

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on September 12, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair  
Gregg C. Sayre  
Diane X. Burman  
James S. Alesi

CASE 16-E-0622 - Petition of Consolidated Edison Company of New  
York, Inc. for Approval of a Pilot Program for  
Providing Shared Solar to Low-Income Customers.

ORDER APPROVING SHARED SOLAR PILOT  
PROGRAM IMPLEMENTATION PLAN WITH MODIFICATIONS

(Issued and Effective September 12, 2018)

BY THE COMMISSION:

INTRODUCTION

On October 31, 2016, Consolidated Edison Company of  
New York, Inc. (Con Edison or the Company) filed a petition  
seeking approval of its Pilot Program for Providing Shared Solar  
to Low-Income Customers (Petition). In its Petition, Con Edison  
proposed to provide Community Distributed Generation (CDG) to  
customers participating in the Company's established Electric  
Low Income Program (low-income customers). The Commission's  
Shared Solar Pilot Order approved the first phase of Con  
Edison's proposed Shared Solar Pilot for Low-Income Customers  
(Shared Solar Pilot or Pilot), allowing Con Edison to procure  
and install approximately 3 MW of solar generation on Company

property for the benefit of low-income customers.<sup>1</sup> On November 30, 2017, in accordance with the Shared Solar Order, the Company filed its Implementation Plan for its Shared Solar Pilot Program for Low-Income Customers (Implementation Plan or Plan).

By this order the Commission approves, with modification, Con Edison's Implementation Plan for the Shared Solar Pilot.

#### BACKGROUND

The Commission authorized the Con Edison to begin developing the first phase of the program in its Shared Solar Pilot Order.<sup>2</sup> The Commission expects that the Shared Solar Pilot will help to develop the DER market, demonstrate the benefits of CDG for low-income customers, provide a valuable opportunity to learn from and gain insight into the low income solar generation market, and recognizes that Con Edison is in a unique position to avoid market barriers that have traditionally slowed solar development in New York City.

The Shared Solar Pilot Order directed Con Edison to file an Implementation Plan that includes: (1) detailed measurement and verification (M&V) procedures; (2) a demonstration that the costs of the Shared Solar Pilot are incremental to the Company's revenue requirement; (3) a customer and community outreach plan; (4) an evaluation and communications framework; (5) consideration of the feasibility of allowing otherwise-eligible customers that have participated

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<sup>1</sup> Case 16-E-0622, Con Edison Low Income Shared Solar Pilot, Order Approving Shared Solar Pilot Program with Modifications (issued August 2, 2017) (Shared Solar Pilot Order).

<sup>2</sup> The Shared Solar Pilot Order directed Con Edison to file a separate petition if it decides to pursue the second stage of the Shared Solar Pilot.

in the Weatherization Assistance Program run by New York State Homes and Community Renewal to participate in the Pilot; (6) an analysis of the number of low-income customers located near proposed solar array locations, and whether such arrays are located in high-value electrically constrained portions of the distribution system or in environmental justice areas; (7) a detailed description of how the Company would maximize the use of local vendors and contractors; (8) examine strategies to increase the level of bill savings associated with the value of solar credits provided to participants; (9) plans to limit costs and maximize customer benefits associated with the Pilot; (10) details of the solar credit banking and Monthly Adjustment Clause (MAC) cost recovery; (11) a plan for reporting lessons learned and effective marketing strategies for low-income customers to the overall DER market. Additionally, the Commission ordered Con Edison to submit draft tariff leaves to effectuate solar crediting and cost recovery, and directed the Company to submit detailed accounting procedures, to be filed contemporaneously with the Implementation Plan.

#### IMPLEMENTATION PLAN

As directed by the Commission in the Shared Solar Pilot Order, Con Edison submitted its Implementation Plan, draft tariff leaves, and accounting procedures for Commission approval on November 30, 2017. The Implementation Plan outlines: the competitive procurement process; customer engagement and the participant selection process; design of the solar credits provided to customers; project timeline; solar credit and cost recovery accounting; measurement and verification procedures; and, the evaluation and communications framework. Con Edison included the customer and community outreach and engagement plan, draft tariffs to effectuate solar crediting and cost

recovery, and accounting procedures as attachments to the Implementation Plan.

#### Competitive Procurement

The Company identifies seven potential solar array sites throughout its service territory, specifically in New York Independent System Operator (NYISO) Zones I and J, each of which is located in or near an environmental justice area, with one potential site which would provide load relief to the Brownsville No. 1 & 2 area substation in conjunction with the Company's existing Brooklyn/Queens Demand Management Program (BQDM Program).<sup>3</sup> Con Edison estimates that approximately 58,000 low-income customers are located within one mile of these seven sites, and that the sites could collectively host approximately 4.2 MWs of solar arrays.

