

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on August 2, 2017

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 WITH MODIFICATION

(Issued and Effective August 2, 2017)

BY THE COMMISSION:

INTRODUCTION

On October 31, 2016, Consolidated Edison Company of New York, Inc. (Con Edison or the Company) submitted a petition seeking approval of a "Shared Solar Pilot" or Pilot program to provide Community Distributed Generation (CDG) to customers participating in the Company's established electric low income affordability program (low income customers) (Petition). The Shared Solar Pilot would provide low income households, a historically underserved market, with opportunities to participate in clean and renewable energy offerings. The Shared Solar Pilot relates to several issues that have been addressed by the Commission as part of the Reforming the Energy Vision (REV) initiative, including utility ownership of Distributed

Energy Resources (DERs),<sup>1</sup> low income CDG offerings, and accurate valuation and compensation under the Value of DER Proceeding.<sup>2</sup> The Petition seeks to advance those issues by offering the state and market participants the opportunity to gain experience with a new model for providing low income customers with access to DERs.

This Order approves the proposed first phase of Con Edison's proposed Shared Solar Pilot, allowing Con Edison to procure and install approximately 3 MW of solar generation on Company property for the benefit of low income customers. Program expansion beyond this level will require future approval of the Commission.

#### BACKGROUND AND SUMMARY OF PETITION

The REV Track One Order established a general rule that utility ownership of DERs will not be allowed, subject to several exceptions. According to the REV Track One Order, "utility ownership of DER will only be allowed under the following circumstances: (1) procurement of DER has been solicited to meet a system need, and a utility has demonstrated that competitive alternatives proposed by non-utility parties are clearly inadequate or more costly than a traditional utility infrastructure alternative; (2) a project consists of energy storage integrated into distribution system architecture; (3) a project will enable low or moderate income residential customers

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<sup>1</sup> Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework (issued February 26, 2015) (REV Track One Order).

<sup>2</sup> Case 15-E-0751, Value of Distributed Energy Resources, Notice Soliciting Comments and Proposals on an Interim Successor to Net Energy Metering and of a Preliminary Conference (issued December 23, 2015) (Value of DER proceeding).

to benefit from DERs where markets are not likely to satisfy the need; or, (4) a project is being sponsored for demonstration purposes.”<sup>3</sup>

In the Order Establishing a Community Distributed Generation Program and Making Other Findings,<sup>4</sup> the Commission extended the State’s net energy metering (NEM) policies to expand access to renewable energy and, in particular, to provide opportunities for low income customer participation in CDG projects. Sponsors were offered the opportunity to develop projects during Phase 1 of the program, rather than wait until Phase 2, if they included at least 20% low income off-takers. In addition, a Low Income Customer Collaborative was instituted to recommend ways to broaden DER access for low income customers. No CDG projects that include a meaningful percentage of low income customers were developed during Phase 1.

As proposed by Con Edison, the Shared Solar Pilot would consist of two phases (i.e., an initial phase to test the pilot program, and a second phase expanding the pilot if it proves to be successful). In the initial phase, the Company will conduct a competitive procurement process and evaluation framework for third parties to offer bids for the solar array design, siting, permitting, construction and commissioning of 3 MW of solar generation. The Company states that the competitive procurement process and evaluation framework will be detailed in an Implementation Plan.

The 3 MW project size, Con Edison asserts, will enable the Company to provide monetary credits to between 800 and 1,600 participating low income customers (solar credits). Once the

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<sup>3</sup> Case 14-M-0101, supra, Track One Order, p. 70.

<sup>4</sup> Case 15-E-0082, Community Distributed Generation, Order Establishing a Community Distributed Generation Program and Making Other Findings (issued July 17, 2015) (CDG Order).

solar panels are operational, the third party developers would transfer ownership of the panels to the Company. Con Edison estimates that the capital expenditure cost of the initial phase of the Shared Solar Pilot will be approximately \$9 million, before accounting for any potential available New York State and federal incentives and/or federal tax credits. If the initial phase is successful, the Company would procure an additional 8 MW of solar generation at an estimated capital expenditure cost of \$24 million to provide similar bill credits to up to a total of 6,000 low income customers, which constitute roughly 1.4% of the approximately 460,000 customers participating in Con Edison's electric low income affordability program.

