INTRODUCTION

On December 15, 2020, Department of Public Service Staff (Staff) filed the White Paper on Community Distributed Generation Banked Credits (White Paper), which includes recommendations intended to clarify and standardize banking rules under the Community Distributed Generation (CDG) program. Under the CDG program, credits are created each month based on an eligible generator’s injections of electricity into the utility’s distribution system and are distributed to subscribers through their utility bills. When the credits allocated to a subscriber in a particular billing period exceed the total amount of the subscriber’s utility bill for that same period, the excess credits, known as banked credits, remain on that subscriber’s account for use in future months. If a CDG
project’s generation is not fully allocated in a particular billing period, unallocated credits are applied to the CDG credit bank of the owner or operator of the resource, called the CDG Sponsor.

The White Paper presents recommendations intended to establish consistent rules for the treatment of credits in a subscriber’s bank when the subscriber either 1) closes the associated utility account or 2) cancels the subscription, thereby terminating participation in the CDG Project. Currently, the treatment of banked credits in these two situations varies among the utilities and, in certain cases, the credits may be forfeited.

In this Order, the Commission adopts the recommendations in the White Paper, with modifications. The Commission also clarifies other existing banking rules to provide consistency across utility tariffs, including the lifespan of banked credits and frequency of credit reallocation opportunities.

BACKGROUND

In the July 15, 2015 Order Establishing a Community Distributed Generation Program and Making Other Findings, the Commission established the conditions and requirements for structuring a CDG project.¹ An eligible generation resource, such as solar photovoltaic (PV), is interconnected behind a distribution utility meter and injects most or all of its

generation into the utility’s distribution system. The CDG Sponsor provides the utility with a list of subscribers, their corresponding account numbers, and the percentage of generation allocated to each subscriber. Each month, credits are created based on the generator’s injections of electricity and are distributed to the subscribers through their utility bills pursuant to their percentage allocation. CDG projects may be compensated either under the Value of Distributed Energy Resource (VDER) Phase One Net Energy Metering (NEM) as volumetric kilowatt-hour (kWh) credits that reduce the subscribers’ bills based on the subscribers’ per kWh rate, or the VDER Value Stack as monetary credits that reduce the subscribers’ bills based on the calculated value of the generation.

When the credits allocated to a subscriber in a particular billing period exceed the total amount of the subscriber’s utility bill for that same period, the excess are treated as “banked” credits which remain on that subscriber’s account for use in future months. Such credits are either monetary or volumetric kilowatt hour (kWh) depending upon the compensation method of the CDG project. As a result of the variable nature of both solar PV generation and residential electric usage, most CDG subscribers accrue a bank balance at some point during the year. If a CDG project’s generation is not fully allocated to subscribers in a particular billing period, unallocated credits are applied to the CDG Sponsor’s bank. The CDG Sponsor is then able to re-distribute those credits to subscribers over the following two years.

Staff and the New York State Energy Research and Development Authority have regularly met with stakeholders to discuss issues associated with billing and crediting for CDG
projects. One significant issue that arose through those discussions is the inconsistent treatment of credits in a subscriber’s bank when the subscriber either closes its utility account or cancels its subscription, thereby terminating its participation in the CDG project. Staff published the White Paper to address this issue and other related matters in an effort to establish consistency in the utilities’ implementation of the CDG program.

SUMMARY OF WHITE PAPER

The White Paper explains that, under the VDER tariff, a CDG project provides value to the utility by reducing ratepayer costs for non-participating ratepayers. The utility, depending on the situation, either allocates or banks credits on the respective subscriber or Sponsor accounts. The utility recovers the costs of the credits from those same non-participating ratepayers who benefit from the value. If the credits are later forfeited, non-participating ratepayers have received value but have not provided any compensation for that value. The White Paper recognizes this inappropriate cost shift in favor of the non-participating ratepayers, which is inconsistent with the designed compensation and incentive structure established by the Commission under VDER.

Presently, the Commission provides for the forfeiture of credits in very limited circumstances – when a CDG Sponsor fails to allocate banked credits within two years, or after 25 years for unused Value Stack monetary credits and 20 years for unused NEM Phase One volumetric credits. In these instances, the CDG Sponsors or customer have been provided a clear opportunity to avoid the forfeiture. Neither the closure of a subscriber’s account nor the cancellation of a subscription to a
CDG project should trigger forfeiture, according to the White Paper. Therefore, Staff recommends that the Commission direct the utilities to modify their tariffs, if necessary, to eliminate the forfeiture of credits in these scenarios.

