Memorandum of Support

S.8273 (Griffo)/A.10474 (Englebright)

Title: Amends the public service law to restore net energy metering for community solar and directs the Public Service Commission and the Long Island Power Authority to create a methodology to compensate customers for the full and accurate value of their energy generation by 2021.

Purpose: This bill places a three-year moratorium on the Public Service Commission's (PSC) complicated and unworkable solar compensation policy, which is hurting community solar development across New York. In doing so, it raises the cap on the number of projects that can receive a simpler net metering value and requires utilities to compensate customer-generators (including community solar participants) with that value for the life of their systems. The bill directs the PSC to replace net metering by June 30, 2021 with a Value of Distributed Energy Resources (VDER) crediting mechanism that is simple and predictable and that fully and accurately accounts for the public benefits of renewable energy. For public accountability, the bill requires the PSC to provide an expanded public comment period and public hearings for its proposed methodology.

Statement of Support: The amount of solar energy capacity has doubled in NY over the past two years largely because of the state's net metering program and emerging development platforms like Community Choice Aggregation. But in consideration of the fact that this boom in solar still roughly represents 1% of the power entering our electrical grid, we have a long way to go before the state reaches its goals of 50% renewable energy by 2030.

A decision made by the PSC earlier this year to replace net metering with “Value of Distributed Energy Resources” (VDER) could in fact curtail this uptick in progress and stifle the participation of communities wanting to take advantage of NY’s solar programs. Where net metering compensates all solar energy producers with simple kilowatt-hour credits, VDER compensates solar projects based on a complicated and unpredictable formula that customers struggle to understand and credit providers are reticent to invest in. While VDER may be an essential financial and energy management tool in the future when a significant proportion of solar is supporting our electrical grid – to impose such a complicated algorithm for a nascent industry in NY will suppress financial investment and customer participation because of the
uncertainty of revenue for project development. The Solar industry will simply invest in other states where their long-term bottom line is more certain. S.8273 will place a 3-year moratorium on VDER and ensure that all New Yorkers – including renters – can participate in solar energy. It will support the current rate of growth for solar and retain net metering to fairly compensate customers who switch to solar because they want to play a meaningful role in the clean energy economy.

The Sierra Club urges your support of this important legislation.