

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-E-0082 - Proceeding on Motion of the Commission as to
the Policies, Requirements and Conditions for
Implementing a Community Net Metering Program.

ORDER ESTABLISHING A COMMUNITY DISTRIBUTED GENERATION PROGRAM
AND MAKING OTHER FINDINGS

Issued and Effective: July 17, 2015

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
New York on July 16, 2015

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman, abstaining

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BY THE COMMISSION:

BACKGROUND

In a Notice Instituting Proceeding, Soliciting
Comments, and Providing For Stakeholder Meeting (February
Notice) issued February 10, 2015 in this proceeding, a Straw
Proposal was promulgated outlining a potential framework for the
implementation of community net metering, which can serve as a
Community Distributed Generation (Community DG) program.¹ The
February Notice also posed questions on issues related to the
Straw Proposal.

¹ Following issuance of the February Notice, a consultative
meeting to solicit the views of stakeholders was conducted on
March 6, 2015.

As described in the NEM Cap Order,² community net metering would allow multiple customers to net meter from a single solar generation facility. The net metering credit the facility produced would be measured in conformance with Public Service Law (PSL) §66-j. Utilities would, as a billing service provided under PSL regulation, break up the credit into amounts offset against the utility accounts of the participating customers. The February Notice and the accompanying Straw Proposal expanded upon the community net metering described in the NEM Cap Order by opening participation to all forms of clean distributed generation (DG) eligible under PSL §66-j and §66-l. Moreover, broader community participation in DG is envisioned in the Reforming the Energy Vision (REV) proceeding,³ where the role of DG in ensuring cost-effective system reliability is being expanded. For these reasons, issues raised here will be considered in the wider context of a Community DG program.⁴

The Straw Proposal sets forth conditions and requirements for structuring a Community DG project by establishing the relationship between the entity that would organize and own or operate the project (the project sponsor), the project facility developer, the utility, and the membership participating in the project through the sponsor. The Straw

² Case 14-E-0422, Solar Energy Industries Association, et al., Order Raising Net Metering Minimum Caps, Requiring Tariff Revisions, Making Other Findings, and Establishing Further Procedures (issued December 15, 2014).

³ Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015)(Framework Order).

⁴ Community net metering and Community DG programs are also known as shared renewables programs; the objective of all of these programs is to open participation in renewable energy to those previously foreclosed to entry.

Proposal also posed seven questions for stakeholder comment, on additional requirements and conditions for the net metering of a Community DG project and the distribution of credits from the project.

Comments on the Straw Proposal were solicited in the February Notice, due March 31, 2015, with replies due April 13, 2015. Moreover, in conformance with State Administrative Procedure Act (SAPA) §202(1), notice of this proceeding was published in the State Register on February 25, 2015. The SAPA §202(1)(a) period for submitting comments in response to the notice expired on April 13, 2015. In a Notice Extending Reply Comment Period issued April 9, 2015 in this proceeding, the period for submitted reply comments was extend to April 20, 2015.

Utilities, solar project developers, community groups, and others responded to the notices with extensive comments on the implementation of Community DG and on the relationships among those involved in a Community DG project. The commentators are listed with abbreviations at Appendix A, and their comments are summarized in Appendix B. Reply comments were also submitted, and they are summarized at Appendix C.

DISCUSSION

The Community DG Framework

A Community DG program can be structured through the framework outlined in the Straw Proposal. As many of the commentators note, the purpose of Community DG is to open opportunities for participation in solar and other forms of clean distributed generation to utility customers that would not otherwise be able to access that generation directly. Many utility customers lack control over sites that can be configured into a location for a clean generation facility, even for solar

photovoltaic (PV) panels, the most common form of small on-site clean distributed generation. Those customers nonetheless support the financing of clean generation facilities at other customer locations, because those facilities are generally funded in part through grants supported by the Renewable Portfolio Standard (RPS) surcharges added to the electric utility bills customers pay.⁵ A program whereby these customers can obtain the benefits of the clean generation they help fund is both equitable and would promote New York's clean energy policies.

The framework outlined in the Straw Proposal can be shaped into a Community DG program that meets these goals. Indeed, Community DG dovetails with the National Community Solar Partnership the White House announced on July 7, 2015. That initiative is directed towards unlocking access to solar generation for those households and business otherwise unable to participate. New York housing agencies are included among those the initiative is intended to assist; a fact sheet the White House issued accompanying its July 7 announcement lists the New York City Housing Authority (NYCHA) among a group of housing authorities from around the country that have committed to install solar and other types of renewable energy at their properties. In a subsequent portion of this Order, we discuss a collaboration on potential means in furtherance of these goals.

The Community DG framework adopted here is centered on a net metering paradigm as authorized under PSL §66-j and §66-l. A group of customers would join together into a membership that would associate as, or contract with, some form of business,

⁵ See Case 03-E-0188, Retail Renewable Portfolio Standard, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 24, 2014)(NY-Sun Order).

not-for-profit or governmental entity. That entity would become the project sponsor responsible for building a Community DG generation facility, interconnecting it to the utility grid, and then owning or operating it in conformance with the net metering requirements of PSL §66-j and §66-l.⁶ The sponsor would also interface with the generation facility developer, the interconnecting utility, and the membership. As at other net metered projects, generation in excess of consumption would create a credit the utility is responsible for tracking and distributing.

Once the utility establishes the amount of the credit, the Commission, under its regulatory jurisdiction over utility practices set forth in the PSL,⁷ may prescribe the distribution of credits the utility must make to the membership in the Community DG project, under such standards and requirements as are just and reasonable to the sponsor, the members, and the utility. The sponsor would facilitate the distribution of the credits by providing the utility with member account numbers and informing the utilities on the allocation and distribution of the credit among the members. No commentator presented arguments contradicting this interpretation of the PSL as authorizing the creation of a Community DG program through net metering and supervision of utility billing.

The Straw Proposal is premised upon that statutory authority. Of the Straw Proposal's fifteen practices, Nos. 1-9 set forth the basis, found in PSL jurisdiction over net

⁶ The sponsor, of course, may contract with generation facility developers, operational services suppliers, financial products providers and others in its role as project organizer to the same extent as other owners or operators of net metered projects.

⁷ PSL, §65(1),(2), & (3); PSL §66(1),(2),(3),(4),(5),(9),(12), & (12-a).

metering, for creating credits at a Community DG facility and then distributing those credits to participants in the Community DG project. Practice Nos. 10-12 set forth the responsibilities of the sponsor that will manage membership in the Community DG project and interface with the generation facility developer and the utility. The project sponsor will be responsible for identifying to the utility the members of the Community DG project entitled to crediting and the respective proportion of the overall net metering credit, as calculated at the facility meter, each member will take. The sponsor will also seek to resolve disputes among members in the first instance. Finally, practice Nos. 13-15 address the mechanics of utility crediting and billing.

Seven questions concerning Community DG were raised in the Straw Proposal. Those questions address participation in Community DG projects at demand metered and non-demand metered sites; a low-income component to the program; the number of members in a Community DG project; the proportionate share each member may hold in a project; consumer protections for project members; grid locational benefits in siting a project; and, other issues.

The Straw Proposal for the Community DG program attracted the interest of a broad variety of commentators and the general public. More than 1,200 emails were received in support of the Community net metering concept. Some commentators presented detailed proposals for structuring a program while others highlighted particular issues of interest. In some cases, however, aspects of various proposals the commentators present conflict with each other. Development of a Community DG program therefore requires identifying the standards for the program and resolving disputes over those standards, as discussed below.

The Community DG Program Practices

A. The Net Metered Generation Facility

To begin with, a Community DG project will consist of a generation facility eligible for net metering as a non-residential customer in conformance with PSL §66-j or §66-l, limited in size consistent with those statutes, located behind a host meter attached to a load under either a demand or non-demand classification. The projects would be interconnected to a major electric distribution utility in conformance with the requirements of §66-j or §66-l and may be configured in conformance with the remote net metering provisions of those statutes at PSL §66-j(3)(e),(f) & (g) and §66-l(3)(e). Therefore, policies established previously for remote net metering will govern a Community DG generation facility that elects remote net metering as well.⁸

B. Membership in a Community DG Project

Requirements for membership in a Community DG project should ensure that Community DG projects accomplish their goal of expanding the availability of participation in net metering to utility customers otherwise encountering obstacles to participating in net metered projects either on-site or remotely. Membership restrictions, however, should not impede the development of Community DG projects.

To effectuate these principles, membership in a Community DG project is set at a minimum of ten. If any of the individual members are sized in excess of a demand of 25 kW, those members collectively are limited to an aggregate distribution of credits constituting no more than a 40% share of

⁸ See Case 13-E-0150, Cornell University, Declaratory Ruling on Minimum Load Requirements For Remote Net Metering (issued May 16, 2013).

the Community DG facility's output.⁹ Each remaining member's share must not exceed 25 kW in demand and together those members at that size limit must aggregate to at least 60% of the DG facility's output.¹⁰ Allowing larger customers to participate in a project through the 40% proportionate share will enable them to serve as anchors for that project, which could facilitate project financing and the solicitation and organization of a membership. The remaining 60% proportionate share and 10 member requirements ensure that each project will be directed primarily to serving those smaller customers otherwise unable to participate in the development of clean distributed generation.

These membership criteria are straightforward, clearly defined, and limited in extent. As many commentators point out, criteria too extensive in scope or complexity could pose a barrier to development of Community DG. These limited criteria constitute a practice that avoids complexity while still restricting Community DG to projects that will achieve the program's goals.

