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LIPA Board of Trustees  
333 Earle Ovington Blvd. 4th Floor,  
Uniondale, NY 11553

2/1/2019

**Re: VDER / NYS DPS Staff Whitepaper**

LIPA Board,

In the matter of the NYS DPS Staff Whitepaper on Future Community Distributed Generation, please see below comments submitted to the state by the CEP (Clean Energy Parties) to which we are a part of through the New York Solar Energy Industry Association (NYSEIA) LI SEIA's parent.

In addition to the points below made by CEP, we strongly support the Staff recommendation of exempting systems 750kW and under from being under the VDER (Value of Distributed Energy Resources) tariff. The white paper reads: *"Specifically, Staff proposes that Phase One NEM be available for projects that (a) have a rated capacity of 750 kW AC or lower; (b) are at the same location and behind the same meter as the electric customer whose usage they are designed to off-set; and (c) have an estimated annual output less than or equal to that customer's historic annual usage in kWh."*

As you may know, switching from net metering to VDER on Long Island on May 1, 2018 severely hurt the Long Island solar industry and set us back in our goals to deploy renewable energy in the region. As of this fall, commercial applications had dropped by over 70%. Our member companies are reporting an even larger decline.

**Immediate Action.** We urge LIPA to act and vote on this matter as soon as possible and not wait for the state to begin proceedings. This exemption would allow the Long Island Solar Commercial solar industry to get back to work and continue helping small and large businesses on Long Island make the switch to clean energy. As we all know, the commercial side of the solar industry has sat mostly idle for almost a year as we await the untangling of regulatory processes at Public Service Commission and the LIPA board. Given the impending step down of the Federal Tax Credit, this is a very timely issue we're facing.

**CESIR (Coordinated Electrical System Interconnection Review) Relief.** We ask for a logistical fix to this delay. The LI Solar Industry should be permitted to begin applying for interconnection, going through the extended CESIR and relay review process (which takes several months), in advance of the final acceptance of the PSC order by LIPA. We need to be able to confidently propose and sell projects and take on I/C application costs with the understanding that they will be considered for NEM if under 750kW AC.

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**RNM (Remote Net Metering) Continuation.** Also and of major importance to clarify. Under NEM (Net Energy Metering) rules we were able to design and develop projects that overproduce energy during the Period 2 rate period (summer peak) and use RNM to send monetary credit to another associated commercial PSEG account. This also applied to over producing during other rate periods. It's critical that when NEM is re-established we have that same ability. Many of our projects provide grid relief during peak summer days and that energy would be stranded and lost to a wholesale rate during the annual reconciliation. We urge LIPA to confirm that the same rules of RNM will be in play when NEM is reestablished.

**Long Term Planning.** The state white paper suggested exempting 750kW through 2020. Unfortunately, that only gives us 6 months at most to sell jobs under NEM. To ensure predictability and stability in the market over the next few years, especially in light of federal tax credits phasing out at the same time, we recommend a long-term exemption of 750kW and under. We believe that a 3-5 year runway would provide a healthier pathway for growth and deployment of all systems 750kW and under including CDG (Community Distributed Generation), RNM, and residential.

We urge the LIPA Board to move expeditiously in whatever processes are necessary to adopt the state's final recommendation and ultimate order. We ask that you plan and **act now to set public hearing dates and comment periods so that once the order is out, the board can simply vote at the March meeting** instead of starting from scratch in March for SAPA and waiting until best case May or worst case, July to vote on this matter.

**Not a permanent Fix.** We also ask you to realize that this 750kW and under exemption is a band aid, not a fix. We are ready to work together to find a suitable solution to catalyze solar growth and meet stakeholder needs. We believe that a predecessor step to solar dynamic pricing should be dynamic pricing on all consumption so as to use market forces to impact behavior of all electricity consumption and generation. Taking action on the storage and demand side of the equation will allow us to more organically shape a smarter, more resilient energy plan by using market forces.

Last year, state legislation was introduced to do just this; pause VDER while we focus on getting this policy right for the long term. We are actively working with elected officials on this again. Phase II proceedings are currently on-going, and the results of those efforts should be the predecessor step to implementing any further changes. Last year, there was no crisis that necessitated the overnight change - we acted hastily, and everyone was hurt by it, including the state's goal to get to 50% renewable energy by 2030. As of January, that is now 100% by 2040, so we have put ourselves very behind over this past year.

As per above, we see it essential that mass market VDER roll-out is postponed 3-5 years to give a chance to determine the best rate design methodology for all energy consumers.

The focus of this letter is that we request rapid adoption of the whitepaper recommendations on VDER. We do have other priorities that we hope to work on together, including launching

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a battery incentive program, a focus on synergies with the state interconnection policy and technical working group, and overall incentives to help drive dramatic growth of solar energy on Long Island.

In closing, we ask that we take this time to work together and meaningfully towards a mutually beneficial solution to plan a sustainable energy future. Given the volatility at the state level, and the lengthy timeline for commercial solar, and impending Federal Tax Credit step down, we respectfully request that the LIPA Board acts now to implement the DPS Staff suggested changes and the Solar Industry suggested changes.

Sincerely,

LISEIA Board

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