

NY-Sun Mid-Point Review Technical Conference

NYSERDA's NY-Sun Team
January 31, 2023



NYSERDA

Department
of Public Service

Agenda

- > MPR Timeline and Requirements
- > MPR Findings
- > Recommendations
- > Next Steps
- > Q & A Session

MPR Timeline

- > NY Public Service Commission (PSC) issued “10 GW Order” on April 14, 2022, and NYSERDA opened new blocks on June 7, 2022. Upstate C/I uptake was rapid after a year without available incentives, with over 1 GW submitted within two months.
- > Per the 10 GW Order, the Mid-Point Review (MPR) was triggered by NYSERDA allocating half of the new Upstate or ConEd MW capacity authorized in the 10GW Order, or December 31, 2025, whichever comes first.
- > Half of the new Upstate C/I MW Block capacity was allocated as of **November 17, 2022**, and the MPR was filed on **January 17, 2023**.
- > The 10GW Order directed NYSERDA and DPS to host a **technical conference** for stakeholders to provide responses.
- > Public comments on the MPR are due **April 10, 2023**, and can be filed on the [DPS website](#) (Case Number: 21-E-0629).

MPR Recap: Requirements

- The 10GW Order specified that the MPR must include:
 - The **types of projects being developed** in response to the incentives offered (i.e., Community Distributed Generation (CDG) vs remote crediting vs. on-site projects);
 - **Updated project cost estimates** based on developer-reported data, utility-reported interconnection costs, and international cost trends in modules and other components;
 - **Market or policy factors** that may be driving changes in rate of uptake and/or costs, such as broader adoption of net crediting, opt-out CDG , or other changes to state or federal policy
 - Whether any **changes to the E Value**, base incentives or adders are warranted, in response to the previous factors;
 - The remaining levels of **capacity in each of the Con Edison categories** and whether it is necessary to make adjustments to the allocation of MWs across the three project sizes; and
 - Whether the **NY-Sun Prevailing Wage Adder** incentive rate is appropriately sized.
- NYSERDA also included **items for Commission deliberation** which go beyond the scope of the content listed above. These are discussed on a following slide.

MPR Findings

- New York State is well on its way to achieve the 10GW by 2030 goal. NY-Sun has \$1.3B in funding remaining to produce the remaining 2.1GW of MW Block capacity. Over 77% of the 10 GW Goal is either built or at a mature stage of development.
- During the review period from April 14th 2022 to November 17, 2022, over **1.9 GW** of project applications were submitted to NY-Sun, most of which were Upstate CDG projects.
 - Upstate C/I attrition rate is 2.6% due to high project maturity requirements to secure NY-Sun incentive.
- Solar Energy Equity Framework (SEEF) is on track: **over \$200 million** in SEEF adders and leveraged incentives have been committed, in line with 2025 goal.
- ConEd development progressed at a modest pace: 67 MW were submitted, leaving 233 MW remaining in the ConEd Nonresidential block capacity.
- Residential project applications in 2022 were approximately double that of 2021.
- While the IRA provides enormous support to distributed PV, its impact is blunted by high and volatile component and labor costs.

MPR Findings: Remaining MW Capacity

Region and Sector	Total MW Block Capacity	Total MW Committed/Completed as of MPR Trigger (11/17/2022)	MW Committed during Review Period	Remaining Uncommitted MW
Upstate Residential	527	431	51	96
Upstate Nonresidential	279	171	16	108
Upstate C/I	6,213	4,759	1,767	1,454
Con Edison Residential	441	296	45	145
Con Edison Nonresidential	735	385	67	326
Total	8,195--	6,037	1,946	2,129

MPR Findings: Remaining Budget

	Total Authorized Funding	Total Committed/Expended as of MPR Trigger (11/17/2022)	Uncommitted Funding
MWB Incentives and Adders	\$2,485,201,000	\$1,758,612,404	\$726,588,596
Funds to Assist in Transitioning to Prevailing Wage	\$238,725,000	\$0	\$238,725,000
Administration	\$58,756,000	\$20,461,568	\$38,294,432
Implementation	\$32,600,000	\$18,395,189	\$14,204,811
Customer Education	\$6,500,000	\$5,474,555	\$1,025,445
Solar Energy Equity Framework	\$399,764,000	\$87,433,873	\$312,330,127
Evaluation	\$3,500,000	\$2,008,117	\$1,491,883
NY Cost Recovery Fee	\$41,800,000	\$7,574,596	\$34,225,404
Total	\$3,266,846,000	\$1,899,960,302	\$1,366,885,698

MPR Recommendations

The MPR makes six requests for Public Service Commission Approval:

1. Provide NYSERDA **flexibility to adjust to changing economic and policy conditions** the Con Edison Community Adder and ICSA incentive rates from the values specified in the 10 GW Order.
2. Make **no changes to the Value Stack** at this time.
3. Authorize a change in the **eligibility for the Prevailing Wage Adder** approved in the 10 GW Order whereby all projects greater than 1 MWac in size that submit applications to Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential >1 MW Block or later that commit to pay prevailing wage will be eligible for the Prevailing Wage Adder.
4. Expand the Landfill/Brownfield Adder to include **Floating PV**.
5. Authorize the **removal of system production adjustments** from the NY-Sun Commercial/Industrial incentive payment structure.
6. Amend the rules set in the Consolidated Billing Order to allow **multiple Net Member Credit rates** within a single CDG project.

Recommendation #1: ConEd Adder Flexibility

*Provide NYSERDA **flexibility to adjust the Con Edison Community Adder and ICOSA** incentive rates from the values specified in the 10 GW Order, based on dynamic market and policy conditions, including the passage of the IRA.*

Rationale: The 10 GW Order specifies an incentive rate of \$0.20/Watt for the CA and \$0.30/Watt for the ICOSA. These rates may need to be adjusted to match changing market conditions, especially once the Treasury releases guidance on the ITC adders.

Recommendation #2: Value Stack

Make **no changes to the Value Stack** at this time.

Rationale: The Roadmap and 10 GW Order considered adjusting the E value to make up the “missing money” for distributed PV projects. The Roadmap and 10 GW Order both concluded that a NYSERDA-administered incentive provided greater flexibility and administrative efficiency than a variable E value.

Recommendation #3: Prevailing Wage

*Authorize a **change in the eligibility for the Prevailing Wage Adder** approved in the 10 GW Order whereby all projects greater than 1 MWac in size that submit applications to Upstate C/I Block 21 or later, or to the second Con Edison Nonresidential >1 MW Block or later that commit to pay prevailing wage and submit a quarterly certification by a Certified Public Accountant be eligible for the Prevailing Wage Adder. NYSERDA requests that, if adopted, this change should be made retroactive to the opening of Upstate C/I Block 21 on November 17, 2022. For clarity, this change would not impact the prevailing wage requirement based on interconnection application date that was established in the 10 GW Order.*

Rationale: The PW requirements and Prevailing Wage Adder authorized in the 10 GW Order do not fully align with the PW requirements of the IRA. Many projects must pay PW in order to access the ITC, are currently unable to access the PW adder, resulting in “missing money”.

Recommendation #4: Floating PV Adder

*Provide authorization to introduce a **Floating PV Adder**. The initial adder rate would be \$0.15/Watt, the same rate as the Brownfield/Landfill adder.*

Rationale: Expanding the siting-related adders to include floating PV aligns with New York State's goals of siting PV on non-greenfield, non-farmland. The NY-Sun team expects modest uptake in floating PV, so the adder could be implemented without additional funding.

Recommendation #5: Performance Payments

Authorize the **removal of system production adjustments** from the NY-Sun Commercial/Industrial incentive payment structure. Project owners could also choose between a single 100% incentive payment at PTO and the existing payout scheme of 50% at PTO and 25% at the end of the first two years of operation.

Rationale: A C/I project's incentive payment is currently indexed to its annual energy generation. When the C/I program initially launched, there was uncertainty as to the level of a project's actual performance. However, PV technology has matured, and the Value Stack provides developers with a strong incentive to ensure optimal system generation. The performance-based element to project incentive can be removed, to provide greater revenue certainty and more cost-effective financing to C/I projects and reduce administrative costs.

Recommendation #6: Net Crediting Rates

*Amend the rules set in the Consolidated Billing Order to allow **multiple Net Crediting rates** within a single CDG project.*

Rationale: The utilities currently require that a net credited CDG project have a single customer discount rate for all customers. Many developers have voiced the need for multiple rates: for instance a 10% discount for DAC offtakers as required by the ICSA and a 5% discount rate for market rate offtakers. Project economics often do not enable a 10% discount for all offtakers.

Next Steps

1. The Mid-Point Review is posted [to DPS's DMM page](#).
2. Comments on the Mid-Point Review must be submitted by April 10, 2023. Treasury Department guidance on the IRA tax credit adders is expected during this window.
3. NY-Sun will release round 2 of the ICSA and reopen the Community Adder after a stakeholder process (see next slide).
4. Department of Public Service Staff and the Public Service Commission will review all comments, and the PSC could then issue an Order acting on any or all of the MPR's recommendations.
5. NYSERDA staff will then update program documentation to reflect a PSC Order.

Inclusive Community Solar Adder process



Question and Answer Session