The Company proposes to install solar generation arrays on Company-owned rooftops and other Company-owned locations. Con Edison plans to prioritize installation of solar generation in areas where additional DER penetration may benefit the system and other customers through a reduced need for traditional infrastructure investments. The Company indicates that the primary focus of the Shared Solar Pilot will be solar generation, although it is willing to consider other renewable sources, such as small wind generation.

In addition to providing low income customers with an opportunity to participate in clean and renewable energy services and the potential to support system needs, Con Edison asserts that the Shared Solar Pilot will produce a number of other benefits, including increasing energy literacy and awareness, spurring additional participation in energy efficiency programs, and environmental benefits from increased penetration of renewable energy; and that the program will provide a valuable learning opportunity for designing future renewable energy programs.

In order to participate in the Shared Solar Pilot, Con Edison proposes that a customer must meet all of the following requirements: (1) the customer is a direct-metered Con Edison electric customer; (2) the customer is enrolled in the Company's Electric Low Income Affordability Program; (3) the customer has applied to participate in a no-cost energy efficiency program offered by either Con Edison or the New York State Energy Research and Development Authority (NYSERDA); and, (4) the customer has been invited to submit an application to participate in the Shared Solar Pilot by the Company or a representative of the Company.

Con Edison proposes that customers with pre-existing arrears may participate in the Shared Solar Pilot, although such customers must have an active payment agreement at the time of enrollment. Furthermore, Con Edison proposes to grant a 12-month grace period if a Shared Solar Pilot participant is no longer enrolled in the Electric Low Income Affordability Program, during which time the customer would continue to receive solar credits, and will notify that customer of the changed eligibility status. If a participant moves from his or her current residence, the Company would continue to provide the solar credits if the customer moves within the same New York Independent System Operator, Inc. (NYISO) load zone, or will otherwise make efforts to enroll the customer in any unreserved solar generation kilowatts (kW) in the customer's new NYISO load zone. Customers may choose to leave the Shared Solar Pilot at any time, at no cost. Con Edison proposes to make the kW generating capacity that had been reserved for a de-enrolling customer available to other eligible low income customers that wish to participate.

The Company believes it will be able to provide participants with a solar credit based on the value of the

output of the solar generation, net of the estimated costs of the Shared Solar Pilot. The magnitude of the solar credit for each customer will be driven by: (1) the percentage of the total solar generator's kW capacity reserved for each customer; (2) the electricity production from the solar generator; (3) the value of exported energy from the solar generator, calculated using the framework established by the Commission in the Value of DER proceeding; and, (4) the costs of the Shared Solar Pilot. The kW generation amount reserved from each customer will be based on the customer's usage during the prior 12 months, and the customer will be assigned to a solar generation array within the same NYISO load zone as the customer.

The value of the solar credit would be guaranteed to be either positive or zero; that is, participating low income customers will be held harmless if the cost of the Shared Solar Pilot exceeds the value of the exported solar generation. In the event that Pilot costs exceed the value of exported solar generation, the Company proposes that any shortfall would be recovered from all customers through an adjustment mechanism, such as the Monthly Adjustment Clause (MAC). Con Edison estimates that a typical participating low income customer could save an average of \$5 per month through the solar credit, approximately seven percent of the customer's monthly bill.<sup>5</sup> Unlike other CDG projects, the Shared Solar Pilot would not require any upfront payments or separate on-going payments for low income customers to participate, and participants would continue to receive all the benefits of the Electric Low Income Affordability Program.

