

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("LIPA" or the "Authority") Staff proposes to modify the Tariff for Electric Service ("Tariff") effective June 1, 2020, to authorize 25 MW (DC)¹ of purchases of renewable resources under a new Solar Communities Feed-In Tariff ("Solar Communities FIT").

Background:

The Authority has a long history of promoting the expansion of renewable energy resources on Long Island. The Authority began offering net energy metering and other solar incentives nearly two decades ago. Since then, the Authority has supported the development of over 48,000 distributed solar projects totaling 598 megawatts (DC) of capacity, more than any other utility in the State of New York. In addition, the Authority has over 100 MW (DC) of completed utility scale solar projects and over 80 MW (DC) of additional utility scale projects in its development pipeline.

The Authority is also currently engaged in expanding the availability of renewable solar resources to customers that cannot install solar panels on their property for many reasons, such as not having suitable exposures to capture the solar rays (e.g., orientation and shading situations), living in multi-family buildings or shared living spaces (such as a condominium) where the customer cannot access the roof space, the high upfront investment needed for rooftop solar, or renting a home and therefore being unable to make the long-term commitment that solar installations require.

To reach these customers, the Authority offers community solar, where a larger solar facility is built at some host site, and the output of the solar system is distributed to the participants for their benefit. There are currently 3 megawatts of community solar on Long Island, comprising less than 1% of the almost 600 megawatts of completed distributed solar projects on Long Island.

Value of Distributed Energy Resources ("VDER") Community Solar

On March 9, 2017, the New York Public Service Commission ("PSC") issued its *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters* (the "VDER Phase One Order")², which established the first phase of a plan to establish a new system for compensation of distributed energy resources, including community solar, based on the component values or avoided costs those resources provide to the electric grid (the "Value Stack"). On December 19, 2017, the Authority adopted

¹ The megawatt quantities in this Board memorandum are expressed in direct current (DC) for ease of comparison to New York's six-gigawatt distributed solar goal. However, kilowatt and megawatt quantities referenced in the Tariff and Purchased Power Agreement are expressed in alternating current (AC) for consistency with contracted values and PSEG Long Island's administrative processes. In this memo 1 MW (DC) is assumed to be equivalent to 0.8 MW (AC).

² Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters*, Issued and effective March 9, 2017

Tariff changes implementing the VDER Phase One Order.

Subsequently, on April 18, 2019, the PSC issued an *Order Regarding Value Stack Compensation* (the “Value Stack Compensation Order”), which, among other things, added a “Community Credit” compensation component to the Value Stack for certain community distributed generation projects including community solar.³ The Authority adopted the changes ordered in the Value Stack Compensation Order, on July 24, 2019, including a Community Credit of 2.25 cents/kWh.

Following further observation of the community solar market, evaluation of the Community Credit amount, and discussions with local industry stakeholders, the Authority announced plans on February 6, 2020 to increase the Community Credit to 5 cents and to introduce a limited upfront “Community Adder” rebate of \$200/kW for small projects.

Solar Communities to Target Low- and Moderate-Income Customers

As a complement to the increased incentives for VDER Community Solar described above—the Authority is proposing the Solar Communities FIT, which is designed specifically to create additional community solar development, to enable cost efficiencies by utilizing the Authority’s customer acquisition and marketing functions, to lower the cost of project financing by offering a stable price for the duration of the project’s contract, and to provide enhanced energy cost savings opportunities to participating LMI customers.

Proposal:

The Authority Staff is proposing to launch a new feed-in tariff, the Solar Communities FIT, to further develop community solar primarily dedicated to LMI customers. The Solar Communities FIT has the potential to greatly increase the community solar projects currently in the pipeline and to offer the benefits of these projects specifically to LMI customers. The Solar Communities FIT is proposed to award up to 25 megawatts of DC capacity through a newly-specified Solar Communities FIT Project Award Process, with discretion to extend the feed-in-tariff by an additional 15 megawatts at or below the price cap described in this proposal. This proposal outlines, but does not at this time propose, tariff modification to execute the customer engagement process. The customer engagement process will be proposed at a later date in coordination with other Community Distributed Generation (“CDG”) billing modifications being implemented by the State’s investor-owned utilities by order of the Public Service Commission.