C. The Sponsor

A community DG project will depend upon a project sponsor. The sponsor may be any single entity, including the generation facility developer, an energy service company (ESCO), a municipal entity such as a town or village, a business or not-for-profit corporation, a limited liability company, a partnership, or other form of business or civic association. The sponsor would be responsible for building the generation facility, and owning or operating it in conformance with PSL

⁹ The excess output may be translated into volumetric or monetary crediting depending upon the rate classification in effect at the facility's utility meter.

¹⁰ The membership arrangements for customers that are multi-unit buildings are discussed further below.

§66-j and §66-l.¹¹ The sponsor would coordinate the project's operation with the utility, and would supervise and foster cooperation among the membership.

The sponsor, in its role of managing the project's relationship with the utility and coordinating the membership, would have several specific obligations beyond those related to owning or operating the Community DG facility. It would provide the utility with a member information list showing each member's utility account number, name, address, and its proportionate share, in percent, of the generation facility's excess output beyond usage at the host meter.¹² That excess output is translated into the facility's net metered volumetric or monetary credit available for proportionate distribution to the members, with each member's percentage applied to the overall credit realized from the excess output. The requisite distribution of credits to each customer in each billing period can then be calculated, with the relevant credit applied to each individual bill.

In order to enable the utility to prepare for its billing responsibility, the sponsor shall submit its initial

¹¹ In this role, the project sponsor would be exempt from PSL jurisdiction to the same extent as any other owner or operator of a clean generation facility that is a qualifying facility (QF) as defined at PSL §§ 2(2-a) - (2-c) entitled to the exemptions at PSL §§2(2-d) and 2(13).

¹² In this role, the project sponsor would be subject to PSL Article 1 to the same extent as ESCOs and other similar energy supply providers interacting with the utility; sponsors need not form separate entities to perform the separate roles and instead will be treated as structurally separate in each role.

membership information list to the utility at least 60 days prior to the first bill.¹³ The sponsor may modify the customer information it lists by giving notice to the utility one month in advance of the bill that establishes the credit to which the modifications would adhere.

Under some circumstances, the sponsor itself will accumulate credits. A member might default on an obligation to a sponsor and forfeit its share of the credit to the sponsor, or the facility's output in excess of load might otherwise be undersubscribed for a variety of reasons. In those circumstances, the sponsor shall report to the utility the resulting proportion of the credits necessarily allocated to the sponsor at the host meter.

Once a sponsor is allocated credits, however, it must find a means of disposing of them. While sponsors should not be encouraged to obtain or retain credits, which should generally be distributed to the membership in conformance with the purpose of the Community DG project, a means is needed for distributing excess credits whose accumulation may not be avoidable. But, the monthly allocation process is limited to percentages of no more than the total output of the facility and so that process cannot accommodate the distribution of excess credits.

Distribution of excess credits can be accomplished by requiring the sponsor, once a year, to furnish to the utility an allocation for distributing those credits to the membership. This method will ensure that the membership that is entitled to the credits receives them. It also enables a sponsor to compensate members if a facility outage or other circumstances

¹³ To avoid constraining project development by unduly restricting enrollment flexibility, sponsors need not provide this information at the time the preliminary interconnection application is made to the utility.

prevent it from reaching the forecast of annual production expected when members sign up for their shares of output.

Since the sponsors clearly fall within the definition, at PSL §53, of an entity that "sells or facilitates the sale or furnishing of...electricity to residential customers," a sponsor would comply with the PSL Article 2, the Home Energy Fair Practices Act (HEFPA), in its relationships with its residential members. As a result, the complaint resolution process provided for in HEFPA, and in the Commission's regulations at 16 NYCRR Part 11, will adhere, to the extent relevant. For example, HEFPA complaint resolution processes would apply, while those related to termination or suspension of electric service to a customer would not adhere because the termination of a customer's participation in a Community DG project for reasons of non-payment, or otherwise, will not affect their ability to receive service from an electric distribution utility.¹⁴

Moreover, in the future, the sponsors would become distributed energy resource (DER) providers, as envisioned in the Reforming the Energy Vision (REV) proceeding.¹⁵ At that time, they will become subject to the standards that will be adopted there to protect the interests of consumers.¹⁶ As discussed in the REV Order, however, those standards will fall under PSL Article 1, in a fashion similar to the Uniform Business Practices (UBP) imposed on ESCOs. DER providers will not be subjected to the rate regulation or regulatory requirements of Article 4 of the PSL.

¹⁴ Unlike ESCOs, Community DG project sponsors will not be permitted to ask utilities to terminate customers upon non-payment of bills and instead must pursue defaults on payment obligations to the project through other means.

¹⁵ Framework Order at 101-06.

¹⁶ Framework Order at 105.

The project sponsor will generally manage the relationship between the members and the project, usually through contracts with the membership. In soliciting and entering into those contracts, sponsors shall comply with the relevant provisions of the UBP.¹⁷ These standards are necessary to protect the interests of consumers desiring to participate in a Community DG project. Other than the dispute resolution and customer solicitation provisions of the UBP discussed above, remaining features of the UBP will not be imposed on sponsors now, given that the policies for supervising DER providers are under consideration in REV.

D. The Community DG Membership

1. Membership Participation Practices

A Community DG project will serve a membership. Each member shall own or contract for a proportion of the credits accumulated at the generation facility's meter, as a percentage of the facility's output in excess of usage at the host site. Members must take a percentage that amounts to at least a minimum of 1,000 kWh annually and cannot take a percentage that is more than its historic average annual consumption.¹⁸ If the customer lacks a year of historic data, it may forecast its consumption instead.

Members may exit participation in a Community DG project or transfer their membership interests to others according to the terms of their relationship with the sponsor. Appropriate restrictions on exiting membership may be imposed to

¹⁷ These provisions are set forth at UBP §4(F), §5(B)(3)&(4) (except for references to Attachment 4) and §10(C)(4)(except for references to UBP §2).

¹⁸ As with any other billing relationship with a utility, members will be bound to these conditions through tariffs establishing the relationship between the utility and its customers who are members in a Community DG project.

assist sponsors in securing the revenue stream members promised in support of the project.

Conditions for transferring membership interests should be devised to minimize the occurrence of circumstances where one member exits the project before a substitute member is ready to take the allocation. In some circumstances, however, an exit without replacement cannot be avoided at least temporarily, and in others a member must be dismissed for failure to meet its obligations. In those cases, the sponsor will accumulate excess credits for disposition as discussed above.

2. Multiple Unit Buildings

Because utilities cannot allocate credits other than through their bills to their customers, membership in a Community DG project where participants are situated in a multi-unit building, whether structured as a condominium, a cooperative or a form of tenancy, raises issues not present at single unit building locations. Generally, a Community DG project member is named as a customer at a utility meter where the utility can offset credits against the customer bills tied to the meter. At a single unit building with one meter, the customer that is the member is readily ascertainable. Directly metered utility customers located in multi-unit buildings owned by another also can easily participate directly in Community DG in the same way.

That direct participation, however, is not available to customers located in a multi-unit building that is master metered by the utility. The building owner that is the customer named at such a master meter, however, may represent building occupants as indirect participants in Community DG by becoming the Community project member at the master meter. In that event, it is the building owner that obtains the Community DG

program credits, and it would distribute those credits to the building's occupants that participate. Participation could include all of the occupants or some subset of them depending upon the form of building ownership and occupancy.

Where a building owner submeters electricity to its residents in conformance with a Commission-approved plan pursuant to 16 NYCRR Part 96, the credits the owner obtains as a Community DG member would be applied to the submetered charges in conformance with that plan. Where the provision of electricity is charged to building residents by the owner pursuant to a lease or other contractual commitment in the absence of an approved submetering plan, the terms of that lease or contract would control. Creative arrangements for structuring these relationships are expected.

Multi-unit building owner participation as a member in a Community DG project through a master meter, however, appears to the project sponsor and the utility as a single member no matter how many building occupants join to support participation, or the amount of electricity each such supporter consumes. Because the building owner would be treated as a single customer, an exception is therefore needed for purposes of determining compliance with the requirement that customers of more than 25 kW be attributed no more than 40% of the Community DG project output while customers of 25 kW or less constitute 60% of the project, and for meeting the 10 member minimum needed to form a project.

A multi-unit building owner should not be treated as a single large customer within the 40% limitation, even if sized in excess of 25 kW, when in fact participation in the Community DG project is supported by many smaller building occupants sized at less than 25 kW. Therefore, such a building owner may report to the sponsor the number of occupants consuming 25 kW or less

that are participating indirectly in Community DG through the owner. The occupants would be treated as the project members for the sole purposes of determining compliance with the 40%/60% allocation and ten member limitations. Through this exception, participation of smaller occupants in multi-unit buildings will be facilitated in conformance with the purposes of the Community DG program.

E. The Utilities' Role

Utilities will undertake a role in contributing to the success of Community DG projects,¹⁹ by distributing the credits from the Community DG facility in accordance with the sponsor's instructions. While for most utilities, credits would be distributed on their monthly billing cycles, utilities that bill bi-monthly may continue that practice by reflecting accumulation and distribution of credits accordingly.

Since Community DG is a new program that is intended to facilitate the participation in clean energy of those customers previously foreclosed from that opportunity, it is expected that Community DG projects will proceed in accordance with the net metering policies that took effect following June 1, 2015 under the Transition Plan Order.²⁰ However, a project grandfathered under the Transition Plan Order may become a Community DG project if it surrenders its grandfathered rights to the policies in effect on or before June 1, 2015 and agrees to comply with all Community DG practices and requirements.

¹⁹ Affording utilities, as posited at practice No. 15 of the Straw Proposal, the option to read meters for both the Community DG facility and the members on the same cycle, is unnecessary, as utilities read meters on a geographic basis regardless of the location of the members or the facility.

