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Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

December 9, 2019

(via email)
Michelle L. Phillips
Secretary to the Commission
3 Empire State Plaza
Albany, New York 12223

Dear Secretary Phillips,

In the March 9, 2017 Order on Net Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (VDER Transition Order), the Commission initiated a transition from net energy metering (NEM) to methodologies more related to the costs and values that distributed energy resources (DERs) create for the utility system. The VDER Transition Order directed an immediate transition for Community Distributed Generation (CDG) projects, remote net-metered projects, and large on-site projects, but directed that mass-market on-site projects continue to receive NEM-based compensation, specifically Phase One NEM, for a more extended transition period.

The Commission anticipated in the VDER Transition Order that Staff would present recommendations related to the new compensation methodology in the fourth quarter of 2018 and that Commission consideration of those recommendations and decision on the new compensation methodology would occur by the first quarter of 2019. Based on that, the Commission directed that new mass-market on-site projects transition to the new compensation methodology adopted in that Commission decision starting on January 1, 2020. However, due to the extensive stakeholder process Staff determined was needed to develop a recommendation for this market segment, no recommendations were presented in 2018 and therefore no Commission decision has yet been made on this issue.

Today, Staff filed the Staff Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff (Mass Market Rate Design Whitepaper), which makes recommendations related to a successor tariff for mass-market on-site projects and for a transition to the successor tariff.

Staff expects significant interest and robust stakeholder comment on the Mass Market Rate Design Whitepaper, followed by a Commission decision in 2020.

In Ordering Clause 7 of the VDER Transition Order, the Commission directed Central Hudson Gas & 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 (collectively, the Joint Utilities or the utilities) to file tariff leaves implementing Phase One NEM, stating that “mass market on-site projects, defined as projects interconnected behind the meter of a customer within a utility’s residential or small commercial service class and not billed based on peak demand and not used to offset consumption at any other site, interconnected before the earlier of January 1, 2020 or a Commission order directing modification” should be eligible for Phase One NEM.

In addition, in the Order Regarding Value Stack Compensation (VDER Compensation Order) issued by the Commission on April 18, 2019, the Commission directed that certain on-site DER projects with a rated capacity of 750 kW AC or lower receive Phase One NEM, and stated that this decision “would apply at a minimum to all projects that qualify before January 1, 2020, for a 20-year term from each project’s in-service date.” This decision was implemented through Ordering Clause 1, which directed the Joint Utilities to modify their tariffs.

Pursuant to Ordering Clause 27 of the VDER Transition Order and Ordering Clause 5 of the VDER Compensation Order, the Secretary may, in her sole discretion, extend any deadline set forth in those Orders. Due to the delay in filing the Mass Market Rate Design Whitepaper, and the resulting delay in Commission action, Staff respectfully requests that you extend the deadline for Phase One NEM qualification for new mass-market on-site projects and for new eligible on-site projects with a rated capacity of 750 kW or lower from January 1, 2020 to January 1, 2021. This extension will protect customers and the market from confusion and uncertainty and will ensure that stakeholders are able to focus on the recommendations in the Whitepaper and provide robust comments for the Commission’s consideration.

Please feel free to contact me if you have any questions about this request.

Sincerely,
/s/
Ted Kelly
Assistant Counsel