

Technical Summary of Proposals Regarding Net Metering in New York

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

Summer 2016

In April 2014, the New York Public Service Commission (NY PSC) announced the beginning of a set of ambitious regulatory proceedings called Reforming the Energy Vision (“REV”) to comprehensively examine the State’s energy policies and regulatory frameworks in light of modern trends and newly available technologies. Six policy objectives were set for this proceeding:

- Enhanced customer knowledge and tools that will support effective management of their total energy bill;
- Market animation and leverage of ratepayer contributions;
- System wide efficiency;
- Fuel and resource diversity;
- System reliability and resiliency; and
- Reduction of carbon emissions.

The value of distributed energy resources (“DER”) and the appropriate changes to rate design and net metering (also known as net energy metering) to appropriately incentivize DER have been a major component of the REV process. The Staff White Paper on Ratemaking and Utility Business Models issued in Case 14-M-0101 on July 28, 2015 first proposed reforms to net metering based on the full value of distributed generation, called “LMP+D,” where LMP represents the location-based marginal price of energy and “D” represents the full range of additional values provided by the distribution-level resource. The value of distributed generation has been further elaborated on in the Order Establishing the Benefit Cost Analysis Framework, issued on January 21, 2016 in Case 14-M-0101.

Background on Party Proposals Regarding Net Metering

The NY PSC initiated this proceeding, Case 15-E-0751, on December 23, 2015, to develop an “interim methodology” for valuing DER through electricity rates as well as a longer term process for establishing a full value of DER based on the LMP+D approach. The proceeding has been driven in part by concerns over inaccurate incentives for distributed generation and possible revenue shifts due to increased penetration of solar resources, but will address appropriate compensation for a broad range of DER technologies.

Twenty-five parties and groups of parties have submitted policy statements, proposals, or other comments in the proceeding. The NY PSC established an informal collaborative process designed to develop joint recommendations through a series of technical conferences and meetings. On June 10, a number of parties filed responses to the initial proposals. This document summarizes these proposals and key concepts for valuing distributed energy resources.¹

¹ All proposals, including the figures reproduced in this summary, may be found in the online docket at: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=15-E-0751>

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Key Issues and Alternatives in Party Proposals

The proposals and comments from the parties identify a number of key issues and alternatives to consider moving forward, including:

(1) Flat versus Time-Varying Rates

Some proposed interim methodologies recommend simple net metering credit structures that would be constant for a given billing period (“flat” credit structures). However, other proposals specify that the interim methodology should immediately include time-varying rate components.

(2) Opt-in, Opt-out, or Mandatory

Proposals could be mandatory for certain categories of projects, or new policies could be voluntary (opt-in) or the default (opt-out).

(3) Net versus Gross Generation

New credit structures could be applied solely to monthly net exports, as is the current practice, but this could be changed with appropriate metering to apply credits directly to gross generation. With respect to community distributed generation and remote net metering, these two values are largely the same because there is minimal on-site consumption.

(4) Locational Value

Proposals can include locational value in a variety of different ways, unlike current NEM structures.

(5) Grandfathering

The parties generally recognize the importance of maintaining compensation structures for existing projects in order to provide certainty to investors and promote continuous DER market growth, but grandfathering approaches differ significantly on some details.

(6) Variable Values versus Fixed Values

For a given project, certain components of the new rate or credit could change from billing period to billing period, or be fixed for a period of time up to the lifetime of the project. If values are truly fixed for a class of projects, then updates would not apply.

(7) Process for Updating Values

Parties propose different methods for updating values used in their proposals, which would either apply prospectively to new projects after the update or apply to all projects.

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A glossary, summary matrix and detailed review of selected proposals is presented below.