Solar Communities FIT Award Process:

Solar Developers will have the opportunity to apply for the Solar Communities FIT during the initial enrollment period of June 1, 2020 to September 30, 2020. There will be a non-refundable application fee which will be the higher of either \$1 per kilowatt (AC) or \$1,000. The application fee will be waived for unsuccessful applications that are re-

³ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order on Value Stack Compensation*, Issued and Effective April 18, 2019.

submitted with only a pricing change in subsequent enrollment phases.

All applications received during the initial enrollment will first be ranked from the lowest to the highest price bid, and from the smallest to the largest project size for bids at the same price. Bids will be evaluated against a downward sloping offer price cap that declines from \$0.1649 per kWh to \$0.1300 per kWh, depending on the AC capacity of the proposed projects. The more capacity clearing in the program, the lower the offer cap will be for each successive offer. The slope declines linearly for the first 15 megawatts (AC) starting at \$0.1649 and ending at \$0.1450. The slope then becomes steeper for the last 5 megawatts (AC) so that the price accepted for the 20th MW will be no more than \$0.1300 per kWh.⁴ More details on the proposed price capping mechanism will be made available to bidders on PSEG Long Island's website.

Under the award process, a limitation will be imposed of 10 MW (AC) capacity at a single sub-station. This will ensure that not all available capacity will be proposed in a single location.

Under the proposed Award Process, accepted projects will be paid their bid price, so long as it doesn't exceed the price cap as detailed above. Since the lowest cost bid will be evaluated first against the starting point price of \$0.1649 per kWh, it is expected to be selected at a price that is well below the price cap. Successive bids will likewise be evaluated against the ever-declining price cap curve, so that these additional projects will also be accepted at prices that are below the declining price cap. Bids will stop being accepted at the point where the declining price cap equals the higher bid prices, so that every accepted project except for the last one will be paid a price that is below the "clearing price", which is the price cap for the last accepted bid.

Applicants must propose the size of their project and its interconnection point within the LIPA system, by circuit and substation. The application must also include their offer price to the fourth decimal place per kilowatt hour (\$0.0000/kWh). An applicant proposing multiple projects of the same size and price will be required to identify a project's priority⁵ to be used in the evaluation of the declining price cap formula.

After the initial enrollment period, applicants will be notified of their acceptance into the program and selected to advance to the next stage, which includes execution of a Power Purchase Agreement (PPA) at their proposed offer price. Once notified and accepted into the program, the successful applicants cannot lose their position based on bids submitted after their award. Applicants not successful in the initial enrollment period will be placed on a waiting list. Applicants placed on the waiting list will be encouraged but not required to resubmit bids at a lower price point. New, wait listed and resubmitted bids will be evaluated against the remaining available program capacity on a quarterly basis after the initial enrollment window until the program requirements are met or the program expires in June 30, 2022 or otherwise terminated in accordance with the proposed tariff provisions.

⁴ 20 MW AC is approximately equivalent to 25 MW DC.

⁵ Each application will be denoted with a number referencing its priority. The highest priority project should be given a value of 1.

Low and Moderate Income Customer Enrollment:

The program rules concerning LMI customer eligibility and benefits will be the subject of future Board action. Accordingly, the following information concerning the customer enrollment process is provided for the Board's general information only. Subject to available quantities of contracted solar resources under this program, all LMI customers in Tiers 1-3 of the Authority's LMI discount program will be eligible to participate. LMI customers on Tier 4 will not be eligible to participate.⁶ Eligible LMI customers will have the opportunity to opt-in to the Solar Communities program and receive a discount on their bill each month. For ease of administration, we expect the twelve monthly discounts will be roughly consistent with the amount of solar generation received from the participating Solar Communities FIT projects and any discrepancies in solar output will be balanced using other solar resources available to the Authority.

