STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

In the Matter of Distributed System Implementation Plans **Case 16-M-0411**

Reply Comments on Initial DSIPs

Natural Resources Defense Council, Pace Energy & Climate Center, Solar Energy Industries Association, Vote Solar

September 26, 2016

Introduction and Summary

On July 26, 2016, the New York State Public Service Commission (the Commission) issued an order inviting interested parties to file comments on the Initial Distributed System Implementation Plans (DSIPs) submitted by New York's investor-owned electric utilities.[1] The Commission instructed parties to submit initial comments on the Initial DSIPs by September 12, 2016, and reply comments by September 26, 2016.

The Natural Resources Defense Council (NRDC), the Pace Energy and Climate Center (Pace), the Solar Energy Industries Association (SEIA) and Vote Solar appreciate the opportunity to provide these reply comments on the Initial DSIPs. This document builds upon many points raised in previous filings from Clean Energy Organizations Collaborative (CEOC)[2] members, and was prepared with the assistance of Synapse Energy Economics, Inc.[3]

First, we wish to note that there is a high degree of consistency across the initial comments filed in response to the Initial DSIPs, with commenters generally in agreement on the DSIP components that are inadequate. We focus our reply comments on these deficiencies, and propose a timeline for curing them. Specifically, our reply comments address the following aspects of the Initial DSIPs:

- Plans for the analysis and expansion of hosting capacity
- Discussion of interconnection issues
- Data sharing plans
- Forecasts of Distributed Energy Resource (DER) penetration and peak load
- Non-Wires Alternative (NWA) screening criteria
- Stakeholder engagement processes
- Assessment of DER value and potential
- Plans for electric vehicle supply equipment (EVSE) initiatives

[1] Case 14-M-0101, State of New York Public Service Commission (NY PSC), Notice of New Case Number and Soliciting Comments on the Initial Distributed System Implementation Plans (July 26, 2016).

[2] The Pace Energy and Climate Center and the Alliance for Clean Energy New York co-convene an independent group called the Clean Energy Organizations Collaborative on REV-related matters. This collaborative is made up of national and state-based environmental organizations, clean energy companies and organizations, renewable energy industry trade associations, consumer groups, energy efficiency providers, and academic centers. CEOC seeks to ensure environmental outcomes that are consistent with New York's overall pollution reduction goals; break down existing barriers to clean energy services; and inform its members on market and rate design issues.

[3] In order to better respond to the Commission's request for comment on the initial DSIP filings, NRDC, Pace, SEIA and Vote Solar pooled resources with the Advanced Energy Economy Institute (AEEI) to hire Synapse Energy Economics, Inc. to review the initial DSIP filings and the initial comments on those filings. The parties then built upon Synapse's review and analysis to each further develop their own comments.

We also use these reply comments to briefly respond to the inapposite initial comments of Multiple Intervenors.

Recommendations

Many commenters identify deficiencies in the Initial DSIPs. We recognize that this was a first of its kind data release by the utilities that required lots of effort and preparation. Nevertheless, we reiterate our position that the Commission should not wait for these deficiencies to be addressed in the next DSIPs, which are not due to be filed until June 30, 2018.[4] Instead, we propose the following series of milestones, updated to reflect the concerns raised by other commenters, for the utilities to meet as they work to remedy the deficiencies in their Initial DSIPs:

- **November 1, 2016:** The utilities include the following in their Supplemental DSIP:
    - Greater detail on plans for future hosting capacity analyses
    - Complete information on where utilities stand regarding their interconnection processes
    - Consistent, less burdensome NWA suitability criteria
    - Thorough descriptions of supportive data-access procedures
- **January 1, 2017:** Each utility files with the Commission a study of the technical potential for DERs within its service territory.
- **February 1, 2017:** Each utility files with the Commission a study of the economic potential for DERs within its service territory, based upon the technical potential study and application of the BCA framework.
- **March 1, 2017:** Each utility files with the Commission a strategy for creating pricing schemes, policies, and procurement plans for the DERs that it expects can be cost-effectively deployed within its service territory.
- **April 1, 2017:** Each utility files with the Commission a revised Initial DSIP that addresses the deficiencies identified by the commenters and the Commission. Revised Initial DSIPs should include, at a minimum:
    - Improved DER forecasts
    - Improved load forecasts
    - Updated hosting capacity analyses
    - Greater detail regarding the DER procurement process

[4] Case 14-M-0101, NY PSC. Order Adopting Distributed System Implementation Plan Guidance, at 3 (April 20, 2016) [hereinafter "DSIP Guidance Order"].

- Examples of benefit-cost analyses of DER investments, or plans for conducting such analyses
- Identification of detailed locational cost data
- Greater detail regarding planned EVSE initiatives

Key Areas of Agreement

The initial comments exhibit widespread agreement regarding the deficient components of the Initial DSIPs. This section briefly summarizes some of the more important areas of agreement, and suggests next steps toward remedying DSIP deficiencies.