Staff also recommends that, when a subscriber closes its utility account, any remaining banked credits be removed from the subscriber’s account and added to the Sponsor’s bank to avoid unreasonably eliminating the value of the banked credits. In instances where the subscriber has already been billed for the credits before they were banked, Staff recommends that the Sponsor be responsible for refunding the subscriber or otherwise ensuring that the subscriber has not overpaid. The White Paper invited comments on whether the framework for returning credits to the Sponsor’s bank should also be used when a subscriber cancels its participation in a project and how the transition should be managed to avoid creating issues for Sponsors.

The White Paper also requested input regarding the treatment of the Market Transition Charge (MTC) or Community Credit (CC) in situations where a subscriber eligible for these credits has banked credits and cancels its CDG subscription. In the White Paper, Staff suggested two potential options for the treatment of banked credits in this scenario. Under Staff’s first option, the credits would be added to the Sponsor’s bank in full, without reducing the credits for the MTC or CC. Sponsors would then be able to allocate those banked credits to any member, including non-mass market members who are generally ineligible to receive an MTC. Under the second option, Sponsors would be required to distribute banked credits with an MTC only to MTC-eligible subscribers. This could be accomplished through either utility tracking of two separate banks, one for credits with an MTC and one for all other credits, or Sponsor tracking
of credits with an MTC and distribution of those credits to only MTC-eligible customers, as verified through annual reporting to Staff. In the latter case, the utility would remain responsible for informing the Sponsor of the number and value of credits with an MTC returned to the Sponsor bank from each subscriber. Staff also requested input on any cost tracking or cost allocation issues that should be addressed.

The White Paper includes a number of other recommendations intended to promote consistency among utility tariffs. Specifically, Staff recommends that: 1) subscribers who cancel their subscription to a Net Crediting project be ineligible to subscribe to a new CDG project until all banked credits are transferred back to the Sponsor; 2) banked credits be distributed monthly to enable projects to efficiently manage subscribers joining and departing; 3) CDG Sponsors include the credits returned to the Sponsor’s bank in the Sponsor’s banked credits annual report; and 4) the recommendations described in the White Paper also be applied to Net Crediting projects. Staff invited comments on all of these recommendations and, additionally, on whether any other changes to banked credit distribution rules or processes or reporting requirements are needed at this time.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on December 30, 2020 [SAPA No. 15-E-0751SP36]. The time for submission of comments pursuant to the Notice expired on March 1, 2021. In addition, the Secretary of the Commission issued a Notice Soliciting Comments on Whitepaper on Community Distributed Generation Banked Credits
CASE 15-E-0751

(Secretary’s Notice) on December 15, 2020. The time for submission of comments pursuant to the Secretary’s Notice expired on March 1, 2021, with replies due March 15, 2021. Comments were received by the City of New York (the City), Coalition for Community Solar Access (CCSA), ProjectEconomics, Inc. dba PowerMarket (PowerMarket), and the Joint Utilities. In addition, CCSA and the Joint Utilities filed reply comments. The comments are summarized in Appendix A and addressed below.

LEGAL AUTHORITY

The Commission has the authority to direct the treatment of Distributed Energy Resources by electric corporations pursuant to, inter alia, Public Service Law (PSL) Sections 5(2), 66(1), 66(2), and 66(3). Pursuant to the PSL, the Commission determines what treatment will result in the provision of safe and adequate service at just and reasonable rates consistent with the public interest and the efficiency of the electric system.

DISCUSSION

As the Climate Leadership and Community Protection Act targets a significant expansion of clean distributed generation, it is appropriate that the Commission continue to reexamine and improve its programs directed at the development of these resources. Since its creation in 2015, the CDG program is one such program that has been regularly refined by the Commission to streamline and improve billing procedures2 and adapt to

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2 Case 19-M-0463, Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued December 12, 2019).
CASE 15-E-0751

changing market conditions and customer participation trends. The purpose of the CDG program is to open opportunities for participation in solar PV and other forms of clean distributed generation to utility customers regardless of whether that customer owns a residence or business suitable for the onsite installation of such systems. The program has contributed to the adoption of distributed solar PV projects at a nation-leading rate in New York, while also spurring cost reductions in the solar industry.