²⁰ Case 14-E-0422, supra, Order Granting Rehearing in Part, Establishing Transition Plan, and Making Other Findings (issued April 17, 2015).

As a result, utilities would credit members in those Community DG projects that participate in remote net metering through a non-demand rate classification under the volumetric crediting methodology described in that Order. Volumetric crediting is appropriate and consistent with the goals of Community DG. Since most of the Community DG customers will be smaller in size, and the rate classifications under which they take service will be weighted more heavily towards volumetric charges rather than fixed customer or demand charges, they will benefit significantly from volumetric crediting.²¹

As a result, it is reasonable that volumetric rather than monetary crediting adhere to the Community DG program where a project is remote net metered at non-demand rates. If a project is demand metered, however, it would obtain credits through the monetary crediting methodology in effect under those rate classifications.

Since a member may take a share of Community DG facility output equal to the member's historic annual consumption, which is an amount that automatically smoothes out monthly consumption variations, in some months the member's share of the facility's monthly output may result in a credit that exceeds the member's monthly consumption. In those circumstances, the utility shall carry over the excess credit to the next month. Any excess credits accumulated at the end of the annual period, however, would be returned to the sponsor. Over-subscriptions taken from a facility's output could result in financial mismatches between a member's financial commitment

²¹ This rate design is under consideration in REV, but any modifications to it would affect net metered customers generally, and so any transition mechanisms that might be developed in REV to address net metering at that rate design would adhere to Community DG projects as well.

to a project and the benefits it realizes, which could disrupt the Community DG program.²²

Utilities may also restrict members in a Community DG project to participating in net metering only through that project. That is, members may not locate net metered generation facilities on-site or obtain net metered credits other than from the one project in which they are members. Since the purpose of Community DG is to make net metering available to customers that cannot otherwise participate in it, this restriction is appropriate.

It is also useful in reducing the burden utilities will undertake in billing these customers. Since both the number of Community DG projects and the number of members that can participate in each project may be significant, preparing bills could be a complex endeavor. To further complicate these billing obligations through tracking arrangements where there are multiple sources of net metering credits would be unduly burdensome. As a result, allowing multiple generation unit arrangements would pose an obstacle to the effective implementation of a Community DG program.

Coordination with REV

The Joint Utilities see in a Community DG Program an opportunity to implement principles evolving in the REV proceeding in advance of a decision in that proceeding. We agree that coordinating Community DG with the coming decisions in REV would further the public interest in accomplishing the

²² Again, these obligations would be imposed through utility tariffs establishing the billing requirements the members must meet to participate in Community DG. Contrary to NYC's arguments, PSL §§66-j and 66-l are not relevant to these billing requirements because members are not net metering under those statutes; they are instead participating in a utility billing relationship, as explained above.

REV goals and that some of the developing REV principles can be addressed now through demonstration projects or other early adoption. However, such initiatives must be accomplished without delaying implementation of Community DG as discussed here. There is strong support for moving forward with Community DG as quickly as is feasible. Moreover, movement towards REV goals here cannot be achieved if it were to prejudice the decisions still to be made in REV. Some of the Joint Utilities' proposals, such as an improved rate design that better spreads the costs of the electric grid and tariffs that are more market based, cannot be decided in advance of further consideration of issues to be explored in the forthcoming REV Track 2 process. As discussed below, at this time, Community DG can be coordinated with REV in ways other than the Joint Utilities propose.

Consequently, Community DG is best introduced in phases, with an introductory Phase 1 that would last approximately six months from the time Community DG tariffs are filed. During Phase I, the Community DG Program would proceed first with projects that advance selected REV principles. During a Phase 2 to the Community DG Program, which would occur after more decisions are arrived at in REV, the application of the REV principles to Community DG would be expanded.

A. Introduction of Community DG - Phase 1

Despite the best efforts to properly structure a Community DG program as detailed above, we recognize that the program is about to begin its initial implementation. Relationships among sponsors, memberships, and clean generation facility developers would be best developed and refined in an environment where the most capably managed projects move forward first in a brief Phase 1 through April 30, 2016 and serve as a model for others to follow later in a Phase 2. The Phase 1

projects would be defined as those that advance selected REV goals.

Moreover, the role of electric utilities in the program poses challenges as well. As the Joint Utilities point out, the billing obligation utilities will undertake requires additional effort to accomplish properly. Accordingly, Community DG should be introduced deliberately so that best practices can be developed through the experience of projects that can foster innovation in the development of Community DG while utilities learn to accomplish billing effectively and efficiently. The projects furthering these objectives would be those that are coordinated with the REV goals of meeting locational reliability objectives, and serving the needs of low-income customers.

Therefore, during an introductory Phase 1 period, interconnection of Community DG projects will be prioritized to those projects that provide benefits consistent with REV, beyond the general purpose of opening participation in clean energy projects to customers previously unable to access those projects. In that Phase 1 period, two types of projects will be interconnected -- those that locate at sites where they will bolster grid reliability or provide other locational benefits and those that promote low-income customer participation. Community DG projects that do not qualify as Phase I projects may nonetheless move forward and prepare for interconnection by filing preliminary interconnection applications with a utility at any time following the tariffing of the Community DG program; such projects, however, would not actually be interconnected until after the end of the introductory period.

1. Locational Benefits

Achieving the goal of siting projects where there are locational benefits as posited in REV requires first that those

geographic locations be identified. Utilities have taken the first step to mapping those locations, by identifying strategic geographic locations to the New York State Energy Research and Development Authority (NYSERDA) areas under the NY-Sun initiative. The incentives that NYSERDA offers under the Solar PV MW Block Program, through its Program Opportunity Notice (PON) 3082 for large commercial and industrial customers, are then enhanced by an adder that recognizes the additional value of siting projects at those strategic locations.

However, the quality of the strategic geographical information the utilities have provided in furtherance of the PON 3082 locational adder has varied widely. Central Hudson and O&R have mapped substantial portions of their service territories consistent with internal electrical boundaries. National Grid has pictured actual substations and lines running from those substations. Con Edison has identified locations geographically, but has advised that it should be contacted to ascertain actual electrical interconnection points that qualify, and it has declined to identify any strategic locations in the Westchester County portion of its service territory. NYSEG and RG&E map only governmental boundaries without identifying actual electrical infrastructure needs that could be satisfied by local generation. Better geographic information is necessary in a consistent State-wide manner if Community DG project developers are to find sites that are locationally beneficial.

Moreover, Community DG projects can potentially provide a suite of grid locational benefits including demand response, deferred investment in new utility infrastructure, and energy, capacity and ancillary services. Finding locations where these benefits are best realized, however, may be difficult. Utilities may not be able to precisely and accurately identify all of the areas where locational benefits

might be realized in time to allow projects to proceed during the Phase 1 introductory period.

As Pace proposes, however, utilities can target particular geographic areas as opportunity zones for Community DG that go beyond the PON 3082 adder locations.²³ A similar process was followed in establishing New York Prize (NY-Prize) Opportunity Zones that utilities have identified as locations where microgrids may reduce utility system constraints or defer expensive infrastructure investment costs. When these NY-Prize locations are re-evaluated in combination with the NY-Sun strategic locations, and the Non-Wires Alternatives locations identified through REV,²⁴ and mapping is improved and enhanced to the extent appropriate, Community DG Opportunity Zones that are reasonable can be created where projects deemed innovative in conformance with REV may be sited in Phase 1.

Therefore, without completing the complex task of comprehensively ascertaining locational needs throughout a service territory, each utility shall establish Community DG Opportunity Zones where locating Community DG projects would be most beneficial. Setting the size of the Zones to encompass at least 40% of a utility's service territory is a reasonable interim approach that balances the difficulties inherent in properly identifying locations of need with opening to Community DG that portion of a utility's service territory sufficient to afford a reasonable opportunity for Community DG projects to proceed.

To achieve these goals, utilities are directed to file strategic maps of Community DG Opportunity Zones within 45 days

²³ Given the expansion beyond those locations, NYSERDA would continue to offer the adder only as already specified in and identified through PON 3082.

²⁴ Framework Order at 130.

of this Order. The maps shall meet these criteria: include street-level resolution sufficient to determine if an individual project site address is within an identified Opportunity Zone; be hosted as an interactive map on the utility's DG Interconnection website; and be provided in ARC-GIS compatible shapefiles to NYSERDA within the 45 day period. The shapefiles will, at a minimum, outline the Opportunity Zone, include map projection data bundled in the shapefile metadata, and, if not shown otherwise, include street labels at the Zone boundaries.

The adequacy of the utilities' Community DG Opportunity Zones will be reviewed before the tariffs opening their service territories to Community DG become effective. If any Zone is found unsatisfactory because insufficiently broad in geographic scope or not demarcated clearly, the utility could be required to offer its entire service territory to Community DG instead of limiting their location to areas of geographic benefit.

2. Low-Income Customer Participation

Another category of Community DG projects can show innovation in meeting a REV need by broadening the options available to low-income customers. During the Phase 1 period, therefore, Community DG projects will be deemed innovative if 20% of the members of a project are low-income customers. At that level, low income participation will be significant without overstressing sponsor resources in bringing the opportunity of participation in renewable distributed generation to these previously underserved customers. Policies affecting these customers are discussed further below.

3. Phase 1 Implementation

With these criteria in place, a schedule for introducing a Community DG program may be developed. Following the submission, within 45 days of the date of this Order, of the

enhanced strategic maps discussed above showing Community DG Opportunity Zones, utility tariffs implementing Community DG programs shall be filed within 60 days of the date of this Order. Those tariffs shall bear an effective date of October 19, 2015. The Phase 1 period during which Community DG projects will be restricted to the Community DG Opportunity Zones and a percentage of low-income customers will run thereafter until April 30, 2016.