The Company also describes its competitive procurement process, through which it will contract with one or more "Engineering, Procurement, and Construction" vendors (EPC vendors) responding to its Request for Proposals (RFP) to purchase turnkey solar arrays.<sup>4</sup> Con Edison states that while proposed array sizing and successful experience will be the most important criteria for vendor selection, additional weight will be provided to RFP respondents with local offices in Con Edison's service territory and to minority- and women-owned businesses.

#### Customer Eligibility and Enrollment

The Customer Engagement and Selection section of the Implementation Plan details the participant eligibility requirements; the Company's planned customer engagement,

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<sup>3</sup> Case 14-E-0302, Brooklyn/Queens Demand Management Program, Order Establishing Brooklyn/Queens Demand Management Program (issued December 12, 2014).

<sup>4</sup> Con Edison posted this RFP on January 3, 2018.

outreach, and marketing efforts; and the participant selection and rollover process. The Implementation Plan describes the customer criteria to be eligible to participate in the Shared Solar Pilot: (1) the customer must be a direct-metered Con Edison customer; (2) the customer must be enrolled in the electric low income discount program; and, (3) the customer must have applied to participate in a no-cost energy efficiency program offered by Con Edison or NYSEERDA. As the Company begins recruiting customers, Con Edison proposes to consider expanding applicability to other no-cost energy efficiency programs such as the Weatherization Assistance Program,<sup>5</sup> and may waive this participation requirement if such customers are not eligible for no-cost energy efficiency programs. Additional customer criteria include: (4) the customer must have submitted an application to participate in the Shared Solar Pilot; and, (5) customers with pre-existing arrears must have an active payment agreement at the time they apply to participate.

As directed by the Shared Solar Order, Con Edison proposes to implement a lottery method to facilitate enrollment into the Pilot, ensuring the random customer selection process remains fair and impartial. The Company intends to randomly select customers from eligible applicants in separate lotteries for Zone J and Zone I. Con Edison proposes to provide between two to four months to accept customer enrollment applications into the Pilot. The Company does not plan to accept customer applications after participation in the Pilot is fully subscribed to avoid customer reluctance to participate in the future.

If the number of applicants is less than the number of available enrollment openings, all applicants will be enrolled

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<sup>5</sup> More than 2,500 of those customers have participated in Con Edison's Multifamily EE program.

in the Pilot. If the number of applicants is greater than the Pilot can enroll, a waitlist will be established with a rollover process to include new participants. The waitlist will provide a pool of eligible customers to replace customers who no longer qualify to participate in the Pilot because they are either no longer Electric Low Income Program participants, or because such customers have relocated outside of Zone J or Zone I. The Company's Electric Low Income Program requires verification of participant eligibility every six-months. Should a customer no longer meet the program's eligibility criteria, the customer will be provided a notification that the account will be removed from the Shared Solar Pilot after the next six-month reconciliation. The next eligible customer on the waitlist will be enrolled in the Pilot. If a customer relocates within the same zone, the customer will remain in the Shared Solar Pilot. However, due to the different agency low income criteria in Westchester County and New York City, a customer may have to re-enroll in the Company's Electric Low Income Program.

Prior to implementation, the Company will submit for Staff review: proposed lottery design and procedural guide; customer application, welcome letter, website and related informational materials about enrollment in the Pilot; and, de-enrollment notification. Con Edison will also conduct an assessment to determine if there are additional energy efficiency (EE) programs that may be incorporated into the Pilot.

#### Customer and Community Outreach and Engagement

Con Edison proposes to develop a Customer and Community Outreach Engagement Plan that will focus on increased consumer awareness about the Shared Solar Pilot to encourage participation, foster partnerships with Community Based Organizations (CBOs), and facilitate EE engagement

opportunities. The Company proposes to coordinate outreach and engagement efforts with existing low income, EE, and other Con Edison messaging channels, including Advanced Metering Infrastructure (AMI)-related communications for customers with smart meters.

Con Edison states that CBO messaging will also be instrumental in the development and execution of community outreach. According to the Company, CBOs have an established presence with existing communication venues and programs. In addition, the CBO partnerships will provide an opportunity for customers to participate in other no-cost EE programs. Con Edison proposes to pursue a targeted competitive procurement process with a Request for Information (RFI) to establish partnerships with selected CBOs in two phases. The initial phase will be based on person-to-person outreach, undertaken by selected CBOs to approach the eligible low-income population without internet access, to encourage enrollment. The subsequent phase will apply additional social media and direct mail channels to guide potential participants to the Company's Shared Solar website for additional information and enrollment.