Staff meets regularly with stakeholders to continually evaluate the program and address issues that may arise in its implementation. Stakeholder discussions have identified a number of issues, among others, related to the treatment of banked credits when a subscriber account is closed or cancelled, or a subscription is terminated, including the inconsistent treatment of these banked credits among the utilities in these situations. The Commission’s adoption of the White Paper recommendations, with modifications, will provide program consistency across utility tariffs and minimize investor confusion as the CDG program grows in popularity and evolves to meet the challenges of a changing and more competitive renewable energy industry.

Subscriber Account Closure and Cancellation

When a subscriber’s utility account is closed or cancelled, including, for example, because a subscriber moves residency, any credits still in that subscriber’s bank after the

3 Case 19-E-0735, New York State Energy Research and Development Authority - NY-Sun Program, Order Extending and Expanding Distributed Solar Incentives (issued May 14, 2020), and Case 15-E-0082, supra, Order Clarifying Community Distributed Generation Membership Requirements (issued February 12, 2021).
CASE 15-E-0751

final utility bill is created cannot be used for the subscriber’s benefit. Since cash-outs in the form of a check to the subscriber from the utility would conflict with a fundamental principle of the CDG and VDER programs, and since, in most cases, the subscriber has not yet paid for the credits that have been banked, Staff recommends that, after a customer’s final bill is generated, any remaining banked credits be removed from that customer’s account and added to the Sponsor’s bank. In most cases, the customer would not yet have been billed for those credits by the Sponsor; therefore, there would be no risk of the customer overpaying the Sponsor.

Staff, however, acknowledges that some Sponsors may use a less common billing model, one in which the subscriber has already been billed for banked credits. In those instances, Staff recommends that the Sponsor be responsible for providing a refund to the subscriber or otherwise ensuring that the subscriber has not overpaid consistent with the contract between the Sponsor and the subscriber. Any Sponsor failing to appropriately issue refunds to the subscriber, consistent with the contract, would be in violation of the Uniform Business Practice for Distributed Energy Resource Suppliers (UBP-DERS) and subject to enforcement action by Staff or the Commission.

The White Paper also discussed applying the same framework to situations where a subscriber with banked credits ends its subscription to a CDG project while remaining a utility customer. In this case, those credits conceivably could be left with the subscriber to be used over the next billing cycle(s) until exhausted. However, under the common dual billing model used by utilities, this is likely to create customer confusion or possibly dissatisfaction, as the customer will continue to receive credits, and therefore bills, from the Sponsor for
potentially several billing cycles after cancelling its subscription. For this reason, Staff invited comments on whether the framework for returning credits to the Sponsor’s bank should also be used when a subscriber cancels the subscription and, if so, how the transition should be managed to avoid creating issues for Sponsors using the Net Crediting billing model rather than traditional utility dual-billing practices.

Most commenters generally agreed with the White Paper’s recommendations. PowerMarket maintains that the rules for the return of banked credits must also apply when a subscriber is removed from an allocation schedule as a result of a default under its subscriber agreement. The Joint Utilities also support the White Paper’s recommendation, and note that the closure of a subscriber account would trigger the utility to issue a final bill, at which time the utility would transfer any remaining subscriber credits to the Sponsor.

PowerMarket and the Joint Utilities support transferring a subscriber’s remaining credits to the CDG Sponsor at the time the subscriber is removed from the allocation list. The Joint Utilities emphasize that when a customer terminates its subscription to a CDG project, the utility relies exclusively on an updated allocation form from the Sponsor. The Joint Utilities oppose any additional processes or requirements to indicate that a subscriber has terminated its contract with a Sponsor as such measures would be administratively burdensome and unnecessary given the existing CDG allocation procedures.

The City and CCSA argue that any credits already paid for should be allowed to carry over to future billing cycles. The Joint Utilities, however, oppose this, noting that it may not be a simple calculation to tie previous subscriber payments
to excess credits on a subscriber’s account and, further, that once the CDG Sponsor has removed the subscriber from its allocation forms, all unused credits must be returned to the Sponsor. The Joint Utilities emphasize that the CDG program, as designed by the Commission, requires the utility to rely solely on the CDG Sponsor’s percentage allocation to a subscriber. The Joint Utilities agree with the White Paper that the Commission should require Sponsors to provide refunds to subscribers where they have paid membership fees but did not receive credits. Lastly, the Joint Utilities request that the Commission affirm that Staff has the ability to resolve disputes between Sponsors and subscribers, consistent with Section 2E of the UBP-DERS.