LMI customer enrollments will be awarded on a first come, first serve basis dependent on the available kWh in the Solar Communities program. Available kWh in the Solar Communities program will be based on the expected output in kWh of projects that reach commercial operation. Available kWh will be updated each quarter as new projects reach commercial operation. Customers who apply when the program does not have available kWh will be assigned to a waiting list and will be contacted to complete the enrollment process when capacity in the program becomes available. When the available capacity in the program exceeds 20 MW (DC), the program may be open to enrollment from other (non-LMI) residential customers to the extent that no LMI participants remain on the wait list.

Available kWh may be reduced if a project is removed from the program, however, no already accepted customers will lose their Solar Community FIT benefits as the result of a particular project's removal. LIPA Staff will propose tariff amendments prior to January 1st, 2021 to implement LMI customer enrollment in the Solar Communities FIT as well as net billing for projects participating in the Solar Communities FIT or the Authority's CDG tariff.

Financial Impacts:

The proposed Solar Communities FIT is intended to procure the specified resources at the lowest achievable price through a competitive auction process. The selected resource providers will be paid monthly based upon the output of their facility each month and their bid price. The payments made to the resource provider will be recovered from all customers through the Power Supply Charge (PSC) on a monthly basis, as the payments are incurred. This practice is similar to the treatment of the existing feed-in tariffs and payments made to other generators under Service Classification No. 11 Buy-Back Service.

LIPA expects to purchase approximately 30 GWh per year from the 20 MW (AC) of solar generation that is being solicited, which displaces generation that would have been

⁶ Tier 4: The Tier 4 discount is reserved for customers with Direct Voucher/Guaranteed Payment.

purchased from other sources. Because the auction has not yet occurred, the bid price of accepted resources has not yet been ascertained. However, by way of example, if the auction produces an average accepted bid price of 13¢ per kWh with an average Load Factor of 17%, the purchase would cost LIPA approximately \$3.9 million per year. Using an average cost of power at 10.2¢ per kWh, based on the 2020 approved budget, this renewable power alternative will increase power supply costs by an estimated \$0.8 million per year.

20 MW (AC) of Solar Communities FIT is expected to provide enough generation to serve over 3,000 LMI participants. At full solar development the program will provide an estimated \$0.6 million in discounts to our LMI Customers. The estimated annual administrative cost is \$0.3 million. The Solar Communities FIT program totals an estimated \$1.7 million per year (\$0.8 + \$0.6 + \$0.3).

Affected Tariff Leaves:

Revised Tariff Leaves: 16, 256
New Tariff Leaves: 255W – 255AE

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will authorize the Solar Communities Feed-in Tariff for up to 25 MW DC, with authorization for Staff to increase the program to 40 MW DC.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Demand Customer: A Customer who is billed for Demand charges.

Demand Meter: The device that records the maximum amount of power used by the Customer over a 15-minute interval during a specific period, such as a month.

Department: The New York State Department of Public Service.

Deposit: A sum of money given as security for payment of service.

Distribution Facilities: Facilities used to distribute electric energy to consumers, including supply lines, distribution lines, service laterals, and accessory equipment.

Distribution Line(s): A system of poles, wires, ducts, conduits, and additional equipment used for the shared distribution of electricity to Customers.

E

Easement: (See *Right-of-way*)

Eligible Net Metering Technology/Technologies: The list of eligible technologies is: Solar Electric Generating Equipment, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment, Farm Waste Electric Generating Equipment, Stand Alone Storage Equipment, Regenerative Braking, Vehicle-to-Grid, or other generating equipment identified as a Tier 1 technology as defined in Appendix A of the CES Order of the New York Public Service Commission issued August 1, 2016 in Cases 15-E-0302 and 16-E-0270. Tier 1 technologies are required to take compensation based on the Value Stack.

