

New York State's Transition in Distributed Energy Compensation

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New York's Transition from Net Energy Metering

- > Under net metering, all kWh receive the same compensation, regardless of the time or location where they are generated. NY is gradually transitioning from net metering to a more precise structure.
- > Multi-year roll-out with robust stakeholder engagement.
- > Under Value of Distributed Energy Resources (VDER), project revenue is based on value it provides to the grid. Energy produced during high-demand periods in congested parts of the grid receive richer compensation.
- > Goal is to encourage development where and when it maximizes grid benefits, as well as encouraging beneficial technologies like battery energy storage and tracking arrays

The Value of Distributed Energy Resources

- > The “Value Stack” equals
 - Wholesale energy price
 - Wholesale capacity price
 - Deferred cost of distribution grid upgrades (*Demand Reduction Value*)
 - Environmental value
 - Locational adder if on congested substations
 - Subsidy for community solar

Lessons Learned

- > Gradual transitions with well-communicated tariff changes
- > Engage stakeholders, but limit timeframe for discussion
- > Balance precision with practicality: projects can't get developed if the tariff is too complex!
- > Willingness to adjust market rules. The first tariff won't be perfect.