As noted by Staff, the Commission has permitted the forfeiture of credits only in very limited circumstances. Staff maintains that neither the closure of a subscriber’s account nor the cancellation of subscription to a CDG project should constitute such a circumstance. The Commission agrees with Staff that such a forfeiture would amount to an inappropriate cost shift in the non-participating ratepayers’ favor and would be inconsistent with the designed compensation and incentive structure established by the Commission under VDER. For these reasons, the Commission adopts Staff’s proposal to move banked credits to the Sponsor’s bank in instances where the subscriber cancels the associated utility account or terminates the subscription to the CDG project. Such an approach is both equitable and the most straightforward to address any remaining banked credits following an account closure or subscription cancellation, including cancellation by the Sponsor when a subscriber defaults under the terms of the agreement.

The Commission notes that the UBP-DERS require the Sponsor to appropriately refund the subscriber consistent with
its contract. Therefore, the Commission adopts the White Paper’s recommendation that the Sponsor be responsible for refunding the subscriber and ensuring the subscriber has not overpaid. In the case of a default by the subscriber, the Sponsor shall likewise be responsible for recovering any monies owed without the involvement of the utility. The Commission confirms that, consistent with Section 2E of the UBP-DERS, Staff may assist with resolving billing disputes between the utilities, Sponsors, and subscribers.

The Commission also agrees with the Joint Utilities that the utility should only rely on the monthly allocation form to verify the subscriber’s participation in a CDG project. Relying on this procedure consistently across the utilities will ensure the accountability of subscriber cancellations. Additional processes to address the tracking of subscriber credit banking rules for account cancellations would impose unnecessary administrative burdens on the utilities.

Many commenters, aside from the City, agree that customers may not subscribe to a new CDG or Net Crediting project until all banked credits are returned to the Sponsor. The Commission agrees with the Joint Utilities and finds that all credits must be transferred back to the Sponsor to ensure that the new CDG project does not bill a subscriber for credits relating to the prior CDG project. This is important not only to avoid any overbilling of subscribers, but also to eliminate customer confusion and ensure continued program participation.

Treatment of Banked Credits

The White Paper requested input regarding the treatment of the MTC or CC when a subscriber eligible for these credits has banked credits and cancels its CDG subscription. As
previously described, Staff suggested two potential options for the treatment of banked credits in this scenario. Under both options, the credits would be added to the Sponsor’s bank in full without reducing the credits for the MTC or CC. Under Staff’s first option, Sponsors would then be able to allocate those banked credits to any project subscriber, including non-mass market subscribers who are generally ineligible to receive an MTC. Under the second option, Sponsors would be required to distribute banked credits with an MTC only to MTC-eligible subscribers. Staff also requested input on any cost tracking or cost allocation issues that should be addressed.

Most commenters support the first option as the most reasonable approach to handling the banking of these credits. PowerMarket supports the addition, in full, of the credits to the Sponsor’s bank to simplify the process of reallocating banked MTC or CC credits and avoiding an additional tracking mechanism. Both the City and CCSA believe that tracking the banked credits separately from the MTC or CC would add complexity to the process. The City, therefore, recommends that Sponsors be allowed to distribute the credits to any subscriber regardless of MTC or CC eligibility. The Joint Utilities urge the Commission to reject the first option because it creates the potential for cross subsidization between mass market and non-mass market customers. The Joint Utilities instead recommend the Commission adopt the second option, requiring CDG Sponsors to allocate banked credits only to subscribers eligible to receive those credits and institute a tracking mechanism.

The Commission agrees that allowing the addition of banked credits to the Sponsor’s bank without any adjustment and the reallocation of those credits without restriction is the simplest approach to address the MTC and CC banked credits.
Attempting to remove the MTC or limit the distribution of banked credits with an MTC could create significant complexities and require arduous additional tracking, including the separate tracking of MTC value within subscriber banks and the creation of two separate Sponsor banks. By contrast, simply adding the entire credit to the Sponsor bank and continuing to allow the bank to be distributed to all subscribers avoids the implementation of complex tracking mechanisms and further costs to subscribers, Sponsors, and utilities. For these reasons, the Commission adopts the first option, which shall allow credits to be added to the Sponsor’s bank in full, without any reduction for the MTC or CC, and reallocated among subscribers without restriction.