Energy: Energy is electric power, used or supplied over time, and measured in KWH.

Existing Overhead Areas: Areas in which electric distribution facilities are constructed overhead, and there are no requirements to construct facilities underground.

F

Farm Waste Electric Generating Equipment: Equipment that generates electric energy from biogas produced by anaerobic digestion of agricultural wastes, such as livestock manure, farming wastes and food processing wastes with a rated capacity of not more than five thousand (5,000) kilowatts that is manufactured, installed and operated by Customer-generator in accordance with applicable government and industry standards, connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities, operated in compliance with the Authority's standards and requirements established therefor, fueled at a minimum of ninety (90) percent on an annual basis by biogas produced from the anaerobic digestion of agricultural waste such as livestock manure materials, crop residues, and food processing waste, and fueled by biogas generated by anaerobic digestion with at least fifty (50) percent by weight of its feed stock being livestock manure on an annual basis.

Fuel Cell Electric Generating Equipment: A solid oxide, molten carbonate, proton exchange membrane or phosphoric acid fuel cell, with a combined rated capacity of not more than ten (10) kilowatts for a residential customer or with a rated capacity of not more than five thousand (5,000) kilowatts for a non-residential customer, that is manufactured, installed and operated in accordance with applicable government and industry standards, that is connected to the electric system and operated in compliance with the Authority's standards and requirements established therefor. This definition, including the capacity limits specified herein, does not apply to fuel cells participating in the Fuel Cell Feed-in Tariff.

Fuel and Purchased Power Cost Adjustment Clause: See definition for Power Supply Charge.

Full-Requirements Customer: A Customer whose electric power requirements are all supplied by the Authority. (See *Customer – Full Requirements Customer*)

G

Generation Project: A specific project that is eligible to participate in the Commercial Solar, Fuel Cell, or Solar Communities Feed-In Tariffs under Service Classification No. 11 – Buy-Back Service.

VIII. SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):
(Rate Code: 289)****9. Solar Communities Feed-in Tariff:**

The Authority establishes a Solar Communities Feed-in Tariff ("Solar Communities FIT") to obtain solar photovoltaic renewable resources to support the Solar Communities program under the terms defined below.

a) Who Is Eligible

Solar generation projects that qualify under and satisfy all the requirements of this Tariff including the Smart Grid Small Generator Interconnection Procedures ("Smart Grid SGIP"), and NYISO's Small Generator Interconnection Procedures as applicable, with a minimum output of 200 kW and maximum output of less than 5,000 kW, and will enter into a Solar Power Purchase Agreement for the Solar Communities FIT (the "Power Purchase Agreement").

- (1) Generation is limited to solar photovoltaic (PV) systems that generate electricity directly from sunlight.
- (2) Projects must be connected directly to the Authority's electric system with a dedicated meter.
- (3) PV systems are required to use smart inverters that conform to LIPA's technical interconnection requirements. The operation of the smart inverters may limit the amount of energy that the Generation Project provides to the system and correspondingly limit the compensation received by the Generation Project.
- (4) PV systems are precluded from participating in the Commercial System Relief Program or the Distribution Load Relief Program.
- (5) Projects are limited to renewable generating technologies that are approved for the Renewable Energy Standard (as defined in the Power Purchase Agreement) at the time the project is accepted.

b) Who Is Not Eligible

- (1) Generation Projects that were interconnected to the Authority's system as of the date of applying for this Solar Communities FIT are not eligible to participate.
- (2) Generation Projects that are in the Smart Grid SGIP queue or NYISO interconnection queue prior to being accepted for this Solar Communities FIT are not eligible to participate unless they withdraw from such queue.

