

NYS PUBLIC SERVICE COMMISSION CARVES A NEW PATH TO SIX GIGAWATT SOLAR TARGET

Hodgson Russ Renewable Energy Alert
May 15, 2020

On May 14, the New York State Public Service Commission (PSC) issued its *Order Extending and Expanding Distributed Solar Incentives*,^[1] approving an extension of NY-Sun, the State's distributed solar incentive program. Largely adopting the November 25, 2019 Petition from the New York State Energy Research and Development Authority (NYSERDA) requesting the extension, the policy changes and funding certainty provided by the Order will be needed to unlock the investment required to meet the Climate Leadership and Community Protection Act's requirement of six gigawatts of distributed solar installed by 2025.

We covered the details of the NY-Sun Expansion Petition when NYSEERDA filed it in November of last year (see [LINK](#)). The highlights of the Petition, now approved by the PSC, included an authorization to fund NY-Sun through 2025 (and beyond for certain post- project completion activities) at a total of \$573 million. Of that total funding request, \$111 million is allocated to the Community Adder, an incentive for Community Distributed Generation (CDG) projects. The PSC also approved in its Order additional adders for projects paired with storage, those that add resiliency or value for disadvantaged and affordable housing communities, and projects located on brownfields, landfills, and parking lots. The PSC directed NYSEERDA to file an updated NY-Sun Operating Plan by June 1, which will provide further detail regarding how these adders and program updates will be implemented.

The much-anticipated Community Adder is the incentive-based successor to the Community Credit component of the Value of Distributed Energy Resource (VDER) tariff, which has been completely allocated in the NYSEG and National Grid service territories.^[2] Interim measures to plug the gap between the Community Credit and Adder had proven to be even less than a temporary fix – a second Community Credit tranche authorized by the PSC in March was opened in National Grid and NYSEG service territories on May 1 and closed before the end of that same day.^[3]

The PSC addressed the structure of the Community Adder in some detail in its Order. The adder will be available to CDG projects in all National Grid and NYSEG service territories and in RG&E's territory once its Community Credit tranches are full. Furthermore the Commission requires that it be administered in a declining block structure and stepped down over two or more blocks. The first block will provide an incentive of greater than \$0.18 per watt DC to projects that qualified for

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the adder prior to the issuance of the Order and to those that qualify for an additional period following the Order and before consolidated billing is instituted. We analyzed National Grid's request for consolidated billing in a prior alert (see [LINK](#)) and the Commission directed the State's utilities to implement the system in a December 12, 2019 Order. National Grid is set to be the first utility out of the gate in New York State with consolidated billing this summer. Department of Public Service staff noted that the community adder should step down to \$0.18 or less in later blocks, after consolidated billing is instituted in a particular service territory. Again, further information will be in NYSERDA's June 1 Operating Plan update.

The Commission also took the opportunity to update the State's remote net-metering rules. As the Commission noted in its Order, the "rules have continued to limit participation to a single customer who must also own or lease the project site (though that customer may allocate credits to multiple accounts)," and the limitation can hamper "the ability of developers to serve certain customer classes in the most cost-effective manner." The Commission therefore expanded potential participation in remote net-metered projects receiving value stack compensation to up to ten nonresidential or farm customers. The Commission directed utilities to update their relevant tariffs in this regard by November 1, 2020.

The PSC's Order comes as a huge relief to the State's solar industry stakeholders who, in recent weeks, have expressed concern to the Commission about the future of the industry. With New York State still on PAUSE under the Governor's Executive Orders related to the COVID-19 pandemic, construction of distributed solar has been on hold – though five upstate regions are set to reopen. Residential solar providers have had to conduct business remotely, which has limited new installations. The Alliance for Clean Energy – New York (ACE-NY), Solar Energy Industry Association (SEIA), New York Solar Energy Industry Association (NYSEIA), Vote Solar, and others recently asked the Commission to delay actions that would result in ratepayer impacts as many ratepayers face the economic challenges of the COVID-19 pandemic.[4] However, the funding authorizations and long-term certainty provided in this Order are meant to enable the industry and its workforce to play a major role in the State's post-pandemic economic recovery.

As New York State's renewable energy regulatory environment continues to unfold, Hodgson Russ's Renewable Energy Practice is ready and available to answer your questions. Please don't hesitate to reach out to Noah Shaw (518.736.2924) or Dan Spitzer (716.848.1420).

If you received this alert from a third party or from visiting our website, and would like to be added to any of our mailing lists, please visit us [HERE](#).

[1] Case 19-E-0735, [Proceeding on Motion of the New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025](#), *Order Extending and Expanding Distributed Solar Incentives* (issued May 14, 2020), available at <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={A67E946F-40B0-49C4-93CD-7BC454987CDF}>.

[2] As of May 1, 2020, Consolidated Edison had allocated capacity of 241 of 350 MW in Community Credit tranche 1. A second Community Credit tranche was not authorized by the PSC. Orange & Rockland and Central Hudson territories did not have Community Credit tranches; instead, projects there were eligible for the Community Adder if they did not qualify for the Market Transition Credit element of the VDER value stack. RG&E has unallocated capacity in both Community Credit tranches 1 and 2 – 76 of 80 MW have been allocated in tranche 1; 0 of 4 MW have been allocated in tranche 2. See *Tranches for Community Distributed Generation Projects*, <https://www.nyserda.ny.gov/All-Programs/Programs/NY-Sun/>

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Contractors/Value-of-Distributed-Energy-Resources.

[3] *See id.*

[4] *See* <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7bC7511064-37E8-4C3C-B3C1-B332385818C2%7d>.