Application to Net Crediting

The White Paper recommends, and all commenters agree, that all provisions of the CDG program relating to banked credits should be extended to Net Crediting projects as well. The Joint Utilities further suggest extending the rules to also include Remote Crediting, but note that banking issues related to switching between CDG and Remote Crediting programs have not been the subject of stakeholder consideration.

The Commission agrees that consistency across all programs is sensible and will reduce Sponsor, subscriber, and utility confusion as these programs continue to grow. Therefore, the Commission directs the utilities to propose, for comment, protocols to apply these new banking rules to Remote Crediting, and to address any potential issues that may arise from participants switching between CDG, Net Crediting, and Remote Crediting programs.
Allocation Modifications

The White Paper supports monthly allocation modifications of banked credits to permit efficient tracking of subscribers joining and departing CDG projects. Therein, Staff invited feedback from utilities on their ability to conduct such monthly modifications to allocations of banked credits. All commenters support monthly allocations, including the Joint Utilities. The Commission agrees with Staff and the commenters that allowing a monthly allocation modification opportunity will improve the tracking of subscribers joining and departing CDG projects.

Reporting and Billing

Currently, CDG Sponsors are required to file an annual report detailing the amount of credits banked, the amount of banked credits allocated, and the percentage of the allocation to mass market customers and to large customers. The White Paper recommends that CDG Sponsors be required to include the credits returned to the Sponsor’s bank in the Sponsor’s annual report, and invited comments on whether any changes or additional details regarding that reporting are required.

The City supports including banked credits allotted to the Sponsor’s bank in the reporting requirements and believes doing so will not constitute an administrative burden. CCSA and PowerMarket also support the addition of banked credits to the annual report. In addition, PowerMarket requested an update of the reporting templates to the annual report to ensure all reporting requirements are met. CCSA argues that Sponsors should supply the utility with a list of subscribers that cancel each month, and the CDG Sponsor’s monthly statement should include customer-level detail on what was cancelled and the total volume of credits returned to the Sponsor’s bank.
CCSA also maintains that credits issued from the Sponsor’s bank through a monthly transfer should be distinguished from the Host project’s regular monthly allocation of credits. The Joint Utilities note that it is unclear how CCSA intends to capture the separation of these credits, whether it is through monthly reports from the utility to the CDG Sponsor or on the subscriber’s utility bill. Further, the Joint Utilities argue that CCSA offers no explanation for its position to distinguish the two types of credits. According to the Joint Utilities, there is no need to separate the two sources of credits on a subscriber’s bill because the utility already provides CDG Sponsors with monthly statements that include the monthly allocations and the CDG Sponsor bank distributions by subscriber account number. The Joint Utilities also note that utilities provide CDG Sponsors with monthly statements showing both monthly allocations and CDG Sponsor bank distributions by subscriber.

CCSA also suggests the creation of a “space/new tab” at the bottom of current allocation lists to put prospective/paused customers at a 0% allocation. Further, CCSA suggests that if a customer is oversubscribed, the Sponsor may be able to maintain the customer’s subscription level at zero, allowing the customer to reduce its bank. The Joint Utilities, however, oppose this proposal because this would preclude that customer from participating in another CDG project.

The Commission finds that adding the requirement to report returned bank credits is not administratively burdensome and, therefore, shall be added to the CDG annual report. The Commission, however, rejects the CCSA proposals since the utility already provides similar information through its monthly statements, and prospective/paused customers would, under CCSA’s
proposal, be excluded from other CDG projects if they remain on the allocation list.

Other Matters

Several matters were raised by commenters on related issues. First, PowerMarket advocates for the Commission to review the procedural requirements of the utilities to ensure that all rules governing CDG projects are applied consistently. The Joint Utilities, however, oppose this recommendation and believe it is an unnecessary exercise. The Joint Utilities alternatively suggest that this concern be raised in the ongoing CDG Billing and Crediting Working Group (Working Group) collaborative process. The Commission agrees with the Joint Utilities as the Working Group was designed to address these types of matters and, therefore, is the proper forum to discuss this issue.