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):****(Rate Code: 289)****Solar Communities Feed-in Tariff (continued):**

- c) The Power Purchase Agreement will be available on the Manager's website and at its business offices.
- d) All of the Solar Products (as defined in the Power Purchase Agreement) from the facility will be sold to the Authority pursuant to the Power Purchase Agreement. Solar Products include all solar PV electric capacity and energy, ancillary services (as defined in the Power Purchase Agreement), and environmental attributes (as defined in the Power Purchase Agreement).
- e) The Authority will purchase Solar Products at a fixed price per kWh for a fixed term of 20 years.
- f) The solar generation project owner will be responsible for all interconnection costs and all other costs of developing, installing, operating and maintaining the renewable generating and all other costs and charges, as specified in this Service Classification or elsewhere in the Tariff. Solar generation projects intending to connect to the distribution system (point of interconnection on 13 kV or lower) must meet all the requirements of the Smart Grid SGIP. Solar generation projects intending to connect to the transmission system (Point of Interconnection on 23 kV or higher) must adhere to the NYISO's Small Generator Interconnection Procedures as applicable.
- g) Solar generation project will be subject to the Maintenance Charges for Interconnection Equipment as per VIII.O.10.a).(5)
- h) Non-synchronous solar generation projects proposing to connect to the transmission system must comply with the requirements listed in the document "Statement for Performance Requirements for Transmission-Connected Resources Using Non-Synchronous Generation," found on the Manager's website under "About Us" and then "Legal and Regulatory Documents". The requirements of this document do not supersede the requirements of the Smart Grid SGIP, or NYISO's Small Generator Interconnection Procedures. This requirement is in addition to those documents.
- i) In addition to the foregoing requirements, all solar generation projects and associated interconnection facilities must be designed to withstand 130 mph winds and have equipment elevations to accommodate updated one-in-500 year flood zones.
- j) The solar generation project owner shall be responsible for obtaining any and all necessary permits and approvals for solar generation project facilities and interconnection facilities and for conducting all necessary public outreach.
- k) Solar generation projects that are not selected for the program may sell their generation to the Authority under the general terms of this Service Classification No.11 - Buy-Back Service, if they meet the qualifications or may apply for Net Metering or Community Net Metering pursuant to the Authority's rules for Net Metering or Community Net Metering.
- l) The solar generation project owner will be paid on a monthly basis for each kilowatt-hour delivered to the Authority as measured by the dedicated meter at applicable rates. If the Authority determines that more than an incidental amount of energy (1% of gross output of the generator in a given month) is flowing to the solar generator project's site under this arrangement, then purchases and payments may be terminated until such time as the cause of the amount flowing to the site can be determined and remedied by the solar generator project owner to the Authority's satisfaction or agrees to pay for Station Service on all inflows of power to the Generation Project

VIII. SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):****(Rate Code: 289)****Solar Communities Feed-in Tariff (continued):**m) Sloped Bid Price Cap

The maximum price of bids that will be accepted declines as a piecewise linear function of accepted capacity. The Sloped Bid Price Cap can be found in the Statement of Solar Communities Feed-in Tariff.

n) Rates and Charges for Purchase

The Authority will pay for the purchase of Solar Products for 20 years at the as-bid rate submitted in each Generator Project's bid as defined below. The rate will be a fixed price expressed in \$/kWh to the nearest \$0.0000 for any specific solar generator project selected by the Authority for the term of the Power Purchase Agreement.

At the end of every evaluation period, which will take place from time to time, the Authority will publish the amount that has been accepted in the Solar Communities FIT project in the Statement of Solar Communities Feedin Tariff.

o) The enrollment target is set at 20 MW (AC rating). The Authority may at any time increase the enrollment target up to 30 MW (AC) at which time it will determine the changes to the Sloped Bid Price Cap and provide that information sixty days prior to a quarterly evaluation period.

p) Generator Bidding Process for the Enrollment Period from 6/1/2020 to 9/30/2020

The Authority will solicit standardized bids from eligible Generation Projects between June 1, 2020 and September 30, 2020, inclusive. Bids must be submitted electronically to the Authority at the address shown on the Manager's website. The Manager is authorized to establish limitations on the size and format of applications or establish other restrictions as it deems appropriate for the operation of its website.