Con Edison did not submit an Implementation Plan for the Shared Solar Pilot contemporaneous with its petition;

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<sup>5</sup> The Company's estimated monthly bill savings are based on the current value of NEM credits.

instead, the Company proposes to submit a detailed Implementation Plan within 120 days of Commission approval of its petition. As proposed by the Company, the Implementation Plan will include: (1) a description of the Company's market, outreach, and community engagement strategy; (2) detailed information regarding the process for procuring solar generation from third parties through competitive solicitation; (3) specific rules and provisions for customers who are no longer eligible to participate, voluntarily de-enroll in the program, or move between NYISO load zones; (4) the specific design of the solar credit for participating customers; (5) a proposal for how any difference between the value of exported solar generation and the costs of the Shared Solar Pilot will be recovered from all customers or credited to participating customers, depending upon whether the difference is negative or positive; (6) the specific mechanism to be used to effectuate recovery of any costs that exceed the value of solar generation from all customers; and, (7) a framework for evaluating the success of the Shared Solar Pilot.

The Company asserts that the Shared Solar Pilot is consistent with the policies and goals set forth by the REV Track One Order, which called for utility ownership of DERs where a project will enable low income residential customers to benefit from DERs, and where markets are not likely to satisfy the need. The Company states that the Shared Solar Pilot is intended to enhance the Electric Low Income Affordability Program, and not to replace or compete with projects that would be proposed by third parties under the Company's Low- and Moderate-Income Demonstration Project Request for Information

(RFI).<sup>6</sup> Con Edison asserts that funding for the Shared Solar Pilot is separate from the funding for demonstration projects.

#### NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on November 16, 2016 [SAPA No. 16-E-0622SP1]. The time for submission of comments pursuant to the Notice expired on January 3, 2017. The comments received are addressed below.

#### COMMENTS

Comments were submitted by the City of New York (City), Cypress Creek Renewables (CCR), GRID Alternatives (GRID), Independent Power Producers of New York, Inc. (IPPNY), New York Solar Energy Industries Association and Vote Solar (NYSEIA/Vote Solar), Pace Energy and Climate Center (Pace), and the Utility Intervention Unit, Division of Consumer Protection, Department of State (UIU). Con Edison filed reply comments on January 9, 2017.

Several parties, including the City, GRID, UIU and Pace, support the Pilot but suggest modifications, while the remaining parties – CCR, IPPNY, and NYSEIA/Vote Solar – oppose the project.

#### Market Failure and Related Proceedings

The City, CCR and NYSEIA/Vote Solar disagree with Con Edison's claims that the market is not likely to satisfy the needs of the low income customer segment. CCR, the City, IPPNY, and NYSEIA/Vote Solar state that Con Edison's statement does not

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<sup>6</sup> Case 14-M-0101, supra, Request for Information Energy Solutions for Low- and Moderate-Income Customers (submitted November 16, 2016).

acknowledge that New York's CDG program is in its infancy, or the market uncertainty surrounding the Value of DER proceeding. CCR, GRID, IPPNY, and NYSEIA/Vote Solar also state that comments on utility ownership for projects specifically for low income customers are being sought in a separate proceeding to inform development of a Department of Public Service Staff (Staff) whitepaper.

IPPNY and NYSEIA/Vote Solar contend that organizations that could serve low income customers via CDG are already developing ways to overcome barriers related to serving these customers by working with NYSERDA and the New York Green Bank. CCR and IPPNY argue that the DER market needs further development before Con Edison's Pilot is adopted. CCR also claims Con Edison's petition appears to shortcut even its own efforts to explore market solutions for low income customers in its Low- and Moderate-Income RFI. The City believes that a declaration of a market deficiency for this customer segment would result in a permanent market failure since the utilities would have grounds for utility ownership of all low-income CDG projects.

In contrast, Pace states Con Edison's proposed Shared Solar Pilot program will assist in developing the DER market and demonstrating benefits of CDG for low income customers.

#### Customer Enrollment and Eligibility

UIU claims Con Edison's petition is not clear on the process of customer enrollment and de-enrollment, and recommends that new customers be enrolled to take the place of de-enrolled participants as well as establishing a waitlist to replace exiting participants. In addition, UIU supports the Company's proposal to allow participants who lose their eligibility to remain enrolled in the pilot during the 12-month grace period, provided that adequate notice is given.