Utilities shall coordinate their Community DG tariffs to achieve the uniformity of implementation that will foster the growth of Community DG across New York under principles that reduce barriers to participation. While sponsors may pursue the utility billing and usage information necessary to solicit participation in a Community DG project directly from potential members, in some cases utilities may prove a better source of information. Therefore, utilities shall establish uniform formats and procedures for requesting and providing that information, upon a customer's written consent to release the information. They shall also establish a uniform format for the sponsor's submission of the information on membership and distribution of credits prerequisite to the utility's issuance of bills that reflect the credits, and take any other steps, in the tariffs that are filed on the schedule set forth above, appropriate to standardization of implementation.

B. Phase 2 - REV Implementation

As of May 1, 2016, utilities shall open their entire service territories to Community DG projects in Phase 2, subject, however, to any policies or requirements adopted in REV for net metering. While we disagree with the Joint Utilities' assertion that implementation of Community DG should be delayed until the completion of further proceedings under the REV process, we do believe that many REV principles beyond those

explicitly addressed in Phase 1 can move forward now, with their development and our consideration resulting in implementation at an appropriate time. Indeed, the utilities shall join in the collaborations discussed below, on making REV and other improvements to the Community DG process that would take effect with Phase 2 and quantifying the distribution system value that DERs, including Community DG projects, can provide.

Moreover, during the coming months, Department of Public Service Staff (Staff) will be addressing a cornerstone REV issue of achieving a more precise articulation of the full value of the benefits of DER. This valuation of distribution system and other benefits of DER commenced with the issuance of the Staff Benefit Cost Analysis Framework White Paper (BCA White Paper) on July 1, 2015. The BCA White Paper, as well as other additional research, together with the benefit of stakeholders' comments, will provide a solid foundation from which to adopt a more precise method of valuing benefits and costs to the distribution system, including locational benefits. We also encourage utilities to consider other opportunities for early adoption of REV initiatives that will apply to Community DG programs, once the REV mechanisms adhering to Community DG programs are further detailed for consideration in the Track Two Staff filing scheduled for July 28, 2015.

Finally, the participation of low income customers in Community DG projects must be encouraged, and their interests otherwise advanced, during Phase 2. Means for achieving that goal are discussed further below.

Low-Income Customer Policies

A. Promoting Low-Income Customer Participation

While the means for encouraging low-income customer participation in Phase 1 of the Community DG program are adequate, because of the 20% low-income participant alternative

provided for there, means for further encouraging that participation in Phase 2 of the program require additional development. Commentators identify barriers to that participation, in particular the customers' lack of the financial resources necessary to support their participation. In order to ensure that the barriers to low-income customer participation that have been identified are removed in Phase 2, appropriate mechanisms for encouraging participation, including financial incentives, are needed by then.

Commentators present a wide variety of proposals for assisting low-income customers in participating in a Community DG project. These proposals include diverting funds from existing low-income programs to investments in Community DG; new NYSERDA programs specifically designed to assist low-income customers in joining in a Community DG project; and, other approaches to grants or other financial support for low-income customer participation. In order to properly address these proposals, additional proceedings in the form of a collaborative, as discussed below at page 31, will be conducted.

B. Other Low-Income Customer Participation Issues

The participation of low-income customers raises several issues that do not affect the participation of customers generally. Encouraging low-income customer participation cannot be accomplished unless those customers are properly identified. Proposals to install consumer protections that would adhere only to this class of customer require consideration.

Low-income status would be determined by confirmation that an identified customer is an Assistance Program Participant (APP) receiving benefits under the Home Energy Assistance Program (HEAP) or a utility-administered low income discount

program, as discussed in the Retail Access Rehearing Order.²⁵ Confirming information on low income status can be found on the customer's bill, enabling the sponsor to ascertain that a customer is eligible to meet the 20% requirement. Consequently, Community DG project sponsors would work with local community organizations and leaders to solicit low-income customers, educate them on the benefits of participation in Community DG, and obtain their permission to access HEAP or other utility assistance program information.

UIU believes low-income customers should be guaranteed savings if they choose to participate in a Community DG project. That requirement, however, could make it more difficult to finance Community DG projects, and appears unnecessary, because net metering arrangements to date have resulted in customer savings. Those savings appear inherent in the credits available through net metering if properly implemented and supported by NYSERDA incentives. As a result, the pricing protection provision UIU proposes, targeted only to low-income customers, is unnecessary under the net metering paradigm.²⁶

Fees and Charges

The Joint Utilities would allocate a portion of implementation costs as they perceive them to Community DG project sponsors and the members in the projects through fees

²⁵ Case 12-M-0746, Residential and Small Non-Residential Retail Energy Markets, Order Granting and Denying Petitions for Rehearing (issued February 6, 2015).

²⁶ Where an ESCO serves as a sponsor, however, it remains subject to the requirement, set forth in the in the Retail Access Rehearing Order, that any energy sales it makes to low income customers be priced at no more than utility rates or be tied to energy-related value added products; this requirement would adhere to any arrangement where an ESCO provides low-income customers with both Community DG credits and energy supply but would not adhere when only credits are provided.

and charges, including a fee for preparing members' bills, a minimum bill charge to members, and a grid access charge imposed on sponsors.

Since Community DG is initially structured under a net metering paradigm, insofar as utilities and Community DG project sponsors interact, the program does not raise implementation cost issues at this time that distinguish it from other forms of net metering sufficient to justify singling it out for fees and charges not imposed on other participants in net metering. Consequently, the utilities shall initially implement Community DG as a form of net metering in conformance with existing net metering policies free of the fees and charges they propose.

Under REV, however, utilities will offer platform services to REV participants, including Community DG and other distributed generation projects generally. Utilities will have an opportunity to earn revenues, through incentives or shared savings, from these services where the services add value, such as through reduced transaction expenses or combining with an electric storage alternative. Consequently, utilities may make filings, proposing for our consideration,²⁷ competitive platform services and revenue mechanisms together with an implementation schedule, that add value, in conformance with REV, to the Community DG program.

Other Findings

A. The Joint Utility Proposals

A number of proposals that the Joint Utilities make would unduly constrain or overly restrict Community DG programs. Among these proposals are sunseting Community DG programs and

²⁷ See Matter of MCI Telecommunications Corp. v. Public Service Commission, 169 A.D.2d 143 (3rd Dept. 1991).

alternatives to utility crediting of the bills of Community DG members.

1. Sunsetting Community DG

The Community DG Program, the Joint Utilities recommend, should sunset after a three-year period or when successor tariffs are implemented once new DER policies are arrived at in REV, whichever is sooner. Sunsetting the Community DG Program, however, could disrupt its implementation by posing uncertainties that would discourage potential Community DG sponsors from participating or preventing the efficient and efficacious financing of projects. Moreover, requiring sunseting now for Community DG projects would unduly distinguish them from other forms of net metered projects not subject to sunseting. Therefore, the Joint Utilities' sunseting proposal is rejected, and any transition involving Community DG projects will take place in REV when other net metered projects are considered.

2. Crediting Member Bills

The Joint Utilities also seek to decline the responsibility to offset Community DG project credits against the utility bills of a project's members. Instead, they suggest a variety of arrangements under which the sponsor itself will be responsible for distributing benefits. As other parties point out, however, the success of Community DG is dependent upon the crediting by a utility directly to a project member's bill. Moreover, arrangements under which a sponsor could distribute credits outside of utility billing are cumbersome at best. Accordingly, utilities must fulfill their billing responsibilities to members in Community DG projects by properly crediting their accounts as provided for above.

B. Community DG Membership Restrictions

Many commentators would open a Community DG program to projects with only two members. At that level of membership, however, a project cannot be deemed to serve a community. Moreover, projects with so few participants could lack the resources necessary to properly administer the Community DG project, or a project could be diverted to serve the interests of only a few large customers, for whom Community DG is not intended. As a result, some minimum level of membership is needed, and ten members, a limitation some commentators point to as adopted by other States with programs analogous to this Community DG program, is appropriate.

The Joint Utilities propose to limit the maximum number of customers that can participate in a Community DG project. Such a limitation appears unnecessary. Since a project is limited to 2 MW under PSL §66-j and §66-l, and larger projects sized near or at that limit will likely require the support of anchor members, the number of participants is self-constraining. Projects consisting solely of smaller-sized members will likely be limited to developing a facility sized at a comparatively smaller generating capacity in order to successfully finance the project and for the sponsor to avoid taking on the responsibility for managing an unwieldy number of members. As a result, the Joint Utilities' constraint on the maximum number of participants is rejected.

As with remote net metering, all members in a Community DG project must be located in the same service territory and New York Independent System Operator (NYISO) load zone where the sponsor's project is located. A number of commentators opposed those restrictions. They fail, however, to address the fact that these restrictions are specifically set forth in both PSL §66-j and §66-l and so sponsors must comply

with them. Moreover, given that it is the utilities that will distribute the credits, they can do so only for their own customers in their own service territory. Electric energy supply also must be furnished to members only in conformance with NYISO load zone requirements, including the 80% minimum in-City generation provision in effect in NYC's Zone J location. As a result, these geographical limitations cannot be circumvented.

NYC asks that Con Edison modify its billing practices so that New York Power Authority (NYPA) customers in the City may participate in Community DG projects. As the Joint Utilities point out, however, under the complex arrangements for service in the City involving NYPA and Con Edison, Con Edison in most cases bills based on demand only without charging a variable component. Consequently, there are no Con Edison variable kWh charges to offset through net metering. Moreover, NYPA cannot be compelled to engage in net metering because it is beyond PSL jurisdiction for rate purposes. NYPA, NYC and Con Edison, however, are encouraged to work together to promote Community DG. To that end, and in recognition of NYCHA's aforementioned commitment to the installation of solar at its facilities, we invite Con Edison, in cooperation with NYCHA, local community groups and NYPA, to propose a REV Demonstration project addressing these issues. Staff is available to assist in any such cooperative effort.