Hosting Capacity

Several commenters express concern that the utilities' Initial DSIPs neither provide sufficient hosting capacity data nor contain a clear indication of what future hosting capacity analysis phases will entail.[5] IREC goes a step further by offering a list of goals that any utility hosting capacity methodology should be sufficient to achieve, and urging the Commission to require utilities to identify how their proposed methodology will attain these goals.[6] We share the concerns raised by IREC, ESA, NY-BEST, and SolarCity, and support the goals identified by IREC. We recommend that the Commission require that the utilities use their Supplemental DSIP to identify all currently available hosting capacity data and provide a detailed account of what future hosting capacity analyses will involve in terms of inputs, outputs, methodology, and goals.

Multiple commenters suggest that DSIPs should go beyond providing static hosting capacity analyses to assess options for expanding hosting capacity.[7] New York City emphasizes that a lack of current hosting capacity should not stop utilities from analyzing and mapping areas that could potentially host large quantities of DER if distribution systems were to be upgraded.[8] We strongly agree with IREC, ESA, NY-BEST, and NYC that DSIPs should address options and plans for expanding hosting capacity, and that low hosting capacity should not be used as a basis for ignoring high DER potential.

Interconnection Issues

IREC and Pareto Energy express concern that the utilities have generally failed to comply with interconnection requirements laid out in the Commission's Track One Order and DSIP Guidance, and

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[5] *See* Case 16-M-0411, Interstate Renewable Energy Council, Inc. (IREC). Comments of the Interstate Renewable Energy Council, Inc. on the Initial Distributed System Implementation Plans (September 12, 2016) [hereinafter "IREC Comments"], at 15-16; Case 16-M-0411, Energy Storage Association (ESA). Comments of the Energy Storage Association (September 12, 2016) [hereinafter "ESA Comments"], at 3; Case 16-M-0411, New York Battery and Energy Storage Technology Consortium (NY-BEST). Initial Comments. (September 12, 2016) [hereinafter "NY-BEST Comments"], at 3-4; Case 16-M-0411, SolarCity. Initial Distributed System Implementation Plan SolarCity Comments. (September 12, 2016) [hereinafter "SolarCity Comments"], at 6-7.

[6] IREC Comments, at 8-10.

[7] IREC Comments, at 20-21; ESA Comments, at 3; NY-BEST Comments, at 2.

[8] Case 16-M-0411, New York City (NYC). Comments of the City of New York (September 12, 2016) [hereinafter "NYC Comments"], at 11-12.

IREC recommends that utilities be required to provide additional information regarding the current status of their interconnection plans.[9] IREC and SolarCity both state that improved hosting capacity analyses would greatly help to streamline the interconnection process, and encourage utilities to explicitly address this issue.[10] We agree with IREC and SolarCity, and recommend that Supplemental DSIPS contain complete information on where utilities stand in their compliance with interconnection requirements and the extent to which utilities are considering using hosting capacity analyses to automate the interconnection process.

Data Sharing

Mission:data and Sealed Inc. both indicate that the Initial DSIPs do not adequately address the data access needs of third parties.[11] Mission:data emphasizes the importance of DSIPs in providing greater details on meter data sharing mechanisms, and ensuring the consistency of data sharing plans across utilities, in order to foster investor confidence.[12] The comments of IREC and NYC indicate that customers and governmental entities would also benefit from greater DSIP detail on data sharing plans.[13] We support these comments, and recommend that the Commission require that the Supplemental DSIP thoroughly describe consistent data-access procedures that will help foster DER investment.

Forecasts of DER and Peak Load

Several commenters question the sophistication, granularity, and comprehensiveness of the forecasts contained in the Initial DSIPs.[14] We agree with these commenters that the current utility forecasts of DER penetration and load are generally inadequate. We recognize that developing more detailed and accurate forecasts takes time, and recommend that the Commission adopt the timeline laid out above, in our Recommendations section.

NWA Suitability Criteria

Acadia Center, NY-BEST, SolarCity, and IREC all argue that the interim NWA suitability criteria listed in the Initial DSIPs are unduly restrictive.[15] Acadia Center identifies a variety of distribution system needs unrelated to over-loading that New York utilities could consider as NWA candidates, and points to examples of broader NWA screening processes elsewhere in the Northeast for New York to follow.[16] We share the concerns of the other commenters regarding burdensome NWA suitability criteria, and

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[9] IREC Comments, at 25-26; Case 16-M-0411, Pareto Energy Ltd. Comments of Pareto Energy Ltd on Consolidated Edison Company of New York Inc.'s Distributed System Implementation Plan (September 12, 2016), at 3.
[10] IREC Comments, at 26; SolarCity Comments, at 4.
[11] Case 16-M-0411, Mission:data. Comments of the Mission:data Coalition, Inc. (September 12, 2016) [hereinafter, "Mission:data Comments"], at 3-10; Case 16-M-0411, Sealed Inc. Initial Comments (September 13, 2016), at 2-3.
[12] Mission:data Comments, at 3-4.
[13] IREC Comments, at 35; NYC Comments, at 7.
[14] *See* NYC Comments, at 13; IREC Comments, at 30-31; ESA Comments, at 3; NY-BEST Comments, at 4.
[15] Case 16-M-0411, Acadia Center. Acadia Center Initial Comments (September 12, 2016) [hereinafter, "Acadia Comments"], at 3-10.
[16] Acadia Comments, at 2-3.

encourage the Commission to ensure that the Supplemental DSIP contains criteria that are uniform across utilities, and are not unnecessarily limiting.

