

Overview of Customer Benefit Contribution (CBC)

November 16, 2021



NYSERDA
Department of
Public Service

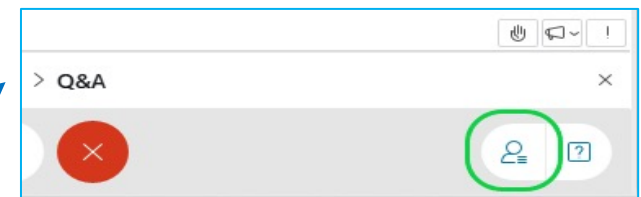
Meeting Procedures

Before beginning, a few reminders to ensure a smooth discussion:

- > Today's webinar is being recorded
 - A copy of the recording and presentation slides will be posted to NY-Sun's [Resources for Contractors](#) page
- > Members of the public will be muted upon entry

To ask questions:

- > Questions and comments may be submitted in writing through the Q&A feature at any time during the event. Questions will be answered at the end of the presentation.



If technical problems arise, please contact
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Agenda

- > Introductions – David Sandbank
- > Net Energy Metering Transition in New York – Zeryai Hagos
- > Which projects does the CBC apply to? - Luke Forster
- > CBC Rates – Luke Forster
- > Changes to NYSERDA MW Block – Luke Forster
- > Question and Answer – DPS, NYSERDA, LIPA (Justin Bell)

Net Energy Metering Transition in New York

Why is Net-Energy Metering (NEM) Changing?

- > **Rate increases** for non-NEM customers became unsustainable in certain utilities & rate classes. Rate increases were driven by cost shifts of utility costs from NEM to non-NEM customers.
- > NEM doesn't encourage **use of the grid at beneficial times or locations** and does not appropriately balance the **Principles of Rate Design**¹
- > **The VDER Transition Order** (2017) directed Staff to replace Phase One NEM by January 1, 2020. This transition was delayed to provide sufficient time for stakeholder engagement and policy deliberation, and to allow the industry time to recover from COVID.
- > New York is pursuing a transition to a more **equitable** approach to compensate distributed energy resources in a **gradual**, customer-oriented manner.

VDER Rate Design Working Group Examined Alternatives to NEM

Value of Distributed Energy Resources Working Group Regarding Rate Design

- > Members include solar & clean energy parties, utilities, consumer groups
- > Rate designs evaluated by working group included 2 demand charge (kW) and 4 volumetric (kWh) time-of-use (TOU) rates

Impact analysis for each rate

1. Bill impact analysis for new mass market PV
2. Project economics for new mass market PV
3. Cost-shift to non-participants

Working group findings

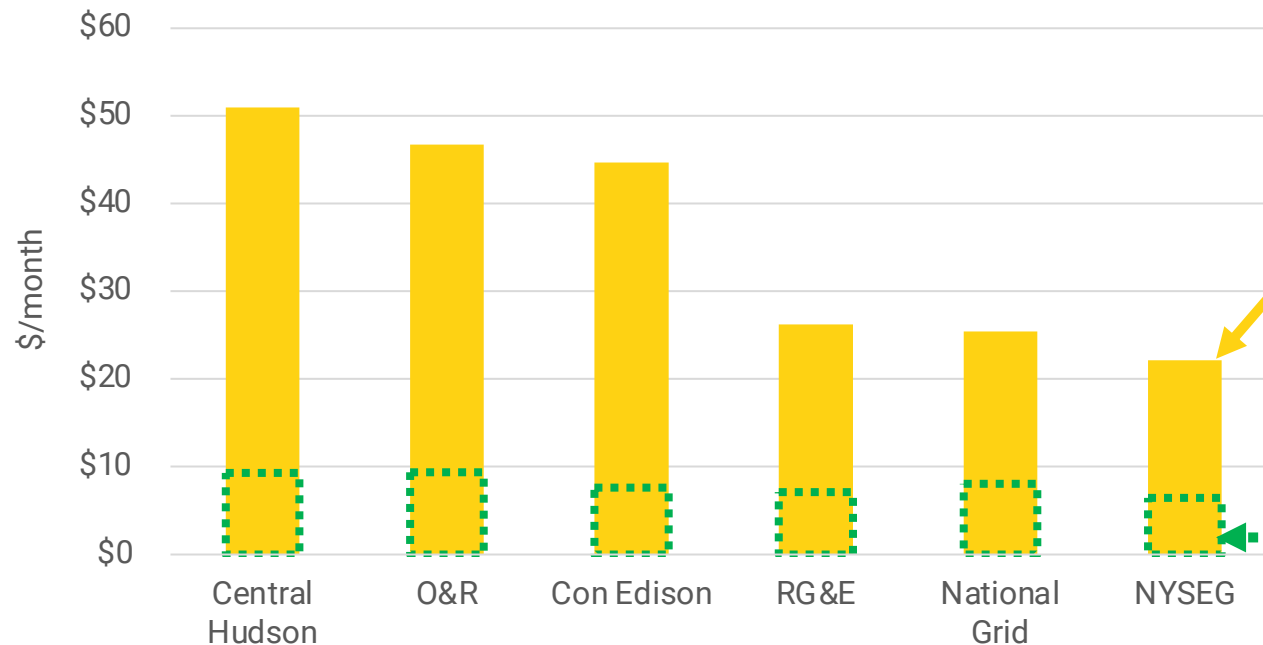
- > Demand Charge Rates Can Eliminate the Cost Shift
- > Time-of-Use Volumetric Rates Can Increase the Cost Shift