C. Community DG at LIPA

The adoption of the Community DG Program for New York's major electric utilities does not encompass within its implementation of such a program within the service territory of the Long Island Power Authority (LIPA). To ensure consistent development of and access to Community DG programs across the State, LIPA is encouraged to adopt such a program. Staff shall

work with and assist LIPA in implementing a Community DG program for its customers.

D. Other Proposals

Parties present a wide variety of other proposals concerning Community DG programs. These proposals have been reviewed, and it has been determined that they are either inconsistent with the net metering paradigm adopted for Community DG, will not contribute to the success of a Community DG program, are unnecessary, or are otherwise inappropriate. As a result, any proposal inconsistent with the Community DG program adopted above is deemed rejected.

Further Proceedings

A. The Low-Income Customer Collaborative

To accomplish removal of obstacles to low income participation in Community DG, Staff is directed to initiate a collaborative involving NYSERDA, low-income community organizers, utilities and other interested stakeholders on developing means for encouraging low-income customer participation in Community DG. Besides creating the mechanisms necessary for removing barriers to participation, the collaborative shall consider devising demonstration projects directed toward encouraging broad low-income customer participation in Community DG. Staff shall commence the collaborative within 60 days of the date of this Order and report on the outcome of the collaborative by January 15, 2016.

B. Distribution System Valuation

The Joint Utilities maintain that Community DG should be designed to conform to the larger REV markets under development. While Community DG may not be delayed until REV issues are decided, the utilities are correct in pointing out that more rapid progress on REV issues affecting DER, including Community DG, is needed.

As discussed in the REV proceeding, making effective reforms to rate design and to DER compensation mechanisms, both to facilitate Community DG and for broader purposes, requires a strong foundational understanding of the system value that DERs can provide. For purposes of this discussion, system value consists of the energy value and all other values offered by a distribution-level resource. The energy value in New York is established by power markets and is called the location-based marginal price (LMP). The distribution-level value can be added to the LMP once it is established, to create "LMPD" -- the full value of a distribution-level resource on a time and location-specific basis.

While the LMP is already well established and transparent, the "value of D" is not. It can, however, include load reduction, frequency regulation, reactive power, line loss avoidance, and resilience and locational values. "Value of D" may also encompass values not directly related to delivery service such as installed capacity and emission avoidance. Moreover, the Framework Order adopted a list of factors as the basis for further development of valuation,²⁸ and the BCA Staff White Paper is also relevant to this analysis. To be clear, the Commission does not imply that the calculation of LMPD is inconsistent with the continuation of the mechanism of net energy metering. This will be a topic considered in the REV Track 2 proceedings.

Work on determining the value of distribution-level resources must begin promptly. Therefore, Staff is directed to commence, within 60 days of the date of this Order and in active consultation with the utilities and other interested parties, the development of a report and recommendations on valuation of

²⁸ Framework Order at 124.

distribution system benefits provided by DER. This work should take into consideration any comments received in REV proceedings on LMPD and assess what will be required to accurately calculate an LMPD value.

Moreover, ongoing proceedings concerning the BCA White Paper and other additional research accompanying it, and the ongoing studies on net metering costs and developing competitive markets and pricing structures being conducted with the assistance of consultants, may inform the "value of D," and so developments from those efforts should be considered in the report as well. Taken together with the benefit of stakeholder comments, the report should provide a solid foundation from which to adopt a more precise method of valuing benefits and costs to the distribution system, including locational benefits. Staff shall complete the report by January 15, 2016.

C. Coordination With REV Proceedings

While the low income and "value of D" efforts proceed, greater coordination with REV principles should be pursued at the same time. For example, utilities, as discussed above, could provide enhanced, value added, services to Community DG sponsors for a fee, similar to the practice in community choice aggregation programs.²⁹ More efficient means for electronic transfer of information could also facilitate Community DG, such as through the existing, or enhanced, Electronic Data Interchange protocols currently in effect for ESCOs. To the extent not considered elsewhere in REV, or in coordination with REV proceedings, the efforts initiated here may address these and similar issues.

²⁹ Case 14-M-0564, Sustainable Westchester, Order Granting Petition in Part (issued February 26, 2015); Case 14-M-0224, Enabling Community Choice Aggregation Programs, Order Instituting Proceeding and Soliciting Comments (issued December 15, 2014).

Progress on these issues could guide broader implementation in REV. Other topics may be coordinated with the REV process, including the uniform contract terms between DER providers, which include Community DG sponsors, and their customers, that are under consideration in Case 15-M-0180.³⁰ That and other issues affecting sponsors acting as providers of DER services may be addressed in that proceeding. Moreover, issues affecting low income customers are under consideration in Case 12-M-0476,³¹ and the same approach of coordinating Community DG with that process while taking advantage of opportunities to implement advantageous improvements should be followed.

Utility Ceilings on Net Metered Capacity

As with any net metered facility, the capacities of the Community DG facilities will be summed with the capacities of all other net metered facilities located in a utility service territory in determining compliance with the ceiling on the amount of net metered capacity each utility must purchase, subject to the Commission's determinations on the implementation of those ceilings adopted in conformance with PSL §66-j and §66-l.³² Following the issuance of the Transition Plan Order, however, utilities continue to receive applications for the interconnection of net-metered facilities at a rapid pace, as the NY-Sun Program for promoting solar PV is met with great success and the industry continues to flourish in New York. The

³⁰ Case 15-M-0180, Oversight of Distributed Energy Services Providers, Notice of Technical Conference (issued April 21, 2015).

³¹ Case 12-M-0476, supra, Notice Scheduling Collaborative On Certain Aspects of ESCO Provision of Services to Assistance Program Customers (issued April 21, 2015).

³² See NEM Cap Order at 13-14; Case 12-E-0485, Consolidated Edison Company of New York, Inc., et al., Order Raising Net Metering Limits (issued June 13, 2013).

introduction of the Community DG program may induce a substantial number of additional applications, once the Phase 1 introductory period concludes.

Therefore, Staff is directed to report to the Commission at appropriate times on the status of interconnection applications completed and actual interconnections accomplished for net metered facilities in each utility service territory. Staff shall timely make such recommendations for addressing capacity ceilings as are necessary in a utility service territory to ensure that the processing of completed interconnection applications is not interrupted.

Utilities are reminded that, as first prescribed in the NY-Sun Order,³³ they must continue to accept applications for net metering and process interconnections notwithstanding the level of ceilings on net metered capacity. While, as noted in the NEM Cap Order,³⁴ a utility must advise if a ceiling is in need of revision, the obligation to add net metered generation continues nonetheless.

CONCLUSION

Community DG is poised to become a valuable contributor to the success of New York's clean energy programs, while equitably expanding the access of customers formerly excluded to the benefits of those programs. It also advances the goals of the REV proceedings, and should be properly coordinated with REV efforts. Consequently, the Community DG program set forth above is adopted and it shall be coordinated with REV as discussed above.

³³ NY-Sun Order at 23.

³⁴ NEM Cap Order at 13-15.

The Commission orders:

1. The Community Distributed Generation Program described in the body of this Order is adopted.
2. Central Hudson Gas and 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 are directed to file, within 45 days of the date of this Order, maps identifying Community Distributed Generation Zones in conformance with the discussion in the body of this Order. Those maps shall be reviewed in conformance with the requirements established in the body of this Order.
3. The electric utilities listed in Ordering Clause No. 2 are directed to file tariff leaves providing for Community Distributed Generation Programs in conformance with the requirements set forth in the body of this Order. The tariff leaves shall be filed within 60 days of the date of this Order, to become effective on October 19, 2015.
4. The requirements of Public Service Law §66(12)(b) concerning newspaper publication of the tariff amendments described in Ordering Clause No. 3 are waived.
5. Department of Public Service Staff is directed to initiate a collaborative, within 60 days of the date of this Order, involving the New York State Energy Research Development Authority, low-income community organizers, and other interested stakeholders, on developing means for encouraging low-income customer participation in the Community Distributed Generation Program, and on the other issues specified in the body of this Order, and shall report on the outcome of the collaborative by January 15, 2016.

6. Department of Public Service Staff is directed to initiate consultations, within 60 days of the date of this Order, on electric delivery valuation as discussed in the body of this Order, and shall prepare the report described in the body of this Order by January 15, 2016.

7. Department of Public Service Staff is directed to report to the Commission, when appropriate, on the status of interconnection applications completed and interconnections actually accomplished for net metered facilities in each service territory of each utility listed in Ordering Clause No. 1.

8. The Secretary in her sole discretion may extend the deadline set forth in this Order. Any requests for an extension must be in writing, must include a justification for the extension and must be filed at least one day prior to the deadline.

9. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

Appendix A

<u>Commentator</u>	<u>Abbr.</u>
Alliance for Clean Energy New York, Inc.	ACE NY
Azure Mountain Power	Azure
Clean Energy Collective	CECL
Dunham, Peter	Mr. Dunham
Energy Democracy Alliance	EDA
Energy Technology Savings	ETS
Helderberg Community Energy LLC	HCE
Interstate Renewable Energy Council, Inc.	IREC
IGS Solar LLC & IGS Generation LLC	IGS
Joint Utilities ³⁵	Joint Utilities
Mainstream Green, Inc.	MGI
New York Biogas Study Group	NYBSG
New York City	NYC
New York Shared Renewables Coalition	Shared Renewables
New York Solar Energy Industries Association	NYSEIA
Next Step Living, Inc.	NSL
NRG Energy, Inc.	NRG
Pace Energy and Climate Center	Pace
Phayre, Dennis	Mr. Phayre
SoCore Energy Co.	SoCore
Solar Energy Industries Association	SEIA
Solar One	Solar One
SunEdison, Inc.	SunEdison
Utility Intervention Unit, New York State Department of State	UIU

³⁵ The Joint Utilities are: Central Hudson Gas & Electric Corporation (Central Hudson); Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), Orange and Rockland Utilities, Inc. (O&R) and Rochester Gas and Electric Corporation (RG&E).