Con Edison proposes to continue providing information and messaging to Shared Solar Pilot participants through CBO partnerships after solar installations are completed to encourage customers to manage and improve their energy usage. As a quality assurance standard, Con Edison proposes to develop a Shared Solar training program and outreach kit to ensure that the Pilot is marketed uniformly by participating CBOs.

The Company will submit the CBO competitive bidding process including eligibility criteria, training materials, and

outreach kit, as well as partnership marketing plan for Staff review.

Design of Shared Solar Credit

Con Edison proposes to provide Shared Solar Credits to participants to directly offset their electric bill. The value of the credits will be calculated each year based on forecasts of the value of solar generation subject to the Company's Value Stack Tariff,<sup>6</sup> less the Pilot's annual revenue requirement, plus any impacts of an annual reconciliation process to true-up forecast generation value and costs with actuals.

Con Edison proposes a six-step process to determine the amount of Shared Solar Credits provided to each participant. First, Con Edison proposes to forecast the value of solar generation. The Company proposes to annually forecast the energy and capacity production in each NYISO load zones, specifically Zones I and J, based on the solar array production models provided by the developer and cross-checked by Con Edison for accuracy. Once expected energy production and generating capacity is forecast, a generation profile will be established for each system. The Company will then create a forecast for each component of the Value Stack for each CDG project, including: (1) energy based on the NYISO's peak and off-peak average prices; (2) wholesale capacity based the Value of DER Statements provided publicly by Con Edison, (3) environmental value based Renewable Energy Credit (REC) rate published by New York State Department of Public Service; (4) Demand Reduction Value (DRV) as provided on Value of DER statements; (5) Locational System Relief Value (LSRV), if applicable, based on

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<sup>6</sup> Case 15-E-0751, Value of Distributed Energy Resources, Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters (issued September 14, 2017).

the most recent LSRV values and LSRV maps as provided on Value of DER statements;<sup>7</sup> and (6) the Market Transition Credit (MTC) applicable using the Value of DER statements and latest tranche status. Con Edison proposes to calculate the Value Stack value on a dollar per kilowatt-hour (kWh) basis for each NYISO load zone by dividing the monetary value of the generation in each zone by the forecast kWh generation in each zone.

Second, Con Edison proposes to forecast the annual revenue requirement of the Shared Solar Pilot, based on the initial capital costs for installation, program setup costs, and ongoing operations and maintenance expenses. Con Edison proposes to aggregate these costs into a single value for all sites, levelized over the life of the system, to create a stable revenue requirement designed to remain below expected Value Stack payments. The Company proposes to finalize the program's revenue requirement a few months ahead of solar array in-service dates.

Third, the Shared Solar credits will be calculated on an annual basis by subtracting the program revenue requirement from the forecasted Value Stack value.

Con Edison will create a Solar Credit Offset Bank (Credit Bank) to mitigate risk for non-participating customers. In years when the forecasted Shared Solar value is positive, a portion of that value will be set aside to fund the Credit Bank. As per the Shared Solar Order, once the Credit Bank has reached a value of \$100,000, the entire Shared Solar value will be given to program participants. The Credit Bank will be used to recover up to \$100,000 of any net costs in the event Shared Solar costs exceed Shared Solar values.

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<sup>7</sup> Con Edison notes that none of the proposed solar array locations are in an area eligible to receive the LSRV.

As directed by the Commission in the Shared Solar Order, Con Edison reexamined its strategies to increase the level of savings from an estimated average of \$5 per month through the solar credit to an estimated \$6.60 savings per month. As an initial approach to the annual credit calculation, Con Edison will allocate 330 kWh (based on the 12-month average monthly kWh usage of non-heat electric low-income customers as of October 2017) of Shared Solar credits to each customer every month regardless of their monthly usage. The credit will be determined by multiplying the Shared Solar Value (\$/kWh), after any contributions to the Credit Bank, by 330kWh. As per the Shared Solar Order, the Company proposes this standard design as a strategy to increase the level of credit. The monthly dollar amount of the Shared Solar Credit will be included as an adjustment on the customer's bill.

Reconciliation of the forecasted Shared Solar value and the actual value that was generated will be conducted at the end of each year. Depending on the positive or negative direction of the reconciliation, the credits for the next year will be adjusted to reflect the required adjustment. In the event that Shared Solar Program costs exceed Shared Solar value, the net loss would be recovered from the Credit Bank and, if the Credit Bank were to be exhausted, from the MAC. The next year's credit would be adjusted downwards for the remainder of the reconciliation. If the Shared Solar value is lower than forecasted but remains higher than Shared Solar costs, the reconciliation will take place through the next year's credit calculation - mitigating risk to non-participating customers.