GLOSSARY

BCA	Benefit Cost Analysis
BTM	Behind the Meter
CDG	Community Distributed Generation
CESIR	Coordinated Electric System Interconnection Review process, requiring payment to the utility
DER	Distributed Energy Resources
LMP	Locational Marginal Price
NEM	Net Energy Metering
NYSERDA	New York State Energy Research and Development Authority
PSC	New York Public Service Commission
RNM	Remote Net Metering
TVR	Time-Varying Rates within billing period (e.g., time-of-use rates or hourly pricing)

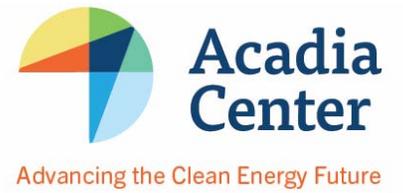
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Proposal	Flat or TVR	Opt-in/opt-out/mandatory	Net or gross generation	Locational value	Grandfathering	Fixed or variable value for the specific project	How are values updated?	
Acadia Center	Flat for short term	Mandatory for new projects with significant exports	Net	Yes	Existing NEM	Variable for supply; open to fixed for period of time for delivery system benefit and energy system benefit credit	Delivery portion updated in rate cases; energy system benefit credit updated periodically	
CEOC	Adjustment to NEM in short term TVR long-term	"Err toward preserving status quo" in short run	Does not specify; Pace specifies gross	Yes	For existing, pending TBD	Fixed option	Public process	
EDF & NYU IPI (1) TOU interim	TVR or flat	Opt-out for TVR	Net	Yes	Time-limited transition relief	N/A	N/A	
(2) Full value of D	TVR	Opt-out or mandatory	Net	Yes				
NRDC (1) NEM (2) Estimated value of DER (3) Actual value of DER	Flat TVR TVR	Opt-in Opt-in Opt-in	Net Net Gross	N/A Yes Yes	For current NEM+ NEM credit floor	Monthly variable bill credit Monthly variable bill credit	DER value + gen forecast DER MV + actual gen	
Solar Progress Partnership (SPP) (1) CDG (2) BTM	Flat TVR long term	Mandatory Opt-in, then mandatory	N/A Net	Yes Yes		Yes New projects qualify for current NEM until 2020	Fixed for 15-25 years Fixed for 15-25 years	Determined by the PSC
Joint Utilities - see SPP	N/A	N/A	N/A	N/A		N/A	Fixed for 15 years	N/A
SEIA and Vote Solar	Open to flat in short term; TVR in long term	Mandatory for new CDG and RNM; opt-in for others	Net	Yes	Existing +paid CESIR w/in 6 months	Variable for LMP, ancillary and capacity; fixed over time for other values	Fixed portion updated every 5 yrs. to apply only to new projects.	
Coalition for Community Solar Access	Flat	Opt-in	Net	Yes future	Existing + paid CESIR w/in 6 months	NEM	N/A	
The Alliance for Solar Choice	Flat	N/A	Net	Yes adder	Existing for 25 yrs.	NEM	N/A	
AEE-ACE NY-NECEC	TVR	Default for net exporters Opt-in for others	Hourly net exports	Yes	Yes up to 25 years	Fix certain parameters up to 5 or more years	Utility-published LMP+D price forecast, hourly calculation	

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NY BEST							
(1) Asset Utilization Tariff	Flat	Opt-in	N/A	Yes	Existing NEM customers	15-20 year tariff term	N/A
(2) Load Reduction Rate	TVR	Opt-in	Net	Yes			

Public Interest NGOs

Acadia Center

Acadia Center proposes an interim methodology for net energy metering that requires new projects with significant net exports to receive per-kWh monetary credits aligned with long-run value. The credit would consist of the following central components:

- *Electricity supply credit*— set equal to the relevant electricity supply rate and updated automatically as rates for electricity supply change;
- *Delivery system benefit credit*— set initially in a special proceeding as an estimate of the long-run net value to the distribution and transmission systems and updated in rate cases;
- *Energy system benefit credit*— set initially in a special proceeding as an estimate of the long-run value above and beyond the electricity supply credit and delivery system benefit credit, such as the appropriately defined incremental environmental values, and updated periodically.

These credits, determined on a technology-by-technology basis and applied to net generation, provide for more granular valuation of DERs and present a necessary price signal to both developers and customers. The central components of the credit can be based on system averages for each service territory, but additional granularity can be introduced by adding a *locational credit* for projects in constrained areas of the grid or additional credits that provide specific value, such as a *west-facing solar credit*. This methodology would be primarily applicable to non-dispatchable distributed generation technologies, notably solar and wind.

In the longer term, Acadia Center supports rate mechanisms that include significant time-varying elements and automatically account for the temporal, locational, and other attributes of different distributed energy resources.