APPENDIX B

INITIAL COMMENTS

A. General Comments

Most commentators express support for the introduction of community net metering (CNM) in New York State and generally request that the Commission act quickly on implementation. ACE NY welcomes the implementation of CNM and expresses support for elements of the Staff Straw Proposal such as technology neutrality, on-bill crediting and allowing for residential and non-residential participants. Pace recommends coordinating CNM with the Reforming the Energy Vision (REV) and Clean Energy Fund (CEF) proceedings, while it also supports the Straw Proposal, as do SEIA and SoCore. Shared Renewables and Azure support a technology-neutral approach, and Azure notes the importance of CNM for micro-hydroelectric projects.

IREC states that participants in shared renewable energy programs should receive tangible economic benefits on their utility bills; that shared renewable energy programs should have the flexibility to support consumers' preferences; and that they should support existing renewable energy programs. Shared Renewables states that shared renewable energy programs should expand access to a broader group of energy consumers; that participants in shared renewable energy programs should receive tangible economic benefits on their utility bills; that shared renewable energy programs should be additive to and supportive of existing renewable energy programs; and that shared renewable energy programs should be flexible enough to account for energy consumers' preferences and for various business models.

While NYC expects that the most common form of CNM will consist of a power purchase agreement between customers and project developers, it would explore the possibility of other structures, including partial customer ownership of projects.

NYC also requests clarification on how credits will be earned and distributed by CNM projects, in light of the Commission's recent ruling on remote net metering crediting. In a similar vein, SEIA and SoCore request clarification on whether CNM projects will receive volumetric or monetary crediting.

The Joint Utilities maintain it is important to align this proceeding with the Commission's proceeding on community choice aggregation, the examination of value-added services of energy service companies, and the microgrid framework developed in the REV proceeding. NSL notes the importance of aligning utility incentives with the growth of shared renewable projects.

The Joint Utilities suggest that the rules being developed in the REV Proceeding on distributed energy resource (DER) provider oversight be applied to CNM, and that the REV requirements for DER providers to wheel power through the distribution system inform CNM policies. Any standardized contracts developed in REV for distributed system platform (DSP) markets, the Joint Utilities continue, could clarify the rights and responsibilities of parties in this proceeding as well.

Asserting that net metering shifts the costs of grid maintenance to non-net metered customers, the Joint Utilities voice their support for expanding community renewable choice through moving toward a REV model that spreads the costs of the electric grid across all of its users, based on the results of REV Track Two and the findings in the PSL §66-n net metering study. Alternatively, if the interim implementation of CNM is deemed necessary, the Joint Utilities recommend making several modifications to CNM so that it functions more like a market-based precursor to REV successor tariffs. They would sunset CNM after a three year period or when successor tariffs for DERs are implemented through REV, whichever occurs sooner. The REV

tariffs also would be substituted for net metering rates seven years from the in-service date of the project.

The Joint Utilities' also recommend that CNM organizers develop commercial arrangements without utility involvement or utility allocation of net metering credits among CNM members unaffiliated with the host in the utility's records. If the latter is required, the Joint Utilities suggest they be authorized to charge a fee for that specialized billing service. To limit billing confusion, the Joint Utilities would restrict each utility customer to participation in only one net metering arrangement through a single CNM project. Further, they request that the Commission establish a hard cap on the aggregate amount of CNM within a given utility's service territory of no more than one percent of 2005 load.

The Joint Utilities request that the Commission regulate community host organizers as it does ESCOs. The Joint Utilities call for a low-income component requirement for all CNM projects. They also request further development and clarification of the definition of a "community." Finally, the Joint Utilities request that DER projects that are in service or in a utility's interconnection queue prior to the Commission's issuance of a CNM order be prohibited from converting from net metering or traditional remote net metering to CNM.

Mr. Phyre would focus CNM primarily on residential and small business customers, and suggests the experience of existing retail energy suppliers in acquiring customers and interacting with utilities qualifies them to act as organizers and owners of CNM projects. Mr. Dunham would allow residential customers to serve as generation facility hosts, up to a maximum size of 100 kW. MGI argues for a 10 MW limit on project size, and for not counting the project capacity towards a utility's net metering cap. ETS states that it is imperative that

arrangements for customers in multifamily residential buildings be included in CNM.

The Joint Utilities note that implementation of CNM will need to be accompanied by changes to the SIR. NYSEIA states that it supports the current SIR revision process; however, NYSEIA does not recommend special treatment of CNM projects under the SIR.

B. Comments on the Straw Proposal Principles

Some commentators organized their filings around the Principles stated in the Straw Proposal. Principles 1-9 set forth the basis for creating credits at a CNM facility and then distributing those credits to members in the CNM project. Principles 10-13 set forth the responsibilities of the CNM organizer that will manage the membership, the facility developer and the relationship with the utility. Principles 14 and 15 address the mechanics of utility billing.

The Joint Utilities write that they agree with Principles 1-10, but would effectuate Principle 7's requirement that excess credits be distributed within one year through an annual reconciliation. They would, however, avoid excess credits altogether by cashing out undistributed credits each month at avoided cost. In regard to Principle 11, the Joint Utilities underscore that CNM organizers should both bill and pay members directly. As to Principle 12, the utilities ask that any changes in CNM membership or allocation be limited to once each calendar quarter to minimize administrative costs. The Joint Utilities find Principle 15, on coordinating billing cycles, inconsistent with current utility practice.

NRG responds to Principles 3 and 4, respectively, by urging the Commission to increase the 2 MW size cap on CNM projects, noting the economies of scale associated with larger projects, and to increase utility ceilings on the net metered

generation they must purchase. As to Principle 7, NRG suggests that utilities move customers' credit balance forward, rather than providing an annual cash out; it would be the responsibility of CNM organizers to ensure that long-standing credits are avoided by appropriately sizing credit shares to match customer needs. Regarding Principle 9, NRG states that NYISO Zone J residents should be allowed to subscribe to CNM projects in Zones H and I, if consistent with the NYISO's 80% in-zone generation requirement for Zone J; CECL supports the recommendation.

Shared Renewables says, concerning Principle 4, the current utility net metering caps are insufficient to support expected levels of penetration of customer-sited generation in the next few years. In response to Principles 7 and 13, Shared Renewables requests that exceptions be made to requiring the distribution of all credits from a CNM facility within one year. Regarding Principle 5, Shared Renewables suggests using the SIR process for consideration of unique aspects on grid constraints, needs and capacity. Shared Renewables supports Principle 12, stating flexibility on the distribution of credits is important to CNM project administration.

Regarding Principle 8, NYC notes that residential customers are not allowed to participate in remote net metering under PSL §§ 66-j and 66-l. It therefore requests that the Commission clarify its authority to implement CNM for residential customers.

NYSEIA recommends, as to Principles 6, 7 and 12, that the credits generated in excess of the host load be calculated under the service classification rules in effect at the community CNM members' accounts. NYSEIA supports a minimum one-year time-frame on host account credit carry forward but recommends that CNM member accounts be able to carry credits

forward from year to year. Regarding Principle 8, NYSEIA recommends clarifying that projects may have off-takers that are residential, non-residential, or a combination of both. In response to Principle 10, NYSEIA would avoid limitations on the types of contracts between CNM organizers and off-takers. NYSEIA also supports Principle 13, which it interprets as allowing a host organizer to bank credits for members. SoCore suggests that utilities establish an online application for subscribing and switching members as a way of reducing the potential administrative burdens on CNM project host organizers, members, and the utilities.

Regarding Principle 15, MGI states that meter read dates must remain under the control of the CNM organizer and members. While it would allow the utility to change read dates to the same cycle, CNM members, rather than the utility, should select the new cycle.

C. Responses to Questions for Stakeholder Comment

Question 1: Should community net metering be made available at demand metered as well as non-demand metered host site? If so, what considerations affect participation and the distribution of credits to members at demand host sites, and what, if any, conditions and requirements should be imposed at demand host sites that differ from those in place at non-demand host sites?

ACE NY, SoCore, Solar One, SunEdison, Shared Renewables and others state that CNM should be made available at both demand-metered and non-demand-metered sites to allow for greater opportunity for participation in CNM. These commentators recommend alignment of decisions on crediting methodologies in this proceeding with those in the Commission's net metering cap proceeding. NRG and the Shared Renewables state that allowing both would facilitate multifamily residential building participation in CNM, because common load

in those building is often demand metered while individual units are non-demand direct metered.

NYC requests that confirmation that the Cornell Ruling in Case 13-E-0150 will apply to CNM projects. While expecting that most CNM sites will take advantage of the Cornell Ruling to minimize load at the host site, NYC believes that also allowing participation of demand-metered hosts will not adversely impact CNM.

Question 2: Should there be a low-income component to community net metering? If so, please provide details on a proposed structure, including verification of income and other requirements for participation.

Shared Renewables believes that one of the purposes of CNM is to expand access to renewable energy to low- and moderate income (LMI) customers. It notes that options such as no upfront payment, no minimum credit score, no minimum income requirement, no minimum energy use, and near term economic savings may be necessary. HCE states that electricity suppliers are already aware of which customers are entitled to protections under the Home Energy Assistance Program (HEAP), and well as those who have a 'do not disconnect tag,' and that they could be offered a reduced kWh cost based on their income. NYBSG, on the other hand, does not believe CNM raises compelling social equity issues, and thus a low-income component is unimportant.