The City argues that Con Edison's proposed eligibility rules may be unnecessarily restrictive and should be amended to remove barriers to participation, since low credit scores, privacy protection concerns, and ineffective marketing and outreach already limit the number of potential customers. The City suggests eligible customers should be enrolled on a first-come, first-served basis, and that Con Edison should develop criteria for determining the geographical limitations of participants. The City agrees that in order to be eligible for the Shared Solar Pilot, customers must also have applied to a no-cost energy efficiency program offered by either NYSEERDA or Con Edison, however, the City suggests that Con Edison should have the option to waive this requirement under specific circumstances.

#### Customer Outreach and Education

Although UIU supports customer outreach and education, it states that a full-scale, costly outreach and education program may not be necessary due to the Pilot's small size.

GRID believes providing comprehensive energy efficiency and solar education together is an effective strategy in helping customers reduce energy consumption and realize additional savings. GRID asserts that development of a customer and community engagement plan would centralize customer outreach to maximize trust, reduce potential for customer confusion, and facilitate standardized information, while minimizing program administration costs.

#### Community Outreach

GRID, the City, and Pace recommend that Con Edison partner with community-based organizations (CBOs) to help the Company gain the trust of low income customers, as well as assist in Con Edison's customer education efforts. Pace states that the CBOs could serve as a trusted source of information and

assistance, facilitating communication and mediate issues between participants and Con Edison. GRID also supports partnerships with CBOs, specifically low income solar nonprofits, affordable housing providers, and other service providers, that would work with Con Edison to design the Implementation Plan and construction of the pilot. In addition, the City and GRID believe partnerships with local providers and suppliers for contract work and workforce training will increase customer participation in future CDG projects while maximizing bill savings for customers.

Risk to Customers

The City and UIU believe that the Commission should put mechanisms in place to encourage the Company to minimize costs and maximize revenues; for example, requiring shareholders to bear some financial risk. UIU urges the Commission to restrict the pilot's revenues. UIU cautions the Commission not to allow any efforts to leverage profits for investment in unregulated competitive markets. UIU is concerned that the Company's return on the Shared Solar Pilot would increase as the costs of the Pilot increase. The City asserts that interaction between the Shared Solar Pilot and the recently approved Earning Adjustment Mechanisms (EAMs) could pose unfair risk to customers if the energy and capacity provided by the pilot are allowed to be applied toward the targets set for such EAMs.

IPPNY states that energy services should be provided cost-effectively by private developers on a competitive basis rather than by utilities to prevent investment risks from falling on customers. IPPNY also claims that subscriber credit risk deters private developers from CDG projects focused on low income customers, however, IPPNY asserts that Con Edison's plan to create an adjustment mechanism would mitigate risk by dividing costs among all customers. GRID suggests that the

Company work with nonprofit organizations that focus on low income customers to minimize costs and maximize savings through training and project savings.

#### Participant Benefits

Most of the parties expect that the Shared Solar Pilot will produce bill savings for participants. UIU also asserts that all credits should be promptly distributed to participants on their next monthly bill, and that Con Edison should not be permitted to retain excess solar credits for itself. In addition, UIU recommends that projects should be sited and operated in constrained areas with a density of low income customers, where generation would benefit from increased distribution value in order to maximize project revenues, increase participant credits, and reduce the need for future distribution investments. GRID supports the provision that participation in the Shared Solar Pilot would not require any upfront or ongoing payments, however, GRID believes that participants should see immediate and meaningful bill savings with a target goal of fifty percent electricity bill savings in the first year.

Pace recognizes that pilot projects are typically more expensive than well-established alternatives, however, Pace expressed concern that the cost of the Shared Solar Pilot may outweigh its benefits. Pace states the petition does not explain the anticipated savings and cost calculations in detail, and recommends Con Edison seek alternative methods to fund the pilot, such as grants or other funding sources. In addition, Pace recommends that additional metrics be included in the proposal, including an energy burden measurement.

#### Additional Recommendations

UIU suggests the Commission and any interested parties be allowed to evaluate Phase One and propose modifications as

needed, such as incorporating additional non-emitting renewable technologies, before Phase Two begins. Additionally, UIU states the Company should track and provide data to parties, including customer enrollment and de-enrollment, monthly and yearly net credits provided, and detailed building and maintenance costs. The City recommends that the Commission require Con Edison to include information and data garnered from the Shared Solar Pilot in its evaluation framework, since sharing this information will allow future developers insight into proper placement of solar arrays for maximum environmental and electric system benefits.

