

NEW YORK PUBLIC SERVICE COMMISSION ALLOWS ANCHOR CUSTOMERS OF MTC- ELIGIBLE CDG PROJECTS TO RECEIVE COMMUNITY CREDIT

Hodgson Russ Renewable Energy Alert
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On June 12, 2020, the New York Public Service Commission (“Commission”) issued an order that is expected to encourage many Community Distributed Generation (“CDG”) projects to sign up large commercial “anchor” customers, further bolstering the strength of this still growing market. The Order allows non-mass-market participants in CDG projects that qualified for a Market Transition Credit (“MTC”) to receive a \$0.01/kWh Community Credit. The New York Solar Energy Industries Association (“NYSEIA”) and the Coalition for Community Solar Access (“CCSA”) had filed a petition seeking such a change. In amending its April 18, 2019 VDER Compensation Order, the Commission noted that there was sufficient information demonstrating that the proposed community credit “will not create a significant risk of increasing net revenue impacts.”

According to comments filed by Delaware River Solar and Solar Farms New York, expanding the Community Credit in such a manner would improve the financial viability of CDG projects by enabling them to be developed, built, and operated more efficiently. The MTC, a \$/kWh incentive for CDG projects, is only available for mass-market offtake, and as a result, prior to the Order, many CDG projects were seeking to sign up 100% residential customers to maximize MTC revenue. Enrolling a large commercial customer for up to 40 percent of the offtake could result in a cheaper project overall, enabling more CDG projects to be built in New York.

According to the Commission, CDG projects are a “vital component of achievement of the State’s goals for a cleaner, more distributed electric system,” and “ensure that all customers can participate in and benefit from the development of clean energy resources.” The Order will “support achievement of those goals by driving additional CDG development in New York State, and reducing the risk that projects currently in development are cancelled.”

The Commission directed all utilities under its jurisdiction to update their tariffs so that the \$0.01/kWh Community Credit would become effective on August 1, 2020. For billing purposes, this policy will apply to VDER compensation for all electricity generated and injected after July 31, 2020.

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To learn more about regulatory changes in distributed solar and energy storage compensation and how it may affect your business, please contact Peter Ross (646.218.7528), Noah Shaw (518.736.2924), Dan Spitzer (716.848.1420) or any member of Hodgson Russ's Renewable Energy Practice.

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