

Summary of Proposed Rule

The Long Island Power Authority (the “Authority”) is considering modifications to its Tariff for Electric Service (“Tariff”) to effectuate Phase Two of the Value of Distributed Energy Resources (“VDER”) process established by the New York Department of Public Service (the “DPS”).

Background of VDER

On March 9, 2017, the New York Public Service Commission (the “PSC”) adopted Phase One of VDER,¹ which began a transition from net energy metering—the existing framework for compensating DER installed behind-the-meter—to a more accurate, value-based compensation framework that will benefit all customers by promoting sustainable DER development at a cost that is commensurate with the benefits it provides.² The cornerstone of the new compensation framework introduced in Phase One is the “Value Stack”, which determines the compensation of eligible behind-the-meter DER by summing the components of value the DER provides to the grid, the utility, and the utility’s other customers.

On December 19, 2017, the Authority’s Board of Trustees adopted modifications to the Authority’s Tariff implementing the PSC’s Phase One Order. The Phase One Order provided that new demand-metered commercial customers would be compensated using the Value Stack. Mass market (i.e. residential and small commercial) customers who add solar or other DER by January 1, 2020 will continue to receive net energy metering for twenty years.

DPS Phase Two Process

The DPS has established a collaborative working group process to determine the appropriate compensation system for DER added in 2020 and beyond.³ The VDER Phase Two process is an informal, deliberative model open to participation by all interested stakeholders. The process includes two parallel working groups: a “Value Stack” working group to addresses improvements to the existing value

¹ Case 15-E-0751 et al., *In the Matter of the Value of Distributed Energy Resources*, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

² The principles guiding this transition to a net metering successor were developed in the Reforming the Energy Vision (“REV”) initiative. Case 14-M-0101, *Reforming the Energy Vision*, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2016) (REV Framework Order or Track One Order); Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) (Track Two Order).

³ <http://www3.dps.ny.gov/W/PSCWeb.nsf/All/8A5F3592472A270C8525808800517BDD?OpenDocument>

stack compensation framework, and a “Rate Design” working group to address the mass market successor tariff to net energy metering. The Rate Design working group will also address the related topics of: standby rate design, buy-back rates, grid access charges, non-bypassable fees, or other methods to mitigate costs posed on non-participants.

The DPS working groups allow interested stakeholders to provide input to DPS Staff that will be incorporated into straw proposals on these topics. Ultimately, DPS Staff will file white papers in the PSC’s Value of DER proceeding for formal public comment. The Long Island office of the DPS has arranged for a video conference link enabling local stakeholders to participate in the statewide working groups from the Long Island office. Current working group schedules and meeting agendas are posted on the DPS VDER website.⁴ Whenever public comment hearings on VDER and related topics are scheduled by the DPS, notice of the hearings will be posted on the DPS VDER website. Additional public comment hearings will be held by the Authority in Nassau and Suffolk Counties to facilitate participation by Long Island stakeholders. The dates and locations of these local hearings will be posted on the Authority’s website.

This process has been designed as a forum for the voices of all New Yorkers to be heard, and Long Island stakeholders are encouraged to participate actively in the working groups, file comments in response to white papers, and attend public hearings.

Adoption of VDER Phase Two in Long Island

Orders issued by the PSC pursuant to the process described above will be presented, together with a compendium of public comments received, for consideration and adoption by the LIPA Board of Trustees at a regularly scheduled meeting of the Board following issuance of the PSC order and local public comment hearings in Nassau and Suffolk Counties.⁵

⁴ The DPS VDER website is available here:

<http://www3.dps.ny.gov/W/PSCWeb.nsf/All/8A5F3592472A270C8525808800517BDD?OpenDocument>

⁵ The schedule of LIPA Board meetings is available here: <https://www.lipower.org/schedule/>