#### LEGAL AUTHORITY

Con Edison is an electric corporation subject to the Commission's jurisdiction under the Public Service Law (PSL). 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 subject to "such reasonable improvements as will best promote the public interest."

#### DISCUSSION

The Commission anticipates that the Shared Solar Pilot will 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 these customers access to DERs. The Shared Solar Pilot will help to develop the DER market and demonstrate the benefits of CDG for low income customers as noted by Pace and provide a valuable opportunity to learn and gain insight into the low income solar generation market. For these reasons, the Commission finds the first phase of the Shared Solar Pilot to be a reasonable attempt to furnish opportunities for low income customers to share in the benefits of solar generation. It is therefore approved subject to modifications, as fully described below.

In this Order, the Commission authorizes Con Edison to begin developing the first phase of the pilot. To that end, Con Edison shall develop an Implementation Plan in consultation with Staff, and will submit that Implementation Plan for Commission approval prior to beginning project construction or implementation activities. In the event that Con Edison wishes to advance to its proposed second phase, it must seek further Commission approval for that expansion.

The Commission expects that the evolving CDG market will grow to better serve the needs of low income customers in

the future as a result of the CDG Order and Value of DER Proceeding. However, it is clear that the low income community has, to date, been underserved by currently-available market mechanisms. In approving the first phase of the Pilot, the Commission is not reaching conclusions on the ability of the market to serve low income customers going forward. To the contrary, the Commission anticipates that the tariffs and policies resulting from Value of DER Proceeding may enable private development of solar assets to serve low income customers, such that private development can be the primary method for engaging low income customers in solar generation projects in the future. In addition, the Commission will continue to seek ways to effectuate that outcome, for example through the formation of a working group regarding low and moderate income in Phase Two of the Value of DER proceeding.

Therefore, the Commission finds that utility ownership of DERs is warranted under the exceptions to the general rule against utility ownership described in the REV Track One Order. In this particular case, utility ownership will respond to the current lack of opportunity for low-income participation and provide experience with a model for low-income participation in DER programs. Specifically, the Shared Solar Pilot provides an opportunity for participation in DERs for low income customers, which has not been provided by markets in Con Edison's territory. The Pilot will also demonstrate ways to best engage these customers in the future, for the mutual benefit of utilities, market participants, and low income customers, thereby supporting the future development of the market.

In addition, there are a number of unique and extenuating circumstances in New York City which warrant special consideration for the Shared Solar Pilot. The lack of available space for large solar arrays, high property costs, and high

population density of renters without the ability to install solar generation on their own rooftops all contribute to a lower solar penetration rate for Con Edison than in other utilities' service territories. Con Edison is in a unique position to avoid these barriers to entry by siting solar generation arrays at its properties throughout New York City and Westchester County. The Commission's approval of this Pilot should not be understood as an invitation for other utilities to propose ownership of DERs, nor should this Pilot be construed as a template for other utility DER ownership projects. Due to the unique conditions at each utility, the Commission will consider any utility proposal for ownership of DERs on a case-by-case basis, taking into account all relevant facts and market conditions surrounding each proposal.

In general, the Commission has expressed its preference that an element of shareholder risk be included with new revenue opportunities for utilities, especially those that require incremental costs to achieve.<sup>7</sup> The effective application of risk incentivizes utilities to efficiently manage initiatives to maximize the potential for success. The best allocation of risk is one that mimics what would occur in an effectively competitive market. Due to the limited overall cost of this program and the protections for both participants and non-participants described below, we are approving the first phase of the Shared Solar Pilot without any element of shareholder risk, while we expect future utility proposals to include appropriate provisions consistent with these principles.