Clean Energy Organizations Collaborative—Association for Energy Affordability, Citizens for Local Power, the Clean Coalition, the Nature Conservancy, NYPIRG, and Pace Energy and Climate Center

CEOC offers a set of 10 general principles for the interim methodology:

- (1) “Err toward preserving status quo”
- (2) LMP+D value inclusive of locational, environmental, and temporal values
- (3) Procedural continuum for developing a long term DER value
- (4) Right to lock-in a given D value over a long term
- (5) LMP+D rate setting process must be open to public oversight and critique and customers must be able to challenge the value
- (6) The PSC should prioritize analysis for non-dispatchable intermittent generation
- (7) Grandfather existing projects for the life of the project, status of ‘pending’ projects TBD
- (8) Load reduction value should not discriminate between different technologies
- (9) Rates must avoid double counting of interconnection costs
- (10) Emphasize transparency and simplicity

Pace Energy and Climate Center filed separate comments with additional principles, including calculation of credits and debits on a customer's bill at different rates.

EDF and Institute for Policy Integrity at NYU School of Law

Environmental Defense Fund (EDF) and the Institute for Policy Integrity (IPI) propose an interim methodology to be implemented before advanced metering is widely available and a full valuation methodology reliant on advanced metering.

Interim Methodology

The interim methodology requiring no AMI capabilities is divided between DER co-located with customer loads and DER remote from customer loads:

- (1) For DER co-located with customer loads, continue to compensate net generation at the retail price, with the following enhancements:
 - a. TOU rates that provide monetary bill credits (instead of volumetric) credits for the retail value of exports in each time period and allow these credits to be used against consumption in any time period -> default option with an opt-out provision
 - b. Temporal credit or west-facing solar credit
 - c. Distribution locational credit applied to projects located in the constrained areas
- (2) For DER not co-located with a customer load, compensate based on the approximation of the LMP+D value of the DER where it is located using system-wide average values until the full value is developed

Existing NEM projects would be allowed to continue on NEM for the useful life of the project.

Full Valuation Methodology

Once the data is available, the full "LMP+D+E" valuation can be implemented. Separate metering of generation would be required to accurately value avoided emissions ("E") that vary for non-emitting and emitting DER, as wholesale energy prices do not fully capture the cost of emissions.

Full value of D is reflected through a fully unbundled and granular rate structure that includes:

- Avoided energy costs
- Avoided losses
- Avoided generation capacity costs
- Avoided ancillary service costs
- Avoided distribution capacity costs
- Avoided GHG and criteria air pollutants

The Commission could set this methodology as the default option or use an "opt-in" approach. Customers would be able to apply compensation against fixed and demand charges.

NRDC

Interim Methodology

NRDC proposes an “opt-in” approach for DER customers, proposing the following choices:

- (1) Retail Rate Option: NEM in its current form with crediting at the retail rate requires no AMI
- (2) Estimated value of DER option: monthly NEM credit is adjusted to “more accurately reflect the full value of DER.”
 - a. In addition to the one-for-one offset, the customer would receive a bill adjustment equal to the difference between the retail rate and the forecasted value of DER in each hour, multiplied by a rough estimate of that resource’s anticipated generation in each hour.
 - b. The forecasts would be provided to customers and DER developers in advance.
 - c. The adjustment would reflect a forecast of a full locational and hourly value of the resource, including generation, avoided capacity, avoided transmission, avoided distribution, grid support services, other reliability benefits and emissions costs including the societal cost of carbon and other emissions.
 - d. No advanced metering is required as compensation would be based on estimated rather than actual usage.
- (3) Actual value of DER option: monthly NEM credit would be based upon the actual value of DER
 - a. Credits would be based on the difference between retail rate and actual, real-time value of DER as well as actual generation output
 - b. Would require AMI to determine the generation and multiply by full value of DER
 - c. Would be hard to make investment decisions since DER values can vary significantly over time

NRDC recommends continuing the current bill crediting mechanism to avoid the tax and FERC-jurisdictional implications of the “reseller” status.

NRDC recommends that the Commission estimate system values as accurately as possible in the interim and incentivize utilities to develop more accurate information regarding system value. For instance, one option is to use an adder for additional distribution benefit in areas with known distribution constraints.