Accounting and Cost Recovery

The Shared Solar Program is designed to be self-sustaining, recovering costs, including a regulated return and other carrying costs, from the revenues produced by the Program.

The proposed General Accounting Procedure (GAP) outlines the accounting treatment for the Shared Solar pilot, enabling Shared Solar development and ongoing O&M costs to be self-contained within the program and incremental to Con Edison's revenue requirement (i.e. they are not included in Con Edison's base rates). Con Edison proposes to recover the costs of the program through a surcharge that will be assessed to customers participating in the Shared Solar Pilot Program, and which will be included in the calculation of the net Solar Credit. The proposed Shared Solar revenue requirement will be recovered over the 25-year life of the project through the value received from the solar generation.

#### Measurement and Verification Procedures

To ensure that the program is delivering accurate value to participants, Con Edison proposes to track each component used in the calculation of credits, including Solar Generation, Value of DER received, and program costs. To guarantee system performance for Solar Generation, Con Edison proposes to work with the solar developer to create a M&V plan, such as including a maintenance schedule in its EPC contract to ensure annual inspections of system performance, and to identify and repair quickly any unexpected performance issues or equipment malfunction.

#### Evaluation and Communications Framework

The success of the Shared Solar Program will be determined by whether it is able to cost-effectively deliver benefits to low-income customers, while operating as a self-sustaining project. Con Edison proposes to use a variety of measures to calculate if the program is a successful economic model. These measures will provide an analysis of the credit structure, determine if improvements to methodology should be made to maximize customer benefits, and provide any lessons

learned on the impacts of DER participation on overall energy burden.

The Shared Solar Program is intended to be a collaboration between Con Edison, the solar developer(s), and community outreach partners. Upon program delivery and operation, the Company will evaluate whether or not Con Edison and other partners could have better served in their specified roles. The program will also be evaluating the effectiveness of integration with other low-income or EE programs and of the marketing strategies used. The evaluation will include a report of the risk factors for the project (e.g., cost, customer turnover) and describe whether these risks were able to be effectively managed. A successful program will demonstrate the ability for an investment in solar to allocate margins to a meaningful low-income customer credit and increase overall confidence in the potential for renewable projects to serve this market segment. In addition, Con Edison will report on the general experiences of implementing the Shared Solar Program describing any unexpected challenges or successes and key lessons learned.

#### NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on December 20, 2017 [SAPA No. 16-E-0622SP2]. The time for submission of comments pursuant to the Notice expired on February 19, 2018. The comments received are summarized below.

#### LEGAL AUTHORITY

Con Edison is an electric corporation subject to the Commission's jurisdiction under the Public Service Law (PSL).

PSL §2 grants the Commission broad jurisdiction over "the manufacture, conveying, transportation, sale or distribution of . . . electricity . . . and to electric plants and to the persons or corporations owning, leasing, or operating the same." Furthermore, PSL §5(2) requires that the Commission "encourage all persons and corporations subject to its jurisdiction to formulate and carry out long-range programs, individually or cooperatively, for the performance of their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." Pursuant to PSL §65(1), every electric corporation must safely and adequately "furnish and provide [electric] service, instrumentalities, and facilities as shall be safe and adequate and in all respects just and reasonable." Further, PSL §66(1) extends general supervision to electric corporations having authority to maintain infrastructure "for the purpose of . . . furnishing or transmitting electricity." Pursuant to PSL §66(2), the Commission may "examine or investigate the methods employed by . . . corporations . . . in manufacturing, distributing, and supplying . . . electricity," as well as "order such reasonable improvements as will best promote the public interest . . . and protect those using . . . electricity." Moreover, pursuant to PSL §66(3) the Commission may prescribe "the efficiency of the electric supply system."

Accordingly, the Commission has the authority to grant Con Edison's proposal and direct "such reasonable improvements as will best promote the public interest."

#### COMMENTS

On February 20, 2018, comments were received by the City of New York (the City). While generally in support of the

Implementation Plan as proposed, the City offered recommendations which it contends would enable the Pilot to meet its full potential. Con Edison submitted reply comments on March 16, 2018.

#### Procurement

The City submits that the RFP filed by Con Edison on January 4, 2018 lacked specific details regarding the selection process. In particular, a guideline detailing how Con Edison will weigh various aspects of each bid. This missing information could sow confusion and uncertainty for prospective providers in the RFP process. However, the City agrees that previous project experience in New York City is a relevant factor in the evaluation process given the unique characteristics of the city and issues associated with siting installations in a dense urban environment.