Use of utility property represents a significant opportunity to leverage existing utility assets for maximum

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<sup>7</sup> Case 14-M-0101, supra, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016), p. 51-52.

benefit. Effective use of utility-owned property can help reduce the "soft costs" of DER development and should be further explored by the utilities, Staff, and market participants, as directed in the Value of DER Order.<sup>8</sup> CDG projects sponsored by utilities should investigate and, as appropriate, propose engagement strategies beyond direct utility ownership of DERs, including arrangements for either leasing utility-owned property to DER providers or for providers to lease DERs to utilities for use at their facilities. Regarding IPPNY's assertion that the private market should provide energy services, utilities should explore third party partnership models, especially those that include the ability to reduce credit risk imposed on third party low income CDG projects. For example, the utility could act as the default off-taker and CDG administrator, finding other low income customers to replace those low income CDG participants that default on payments.

#### Customer Enrollment and Eligibility

The customer eligibility requirements outlined in the Company's Petition are reasonable. The Shared Solar Pilot will be limited to participants in the Company's Electric Low Income Affordability Program who have already been qualified as low income customers, defined in the Low Income Affordability Order as those customers who earn 60% or less of the State median income.<sup>9</sup> The Company's proposed requirement to enroll customers

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<sup>8</sup> Case 15-E-0751, supra, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) (Value of DER Order).

<sup>9</sup> Case 14-M-0565, Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers, Order Adopting Low Income Program Modifications and Directing Utility Filings (issued May 20, 2016) (Low Income Order).

who have applied to participate in a no-cost energy efficiency program, offered by either Con Edison or NYSERDA, is adopted. In addition, Con Edison should consider the feasibility of admitting otherwise-eligible customers whom have participated in the Weatherization Assistance Program, implemented by New York State Homes and Community Renewal, in its Implementation Plan. As noted in the Clean Energy Fund<sup>10</sup> and Low Income proceedings, energy efficiency measures can provide significant bill savings to customers, and will be further leveraged by solar credits to decrease Pilot participants' electric bills.

To ensure the customer selection process remains fair and impartial, Con Edison shall implement a lottery process to randomly select participants in the Electric Low Income Affordability Program, rather than selecting customers on a first-come, first-served approach suggested by some commenters. Although the Company proposed that CBOs would conduct outreach and customer enrollment in the Pilot, the Commission believes that if partners are chosen they should be chosen competitively and need not be limited to CBOs. While it is imperative to avoid inappropriately favoring certain customers over others within the low income population, the City is correct in its assertion that the Shared Solar Pilot may be strengthened by prioritizing customers located near the shared solar arrays. In its Implementation Plan, Con Edison shall include an analysis of the number of low income customers located near the proposed array locations, and whether these locations are in electrically constrained or environmental justice areas that would particularly benefit from increased penetration of solar generation.

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<sup>10</sup> Case 14-M-0094, Proceeding on Motion of the Commission to Consider a Clean Energy Fund, Order Authorizing the Clean Energy Fund Framework (issued January 21, 2016).

Although the 12-month grace period, offered in the event that a customer is de-enrolled from the Shared Solar Pilot, garnered broad party support, the Commission directs that the grace period shall be reduced to six-months. A shorter grace period will allow other low income customers to participate in the Pilot more quickly. The six-month period will also align with the Company's current Electric and Gas Low Income Affordability Programs file match process, which routinely maintains customer eligibility and tracks customer participation on a biannual basis. Con Edison shall implement a roll-over enrollment process, to include new participants in the Shared Solar Pilot as others leave the Company's Electric Low Income Affordability Program.

Community Engagement

Customer engagement is at the heart of the REV proceeding, and is an essential element of all REV programs reviewed and approved by the Commission. The implementation Plan shall include a plan for customer engagement. If Con Edison chooses to engage one or more partners to assist in marketing this Pilot to low income customers, it shall follow its established procurement procedures in choosing such partners.

In order to ensure consistency with State policy goals, Con Edison shall work with Staff to develop customer enrollment materials for the Pilot. In addition, Con Edison should work with Staff to develop marketing material including standardized information and messaging disseminated to customers concerning the Pilot, as well as employee and/or volunteer training materials. Con Edison shall submit these materials to Staff before the date such marketing and training materials are published.

