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John B. Rhodes, Chair

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PSC Continues, Improves Existing Solar Payment Structure to Ensure Fairness

Commission Continues Familiar Payment Structure and Optimizes Benefits for Residential Solar Customers

New Rules Protect Fast-Growing, Vibrant Solar Industry from Abrupt and Unanticipated Rate Changes

ALBANY — The New York State Public Service Commission (Commission) today adopted new rules for future compensation for onsite solar generation by residential and small commercial customers, also known as mass market customers, as well as by certain large commercial customers. Since 1997, net energy metering (NEM) has been one of the State’s primary mechanisms to encourage solar installations. The new rules continue the current payment structure for customers with improvements to ensure the continued growth of solar across the State, while ensuring fairness for all utility customers by reducing subsidies that are not directly tied to environmental benefits.

“Today, we better align residential rates to ensure that rooftop solar continues to provide the greatest benefit to customers, the utility system, and society, and at the same time continue to and encourage families, small businesses, and other organizations to choose to deploy solar,” **said Commission Chair John B. Rhodes.** “Expanding and accelerating distributed solar deployment in New York will support the continued development of a clean, distributed, dynamic, and efficient electric grid. This decision, coupled with our recent NY-Sun order, supports the strengthened deployment of solar at scale in New York.”

A smart and careful improvement in compensation for rooftop solar projects will assure that the market is developed in a robust, cost-effective and sustainable way. Today’s decision 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. The new rules affect mass market and large commercial rooftop solar systems under 750 kilowatts (kW) that are installed after January 1, 2022. Existing rooftop solar customers will not be affected.

New York’s energy supply will significantly change in the next two decades. In July 2019, 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 percent below 1990 levels by 2050, which will lead to significant amounts of additional clean energy on the system in the 2020s and 2030s. The CLCPA also increased the State’s distributed solar installation goal to 6 gigawatts by 2025.

The decisions today will move the State beyond traditional NEM to compensate solar projects more fairly and adequately for the value they provide, while also assuring a fair and acceptable impact on customers who may not be able to install a renewable energy system. The decision is the result of an extensive stakeholder process, including the State's major utilities, solar developers, and environmental groups, that culminated in Department of Public Service staff filing a whitepaper on December 9, 2019.

With its decision today, the Commission continues Phase One NEM for all eligible mass market and commercial projects under 750 kW interconnected after January 1, 2022, and to implement a modest customer benefit contribution charge for onsite solar photovoltaic systems to continue the process of cost recovery of public benefit programs, such as low-income programs, utility-administered energy efficiency programs, NY-Sun, the New York Green Bank, and other Clean Energy Fund programs, which are otherwise avoided by these customers.

Customers that install solar PV technology interconnected on or after January 1, 2022, shall be charged a monthly fee ranging from 69 cents to \$1.09 per kW, depending on the utility, customer class, and compensation option chosen. The fee will be more than offset by the credits generated by the solar PV system. These actions appropriately balance the need to move the market gradually toward more cost-reflective rates, while at the same time protecting the vibrant industry from abrupt and unanticipated rate changes.

The Commission's policies, including VDER and NY-Sun, have driven the rapid deployment of DG resources, particularly solar PV, in New York State. More than 2,200 megawatts (MW) of distributed solar PV is currently in service, with more than 1,000 MW more in advanced stages of development.

Today's decision 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.