In Con Edison's reply comments, the Company disagreed with the City's findings stating that the structure and language in the RFP were consistent with what had been used in several other recent RFP's that received robust responses. In addition, the RFP process permitted interested parties to ask questions related to the RFP. No questions were received requesting clarification of the selection process or the evaluation methodology.

#### Customer Enrollment and Eligibility

The City provided comments regarding the Pilot's proposed customer enrollment process and eligibility criteria. The City notes that the Pilot will be targeted to directly metered residential customers. While the City recognizes that this customer population is suitable at the onset of the Pilot, it recommends that customers residing in master metered buildings, including submetered customers, be provided opportunities to benefit from solar energy. The City recommends

that the Company, Staff and other interested parties explore options to enable master metered customers to participate in subsequent Pilot phases.

The City recommends that the application form be simple to encourage customer enrollment in the Pilot. The City acknowledges that Con Edison will develop an application form that can be completed by interested low-income customers in person or online, and suggests that it include basic demographic and account information. This collection of data, according to the City, will enable Con Edison to identify future participants with more detailed eligibility requirements.

Con Edison states in its reply comments that the use of a simple application form is included in the Implementation plan, but contends the collection of additional data will lengthen the form which may result in reduced customer enrollment. The Company advises that the additional data will not provide significant value to the Pilot.

The City proposes that the opportunity to apply for the Pilot be extended to all low-income customers beyond the zip codes in the one-mile radius of the shared solar sites in Zones J and I. By doing so, the City contends there will be wider customer awareness about the Pilot to encourage participation and non-utility third party DER investment.

According to Con Edison, the City's recommendation to extend the Pilot to all eligible low-income customers supports the intent of the IP to maximize opportunities for additional enrollment, with the exception of Zone H which does not include shared solar locations.

The City requests clarification with respect to the treatment of customers who are ineligible for no-cost EE programs and whether they would be placed at a lower priority for Pilot participation than eligible customers. The City

asserts that given the brief amount of time for customer enrollment, customers may be reluctant to apply for the Pilot if required to participate in a no-cost EE program. According to the City, this would create a barrier to customer participation. The City recommends that customers apply for the Pilot without the no-cost EE requirement and be provided the opportunity to pursue no-cost EE after enrollment.

The City raises concern about Con Edison's discretion to allow no-cost EE waivers for customers. It suggests that a uniform waiver process be established in the Pilot after the initial application phase is completed to make revisions as appropriate.

The Company notes that the no-cost EE requirement is not intended to be a barrier to customer participation, but as an opportunity to increase awareness of EE programs and related benefits. According to Con Edison, participation or enrollment in a no-cost EE program will not provide applicants with additional priority in the lottery selection process. In its reply comments, the Company advises that it will coordinate with Staff in the development of the application and outreach materials so they are presented in clear and easy to understand formats.

The City further requests that additional data be provided regarding performance of the Shared Solar Pilot. Specifically, the City requests that the Company regularly share data regarding: (1) the number of participants in each NYISO Zone; (2) the square footage of solar facilities in each Zone; (3) monthly credit value; and (4) the price per-watt for projects in each Zone.

#### Evaluation and Communications Framework

The City supports the inclusion of aggregate data on customer bill payments in the Pilot as part of the evaluation

metrics for comparison to all low-income customers with respect to customer bill default rates. According to the City, this data will provide information on low-income customer default risks which can be used to support investment in competitive third party CDG products and services targeted to this population; and, provide evidence that a payment track is a more valid gauge of payment probability than the traditional FICO score. If the payment track demonstrates that it can effectively capture low-income customer payment history, the City notes that barriers to CDG participation can be reduced in two ways. One would be more reliable data for traditional investors to support low cost financing to projects with large low-income subscriber pools. And, the other, would provide opportunities for financial institutes to earn fees for underwriting low income subscriptions.

Maximize Benefits to Participating Customers

The City expresses concerns that Con Edison's proposal to aggregate all its Pilot solar facilities within a single NYISO Load Zone and create a Zone-wide annual credit does not include locational benefits under the Locational System Relief Value (LSRV) and as such is in conflict with the Commission's Value of DER (VDER) proceeding which seeks to more accurately value DER for their locational benefits. The City also finds that the proposed aggregation framework is unclear as to whether the model can be replicated by non-utility developers and could significantly limit the Pilot's broader applicability. The City requests that the Company be directed to explore other pricing alternatives that can be replicated by private non-utility developers, while providing maximum benefits to participants.