Customer Outreach and Education

UIU is correct that a full-scale and expensive outreach effort is not necessary for this Pilot, due to its limited size and availability. Outreach and education shall not exceed a budget cap of 2% of Pilot program costs. This cap will be re-evaluated at the end of the Pilot's first year. Con Edison shall submit a marketing and communications plan detailing development and coordination with participating DER providers and CBOs, contemporaneous to the Company's Implementation Plan for Staff review. Outreach for the Shared Solar Pilot shall be incorporated with Con Edison's targeted low income outreach program which was expanded in summer 2016, and further leveraged with efforts from participating CBOs.

Participant and Community Benefits

Although the primary focus of the Shared Solar Pilot is to provide opportunities for low income customers to participate in clean energy offerings and obtain bill savings, the Pilot presents additional opportunities for community benefits. As noted by the Parties, community engagement may be further strengthened by using local vendors and providing on-the-job training opportunities. Therefore, Con Edison should employ local vendors and contractors whenever operationally and economically feasible. Con Edison shall include a detailed description of how it will maximize use of local vendors and contractors in its Implementation Plan.

The Shared Solar Pilot should be designed to provide meaningful bill savings to participating low income customers. The Commission finds that the Company's estimated average \$5 bill credit may not be sufficient to encourage meaningful low income customer participation in the Shared Solar Pilot. The Company should examine strategies to increase the level of savings when designing the solar credit as part of the

Implementation Plan, once project costs and the value of solar generation can be accurately forecast. Con Edison should also strive to test and achieve even greater participant benefits through ancillary offerings such as energy efficiency measures, home weatherization, and third-party DER offerings paired with participation in the Pilot.

Financial Risk, EAMs, and Cost Recovery

The Commission finds the concerns regarding insulating customers from undue risk expressed by the City and UIU to be persuasive. Therefore, the costs of the Shared Solar Pilot shall be capped, not to exceed \$9 million of capital expenditures, not inclusive of any offsetting available State or federal incentives and/or tax credits. While the costs of the Shared Solar Pilot will be capped, the Company should maximize the amount of MW it can procure within its authorized budget, including through the competitive bidding process. The Company shall report its plans to limit costs and maximize customer benefits in its Implementation Plan.

In order to further mitigate the impact on non-participating customers, Con Edison shall set aside a portion of the value of solar credits, up to a maximum of \$100,000, for future use in months during which the value of solar production does not exceed the Shared Solar Pilot costs. The set-aside shall be funded only when the value associated with the expected monthly average kWh solar generation is greater than the levelized monthly Shared Solar Pilot cost. In the months that this occurs, the set-aside amount shall be determined as the value associated with the kWh production of solar generation above the expected monthly average kWh solar generation, and will be contingent upon the remaining value of the expected average kWh solar generation exceeding the levelized Shared Solar Pilot cost for that month.

These banked solar credits shall accrue interest at the Other Customer Capital rate. Once the maximum banked amount of \$100,000 has been reached, Con Edison shall disburse the value of all solar credits in excess of the expected monthly average solar production to participating customers as proposed. In the event Shared Solar Pilot costs exceed the value of solar generation and the bank of credits has been exhausted, Con Edison shall recover such net costs through the MAC. Details of the solar credit banking and MAC cost recovery mechanics shall be provided in the Implementation Plan, and reflected in a contemporaneous filing of draft tariff amendments to effectuate cost recovery and other provisions of this Order. These draft tariff modifications shall be filed contemporaneously with the Implementation Plan filing, in compliance with this Order.

The Commission is sensitive to the City's concern that the Shared Solar Pilot could interact with certain EAMs recently approved as part of Con Edison's most recent rate proceeding, especially since some of those EAMs have significant additional related program spending.<sup>11</sup> The Con Edison Rate Order adopted a number of EAMs, several based on performance of additional Energy Efficiency and Peak Reduction programs, and other outcome-based EAMs with no specific related program expenditures. If the energy and capacity that will result from the Shared Solar Pilot were counted towards the Company's program-based EAMs, it is possible that the Company would earn significant incentives based on the Shared Solar Pilot spending not anticipated in the Con Edison Rate Order. Therefore, the energy and capacity savings from the Shared Solar Pilot shall not be counted toward achievement of the Company's program-based

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<sup>11</sup> Case 16-E-0060, Con Edison - Rates, Order Approving Electric and Gas Rate Plans (issued January 25, 2017) (Con Edison Rate Order).

