

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 19-E-0079 - In the Matter of the Continuation of Standby
Rate Exemptions.

NOTICE SOLICITING COMMENTS

(Issued February 2, 2023)

On May 14, 2021, the Public Service Commission (Commission) issued the Order Continuing Certain Exemptions to Standby Rates (Standby Exemptions Order) in this proceeding. The Standby Exemptions Order continued, on a temporary basis through May 31, 2023, exemptions from standby service rates for residential customers, small commercial non-demand service customers, customers that install certain designated technologies (i.e., fuel cells, wind, solar thermal, solar photovoltaic, sustainably managed biomass, tidal, geothermal, and methane waste), and customers that install energy storage systems. To address the expiration of these exemptions as of June 1, 2023, Department of Public Service staff has drafted the attached proposal, for consideration, to extend and modify these exemptions.

PLEASE TAKE NOTICE that interested persons are invited to submit comments on the attached proposal by **April 24, 2023**. Comments should be submitted electronically, by going to www.dps.ny.gov, clicking on "File Search," entering "19-E-0079" in the "Search by Case Number" field, and then clicking on the "Post Comments" box located at the top of the page. Those unable to file electronically may mail their comments to the Hon. Michelle L. Phillips, Secretary, New York State Public Service Commission, Three Empire State Plaza, Albany, New York

12223-1350. Comments received will be posted to the Commission's website and will be part of the case record.

Questions regarding this Notice should be directed to Robert Cully at Robert.Cully@dps.ny.gov.

(SIGNED)

MICHELLE L. PHILLIPS
Secretary

Department of Public Service Staff Proposal

On May 14, 2021, the Public Service Commission (Commission) issued the Order Continuing Certain Exemptions to Standby Rates (Standby Exemptions Order) in this proceeding. The Standby Exemptions Order approved a two-year extension of existing exemptions to standby service rates for several classes of customers, including: 1) residential customers and small commercial non-demand customers (together, the Residential and Small Commercial Exemption); 2) customers that install distributed energy resources (DER) using certain designated technologies (i.e., fuel cells, wind, solar thermal, solar photovoltaic, sustainably managed biomass, tidal, geothermal, and methane waste) (the Designated Technologies Exemption); and 3) customers that install certain energy storage technologies (the Energy Storage Exemption).

The Standby Exemptions Order also directed Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas & Electric Corporation (collectively, the Utilities) to make a subsequent proposal to harmonize standby rate exemptions across the Utilities such that there is a single unified set of exemptions available Statewide. On November 21, 2022, the Commission issued the Order Directing Tariff Filings, which approved the Utilities' filing to harmonize such exemptions (the November 2022 Order).

The Residential and Small Commercial Exemption has been in place at all Utilities since standby service rates were first approved by the Commission in 2002 and 2003. The Designated Technologies Exemption has been in place at most Utilities since approximately 2003. The Energy Storage

Exemption was implemented in individual Utility rate proceedings and harmonized Statewide in the November 2022 Order to apply to energy storage systems with inverter capability of 1 megawatt (MW) or less.

Department of Public Service staff (DPS staff) recommends that the Commission continue the Residential and Small Commercial Exemption, as well as the Energy Storage Exemption, as presently authorized. DPS staff also recommends that the Commission modify the Designated Technologies Exemption to align with the eligible technologies identified as renewable energy systems under the Climate Leadership and Community Protection Act (CLCPA). Specifically, DPS staff recommends that the following list of technologies identified in the CLCPA replace the present list of Designated Technologies, including: 1) solar thermal; 2) photovoltaics; 3) on land and offshore wind; 4) hydroelectric; 5) geothermal electric; 6) geothermal ground source heat; 7) tidal energy; 8) wave energy; 9) ocean thermal; and 10) fuel cells which do not utilize a fossil fuel resource in the process of generating electricity. DPS staff seeks public input regarding whether the Designated Technologies exemption should set maximum limits on system size for the applicable technologies.

The proposed modification to the Designated Technologies Exemption would discontinue exemptions for new fuel cell units which utilize fossil fuel resources, sustainably managed biogas, and methane waste (Previously-Exempt Resources). DPS Staff recommends that Previously-Exempt Resources participating in the Designated Technologies Exemption prior to June 1, 2023 should continue to be exempt for the remaining useful lifetime of such resources. DPS staff recommends that Previously-Exempt Resources not already participating in the

Designated Technologies Exemption by May 31, 2023 would be ineligible for an exemption from standby rates.

DPS staff also recommends that instead of the Residential and Small Commercial Exemption, Designated Technologies Exemption, and Energy Storage Exemption each automatically sunset for new customers after May 31, 2025, absent further Commission action, such exemptions should continue until modified by the Commission. DPS staff recommends that the Commission solicit public comments every two years, beginning on May 31, 2025, regarding whether the Residential and Small Commercial Exemption, Designated Technologies Exemption, and Energy Storage Exemption should be continued, modified, or eliminated. This procedural modification would provide greater certainty for affected DER owners and developers, while continuing the established periodic review process for the Commission to determine if changes to the standby rate exemptions are warranted.