Concluded more work is needed to explore advanced rate designs in NY... continue in parallel w/gradual implementation of advanced metering infrastructure

VDER Rate Design Working Group Measured Cost Shifts From NEM To Non-NEM Customers

Monthly Cost Shifts to Non-NEM Customers

Typical 7 kW Residential PV System w/ Phase One NEM



Total Costs Shifts

- > Difference between how PV is compensated under Phase One NEM and the utility costs that are avoided by PV generation.
- > Costs include infrastructure that delivers power to NEM customers, public benefit programs and distribution system operating costs such as tree clearing, cyber security, emergency/safety services.

Public Benefit Program Cost Shifts

- > New York Sun & Other Clean Energy Fund Programs
- > Energy Efficiency Programs
- > Low Income Programs

Public Benefit Programs account for 13% - 26% of total cost shifts

Phase One NEM remains in place with CBC

- > Starting January 1, 2022, new NEM customers will continue to fund Public Benefit Programs through a Customer Benefit Contribution (CBC) tied to the size of the PV system.
- > Public Benefit Programs funded by the CBC include low income, energy efficiency and non-supply related clean energy programs.
- > CBC is calculated based on DC system size in kilowatts, with a per kW-month rate calculated annually by the utility.
- > CBC level is set such that a customer's annual contributions to the Public Benefit Programs will be identical with or without adding solar. Solar customers are not paying more than non-solar customers.
- > The CBC is going into effect for National Grid, NYSEG, RG&E, Central Hudson, O&R, and ConEdison. LIPA Board of Directors having a public hearing November 29 and expected to vote on their CBC in December.

Which Projects Does the CBC Apply to?

Which Projects does the CBC Apply To?

- > The CBC **applies to** on-site residential and small commercial projects that receive utility permission to operate on or after January 1, 2022. Such projects will pay a reduced CBC if they opt into the Value Stack.
- > The CBC **does not apply to**
 - Projects receiving PTO prior to January 1, 2022
 - Front-of-the-meter PV systems including community solar
 - Community solar off-takers
 - On-site commercial projects with a demand charge

CBC Rates

CBC Rates

- > The values below were filed by the utilities in November 2020, and will be recalculated by the utilities in mid-December 2021, and each following year.
- > Residential projects opting into VDER would pay 50% of the CBC rate, and non-demand commercial customers opting into VDER would pay 70% of the CBC rate.

Initial Calculated CBC Rate by Utility (to be updated December 2021)

Utility Service Territory	Residential CBC Rate (\$/kW DC per month)	Small Nonresidential CBC Rate (\$/kW DC per Month)*
Central Hudson	\$1.33	\$1.39
Con Edison	\$1.09	\$1.25
National Grid	\$1.15	\$1.36
NYSEG	\$0.92	\$0.97
Orange & Rockland	\$1.34	\$0.88-\$1.18
RG&E	\$1.02	\$0.97
PSEG Long Island (Proposed)	\$0.89	\$0.91

Changes to MW Block Structure

Changes to MW Block Structure

- > New York State has a strong commitment to the continued growth and success of the solar industry. While the CBC is designed to bring fairness to the market, NYSERDA will work with upstate developers to ensure there are no negative market impacts
- > On January 1, 2022, NYSERDA will release an enriched MW block for residential upstate projects. Funding levels account for the disproportionate effects of the CBC on project economics in upstate utility territories where due to lower utility prices, projects have a lower financial return than projects in ConEdison or LIPA territories.
- > Projects in ConEdison territory offset a much higher electric rate per kWh, and NYC projects receive the Solar Electric Generating Systems Tax Abatement Program. As a result, project economics are much stronger, and additional incentives are not necessary to maintain a robust solar market.
- > Similarly, in Long Island, where ratepayers do not help support the Clean Energy Fund, the CBC is not expected to have a strong impact on project economics because the retail electricity rates are higher. However, LIPA will be monitoring market activity to make sure the industry continues at a strong pace.

Changes to MW Block Structure

- > The existing Upstate Residential MW Block (**\$0.35/Watt**) will remain in place through December 31, 2021. This block supports projects in the National Grid, NYSEG, RG&E, Central Hudson, and Orange & Rockland territories.
- > On January 1, 2022, NY-Sun will implement the following changes
 - Remove the unopened Block #9 (\$0.20/Watt) and any capacity remaining in Block #8 (\$0.35/Watt)
 - Open a new block of 40 MWdc at \$0.50/Watt. At the current rate of development, this block would last more than 1 year
 - Future upstate residential blocks will be announced, based on market conditions, as progress is made through the new \$0.50/Watt block
- > Projects that already reserved at the \$0.35/Watt rate will be able to cancel their NY-Sun application and re-apply at the new rate, provided their final interconnection approval is after January 1, 2022.

Changes to MW Block Structure

NYSERDA reserves the right to change this new block announcement if significant federal policy changes occur, or if the utility-published CBC rates are significantly different from earlier values.

Questions & Answers

Please use the Q&A feature in WebEx to submit a question.

Thank You

If you have questions on this presentation, please contact pvprocessing@nyserda.ny.gov.