumulation of small projects in a large urban market could "yield significant quantities of installed solar capacity."

Today's decision 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 Number 15-E-0751 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. 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.