The Company replies that, as noted in the Implementation Plan, Con Edison has no available properties in an LSRV Zone and, therefore, none of the projects would receive

any locational benefits. The Company expects that all shared solar sites will receive the same Market Transition Credit (MTC) with kWh rate, making the VDER credit the same for each site in the same NYSIO Zone which allows them to be aggregated. And, while the Company understands the City's desire for a real-world scenario for a known and defined shared solar credit calculation, it would not be possible as project cost and VDER credit levels needed to determine the size of the credit are unknown and not within Con Edison's control.

The City requests that Con Edison's proposal to allocate 330 kWh of credits each month to all Pilot participants be reexamined as there is no indication that this allocation has been sized to achieve savings of more than \$5 as directed by the Commission in the Shared Solar Order. The City asks that the Company be directed to develop and analyze credit allocation options to ensure Pilot participants are receiving maximum Pilot benefits.

In Con Edison's reply comments, the Company states that the shared-solar credits were set at a level consistent with the average monthly electric usage of low-income customers to provide a consistent and meaningful credit for all participants. Establishing an average usage as a proxy is essential given the administrative complexity and costs associated with providing individualized credit design for each participant in the program.

The City comments that while the Credit Bank would help mitigate ratepayer risk during the lifetime of the Pilot, it is possible that excess funds may be available at the conclusion of the Pilot. In the event excess funds are available in the Credit Bank, the City requests that Con Edison be directed to develop a mechanism to disburse those excess

funds to participants, preferably in the same way the Company currently collects the MAC.

Con Edison agrees with the City that a mechanism for returning any excess funds that remain in the Credit Bank is necessary. The Company proposes to modify its Implementation Plan to create a mechanism that would build up and maintain a sufficient reserve in the Shared Solar Credit Bank to limit the likelihood of having to collect uncovered costs from all customers in any period over the succeeding five years. Once that rolling balance is reached, a portion or all of the excess funds could be returned to program participants as part of an annual true up.

Coordination with other Low-Income CDG Offerings

The City notes that the Shared Solar Pilot is now just one of several CDG offerings tailored to low-income customers in New York City. The City expresses concern that the Company will treat other low-income focused offerings fairly, especially since some offerings may overlap or compete for the same pool of low-income customers. The City argues that the Company's programs may have an advantage over other offerings, since the Company may have better access to low-income customers due to its billing relationship with such customers. The City requests the Commission instruct Staff or NYSERDA to reconcile the various low-income CDG offerings available in Con Edison's service territory, and clarify how such programs can operate on equal terms.

DISCUSSION

Con Edison's Implementation Plan comports with the requirements directed in the Shared Solar Pilot Order, and is approved with modification as discussed below. Con Edison is directed to file an updated Implementation Plan within 60 days

of the effective date of this order, implementing the modifications described herein. As the Implementation Plan is designed to be a living document with periodic updates of a non-substantive nature, such updates shall be filed with the Secretary to the Commission for Department of Public Service Staff review.

Con Edison is directed to make a tariff filing in compliance with this order, effectuating MAC cost recovery and shared solar crediting consistent with the draft tariff leaves filed with the Implementation Plan. Since these draft tariff leaves were filed in November 2017, this tariff filing should incorporate any changes made to the affected tariff leaves in the intervening time, correct typographical errors which incorrectly state the case number of this proceeding,<sup>8</sup> and should eliminate references to the Implementation Plan filed on any specific date, since the Implementation Plan will be regularly updated. Con Edison is directed to file these tariff modifications within 60 days of the effective date of this Order, to be effective on not less than one day's notice. Since these tariff modifications will be filed at the direction of the Commission and after the opportunity for public notice and comment, the newspaper publication requirements of PSL §66(12)(b) and 16 NYCRR §720-8.1, shall be waived.

Project Development and Competitive Procurement

The Commission finds that the Company's proposed competitive procurement process is reasonable. Although the City is correct that the Company's competitive procurement process did not provide a selection and weighting rubric to respondents, the Company's arguments for not providing such information publicly, that doing so is against the Con Edison's

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<sup>8</sup> The bodies of draft tariff leaves 343.1 and 395.1 incorrectly cite Case 16-E-0062 instead of Case 16-E-0622.

established procurement strategies and that providing such information may impact the quality of RFP responses, are persuasive. Staff reports that it has reviewed the Company's RFP response weighting process, and that such process satisfies the requirements of the Shared Solar Pilot Order. Therefore, the Company's competitive procurement process, as described in the Implementation Plan, is approved.

