



**Department of  
Public Service**

**Public Service Commission**  
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Commissioners

April 21, 2021

**SENT VIA E-MAIL**

Susan J. Vercheak - vercheaks@coned.com  
Consolidated Edison Company of New York, Inc.  
Orange & Rockland Utilities, Inc.

Paul A. Colbert - pcolbert@cenhud.com  
Central Hudson Gas & Electric Corporation

Janet M. Audunson - janet.audunson@nationalgrid.com  
Niagara Mohawk Power Corporation d/b/a National Grid

Mark Marini - mark\_marini@rge.com  
New York State Electric & Gas Corporation  
Rochester Gas & Electric Corporation

Re: Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources,  
Updated Environmental Value

Dear Ms. Vercheak, Mr. Colbert, Ms. Audunson, and Mr. Marini,

As part of the Public Service Commission's (Commission) Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (VDER Phase One Order), issued on March 9, 2017 in Case 15-E-0751 et al., the Commission directed that distributed generation projects shall receive an Environmental Value as part of the Value Stack compensation if they are eligible to produce Tier 1 Renewable Energy Certificates (RECs) under the Clean Energy Standard. The VDER Phase One Order directed that the Environmental Value be fixed for the life of the project, and set at the higher of either: 1) the Clean Energy Standard Tier 1 REC price, based on the latest Tier 1 procurement price published by the New York State Energy Research and Development Authority (NYSERDA), or 2) the Social Cost of Carbon (SCC), net of the expected Regional Greenhouse Gas Initiative (RGGI) allowance values, as calculated by Department of Public Service Staff (Staff).<sup>1</sup> The Commission subsequently established that the Environmental Value should be fixed for the life of a project at

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<sup>1</sup> VDER Phase One Order, p. 106.

the time a project pays 25% of its interconnection costs, or at the time of the execution of a interconnection agreement if no such payment is required.<sup>2</sup>

In 2018, Staff advised that the current Environmental Value was \$27.41 per MWh, based on the SCC, net of the RGGI allowance values, which was determined to be higher than NYSERDA's reported Tier 1 REC price.<sup>3</sup> This letter is to inform you that Staff has recalculated the current SCC, net of RGGI allowance values, using the same methodology as was used in 2018. As shown in the attached spreadsheet, the current SCC, net of RGGI allowance values, is \$31.03 per MWh. This increase in the Environmental Value is due to a higher SCC over time and is based on the twenty-year period from 2022 to 2041. Staff notes that this amount exceeds the latest Tier 1 REC prices, which NYSERDA has reported were priced 40% lower than the 2019 REC awards.<sup>4</sup> The driver for the reduced REC prices is attributed to the recent inclusion of an indexed REC contract structure, as authorized by the Commission's Order Modifying Tier 1 Renewable Procurements, issued on January 16, 2020 in Case 15-E-0302.

Based on Staff's calculations, projects eligible for an Environmental Value as part of the Value Stack compensation should receive an Environmental Value of \$31.03 per MWh, or \$0.03103 per kWh, fixed for the 25-year period of Value Stack compensation. This amount should be applied to projects that are deemed eligible on or after the date of this correspondence by paying 25% of their interconnection costs, or by executing an interconnection agreement if no such payment is required. The utilities should take any steps necessary to implement this change, including updating the Value Stack Crediting (VDER-CRED Statement) beginning with the May 2021 filing. Please feel free to contact me if you have any questions.

Sincerely,

David G. Drexler

David G. Drexler

Managing Attorney

New York State Department

of Public Service

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Attachment

cc: Honorable Michelle L. Phillips, Secretary to the Public Service Commission (via email)

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<sup>2</sup> Case 15-E-0751, et al., 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), p. 42.

<sup>3</sup> Case 15-E-0751, Value of Distributed Energy Resources, Staff Letter on Updated Environmental Value (filed March 13, 2018).

<sup>4</sup> Case 15-E-0302, Large-Scale Renewable Program and Clean Energy Standard, NYSERDA Clean Energy Standard Annual Progress Report: 2019 Compliance Year (filed February 1, 2021), pp. 2-3.