NRDC proposes two approaches for excess credits at the end of the annual cycle:

- (1) Credit customers at the wholesale rate (current approach)
- (2) Transfer the value of excess credits to the Clean Energy Fund to be used for DER investments for low income customers and to discourage net exports

The Commission would be required to mandate one of the approaches, rather than giving customers a choice. Current NEM customers would be grandfathered and provided with a NEM credit floor for five or ten years.

Solar Progress Partnership (SPP)

The Solar Progress Partnership is a proposal from the Joint Utilities and three major solar developers, Solar City, SunEdison, and SunPower.² The proposal advances an interim compensation mechanism for Community DG/ Remote Net Metering (RNM) and BTM projects:

(1) *On-site NEM, such as BTM Solar*

- a. Customers continue to get NEM credits at retail rates until Jan 1, 2020 unless PSC uses newly defined “circuit breaker.”
- b. NEM credits ramp down for new installations with credits locked in for 15 to 25 years at each step of ramp-down. The Joint Utilities prefer 15 years.

(2) *Community DG and RNM*

- a. Customers/subscribers continue to get NEM credits at retail rates.
- b. Solar provider gets credited at newly defined “LMP+D+E” rate.
- c. Solar provider (project sponsor) pays a portion of the credits to the customer/subscriber via the “developer payment” the utilities.

Each CDG project receives a fixed “transitional value” from the utility that stays constant for the 25 years. The transitional value includes credit for energy (LMP) plus all of the elements of the value of D and E, including:

- Value to the distribution system
- Value to customers
- Societal value of avoided externalities
- Other values identified in the BCA Order

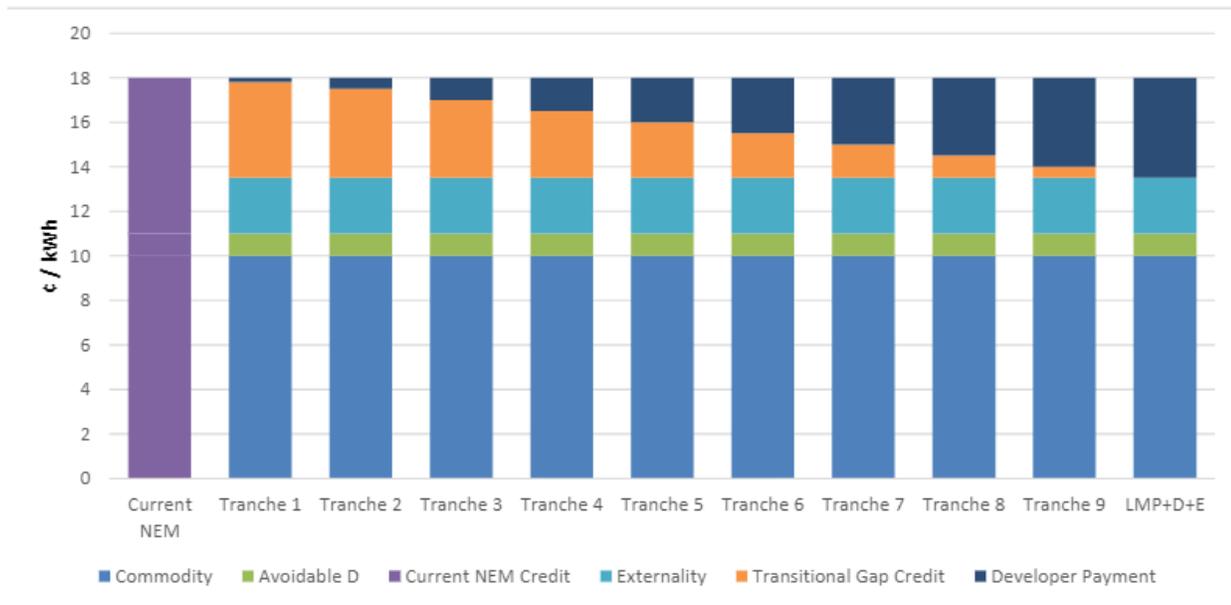
The Commission would specify interim values for these credits until the methodology to fully value DER is established.

The “developer payment” represents the difference between the retail rate and the LMP+D+E value. The payment is initially reduced by a “transitional gap credit” that is gradually phased out over the course of transition until it reaches the LMP+D+E level.