Second, some commenters raised the question as to how the Commission measures the two-year grace period during which Sponsors are required to distribute all credits. The Commission agrees with the City and Joint Utilities that the two-year period begins when the credit is allocated to the Sponsor, as opposed to the time the credit is created. This provides the Sponsor adequate time to distribute banked credits.

CONCLUSION

The Commission adopts the recommendations of the Staff White Paper with the modifications described above. The new banking rules will provide consistency among the utilities without imposing any unnecessary administrative burdens on the utilities and CDG Sponsors.
The Commission orders:

1. Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file tariff amendments on not less than 30 days’ notice, to become effective on August 2, 2021, incorporating the modifications described in the body of this Order.

2. Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file, within 30 days of this Order, a proposal to apply these new banking rules to Remote Crediting and to address any issues that may arise from participants switching between Community Distributed Generation, Net Crediting, and Remote Crediting.

3. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 as to newspaper publication of the further tariff revisions directed in Ordering Clause No. 1 are waived.

4. In the Secretary’s sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.
5. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary
SUMMARY OF COMMENTS

The City of New York (City)

The City largely supports the White Paper’s proposals. The City recommends that refunding a subscriber the full value of any paid credits and transferring unpaid credits to the Sponsor should apply under all models. The City, however, asserts that cancelling subscribers should be able to make use of whatever credits they have generated prior to cancellation and disagrees that cancelling subscribers should not be allowed to subscribe to a new Community Distributed Generation (CDG) project until banked credits have been returned to the Sponsor’s bank. The City also recommends that subscribers should be allowed to end their subscriptions without a refund if the value of the banked credits is minimal.

The City supports the first option presented in the White Paper regarding the treatment of banked credits with an MTC and CC. The City believes that tracking which credits have MTC or CC adds unneeded complexity. The City supports allowing distribution of such credits to any customer regardless of eligibility. The City also supports measuring the two-year distribution period from allocation to Sponsor’s account instead of at the credit’s creation and the monthly distribution of credits to allow for flexibility as subscribers join or leave projects. Lastly, the City supports the White Paper’s recommendations to include credits allotted to the Sponsor’s bank in an annual banked credits report.

ProjectEconomics, Inc. dba PowerMarket (PowerMarket)

PowerMarket recommends the rules for the treatment of banked credits be equally applicable to CDG projects under Phase One Net Energy Metering (NEM) as they are for Value Stack.
PowerMarket notes that the White Paper references two cases – account closure and subscription cancellation – and argues that the rules for the return of banked credits must also apply to a scenario when a subscriber is removed from an allocation schedule for defaulting under its subscriber agreement.

In its comments, PowerMarket supports adding credits to the Sponsor’s bank in full to simplify the process of reallocating banked MTC or CC credits and avoiding an additional tracking mechanism. According to PowerMarket, a Sponsor is incentivized to monetize the value of the credits as quickly as possible; therefore, it does not foresee any potential for cross subsidies. PowerMarket also supports applying the recommendations to Net Crediting. PowerMarket maintains that a customer should only be able to subscribe to a new project once it has been fully removed from its previous project.

PowerMarket asserts that all utilities should be subject to the same rules as it relates to the treatment of banked credits. To that end, PowerMarket requests that the Commission review the procedural requirements from the Joint Utilities to ensure that all rules governing CDG are applied consistently. PowerMarket also supports allowing banked credits to be distributed monthly to new subscribers for both NEM and VDER.

PowerMarket does not object to reporting requirements, but asks the Commission to update reporting templates. PowerMarket requests that the Commission require utilities to provide Hosts with the subscriber account that is having credits transferred back to the Sponsor, the amount of returned credits, and the month/bill period the return is occurring.
Coalition for Community Solar Access (CCSA)

CCSA supports the White Paper’s recommendations regarding the treatment of banked credits. Specifically, CCSA agrees that any remaining credits on a customer’s closed account should be returned to the CDG Sponsor. CCSA believes that if a subscriber cancels their subscription, any credits they have already paid for should be allowed to carry over to future billing cycles and any banked credits should be returned to the Sponsor.

In reference to banked credits with an MTC or CC, CCSA supports the White Paper’s first option which would require the credits to be added to the Sponsor’s bank. This will simplify the process of reallocating banked MTC or CC credits and avoid the need for creation of an additional tracking mechanism. CCSA believes that the increased administrative burden of tracking multiple banks outweighs the limited potential for abuse.