Customer Eligibility and Enrollment

Con Edison's customer eligibility requirements and lottery selection process are consistent with those approved in the Shared Solar Pilot Order, and are therefore approved except as described below. Although the Commission is sensitive to the concern raised by the City that low-income customers may not have the opportunity to consider and choose no-cost EE options in the two to four-month window available for customers to apply for enrollment in the Pilot, the requirement for customers to participate in no-cost EE programs is essential, and has already been approved by the Commission in the Shared Solar Pilot Order. To provide as much time as possible for customers to weigh no-cost EE program participation options, Con Edison should select its CBO partner and begin customer outreach and education activities as expeditiously as possible.

The Commission agrees with the City's assertion that the process for the Company to waive the requirement for customers to participate in a no-cost EE program is not clear enough in the Implementation Plan. Con Edison shall update its Implementation Plan to include a description of how it will determine whether or not to waive the no-cost EE program participation requirement, and shall also develop and submit for Staff review a uniform waiver process for low-income customers who may not be eligible for a no-cost EE option. As part of ongoing Shared Solar Pilot activities, Con Edison should

continue its efforts to identify, assess, and incorporate other no-cost EE programs into the Pilot.

The Commission declines to require that Con Edison take specific actions to include master-metered or submetered customers within the Shared Solar Pilot, as proposed by the City, at this time. Since the Shared Solar Pilot Order approved Con Edison's proposed eligibility requirements, including that participants be directly metered Con Edison customers, the Implementation Plan as filed comports with the Commission's directives.

Furthermore, the Commission declines to require that Con Edison collect demographic information as part of the Shared Solar Pilot application, as proposed by the City. Although such demographic information may be useful in the future, it is beyond the scope of the Shared Solar Pilot, and, as noted by Con Edison, is not needed for implementing the Shared Solar Pilot and may instead act as a barrier for participation for some customers. Con Edison may choose to collect such information if the Company determines that doing so would not harm customer participation and would benefit future projects.

Finally, while the lottery process identified in the Implementation Plan is reasonable overall, modifications to the Company's proposed process are warranted. While the process proposed by the Company would be open to all Con Edison customers within NYISO Zones I and J, the design would essentially result in two lotteries for each NYISO load Zone - one for customers proximate to the shared solar array sites, and another for all other customers within the applicable Zone. The proposed process would improperly advantage customers located proximate to the shared solar arrays, since such customers would both receive significant outreach and education efforts undertaken by the Company and its contracted CBO

representatives, and also have priority in a lottery system that should be fair, transparent, and random. Therefore, instead of operating two lotteries within NYISO load Zones I and J, respectively, Con Edison shall implement a single lottery within each Zone with all respondents in the applicable Zone receiving equal weighting. Increased customer awareness through targeted marketing, outreach, and education efforts will give proximate customers priority enrollment incentive, while keeping the lottery process be fair and transparent.

#### Design of Shared Solar Credit

The methodology for determining shared solar credits detailed by Con Edison in its Implementation Plan is reasonable, and is therefore approved. Although the City notes that aggregating shared solar credit value within each NYISO load Zone may diminish locational values within a given Zone, Con Edison is correct that each of the value stack components within each load zone is consistent. Therefore, even though the shared solar credits are being determined on an aggregated basis per Zone, there is no effective decrease in payment granularity.

The City's further argument that aggregation within NYISO Zones is unreasonable since this model cannot be replicated by third-parties is similarly unpersuasive. As demonstrated in the Shared Solar Pilot Order, the intent of the Pilot is not necessarily to develop a fully replicable model which third parties can apply without further modification, but to "enable the Company to understand how low-income customers respond to various program design features, and explore and report the most effective roles for the utility, third parties, and community organizations in providing [low-income] customers access to DERs." Therefore, for the purposes of this Pilot, the Company's proposed aggregation framework is acceptable for the forecasting of shared solar credit value.

The Commission finds Con Edison's methodology for providing participants with shared solar credits based on a consistent allocation of 330 kWh per customer per month to be reasonable. Although the City asserts that this methodology does not guarantee that the bill credit would be above \$5 per month, the City has not proposed an alternative which would. Further, if the Company were to follow the City's implied preference for individualized shared solar credit allocations based on participants' actual use, it is likely that a more complex calculation would result in a greater amount of administrative costs, thus lowering the amount of shared solar credit available to participants. Therefore, the Commission does not find compelling evidence to support the City's request to develop and analyze alternative credit allocation options at this time.

The City's comments regarding the need to develop a mechanism to disburse any excess funds in the Credit Bank back to program participants are compelling. While the Company's response to modify the Implementation Plan to implement a mechanism to return excess banked shared solar credits to participants as part of an annual true up is adopted, the Company's proposal does not address the issue of disbursement of any remaining banked shared solar credits either to participants or to customers as a whole. Therefore, Con Edison is directed to update its Implementation Plan to include a description of disbursement of shared solar credits in excess of the maximum banked amount both during the course of the Pilot and at the end of the Shared Solar Pilot. Con Edison shall also file any necessary tariff modifications within 60 days of the effective date of this Order, to be effective on not less than one day's notice, to effectuate this the disbursement of excess shared solar

credits in compliance with this Order as part of its tariff modifications discussed earlier in this Order.