The adjustment is represented by a series of tranches, where each tranche includes a certain amount of MWs of projects that are awarded a certain compensation value between “full retail” and “LMP+D.” The first tranche receives a value level at full retail level, meaning the developer payment is zero. The final tranche receives a transitional value such that total compensation is at LMP+D, and the developer payment is equal to the difference between the retail level and LMP+D. Ten tranches in total are proposed. The Commission would determine the MW size of the tranches, their pricing terms, and the overall acceptable electricity cost increase.

² Energy Freedom Coalition of America, a coalition of developers including SolarCity, has also endorsed this approach.

The Utilities would use Developer payments to reduce or offset the shifted revenue requirements that would otherwise be shifted to non-participating customers. Developers that default on their payments lose their tranche status. Utilities may require a letter of credit or other security to ensure payment.



In terms of the queue management and assignment of projects to tranches, the following principles are advanced:

- (a) Projects that provide the highest value to the system receive highest priority in the queue and the highest level of transitional value compensation based on utility ranking of circuits;
- (b) Developers need to be provided with clear information about the level of transitional value, and developers would have 30 days to notify the utility if they wish to stay in queue or withdraw;
- (c) Establish a mechanism to quickly and efficiently sort through projects in the queue, and encourage attrition of non-viable projects;
- (d) Projects must meet certain milestones to maintain their tranche eligibility.

The Interconnection Working Group will consider the issue of improved queue management as well.

The participating solar developers propose that bill credits begin to decline in “blocks,” with each block accommodating a certain MW quantity of installed systems. Utilities propose that customers would be subject to a three-year ramp down to full LMP+D+E. In either case, NEM customers would be allowed to opt-in to LMP+D+E.

The SPP proposes that Phase 2 of the transition would begin on January 1, 2020. The onsite NEM customers would begin to transition to LMP+D+E on this date unless action is warranted at an earlier date. On-site NEM would receive a new level of compensation for net exports and onsite consumption would be treated as load reduction.

Additional Filing from Joint Utilities

The Joint Utilities filed additional comments endorsing the SPP approach. The JU also note that it is essential to differentiate how to value DERs from how to compensate them. The price paid to DER should be less than the calculated benefits in order to share a portion of net benefits with all customers.

Solar-Specific Organizations and Advocates

Solar Energy Industries Association (SEIA) and Vote Solar

SEIA and Vote Solar view this proceeding as the start of a continuum moving toward a full value of DER, as increased granularity and the development of more accurate price signals enable the creation of a more robust DER market. NYSEIA endorses this proposal in separate comments.

Several basic principles are endorsed:

- (1) Right to self-consumption
- (2) Proper valuation and compensation
- (3) Simplicity, gradualism, and predictability
- (4) Grandfathering for existing systems or systems that have paid for CESIR up to 6 months after the PSC order.

Rather than offering a detailed LMP+D methodology, the parties propose a DER rider as a mechanism for compensating DER providers. A DER rider set outside of a utility rate case could be applied to certain types of DER. The rider would be structured in the following manner:

- (1) A customer's energy usage is netted against excess energy exports to the grid
- (2) A customer is charged for net monthly energy usage at retail rate and receives a credit for net monthly excess energy at the DER rider rate. Netting is conducted monthly at the outset but can transition to reflect time of use rates over time
- (3) Monetary credits roll over to the next month

The DER rider consists of the fixed and variable value components. The fixed value component (fixed for the lesser of 25 years or the life of the projects) compensates for value to the electric system, including T&D, economic, and environmental value. This value would be set every 5 years and published 12 months before implementation. The variable component of the rider consists of the LMP and ancillary and wholesale capacity market values. The rider may also include additional value streams, such as grid services, additional peak demand reduction, credit for west facing systems, and storage — these elements could be applied on a project or aggregate basis.



Categories	Varies w/Market Price	Fixed for Greater of 25 Years or Useful Life of Project
Locational Marginal Price	X	
Wholesale Capacity Benefits	X	
Market Based Ancillary Services	X	
DRIPE		X
Reduced Transmission Capacity Needs		X
Reduced Distribution Capacity Needs		X
Equipment Life Extension		X
Avoided Line Losses		X
Fuel Price Hedge		X
Reliability & Resiliency		X
Economic Development		X
Carbon Emissions		X
Criteria Air Pollutants		X
Water		X
Land		X
Conservation Voltage Reduction		X

The DER Rider applies to new CDG and RNM systems. The DER rider is also available to new and existing customers on an opt-in basis. New mass-market customers would have the option to move on and off the DER rider rate once per year. New customers may also use shadow billing for one year and opt out of the DER rider within the first year, after which time the DER rider becomes permanent.