EAMs. However, as the outcome-based EAMs do not include additional program spending, the Company may include any impacts of the Shared Solar Pilot on the outcome-based EAMs.

Additional Recommendations

As stated by the City and UIU, data from this Pilot is essential for evaluating not only the success of utility-owned CDG for low income customers, but also for testing which approaches and offerings are most successful in engaging low income customers. The Pilot can provide insight on a number of issues surrounding CDG for low income customers that could bolster developer confidence in this customer sector. These learning opportunities include financial opportunities to mitigate credit risks/investments in the low income community and treatment of the "pay-as-you-go" model proposed for the Pilot versus the popular pay-upfront model. Con Edison shall include a plan for reporting the lessons learned, including the most effective marketing strategies, in its Implementation Plan so that all market participants may benefit from this valuable learning opportunity.

Reporting Requirements

Regarding the Implementation Plan proposed by Con Edison, the Implementation Plan must include, at a minimum, detailed measurement and verification procedures, a demonstration that the costs of Shared Solar Pilot are incremental to the Company's revenue requirement, a customer and community outreach plan, and an evaluation and communications framework. Updates to the Implementation Plans shall be submitted annually, or more frequently as necessary, to the Secretary by March 31 of each year. The Company is also directed to submit quarterly reports to the Secretary on its expenditures and program activities, which shall include all relevant details with respect to project costs, outreach costs,

project in-service dates, incremental costs incurred, total and average value of solar credits disbursed, number of customers participating, enrollments and de-enrollments, the amount of energy and capacity generated by the solar panels, and an estimate of additional community benefits achieved.

Con Edison is directed to file detailed accounting procedures related to the Pilot with the Secretary concurrent with its filing of the Implementation Plan. These procedures will be, among other things, reviewed to determine whether they appropriately account for the costs of Pilot. Further action may be taken by the Commission regarding the accounting procedures if necessary. Only Shared Solar Pilot funding which is incremental to the Company's current electric revenue requirement shall be recovered from customers.

#### CONCLUSION

This Order approves the proposed first phase of Con Edison's proposed Shared Solar Pilot, allowing Con Edison to procure and install approximately 3 MW of solar generation on Company property for the benefit of low income customers. The Commission finds the first phase of the Shared Solar Pilot to be a reasonable attempt to furnish opportunities for low income customers to share in the benefits of solar generation, and is consistent with the policies and goals set forth by the REV Track One Order.

#### The Commission orders:

1. Consolidated Edison Company of New York, Inc. is authorized to implement the first phase of the Shared Solar Pilot, for a maximum capital expenditure budget of \$9 million, as described in the October 31, 2016 filing and in the body of this Order.

2. Consolidated Edison Company of New York, Inc. shall recover the net costs of the Shared Solar Pilot through the Monthly Adjustment Clause, as described in the body of this Order. Details of the cost recovery mechanism shall be provided in the Implementation Plan required in Ordering Clause No. 3.

3. Consolidated Edison Company of New York, Inc. shall file an Implementation Plan with the Secretary to the Commission, as described in the body of this Order, within 120 days of the effective date of this Order. Implementation Plan updates shall be filed by March 31 annually, or more frequently if necessary, with the Secretary to the Commission.

4. 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.

5. Consolidated Edison Company of New York, Inc. shall file detailed accounting procedures as described in the body of this Order, with the Secretary to the Commission, concurrent with the Implementation Plan described in Ordering Clause No. 3.

6. Con Edison shall file an outreach plan with the Secretary to the Commission, as described in this Order, within 120 days of the effective date of this Order.

7. Con Edison shall file draft tariff revisions, as necessary to effectuate the provisions of this Order, within 120 days of the effective date of this Order.

8. 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.

9. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS  
Secretary