Shared Renewables, UIU and Solar One recommend that a minimum of 20% of residential members for CNM projects be low-income households at or below sixty percent of the Area Median Income. NYSEIA supports Shared Renewables's recommendation that 20% of residential members for CNM projects be low-income households only as a goal, rather than requirement, and suggests setting this goal for the entire CNM program, rather than per

project. SEIA and SoCore recommend setting a percentage goal for LMI customers as well.

Shared Renewables recommends directing NYSERDA to work with stakeholders to establish incentives and policies that would ensure that its 20% participation goal is accomplished. It notes that potential sources of funding for such incentives could include the CEF, the Green Bank, or the \$13 million NYSERDA allocation to assist LMI households in accessing solar energy. Solar One echoes these suggestions.

Regarding participation targets, NYC points to Colorado's "Community Solar Gardens" law, which requires that 5% of each community solar project be reserved to low-income consumers. NYC also notes that California has created a program, the Multifamily Affordable Solar Housing (MASH) program, for the purpose of providing renewable energy to low-income tenants. Noting that project organizers in other states require a certain minimum credit score for subscribers, Solar One recommends that electricity bill repayment history be considered as the sole underwriting criteria for CNM projects offering subscriptions.

IREC supports its CleanCARE concept as a model for LMI participation. Under CleanCARE, rate discounts received by low-income customers are converted to equivalent bill credits associated with the customers' shares in CNM projects. Customers would not need to obtain independent financing; thus, low credit scores would not prevent them from participating.

NRG urges designing LMI programs on a system-wide, rather than project-specific basis, to avoid administrative and financing challenges that could make individual shared renewables projects untenable. Mr. Dennis Phayre suggests implementing a geographically-based low-income component, rather than one based on individual customer data.

UIU recommends offering low-income members a guaranteed discount that is incremental to any benefits low-income customers in utility low-income programs. UIU also suggests providing incentives for owners of building with low-income tenants.

Question 3: Should each community net metered project have a minimum and maximum number of members? If so, how many for each?

ACE NY, SEIA, SoCore, Solar One and the Shared Renewables advocate for flexibility regarding restrictions on the number of members in a CNM project, particularly on the maximum number of members, but offer a minimum number of two members. NYBSG states that there should be no limit on members, though it allows that, if circumstances arise that show that high membership increases administrative costs, then a limit ought to be considered. ETS also calls for flexibility and simplicity and states that there should be no floor or ceiling on membership. NRG does not support a limit on membership. HCE states that the minimum and maximum number of members will be self-regulating, determined by the costs of building the CNM generating facility. NYC similarly opposes setting maximum or minimum member requirements.

The Joint Utilities argue for a maximum of 100 members, if utilities will be required to provide on-bill crediting. Conversely, MGI, joined by UIU, recommends a floor of ten members. NSL, CECL and SunEdison suggest mimicking Massachusetts' community shared renewables policy, where at least half of the members are under 25 kW and no more than two are over 25 kW, allowing for participation of both anchor tenants and small-share members; Mr. Phayre proposes a similar arrangement. SoCore also supports the anchor tenant concept, while NYSEIA would allow an anchor tenant to take up to 67% of a

project's credits. Rather than setting a maximum membership limit, NYSEIA would establish a minimum share size. NYSEIA also suggests that CNM projects be allowed to move forward before they have 100% of members subscribed.

Question 4: Should a limit be set on the proportion of the generation output in excess of host load that a member can be allocated for its share? If so, what should the limit be? In addition, should a member's share be limited to no more than its load or a proportion of its load? If a proportion, what should the proportion be?

ACE NY, SEIA, Solar One, CECL and SoCore state that a member's allocation of the electricity generated at a CNM project should be limited to 100% of that member's load. SEIA believes that no additional restrictions related to size of load are needed because the requirement that credits must be distributed within one year of accumulation incentivizes developers to limit members' subscriptions to no more than 100% of their load.

NYBSG, on the other hand, argues that a member's allocable share of host excess generation should not be limited in any given billing period to its actual load or any proportion of its load. Instead, it and ACE NY suggest carrying forward excess credits to the next billing period. Members with a net excess credit remaining on any anniversary date should be able to either cash out the excess credit at avoided cost or transfer the excess to another account.

SoCore notes that Massachusetts and Minnesota impose limits on members' shares in CNM facilities. Shared Renewables states that a customer should have the option to offset all of their annual electricity consumption, and to make modifications to reflect changes in consumption. HCE states that the proportion of each member's share of the generation facility should be based on a 13 month running average, and that the 'extra power' will be an incentive for the member to increase

their usage of renewable electricity. The Joint Utilities support a minimum participation requirement, with members subscribing to at least 25% of annual usage.

Advocating against imposing a limit based on a partial allocation of load because customer needs may change substantially, NSL would address the question of maximum load without setting rigid requirements. For example, it believes disallowing monetization would encourage members to self-limit their allocations to no more than their loads.

NYC opposes limits on the allocation that a member may take, other than limits currently allowed under the PSL, such as the restriction of residential customers to a size of 25 kW. NYC questions the authority to limit allocations to members' individual loads, stating that such limits do not exist in the PSL and would contradict legislative action on eliminating what NYC views as similar limitations.

Question 5: What consumer protection should be considered with respect to community net metering?

ACE NY, NRG and SunEdison assert that existing consumer protections and contract law should be sufficient to protect consumers participating in CNM, though ACE NY would grandfather CNM arrangements against future changes and SunEdison would address additional protections in the REV proceeding. NRG also believes that current protections are adequate. NYBSG suggests requiring that contracts between hosts and members include dispute resolution provisions.

HCE underscores the importance of protecting the security of the members' personal information that is provided to the CNM organizer. It also states that the organizer should be required to use a qualified provider to service the CNM facility and respond to any system problems.

The Joint Utilities support the extension of the Uniform Business Practices (UBP), or equivalent rules and controls, to consumer protections for members in CNM projects. NYC notes that CNM project developers would operate similarly to ESCOs and would extend to CNM organizers the UBP creditworthiness standards, standard agreement requirements, termination provisions, and dispute resolution procedures that apply to ESCOs. NYC also believes remedies should be prescribed where customers inadvertently over-subscribe to a CNM project.

NSL would require CNM organizers to inform customers about their responsibilities if they want to terminate their contract early and the assumptions that are used in any savings estimates. MGI also calls for granting consumers the option to either cash out or carry over earned credits to the following year.

While NYSEIA would eschew protections that make CNM development difficult or favor one type of membership structure, it believes that sufficient consumer protections are already in place or are currently under development in REV. To the extent that the CNM model is innovative and consumer protection issues are identified that are not covered by current and developing consumer protections, SEIA supports developing appropriate protections.

Solar One states that CNM organizers should be required to disclose all payments, expected benefits, and risks to customers in a clear, easy-to-understand format. Solar One further recommends that consumers be made aware that they are taking a risk that is comparable to installing onsite renewable energy. UIU would restrict, for LMI members, the cost of participation to less than what the members would have paid had they continued to receive supply service from their utility.

Question 6: How can grid locational benefits be incorporated into community net metering?

Noting that the issue of locational benefits is being considered in REV, ACE NY suggests implementing CNM beginning with an interim phase that does not recognize grid locational benefits, which would be reflected later when utilities can target areas for DER where premiums can be earned. NYBSG supports devising premiums now for CNM facilities installed in identified strategic grid locations. Both parties suggest that premiums be adjusted to reflect time-of-day energy costs.

The Joint Utilities opine that grid locational benefits are best addressed in each utility's Distributed System Platform Implementation Plan, which will be filed by December 15, 2015. NRG, Shared Renewables, SEIA, Solar One and SunEdison generally recommend coordination of grid locational benefit issues through REV proceedings.

NYC calls for the creation of a publicly-available mapping function showing feeder-level capacity and the current queue at each feeder and requests that the Commission look into ways in which interconnection costs could be reduced in strategic locations. SoCore would adapt the mechanism for the strategic location adder under the NY-Sun Block Program by requiring the utilities to publicly submit strategic location maps at least annually.

Noting that CNM projects can provide grid locational benefits beyond avoided infrastructure costs, such as demand response and distribution-level ancillary services, Pace states that developers need access to grid information, which could be developed in REV. Alternatively, Pace would have Staff, NYSERDA and the utilities work together to identify areas where different types of DG might provide locational benefits. If robust data is not available, Pace believes Community Net

Metering Opportunity Zones can be created where benefits might best be realized absent that data. Pace points out that Staff, NYSERDA and the utilities working together created similar Microgrid Opportunity Zones.

Question 7: Are there other issues that should be considered with respect to the community net-metered host organizer, each member, energy service companies (ESCOs) and the net metering utility?

ACE NY would waive the PSL §66-j requirements that the net metered facility be "on property owned or leased by such customer-generator" and that customers own or operate net-metered generating equipment. ACE NY would permit CNM project members to enter into a PPA with a CNM organizer.

HCE urges the Commission to work with NYSERDA to select, fund, and monitor a pilot CNM project. MGI states that members should not be required to take delivery service in the same service territory in which the net metered project is located. NRG calls for simplifying the customer experience and points to proposals, such as calculating credits based on the host facility's service classification, as instrumental in doing so.

NYC sees two unnecessary barriers to CNM in utility remote net metering tariffs -- limiting satellite accounts to only one host account and prohibiting satellite accounts from themselves net metering on-site. Addressing the interconnection process, NYC would require utilities to provide more detailed documentation on interconnection costs and would use incentives or penalties to promote deadline compliance.