Stakeholder Engagement

IREC's comments identify several flaws in the stakeholder engagement process. IREC is particularly concerned about the lack of coordination between stakeholder groups, and a lack of utility responsiveness to stakeholder input.[17] We agree that responsiveness to stakeholder concerns could be improved. One way this could be done in the future is to better document stakeholder input as it is given and record how and where the joint utilities have responded to those concerns in the DSIP.

DER Value and Potential

Multiple commenters argue that the Initial DSIPs do not adequately account for the full value of DER across each utility's service territory. NYC strongly encourages utilities to develop DER valuation methods that better account for localized social and environmental externalities.[18] SolarCity similarly urges utilities to account for the entire set of DER values, and states that future DSIPs should include estimates of the potential penetration and value of DER at the service territory level.[19] We support the comments of NYC and SolarCity, and recommend that the Commission require each utility to assess the technical and economic potential of DER in its service territory, incorporating the full value of DER in its economic assessment. We further encourage the Commission to require that revised Initial DSIPs contain greater detail regarding the process for procuring cost-effective DERs at a system-wide scale.

In addition, SolarCity and ESA both state that the Initial DSIPs do not provide adequate data to assess the locational value of DERs.[20] This is an important message coming from DER providers, because if these entities are unable to determine location-specific utility costs and corresponding DER values, they will not be able to proactively propose cost-effective alternatives to utility infrastructure projects. If DER providers are to play a significant role in creating new opportunities for NWA solutions and expanding the market, they will need access to data on locational system costs. We therefore recommend that the Commission require that revised Initial DSIPs contain detailed locational data on utility costs and DER value.

Electric Vehicles

Chargepoint, Inc.'s comments urge utilities to provide greater detail regarding electric vehicle forecasting methodologies and plans for deploying EVSE.[21] We support these comments, and recommend that the Commission require that revised Initial DSIPs contain detailed plans for utility EVSE investments.

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[17] IREC Comments, at 5-7.

[18] NYC Comments, at 5-6.

[19] SolarCity Comments, at 9-11.

[20] SolarCity Comments, at 9; ESA Comments, at 3.

[21] Case 16-M-0411, Chargepoint, Inc. Chargepoint, Inc. Comments on Initial Distributed System Implementation Plans (September 13, 2016), at 3-4.

Response to Multiple Intervenors' Comments

We find the initial comments submitted by Multiple Intervenors are inconsistent with the spirit and goals of the Reforming the Energy Vision (REV) proceeding. Multiple Intervenors focuses much of its comments on questioning whether the levels of spending proposed in the Initial DSIPs are justified.[22] Of course, the Commission should always ensure that utility expenditures are just and reasonable. The comments of Multiple Intervenors are at odds with the core REV precepts that DER-related investments can reduce system costs, and that near-term DSIP investments may be needed to achieve long-term reductions in cost. In addition, Multiple Intervenors' concerns regarding precise levels of investments to be approved through the DSIP process are out of step with the Commission's statement that "the recovery of costs associated with DSIP implementation will be addressed in individual utility rate cases and/or through other proceedings."[23]

Multiple Intervenors' comments also suffer from certain key flaws in logic. For example, Multiple Intervenors encourages the Commission to be cautious in approving proposed DSIP investments in light of "other initiatives likely to result in considerable upward pressure on electric rates and prices paid by customers," such as the Clean Energy Standard.[24] This concern has it exactly wrong. A core purpose of DSIP investments, and REV in general, is to reduce the costs of complying with environmental goals such as the Clean Energy Standard. Postponing such investments would likely increase the total costs of compliance.

Multiple Intervenors also errs when it asserts that the Commission "should ascertain which service classes are completely or primarily responsible for the incurrence of costs associated with a proposed project," and allocate costs only to those classes that incur them.[25] This statement ignores the fact that DERs provide numerous system-wide benefits, and thus cost allocation should account for both the benefits and the costs resulting from DERs, rather than costs alone. As has been recognized throughout the REV proceeding, DERs avoid not only local distribution costs, but also energy and capacity expansion costs that are allocated across all customer classes. It is eminently reasonable to suggest that a class of customers experiencing significant benefits from a particular DER investment should help to fund that investment, even if the class in question is not "incurring" any costs itself.

[22] Case 16-M-0411, Multiple Intervenors. Comments of Multiple Intervenors on Initial Distributed System Implementation Plans (September 13, 2016) [hereinafter, "Multiple Intervenors Comments"], at 2-7.
[23] NY PSC, DSIP Guidance Order, at 4.
[24] Multiple Intervenors Comments, at 3, 5-6.
[25] Multiple Intervenors Comments, at 10.