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Report Recommends Improved Compensation for Rooftop Solar

Proposed Payment Structure Optimizes Benefits of Residential Solar

Residential Net Metering Improvements Will Ensure the Continued Growth of New York's Solar Industry

ALBANY —The New York State Department of Public Service (Department) staff issued a report today outlining options for the Public Service Commission (Commission) to consider for future compensation for generation by residential rooftop or small commercial solar customers, also known as mass market customers. Since 1997, net energy metering (NEM) has been one of the State's primary mechanisms to encourage mass market solar installations. The report proposes the continuation of NEM for mass-market solar with improvements to ensure the continued growth of solar across New York while ensuring fairness for all utility customers by increasing the accuracy of price signals and reducing subsidies that are not directly tied to environmental values. These recommendations would affect mass market rooftop solar systems installed after January 1, 2021. Existing rooftop solar customers would not be affected.

"A smarter and careful improvement in compensation for rooftop solar projects will assure that these markets are developed in a robust, cost-effective and sustainable way," **said Department CEO John B. Rhodes**. "Solar needs to be a mainstream component of our power generation mix, not a niche industry. Today's report aims to continue and expand investment in New York's clean energy economy in a way that is good for all customers and for the State's clean energy policy."

NEM has proven effective at incentivizing solar adoption, along with other initiatives like NY-Sun. Since Governor Andrew M. Cuomo took office, solar in New York has increased nearly 1,700 percent. But NEM was originally designed to encourage growth in a solar industry that had very little market share. As deployment of solar scales up and solar becomes a mainstream element of the State's power generation, traditional NEM, when applied to existing default rates, will become unsustainable. It does not send the proper signals in terms of where and when solar resources will deliver the most grid value, and it holds the potential to raise the rates of non-participating customers.

As large numbers of mass-market customers deploy solar and receive the benefits of NEM, the price impact on other customers increases as the costs of maintaining the electric grid, such as cyber-security and safety initiatives, must be covered by utility rates. Traditional NEM, combined with today's default rates, allows solar customers to reduce contributions to these costs, shifting the burden to non-solar customers. In addition, under traditional NEM, customers with rooftop solar contribute significantly less than customers without rooftop solar to public benefit programs, including utility energy efficiency programs, the Clean Energy Fund, the Clean Energy Standard, and utility low-

income programs, even though most customers with solar have received benefits from one or more of those programs.

As it began implementation of Reforming the Energy Vision (REV), the Commission insisted that rates must be designed to encourage price-responsive behavior to advance policy objectives, while respecting concerns regarding sensitivity to overall impacts on consumer bills and achievement of environmental policies. Rates should encourage desired market and policy outcomes including energy efficiency and peak load reduction, improved grid resilience and flexibility, and reduced environmental impacts. As the cost of solar technology continues to decline, and the percentage of customers utilizing NEM continues to increase, adjustments are needed to achieve the desired policy outcomes.

New York's energy supply will be going through significant changes in the next two decades. In July, Governor Andrew M. Cuomo signed the historic Climate Leadership and Community Protection Act (CLCPA). The CLCPA requires the State to achieve a carbon-free electricity system by 2040 and reduce greenhouse gas emissions 85% below 1990 levels by 2050 which will lead to significant amounts of additional clean energy on the system in the 2020s and 2030s. The options outlined in today's report are intended to move the State beyond net-metering to compensate solar projects fairly and adequately for the value they provide, while also assuring fair and acceptable impact on customers who may not be able to install a renewable energy system. Additionally, a new, forward looking strategy should compensate projects based on where they are located on the grid and when they generate, thereby reducing cost shifting while still providing solid and reliable returns to solar projects.

Today's report is the result of a year-long process involving stakeholders, including the State's major utilities, solar developers, and environmental non-profits, with a focus on bill impacts on non-participants, on existing mass-market customers with rooftop solar, and on new mass-market customers that install rooftop solar.

Ultimately, the objective is to develop a proposed rate design for the successor NEM compensation for mass market customers, to become effective as of January 1, 2021. Existing NEM customers would have an opportunity to opt-in to this tariff. The report reflects attention to the Rate Design Principles previously articulated by the Commission, that the customer experience be practical, understandable, and promote customer choice.

In this report, staff identified several options for mass market customers, including a new default option with an effective date of January 1, 2021: continuing NEM at standard delivery rates with a Customer Benefit Charge. The report also calls for continued improvement in rates as advanced metering technology is approved and deployed. The recommendations included today's report apply to the State's investor owned utilities under the Commission's jurisdiction. The Long Island Power Authority (LIPA) regulates the electric distribution system serving all Long Island and the Rockaways and is expected to implement tariff changes in alignment with Commission policy.

Following the issuance of today's report, the Commission will solicit public comment, and Department staff will continue to work with all interested stakeholders in developing final recommendations for Commission consideration.

In addition to the report, Staff filed a letter requesting that the Secretary to the Commission formally extend the effective date of any change in NEM to January 1, 2021 to provide certainty to customers and developers while the report is under consideration.

Today's report may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number [15-E-0751](#) [In the Matter of

the Value of Distributed Energy Resources] 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.

New York State's Green New Deal

Governor Cuomo's Green New Deal is the most aggressive climate change program in the nation and puts the state on a path to being entirely carbon-neutral across all sectors of the economy, including power generation, transportation, buildings, industry and agriculture. The Governor's program also establishes a goal to achieve a zero-carbon emissions electricity sector by 2040, faster than any state in the nation. The recently passed Climate Leadership and Community Protection Act mandates several of the Governor's ambitious Green New Deal clean energy targets: installing nine gigawatts of offshore wind by 2035; six gigawatts of distributed solar by 2025 and three gigawatts of energy storage by 2030. The CLCPA also calls for an orderly and just transition to clean energy, creating jobs while spurring a green economy. It builds on New York's unprecedented ramp-up of clean energy including a \$2.9 billion investment in 46 large-scale renewable projects across the state, the creation of more than 150,000 jobs in New York's clean energy sector and 1,700% growth in the distributed solar sector since 2012. The CLCPA also directs New York State's agencies and authorities to work collaboratively with stakeholders to develop a plan to reduce greenhouse gas emissions by 85% from 1990 levels by 2050, and to work toward a goal of investing 40% of clean energy and energy efficiency resources to benefit disadvantaged communities.

Reforming the Energy Vision

The CLCPA builds on Governor Andrew M. Cuomo's landmark Reforming the Energy Vision 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. Already, REV has driven growth of nearly 1,700 percent in the statewide solar market leveraging nearly \$3.4 billion in private investments, improved energy affordability for 1.65 million low-income customers, and has led to more than 150,000 jobs in manufacturing, engineering, and other clean tech sectors across New York State.

To learn more about REV, visit rev.ny.gov, follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).