

NYSERDA Program Updates

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NYSERDA

**Department
of Public Service**

Agenda

- > Distributed Solar Roadmap
- > CBC and Recent NY-Sun Residential Incentive Update

Roadmap Context

- > The current 6 GW NY-Sun distributed solar program target is nearly achieved; nearly **95%** of the target is either completed or at an advanced stage of development.
- > Distributed solar costs and incentives have declined over time, while a thriving solar market has created **~12,000** jobs.
- > Most existing incentives are exhausted – NY-Sun MW Block Program, Community Credit, Community Adder – and the industry needs guidance on what comes next.

Distributed Solar Roadmap Process

- > NYSERDA and DPS Staff developed the Distributed Solar Roadmap to propose a pathway to achieve 10 GW of distributed solar deployment by 2030.
- > The Roadmap explores various options for setting incentive levels to achieve the expanded NY-Sun goal of an incremental 4 GW.
- > The Roadmap involved extensive research, and took into account current industry developments, costs, and trends.
- > The team modeled project costs and revenues for a variety of project use cases, including variations by project technology, geography, and customer offtake. This modeling was used to calculate incentive levels.
- > The Roadmap is essentially a petition to the PSC and is not yet an approved policy measure.

Distributed Solar Roadmap Process

- > Roadmap was officially filed on December 17, 2021.
- > Open for public comments through **March 7, 2022**. Comments can be filed on the [Department of Public Service's website](#) under Case Number **21-E-0629**.
- > NY Public Service Commission may then issue an Order approving or denying the items requested in the Roadmap. The PSC has the ability to approve a modified version of the Roadmap.
- > NYSERDA would then implement the expanded program design. This would be relatively quick to implement, building on existing program platforms and resources.

Roadmap Recommendations

Incentive Structure

- > The Roadmap considered many potential program designs:
 - Upfront incentive (NY-Sun) vs. tariff-based incentive per kWh
 - Administratively-set vs. auction
 - Fixed incentive vs. indexed
- > NYSERDA and DPS Staff determined that extending the longstanding NY-Sun Megawatt Block Program is the best method to achieve 10 GW by 2030.
 - The MW Block Program has a proven track record for transparency and flexibility, and an expansion can be operationalized immediately after approval.
 - Advantages over other options include: implementation feasibility, compliance with Climate Act DAC investment requirement, market compatibility, and ratepayer risk mitigation.
 - Auction approach not compatible with Standardized Interconnection Requirements (SIR).
 - Potential savings from indexed incentive might not offset risk and complexity.

Additional Capacity Breakdown

- > The Roadmap recommends the following geographical and segment-based breakdown of incentive blocks for the Incremental 4 GW Target:

Incentive Group	MW
Upstate MW Block Incentives – C/I	2,943
Con Edison MW Block Incentives - Residential	150
Con Edison MW Block Incentives - Small Projects	150
Con Edison MW Block Incentives - Large Projects	150
Subtotal: MW Block Incentives	3,393
Long Island, and Upstate Unincentivized Projects	607
TOTAL	4,000

- > Long Island projects may require non-CEF funding from LIPA.

Budget/Funding

- > NYSERDA requests a total budget of **\$1,474 million** in NY-Sun Program funding to achieve the Incremental 4 GW Target by 2030.
 - Approximately **\$420 million** is for MW Block base incentives and siting adders for projects in Con Edison's territory.
 - Approximately **\$400 million** is for MW Block base incentives for Upstate projects.
 - Approximately **\$179 million** in Community Adder and beneficial siting incentive adders will be available to both Upstate and Con Edison projects
 - **\$239 million** is included to assist the industry with a transition to increased prevailing wage requirements: Projects >1MWac, that submit their interconnection application after the date of the Roadmap filing.

