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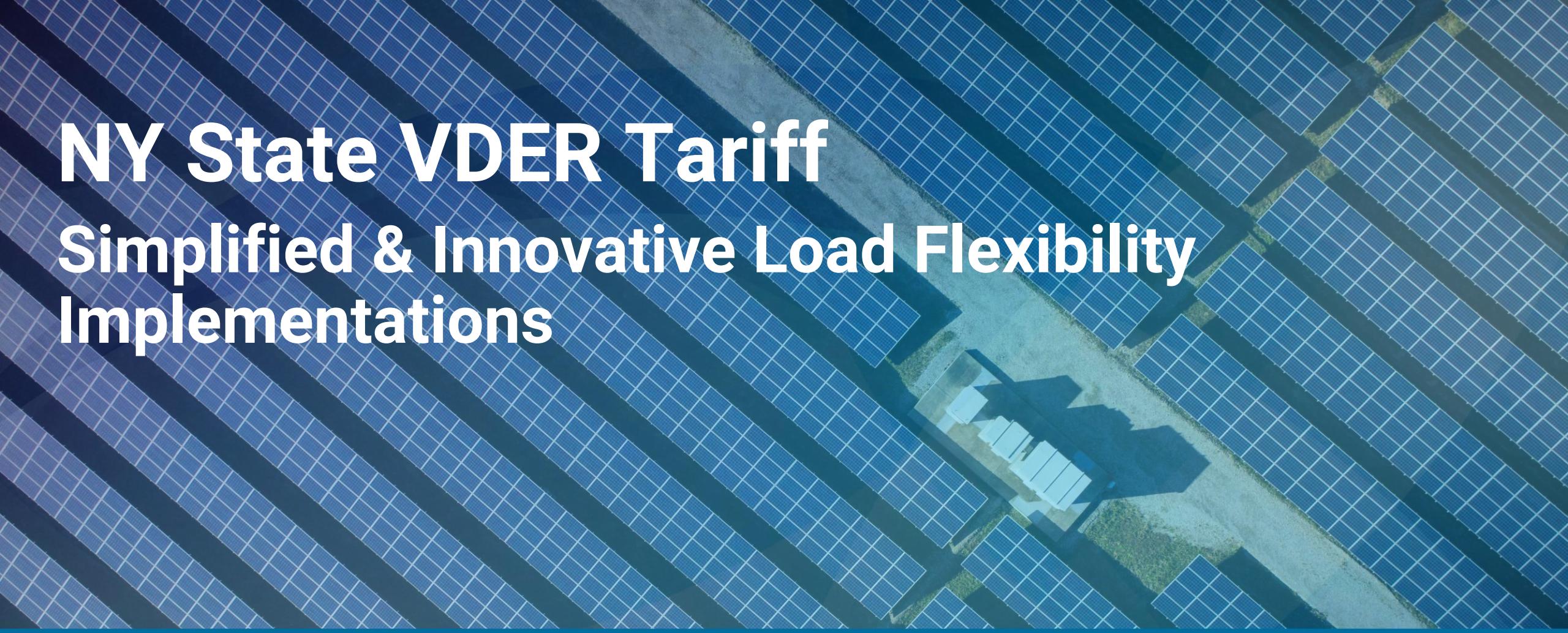

NY State VDER Tariff

Simplified & Innovative Load Flexibility Implementations

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CA Load Flex Workshop

June 25, 2025

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Overview

- New York State Energy Research and Development Authority (NYSERDA) is the state's renewable energy development agency, supporting Department of Public Service / PSC with analysis and program design and implementation
- In 2017, the Value of Distributed Energy Resources (VDER) tariff replaced net metering for most commercial/community-scale resources (solar, storage, wind, etc up to 5MWac).
- VDER provides time and location-specific price signals to project developers, encouraging project development to match grid demands

Elements of Value Stack

The "Value Stack" provides time- and location-specific compensation, based on

- **Energy:** The zonal day-ahead hourly NYISO auction price per MWh
- **Capacity**, as set by NYISO regional auction price. Represents a project's success in reducing annual statewide peak energy demand
- **Demand Reduction Value (DRV):** Deferred cost of distribution grid upgrades. Based on utility-specific Marginal Cost of Service Studies. Paid passed on a project's performance during a pre-set peaking window (~300 hours of summer evenings)
- **Location-Specific Relief Value (LSRV):** Locational adder on utility-selected congested substations. Projects paid for performance during call events
- **Environmental value:** Administratively-set price for the project's green attributes (REC). Calculated by NY Department of Public Service using a Social Cost of Carbon calculation. ~$31/MWh regardless of time of generation

Lessons Learned

It works!

- **~3.4 GWdc of distributed solar operational under VDER tariff, ~3 GW more at mature stage of development. Several GW of distributed energy storage are under development**

Need to balance precision with workability

- **Utilities and grid operators value precise price signals. Project developers and their financiers need a reasonable degree of revenue certainty.**
- **Compromise – energy and capacity values are fully merchant values, but the environmental value is locked in for 25 years to provide some revenue certainty. The demand reduction value price is locked for 10 years, but paid according to actual project generation.**

Developers are designing to the tariff

- **Shifting solar generation to evening hours with single-axis trackers and battery storage.**
- **Prioritizing development in congested, higher-value (downstate) regions**

Lessons Learned

Tariff certainty is crucial

- **Distributed PV and storage projects have a 3-6 year development cycle**
- **VDER is an open-enrollment tariff. No annual MW caps or concerns about eligibility**
- **VDER is revenue-neutral. Incentives have been de-coupled from VDER tariff, and are administered separately by NYSERDA's NY-Sun program**

Developer education and training are crucial

- **Webinars, ongoing support for questions**
- **Value Stack Calculator provides industry-standard baseline for revenue modeling**