NYSEIA Comments Regarding Order Clarifying Remote Crediting Program and Joint Utilities' Presentation on Remote Crediting Program Details

Re: Case 19-E-0735 – Proceeding on Motion of New York State Energy Research and Development Authority Requesting Additional NY Sun Program Funding and Extension of Program through 2025

Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources

The New York Solar Energy Industries Association (NYSEIA) submits the below comments in response to the Public Service Commission's ("Commission") September 17, 2020 Order Clarifying Remote Crediting Program ("Remote Crediting Order") and the Joint Utilities' ("JU") January 8 Presentation on Remote Crediting Program Details[1].

Background

On May 14, 2020, the Commission issued the Order Extending and Expanding Distributed Solar Incentives[2], which granted, with modifications, a petition from the New York State Energy Research and Development Authority (NYSERDA) for authorization and funding to extend and expand the successful NY-Sun distributed solar incentive program to meet the goal established in the Climate Leadership and Community Protection Act (CLCPA) of six gigawatts of distributed solar installed in New York State by 2025.[3] In addition to authorizing the extension of and additional funding for the NY-Sun program, the Commission directed the JU to add tariff language for a Remote Crediting program that will allow Value-Stack-eligible generation resources to distribute the credits they receive for generation injected into the utility system to the utility bills of multiple, separately sited, non-residential customers. The Commission directed the JU to file tariffs implementing Remote Crediting on not less than 15 days' notice to become effective on November 1, 2020.

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[1] Case 15-E-0735, Petition of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, *Joint Utilities' Presentation on Remote Crediting Program Details* (Jan. 8, 2021).

[2] Case 19-E-0735, NY-Sun Program Funding and Extension of Program Through 2025, *Order Extending and Expanding Distributed Solar Incentives* (May 14, 2020) (NY-Sun Expansion Order).

[3] Public Service Law (PSL) §66-p (5).

On June 15, 2020, the JU submitted the Joint Utilities Petition for Clarification of Remote Crediting ("Petition"). The Petition requested that the Commission provide clarification and guidance related to the implementation of the Remote Crediting program. On September 17, 2020, the Commission issued the Order Clarifying Remote Crediting Program, where it provided clarification regarding the implementation of the Remote Crediting program. Based on elements of the Order, the JU outlined proposed details related to the implementation of Remote Crediting as part of a Technical Conference on January 8, 2021, with the proposed changes taking effect on March 1, 2021.

Comments and Recommendations

A. 5 MW Off-Taker Limit

In its September 17, 2020 Order Clarifying Remote Crediting Program, the Commission clarified that "…Remote Crediting Satellite Accounts will be permitted to be customer-generators or participate in multiple Remote Crediting projects, so long as no more than a cumulative total of 5 MW of installed capacity is ever dedicated to one account".[4] NYSEIA requests the Commission reconsider this provision, as limiting a Remote Crediting customer's cumulative allocation is not in the best interests of Remote Crediting off-takers, distributed generation development, or ratepayers, and has the net effect of increasing soft costs pertaining to the project without a perceivable benefit. Many remote crediting off-takers, such as large corporate entities, have electric demand, and therefore, potential for allocation significantly in excess of the 5 MW limit, and cannot feasibly or economically site a distributed generation system on-site. To realize the goal of facilitating cost-effective Remote Crediting expansion in New York by encouraging large customers to act as anchor subscribers to CDG projects, any customer subscription limit should be based upon the customer's average annual electricity usage. Doing so would help the State achieve its clean energy goals and expand opportunities for large customers to participate in Remote Crediting, while preserving the Commission requirement that generators receiving VDER compensation still be limited to a capacity of 5 MW or less.

To be clear, allowing Satellite Accounts to receive credits from more than 5 MW of DER capacity will not favor Remote Crediting arrangements over on-site DER, as both remote crediting projects and on-site projects would both receive compensation under VDER for their value to the grid at that location and time. There is no opportunity to arbitrage different delivery rates at different customer sites as there may have been under certain NEM arrangements. A customer with on-site generation would have the same opportunities as one with only remote crediting generation to have all of its electricity needs served by DERs, and neither arrangement would be unduly favored. Customers would develop DER on-

[4] Case 19-E-0735, NY-Sun Program Funding and Extension of Program Through 2025, *Order Clarifying Remote Crediting Program* (September 19, 2020).

site or remotely based on the project economics of anticipated VDER revenues against expected project development costs of available sites.

B. Reallocation and On-boarding Frequency

In outlining the procedures for remote crediting in its January 8 Technical Conference presentation, the JU states that a Host can make changes to participating satellites and their allocation percentages once per year to be effective in January, and that Host Bank allocations can be made on the same annual frequency as updates to allocation forms. Consistent with the rules for Community Distributed Generation, NYSEIA holds that reallocations and on-boarding for remote crediting accounts should be on a monthly as opposed to an annual basis. Allowing credits and meter percentages to be allocated only once per year would significantly impact a project's economics, as a large number of credits could potentially accumulate throughout the year, and it would be nearly impossible to efficiently manage the projects and rebalance allocations.

C. Calculation of a Satellite's Bill with Multiple Remote Crediting Hosts

In cases where a Remote Crediting Satellite account is associated with more than one Host, the JU proposes that the satellite's bill will be calculated based on the relative percentage of each Host's available credit to determine the pro rata share applied to the satellite's bill. NYSEIA opposes the proposed mechanism, as pro rata sharing between two or more Hosts means projects will have their allocations adjusted by the utilities automatically according to factors beyond the control of any of the Hosts (the other projects' production that month). Specifically, the off-taker contract signed by the first Host with the Satellite, which is a legally binding agreement, could be undercut by a second or third Host in a Pro Rata sharing scheme.

D. Availability of Net Crediting

To align the Remote Crediting market more closely with Community Distributed Generation (CDG), NYSEIA advocates for the application of Net Crediting (i.e., where the utility applies the net credit to the customer's bill and the balance to the facility owner) for Remote Crediting projects. Indeed, while net crediting has been developed with a presumed application for community distributed generation projects, that directive dates back to the Phase 1 VDER order[5], when remote net metering remained exclusively for a single customer where net crediting (aka, consolidated billing) would have been of limited value. The May 2020 Order Extending and Expanding Distributed Solar Incentives envisions adopting the billing improvements already developed for community distributed generation projects to serve remote crediting projects. The Order states that "[w]hile remote net metered projects serving multiple customers may slightly increase the complexity of utility billing activities, any required system changes should be minimal given that utilities can already support the crediting of multiple meters by a single remote net metered project, as long as they are owned by the same customer, **or the crediting of**

[5] Value of Distributed Energy Resources Phase 1 Order, p. 144

multiple meters and multiple customers by a CDG project"[6] (emphasis added). It is a lost opportunity and a source of unnecessary soft costs to exclude remote crediting projects from net crediting when they are functionally the same as the projects for which remote crediting was developed.

NYSEIA appreciates the opportunity to provide comments on this matter. Please contact NYSEIA Executive Director Shyam Mehta at shyam@nyseia.org with any questions.

Dated: February 1, 2020

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[6] Order at pp.25-26