The Company is directed file an annual report which will include details regarding the calculation for the expected dollar value for Value Stack payments and cost granularity.

Coordination with Other Low-Income CDG Offerings

The City raises a salient point regarding the recent availability of CDG offerings for low-income customers. At the time of the Shared Solar Pilot Order, there had been minimal advancement of CDG in the low-income market, whereas now the Shared Solar Pilot will be one of several options available to customers. As with other types of utility programs which require coordination with other entities to ensure that the menu of program options available to customers are complimentary and not duplicative or competitive, Con Edison should work with NYSERDA and Staff to ensure that the Shared Solar Pilot operates smoothly with other programs available to low-income customers. Further, Con Edison shall provide additional data on an annual basis to compare its Shared Solar Pilot to other similar programs, described below.

Reporting Requirements

As noted in the Implementation Plan, Con Edison will provide quarterly reports which will include information on all forecasted and actual values of the Shared Solar Credit, as well as annual reconciliations, all of which comport with the quarterly reporting requirements established in the Shared Solar Pilot Order. In addition to the Company's quarterly reports, Con Edison shall file an annual report with the Secretary to the Commission 60 days after the end of the fourth quarter, following the same schedule as the fourth quarter report. The annual report shall include: (1) a review of the process and any lessons learned; (2) information comparing the Shared Solar

Pilot Program with other low income CDG offerings within Con Edison's service territory; (3) additional data demonstrating the monthly shared solar credit by Zone if solar array costs were determined by Zone instead of aggregated across the service territory; and (4) any proposed updates or modifications to be made to the Implementation Plan. Con Edison is directed to convene an annual stakeholder engagement session within 30 days of filing the annual report to discuss the results of the Company's report filings with stakeholders and receive feedback.

Regarding the Company's request that the Company provide additional Shared Solar Pilot performance data, the Shared Solar Pilot Order already required the Company to provide these data in the Company's quarterly reporting requirements.<sup>9</sup> However, the Shared Solar Pilot Order did not specify that such data should be provided by NYISO load Zone. Since the Company will be determining shared solar credits on a zonal basis, it is reasonable to also provide these data by Zone in its quarterly reports. Therefore, Con Edison shall provide the quarterly reporting requirements set forth in the Shared Solar Pilot Order on a Zonal basis.

The Commission orders:

1. Consolidated Edison Company of New York, Inc. is authorized to implement its proposed Shared Solar Pilot Program for Low-Income Customers Implementation Plan, with modifications as described in the body of this Order, with a budget not to exceed a \$9 million.

2. Consolidated Edison Company of New York, Inc. shall file an updated Shared Solar Pilot Program for Low-Income Customers Implementation Plan with the Secretary to the

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<sup>9</sup> Shared Solar Pilot Order, 23-24.

Commission as described in the body of this Order with 60 days of the effective date of this Order.

3. Consolidated Edison Company of New York, Inc. shall file quarterly reports, as described in the body of this Order, with the Secretary to the Commission within 60 days of the end of each quarter, starting after the filing of the Implementation Plan.

4. Consolidated Edison Company of New York, Inc. shall file an annual report as described in the body of this Order, with the Secretary to the Commission within 60 days of the end of each year.

5. Consolidated Edison Company of New York, Inc. shall convene a meeting with interested stakeholders to discuss the results of the annual report and any modifications to the Pilot going forward.

6. Within 60 days of the date of issuance of this Order, Consolidated Edison Company of New York, Inc. shall file with the Secretary to the Commission, the following customer eligibility and selection documents and processes for Staff review: proposed lottery design and procedural guide; website and related Pilot enrollment materials; and, de-enrollment notification.

7. Within 60 days of the date of issuance of this Order, Consolidated Edison Company of New York, Inc. shall file a Customer and Community Outreach and Engagement Plan with the Secretary to the Commission, for Staff review which will include the CBO competitive bidding process, include eligibility criteria, training materials, and outreach kit; and, CBO partnership marketing plan.

8. Consolidated Edison Company of New York, Inc. shall file tariff amendments as described in the body of this order

within 60 days of the effective date of this Order, to become effective on not less than one day's notice.

9. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1, as to newspaper publication with respect to the tariff filings directed in Ordering Clause No. 8, are waived.

10. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

11. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS  
Secretary