Proposed Budget

Budget Item	Requested Additional
MWB Incentives and Adder	\$999M
Funds to Assist Transition to Prevailing Wage	\$239M
Solar Energy Equity Framework	\$207M
NY Cost Recovery Fee	\$16M
Administration	\$12M
Evaluation	\$1M
TOTAL	\$1,474M

Proposed Incentives for Upstate NY

- > Base Incentive – 2,943 MW. Initial block of **800 MW at \$0.17/Watt**
- > Community Adder – 70% of new MW at **\$0.07/Watt**
- > Prevailing Wage Adder - \$0.125/Watt for qualifying projects
- > Landfill/Brownfield Adder – continued at \$0.15/Watt

Eligibility for New Incentives

- > “Upstate C/I projects that have already received a NY-Sun incentive at the time this Roadmap is published will not be permitted to cancel their applications and re-apply at a higher incentive rate.” **page 74**
- > “Projects that have not previously received a NY-Sun incentive commitment may apply for newly available NY-Sun incentives subject to regular program rules and eligibility requirements.”
page 74
- > “Con Edison Nonresidential projects that apply to the NY-Sun program subsequent to the filing of this Roadmap, as well as Con Edison Nonresidential projects that submitted applications to the current block (Block 10) and were not previously awarded the Community Credit may, subject to an authorizing Commission Order, opt into the new incentive structure proposed above.” **page 75**

Solar Energy Equity Framework (SEEF)

- > No less than **1,600 MW** (40% of proposed new capacity) be targeted toward low-to-moderate income (LMI) residents, regulated affordable housing, disadvantaged communities (DACs), and environmental justice communities
- > Of this, **1,357 MW** would be targeted for new NY-Sun incentives through the SEEF
- > **\$207 million** in dedicated additional incentives for the SEEF, which would leverage approximately **\$400 million** more in “base” incentives for eligible projects
- > Current SEEF programs would be continued, and at least half of the new capacity would be targeted to LMI residential customers with **direct electric bill savings**
- > Co-design of programmatic support for community-led solar projects with stakeholders representing DACs
- > Increased integration with Statewide Energy Affordability Policy and the LMI Portfolio, including building electrification, heat pumps, efficiency, and energy storage

Current SEEF Programs

> **Affordable Solar Single-Family Incentive**

- Currently \$0.80/Watt in ConEd and Upstate, \$0.40/Watt on Long Island

> **Multifamily Affordable Housing Incentive**

- Currently \$1.00/Watt up to 200kW of nameplate capacity (ConEd/Upstate/Long Island), \$2.00/Watt for CDG projects in ConEd that do not receive the Community Credit

> **Affordable Solar and Storage Predevelopment and Technical Assistance Program**

- Grants up to \$200,000 supporting community-based planning and predevelopment work on projects benefitting LMI households, DACs, and affordable housing

> **Inclusive Community Solar Adder**

- Additional incentives for CDG projects serving eligible customers
- ICSA structure, rules, and incentive levels will be adjusted based on outcome of Roadmap process and lessons learned from first round of funding

Customer Benefit Charge (CBC)

- > 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

- > The CBC is a new element on the electric bill of certain customers. It is calculated based on the PV project's DC system size in kW.

2022 CBC Rate by Utility

Utility	2022 Final Residential CBC Rate \$/kW-mo.	2022 Final Small Commercial CBC Rate \$/kW-mo.
Central Hudson	\$1.23	\$1.22
Con Edison	\$0.94	\$1.05
LIPA	\$0.30	\$0.30
National Grid	\$0.88	\$0.97
NYSEG	\$0.72	\$0.78
Orange & Rockland	\$1.33	\$1.16
RG&E	\$0.87	\$0.81

Changes to MW Block Structure

- > On January 1, 2022, NY-Sun increased the MW Block incentive for upstate residential projects to \$0.50/Watt.
- > Projects that already reserved at the \$0.35/Watt rate are able to cancel their NY-Sun application and re-apply at the new rate, provided their final interconnection approval is after January 1, 2022.

Thank You

- > If you have questions on this presentation, please contact luke.forster@nyserda.ny.gov.
- > A high level overview of the Distributed Solar Roadmap is [available on the NY-Sun Contractor Resources page](#).
- > The Roadmap is open for public comments through **March 7, 2022**. Comments can be filed on the [Department of Public Service's website](#) under Case Number **21-E-0629**.