Applicability – Market Segment				
Solar Market Segment		Permanent Choice of Retail Rate NEM	Option to Choose DER Rider	DER Rider
Existing Systems	Mass Market: On-site Systems ≤ 250kW	X	X	
	On-site Systems > 250kW	X	X	
	Community Distributed Generation (CDG) Systems	X	X	
	Remote Net Metered Systems	X	X	
New Systems	Mass Market: On-site Systems ≤ 250kW	X	X	
	On-site Systems > 250kW	X	X	
	Community DG Systems			X
	RNM Systems			X

Coalition for Community Solar Access

CCSA comments focus on valuation for Community DG (CDG) projects, emphasizing the importance of predictable and stable compensation mechanism due to the long development cycle and financing needs for community projects. CCSA discusses four key elements:

- (1) Grandfathering for existing projects and projects that pay CESIR within six months of the order
- (2) Adopt a reasonable in-service deadline to weed out non-viable projects
- (3) Grandfathering would apply for the lifetime of the project and not be affected by changes in project participants
- (4) Prior grandfathered customers would have an option to opt into successor tariff or remain on NEM

CCSA argues that the current NEM approach is an appropriate interim compensation mechanism for CDG projects until the new DER valuation methodology is developed. CCSA notes that CDG is a relatively new concept authorized in July 2015, that no new projects have been built yet, and that any immediate changes to the compensation mechanism would be too disruptive.

As an alternative to retaining NEM in the interim, the PSC could adopt a proxy value of DER (VDER) tariff that is substantially similar to the DER rider proposed by the solar parties.

The Alliance for Solar Choice

The Alliance for Solar Choice (TASC) proposes retaining NEM for mass market customers in the interim considering a recently released E3 report for NYSERDA and NY DPS demonstrating NEM benefits.³ The Commission could use a NEM adder to create incentives for locational optimal DG development. TASC recommends a 25-year transition period and grandfathering for existing systems, including transferal to new owners.

For medium and large commercial customers, TASC argues that it may be appropriate to apply LMP+D to exports, but not to on-site consumption.

The TASC offers no comments on the full valuation methodology.

Clean Energy Business Associations

Advanced Energy Economy (AEE), Alliance for Clean Energy New York (ACE NY), and Northeast Clean Energy Council (NECEC)

AEE proposes hourly “LMP+D” prices for the applicable DER customers calculated retroactively at bill settlement and employed for both consumption and DG to ensure technology neutral approach. Bill crediting would remain a compensation mechanism for production. Price signals would be sent ahead of time to incentivize dispatch patterns via a public or private LMP+D rate forecast. LMP + D rate would reflect locational differences, and would incorporate hourly energy prices as well as capacity, line loss effects, and other costs and benefits per BCA.

LMP+D would be designed to apply to certain customers with DG, including dispatchable and non-dispatchable resources. LMP+D would be implemented gradually in parallel with NEM. The new interim and final rate applicability is outlined below:

³ Filed separately in NY DPS Case 15-E-0703.

DER Type	DER Characteristics	Standard rate/NEM	LMP+D
Existing NEM	Existing DG, incl. CDG & RNM	Grandfathered	Opt in
Future BTM DG that currently qualifies for NEM	Sized for meeting local consumption	Default	Opt in
	Sized for net annual export (>120% of annual consumption)	Default initially	Opt in initially, then default
BTM DG w/o export	Any size	Default	Opt in
Community DG	LMI and opportunity zones	Default	Opt in (entire project)
	All other projects	n/a	Default
RNM	Any DG that currently qualifies for RNM	Default initially	Opt in initially, then default
Other BTM DER (non DG)	EE, storage not paired with solar, DR, EVs	Default if no export; Locational adder for EE	Opt in if no export; Default if export anticipated
All Other DER	<ul style="list-style-type: none"> • DG not qualifying for NEM, RNM or CDG • Non-BTM DER • Community microgrids • No size limits 	n/a	Default (Could also contract directly with utility for services)

Existing projects or projects that have paid for CESIR within 6 months of the PSC Order would be grandfathered for the duration of the project life up to 25 years but would have the option to opt-in to a new compensation model. For CDG projects, the methodology would apply to the project as a whole even for new customers.