Stating that many of its over 4,000 facilities could serve as host locations or anchor off-takers, NYC requests that Con Edison develop the capability to facilitate participation by NYC and other city governmental customers as hosts or off-

takers. NYC complains that changes to Con Edison's practices for metering and billing New York Power Authority supply are needed to accomplish this goal.

SEIA and SoCore believe CNM should be integrated with NYSERDA's MW Block Program, and SoCore would create incentives for CNM development at rooftops, brownfields, landfills, and similar locations. CECL proposes that an electronically integrated system be used to bill and credit CNM, and would allow CNM members to direct a portion of their credits to operation and maintenance of the CNM facility.

APPENDIX C

REPLY COMMENTS

Joint Utilities

The Joint Utilities reiterate that they support a direct move to a CNM model that is consistent with objectives established in REV. The Joint Utilities recommend rejecting NYBSG's proposal to set the credit by summing both per-kWh and per-kW charges and dividing by kWh usage. The Joint Utilities claim that this method would, in effect, eliminate the demand charge, removing a crucial incentive for customers to manage their load, would result in rate arbitrage, and would shift more costs to non-net metered customers.

The Joint Utilities insist that allowing members to locate in different NYISO zones would exacerbate rate arbitrage. The zones, the Joint Utilities continue, were developed to send price signals that encourage new supply in areas where it is needed most, but if generators were to locate in zones with adequate, low-cost supply and provide credits to members located in a high-cost zone with energy constraints, the price signal would be blocked. The Joint Utilities also suggest that allowing zonal differences between hosts and members contravenes the concept of 'community' net metering.

The Joint Utilities also oppose proposals to redirect low income HEAP funds from the utility or heating fuel providers to CNM organizers to help low-income members join in CNM. The Joint Utilities state that the purpose of HEAP is to fund a qualifying customer's winter home energy costs, rather than their CNM membership, and shifting funds could detract from this object to the customers' detriment.

The Joint Utilities would rejecting NYC's proposal to change Con Edison's metering and billing practices for NYPA customers so that they can participate in CNM. The Joint Utilities point out that, because the Commission does not regulate NYPA's billing of its customers, complications would

arise where the host is served by NYPA and some or all of the members are served by the utility, imposing two sets of net metering rules on one project. The Joint Utilities opine that NYPA customers cannot net meter Con Edison's service because Con Edison only provides delivery to NYPA on the basis of demand only, and not kWh, so there would be no Con Edison kWh charges to offset.

NYC

NYC recommends rejecting the Joint Utilities' proposals to impose a fixed charge on CNM members, set a cap on the number of CNM projects, and to sunset CNM. NYC states that these proposals are founded on the Joint Utilities' inaccurate assumptions that net metering is subsidized by nonparticipants; that CNM projects will impair the transition to successor tariffs; and that CNM will negatively impact the development of REV demonstration projects. To sunset CNM, NYC claims, would erect create financial hurdles against CNM project development. Imposing a fixed charge, NYC adds, is premature at best in the absence of adequate data, and a cap on CNM is unnecessary because CNM can be incorporated within the existing caps applicable to all forms of net metering.

UIU

In responses to the questions raised in the Straw Proposal, UIU states that the CleanCARE concept described in IREC's initial comments presents a good starting point for considering LMI issues in CNM. UIU would clarify whether monetary or volumetric crediting will adhere to CNM projects. UIU states that no limit is necessary under volumetric crediting because all members will derive proportionately equal benefits from the program; with a monetary crediting system, UIU claims, the proposed mixture of service classes involved in a CNM

project could allow for arbitrage or impact the utility embedded cost of service studies used to set regulated rates.

UIU agrees that the UBP should serve as a reference point for CNM consumer protections. UIU recommends that the UBP provisions regarding ESCO creditworthiness, marketing, customer enrollment, retention practices and dispute resolution be incorporated into CNM requirements. UIU also supports further consideration of Pace's "CNM Opportunity Zones."

EDA

EDA supports Shared Renewables's recommendation to create a program-wide standard that a minimum of 20% of residential members for CNM projects be low-income households at or below 60% of the AMI and to direct NYSERDA to establish a set of incentives and policies to ensure this standard is met or exceeded. Maintaining that renters are unfairly excluded from participation in renewable energy projects, EDA also would implement a program based on IREC's CleanCARE concept,

EDA supports ACE NY's in asking that CNM be grandfathered against future changes, stating that customers should be able to benefit from locking in set electricity rate for a long period of time. EDA would permit non-profit organizations, owners of multifamily apartment buildings, or landowners desiring to community net meter electricity to adjacent properties to act as CNM organizers. But EDA warns that requiring compliance with the entire UBP, particularly the its credit rating standards, would unduly restrict the type of entities that could be CNM organizers

EDA also recommends that the Commission proceed quickly with the implementation of CNM, rather than waiting to develop an early REV model for pricing and regulations, and states that CNM should be implemented in the interim while REV is under development. Dismissing the Joint Utilities' comments

on ratepayer subsidization of net metered projects, EDA notes that share renewable energy may improve system efficiency, reduce peak demand, and potentially avoid infrastructure upgrades. EDA sees no need to imposed a cap on CNM capacity outside of the overall cap on net metered capacity.

Shared Renewables

Shared Renewables maintains that the initial comments submitted in this proceeding, including more than one thousand public comments, show unanimous support for CNM, justifying quick action on the Straw Proposal. Opposing the Joint Utilities, Shared Renewables claims that on-bill crediting, which would clearly link participation to bill savings, is necessary for the success of CNM. Shared Renewables recommend rejecting the Joint Utilities' proposals for implementing CNM through REV and imposing a fixed charge for on CNM members, stating that the latter is based on unproven assumptions regarding the value of distributed solar generation and net metering.

SEIA

SEIA echoes comments that the Joint Utilities' assumption that net metering represents a cost shift in favor of net metering customers is ill-founded. SEIA would also reject the Joint Utilities' proposals to cap CNM capacity and limit CNM customers to participation to one net metering project. Though it is open to setting a limitation at annual usage, SEIA claims that there may be instances in which a customer is unable to meet its needs through a single CNM project, or chooses to blend its purchase under different terms from two or more different projects and providers, for hedging or other purposes.

SEIA would not impose ESCO regulatory oversight on CNM organizers, because that regulatory oversight could be administratively burdensome for host organizers and could

ultimately increase costs for all participants. Similarly, SEIA would reject the Joint Utilities proposal that CNM organizers be required to file an aggregation plan, because that burdensome oversight that would stifle the market and run counter to REV.

While SEIA supports setting a goal for LMI customer participation in CNM, it would not demand that each CNM project serve LMI participants. SEIA claims that such a requirement would slow and complicate development of CNM projects and restrict the range of organizations that would be capable of participating in project development.

Regarding changes to the SIR, SEIA asserts that, while they are necessary, the changes should be worked out in parallel with the implementation of CNM and not delay its implementation. SEIA opposes limiting the number of members in a CNM project, stating that such a limit would run counter to the objective of increasing access to solar through CNM, as would requiring customers to subscribe at least 25% of their annual usage. SEIA states that it disagrees with the Joint Utilities' proposal on Principle thirteen of the Straw Proposal that undistributed credits be cashed out at the utility's average avoided cost of generation at the end of each billing cycle. SEIA also opposes requiring CNM organizers to directly credit or pay member customers, claiming that the utility bill is the appropriate vehicle and avoids securities and tax issues.

IREC

IREC echoes other commentators' concerns that the Joint Utilities' proposal for implementing a market-based CNM model is currently premature, though it states that it shares the Joint Utilities' interest in moving toward early implementation of the REV model that would allow for more consumer choice. Having participated in shared renewables

proceedings in other states, IREC points to three issues that have been addressed elsewhere through varying approaches.

First, in regard to the Joint Utilities' comment that billing issues for CNM groups may be challenging to implement, IREC notes that states and utilities have handled this issue by outsourcing customer billing or interfacing only with the CNM organizer. Second, regarding a low-income component, IREC notes that Colorado implemented a 5% carve-out for certain Community Solar Gardens that must be attributed to low-income customer usage. Third, regarding the addition of a geographical component to the definition of 'community', as suggested by the Joint Utilities, IREC notes that Colorado and Minnesota have imposed geographical limitations such that participants generally must be located in the same county as the shared facility, or in the case of Minnesota, a contiguous county.

IREC agrees with the Joint Utilities that CNM may require changes to the SIR. IREC also notes that, based on experiences in other states, expanding access to renewable energy through policies such as shared solar can limit a utility's ability to process interconnection applications in an efficient and timely manner.

IGS

IGS maintains that certainty is necessary for investment, and that the Joint Utilities' proposed sunset provisions for CNM are inconsistent with certainty. IGS also opposes mandating a low-income component for CNM projects, asserting that incentives would more effectively encourage these projects and that imposing a low-income requirement would restrict opportunities for investment, create additional compliance and reporting requirements, and undermine expansion of DER. IGS does not, however, oppose the Joint Utilities' proposed 2 MW cap on CNM project size.

Regarding the UIU's proposal to require that LMI receive a cost benefit from CNM in comparison to utility service, IGSS states that it would require the Commission to regulate competitive prices and result in an unreasonable comparison between renewable energy and generally carbon-intensive centralized generation. IGS also recommends rejecting UIU's proposal because, IGS argues, it would be unreasonable for DER developers to guarantee savings relative to the default rate for each year.

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Commissioner Diane X. Burman, abstaining:

As reflected in my comments made at the public session on July 16, 2015, and as consistent with my voting history on such net metering matters, I abstain.