CCSA supports the application of these recommendations to Net Crediting and allowing only new customers to subscribe to a project once they are fully removed from the previous project. CCSA supports allowing banked credits to be distributed to new subscribers monthly for NEM and VDER projects as CCSA believes that this will help alleviate issues that arise when a subscriber closes their accounts. CCSA also supports annual reporting of how many banked credits were transferred.

CCSA argues that CDG Sponsors should supply a list of customers that they cancelled each month to the utility. CCSA requests that the CDG sponsor’s monthly statement include customer-level detail on what was cancelled and the total volume of credits returned to the Host bank from these customers. Additionally, for customers who receive credits from the Host’s bank of credits via a monthly transfer, CCSA recommends that the
utility distinguish these credits from any normal allocation of credits from the regular monthly generation. CCSA also maintains that customers who received credits from the Host bank but are not part of the normal monthly allocation list, should be included on the monthly report showing credit banks and consumption. Finally, CCSA requests the creation of a space/new tab at the bottom of current allocation lists for CDG Sponsors to put prospective/paused customers at a 0% allocation.

In its reply comments, CCSA argues that subscribers should be able to remain enrolled at the lowest possible percentage allocation to allow customers to use their banked credits. According to CCSA, if a customer is oversubscribed, the Sponsor may be able to effectively maintain the customer’s subscription level at 0, allowing the customer to reduce its bank.

Joint Utilities

The Joint Utilities support policies to ensure that CDG subscribers avoid forfeiting credits that reflect the value created by a CDG Sponsor’s generation, including the value of costs avoided. The Joint Utilities also recommend that policies be applied as consistently as possible to CDG subscribers. While the Joint Utilities support applying, and harmonizing, the policies developed in the White Paper with rules governing NEM and Remote Crediting, the Joint Utilities note that the immediate application of synchronized policies across all programs may not be possible based on complexity, timing, and

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utility systems. The Joint Utilities caution that system modifications to utilities’ billing systems to accommodate harmonization may raise cost recovery considerations.

The Joint Utilities support the White Paper’s recommendation that any remaining credits removed from the subscriber’s account be returned to the CDG Sponsor’s bank should the subscriber terminate its subscription. When a subscriber account is closed, the Joint Utilities state that it would trigger the utility to issue a final bill, at which time the utility will transfer any remaining subscriber credits to the Sponsor. The Joint Utilities note, however, that when a customer terminates its subscription to a CDG project, the utility must rely on an updated allocation form from the Sponsor. The utility can then determine the amount of excess credits from the subscriber’s account and transfer the credits to the Sponsor’s bank.

The Joint Utilities emphasize that they will rely on the monthly allocation form to identify when a subscriber is no longer participating in the CDG project. The Joint Utilities oppose any additional processes or requirements to indicate that a subscriber has terminated its contract with a Sponsor. The Joint Utilities agree with the White Paper’s recommendation that it is the responsibility of the CDG Sponsor to ensure subscribers leaving do not overpay or get refunds because the utilities are not a party to the subscriber’s arrangement with the CDG Sponsor. The Joint Utilities recommend that the Commission affirm that CDG Sponsors are responsible for the termination of subscribers pursuant to the Commission’s Uniform Business Practices. The Joint Utilities also request that the Commission affirm that Department of Public Service Staff has
the ability to resolve disputes between CDG Sponsors and subscribers.

While the Joint Utilities acknowledge that the option allowing CDG Sponsors to allocate banked credits without restriction is the simplest, they believe should be rejected because it creates potential for cross subsidies between mass and non-mass market customers. The Joint Utilities maintain that this option is not in the best interest of the public and is inconsistent with Commission principles. The Joint Utilities instead recommend that the Commission require a CDG Sponsor to allocate banked credits only to customers eligible to receive those credit components in the first instance. Further, the Joint Utilities recommend that CDG Sponsors adopt a tracking mechanism to assure the proper allocation of the credits.

The Joint Utilities recommend two other changes to credit banking rules. First, the Joint Utilities support extending the banking rules to Net Crediting projects, and suggest that any future changes to banking rules that apply to CDG also apply to Net Crediting. Second, the Joint Utilities support the White Paper’s recommendation that subscribers canceling their subscription to a Net Crediting project be prohibited from subscribing to a new CDG project until they are fully removed from the Net Crediting project and that all credits be returned to the CDG Sponsor’s bank. The Joint Utilities, however, recommend these rules be applied to CDG projects that do not participate in Net Crediting.