For customers on a new tariff, exports would be valued the same as BTM consumption. The ex-post compensation approach is reflective of the “self-scheduling” nature of certain DERs, making it impossible to calculate production profiles. The main challenge of the proposed mechanism is that it requires interval metering to measure time-differentiated production and consumption, which is not available for the majority of the customers. Customers could alternatively use TOU meters but with corresponding limitations.

Proposed bill calculation mechanisms are as follows:

- (1) Consumption-only customers with no DG: monthly usage by variable price for each time-interval over the billing month plus customer charge
- (2) DG owner without load, e.g. CDG: payment equal to the sum of multiplying generation by variable price for each time interval over the billing month minus customer charge
- (3) Customer with BTM DG would either be credited or charged in a given hour depending on the usage and generation pattern — credit would be calculated by multiplying hourly export energy by the variable price and summing over the month; charge would be calculated by multiplying hourly consumption by the variable price and summing over a month. Total bill amount equals to variable charge less variable credit less customer charge.

No minimum bills would be necessary under LMP+D. The method for calculating an hourly variable price is described in Appendix A.

NY Battery and Energy Storage Technology Consortium (NY BEST)

Interim Methodology

NY BEST proposes to grandfather existing NEM customers and supports an iterative approach to developing a full value of DER tariff. The interim approach would provide an upfront value of “D” to reduce uncertainty for project developers and limit market volatility. NY BEST proposes a number of optional or opt-in tariffs:

- (1) Asset Utilization Tariff (DR): technology neutral tariff designed to improve grid utilization rates and account for cost savings to utility from reduced ICAP, T&D deferral, peak load management and energy savings.
 - a. Compensation (\$/kW) based on the avoided cost and not limited to 50% of the asset capital cost
 - b. BTM and in-front of the meter applications can qualify. (This proposal was previously raised by NY-BEST in the Demand Response Tariff Proceeding, PSC Case 14-E-0423, and recognized by the Commission in the PSC Order dated June 18, 2015)
 - c. 15–20 year term technology agnostic tariff subject to annual cap varies by load zone
- (2) Load Reduction Rate designed to reduce peak demand and recognize locational and temporal value
 - a. Voluntary program based on hourly pricing for power that encourages load reduction during peak demand and locational based rates established by network or at the circuit level
 - b. Based on standby rate design, as-used daily demand charges are measured and billed daily during peak periods; for the rest of the time contract demand charge would be used.
 - c. Could be used for net exports or capacity payments
- (3) Reauthorize NYSERDA/ ConEd DM Program
 - a. Existing program offers incentives to technologies that improve building performance
 - b. Program is currently fully subscribed

Long-Term

NY BEST practices for long-term rates include:

- (1) Standard LMP+D rates across utilities and technology with locational pricing using a uniform method of calculation
- (2) Unbundle costs to the end customers to allow multiple benefit streams
- (3) Locational pricing should apply not only to energy services from DER but also to other benefits, such as capacity and grid services (frequency response and regulation, spinning reserves, voltage).
- (4) Provide for locational, temporal, and attribute, e.g. energy, capacity, environmental impact granularity
- (5) Allow flexibility to respond to market and load conditions

D value would be different for different technologies and granular at the circuit, not system-wide, level.

Government Parties

City of New York

The City of NY proposes four interim measures:

- (1) Provide additional value for projects that address equity and environmental concerns
- (2) Grandfather existing NEM participants and Community DG projects in the queue
- (3) Improve the current volumetric crediting for larger scale NEM projects
- (4) Use NYSERDA/E3 report to determine a proxy “value of solar”

New York Power Authority (NYPA)

New York Power Authority advances the following principles for the DER tariff:

- (1) DER costs and benefits must be fully valued using the BCA societal cost test and synergy from multiple DERs on site recognized
- (2) Bill impacts on non-participating customers would be considered
- (3) NYPA customers, who are currently ineligible, would be allowed to participate
- (4) Existing customers on NEM for useful life of the resource would be grandfathered