The Joint Utilities are not opposed to monthly allocations of a CDG Sponsor bank by all CDG projects, but note the potential need for a request to recover incremental costs in the event system modifications are required. The Joint Utilities ask the Commission for clarification as to whether the
White Paper seeks to change the current VDER tariff requirements regarding the forfeiture of banked credits. Lastly, the Joint Utilities raise some banking issues related to switching between CDG and Remote Crediting Programs, but note that these issues have not yet been the subject of stakeholder consideration.

The Joint Utilities also filed reply comments that oppose CCSA’s and the City’s proposals to allow subscribers to use credits they have generated prior to cancellation in future billing cycles. First, the Joint Utilities note that a subscriber cancels its subscription with the CDG Sponsor, not the utility. Once a subscriber is no longer a member of the CDG project and the CDG Sponsor has removed the subscriber from the allocation forms, all unused credits must be returned to the CDG Sponsor. The Joint Utilities note that they rely solely on the allocation information received from the CDG Sponsor. Second, the Joint Utilities state that it may not be a simple calculation to tie previous subscriber payments to excess credits on a subscriber’s account and, further, these calculations must be performed by the CDG Sponsor as it is the entity with knowledge of subscriber payments.

The Joint Utilities support PowerMarket’s recommendation that the transfer of a subscriber’s remaining credits to the CDG Sponsor should occur at the time the subscriber is removed from the allocation list. The Joint Utilities oppose the City’s recommendation that customers be allowed to subscribe to a new CDG Sponsor even when banked credits from a prior CDG Sponsor have not been transferred. The Joint Utilities emphasize that it is critical that credits are first transferred back to the CDG Sponsor to ensure a subsequent CDG Sponsor does not bill a subscriber for credits relating to a prior CDG Sponsor’s allocation. The Joint Utilities also agree
with other commenters that there is no need to separate banked credits returned to the CDG Sponsor based on if those returned include MTC or CC. However, the Joint Utilities maintain that this does not relieve the CDG Sponsor from its obligation to ensure that all CDG credits are properly allocated to the appropriate service classification to avoid cross-subsidization issues. Accordingly, the Joint Utilities reiterate their support for the second option in the White Paper, which requires CDG Sponsors to develop tracking mechanisms to ensure the proper distribution of credits.

The Joint Utilities acknowledge CCSA’s proposal that credits distributed from the CDG Sponsor’s bank to other subscribers should be listed separately from the monthly allocated credits. However, the Joint Utilities state that it is unclear how CCSA is intending to capture the separation of these credits, whether in reports from the utility to the CDG Sponsor or on the subscriber’s utility bill. With respect to the latter, the Joint Utilities argue there is no need to separate the two sources of credits on a subscriber’s bill because the utility already provides CDG Sponsors with monthly statements that include the monthly allocations and the CDG Sponsor bank distributions by subscriber. The Joint Utilities further argue that CCSA offers no explanation for its position.

The Joint Utilities emphasize that billing systems vary, and the Commission should design a policy that is flexible enough to be implemented across the state and result in the same outcome regardless of utility territory. The Joint Utilities also urge the Commission to only allow banked credits to be allocated to current subscribers and not just any utility customer. The Joint Utilities oppose the CCSA proposal to create a new section of the allocation form to include
“prospective/paused” customers because it could preclude those customers from participating in another CDG project.

The Joint Utilities believe that under the CCSA proposal, the transfer of credits back to the CDG Sponsor for the future redistribution would result in the CDG Sponsor collecting subscription fees more than once for the same credit. The Joint Utilities state that is just one example of why the CCSA billing method is not appropriate.

The Joint Utilities assert that PowerMarket’s request for the Commission to review each utility’s CDG procedural requirements for consistent application is an unnecessary exercise. The Joint Utilities state that they have implemented the CDG policies consistent with Commission orders. The Joint Utilities instead suggest that specific concerns be discussed in the ongoing collaborative discussions.

The Joint Utilities agree with the City’s proposal to clarify that the measurement of the two-year grace period begins from credit allocation and not creation. However, the Joint Utilities request that the measurement period consider when credits are added to the CDG Sponsor’s bank, whether in a monthly allocation or transferred back from a subscriber to be consistent with existing billing systems.