(1) The Authority will provide non-binding guidance with respect to estimates of available capacity to prospective bidders with regards to potential points of interconnection within the Authority's electric system through information posted on the Manager's website. Substations that are at or near their maximum injection capacity would necessitate extensive modification to incorporate the injection of new resources. The cost of all modifications shall be borne solely by the bidder.

(2) The bidder will specify the bidder's proposed capacity in AC rating to the nearest whole Watt, proposed connection point (including substation and circuit designation or interconnection point), and proposed fixed price per kWh. Bidders may, but are not required to, specify alternative capacity amounts smaller than the proposed capacity. If a bidder is submitting multiple bids with identical price and capacity, the bidder will also specify a preferred priority order for such bids in the event that some but not all may be accepted under the evaluation process specified below.

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):
(Rate Code: 289)
Solar Communities Feed-in Tariff (continued):**

- (3) The Authority will not accept a bid whose fixed price exceeds \$0.1649/kWh ("Maximum Price Cap"). A Generation Project's bid will be rejected as nonresponsive if the fixed price bid exceeds the Maximum Price Cap or if it is incomplete or otherwise not in conformance with the provisions of this Tariff.
- (4) The Authority will evaluate the Generation Project's bids for responsiveness as they are received. For bids received prior to September 16, 2020, and if time allows, the Authority will attempt to inform the bidder in the event that a bid is deemed non-responsive or may be subject to additional interconnection costs. Notified bidders will be given the opportunity to remedy the deficiency by resubmitting the bid on or before September 30, 2020. The Authority does not guarantee that sufficient time will be afforded to the bidder for resubmittal.
- (5) The Authority will evaluate bids as follows:
- Step 1 Complete and responsive bids will be ranked in price order with the lowest bid price given the highest priority. Where multiple bids are received with the same bid price, the bid with the smaller capacity will be prioritized ahead of the bid with the larger capacity. Where multiple bids are received with the same bid price and the same capacity, priority will be given to the single highest priority ranked bid of each individual bidder among the group of bids with identical bid price and capacity. One bid per bidder with identical bid price and capacity in AC rating may be considered equal in priority, and will be evaluated as a single combined project for purposes of bid evaluation only.
- Step 2 Bids will be reviewed by the Authority using the SGIP's preliminary screening process to determine if the Generation Project can be integrated into the system at that location based on the proposed size. If the Generation Project passes the preliminary screening at its proposed size or at a level above its minimum proposed size the project will be advanced for further evaluation at the highest level of capacity that satisfies the preliminary screening process. If the Generation Project fails the preliminary screening process it will be excluded from further evaluation and the excluded Solar Feed-in Tariff bid(s) will be added to the waiting list (see Section VIII.O.9.q).

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):
(Rate Code: 289)
Solar Communities Feed-in Tariff (continued):**

Step 3 Complete and responsive bids will be evaluated sequentially in order from highest priority to lowest priority as determined in Steps 1 and 2.

Step 4 Starting from the highest priority, the first bid will be accepted into the Solar Communities FIT for further consideration if it satisfies all three of the following conditions:

- a) The bid capacity does not exceed 5 MW or the remaining available capacity for the substation as determined in Step 2; and
- b) The bid capacity does not exceed the remaining available capacity for the circuit as determined in Step 2; and
- c) The bid price is less than or equal to \$0.1649 per kWh.

If the bid fail to satisfy one or more of the conditions above, the bid will not be accepted and will be removed from the evaluation process and added to the waiting list (see Section VIII.O.9.q below).

Step 5 Moving to the next highest priority bid, the amount of accepted capacity will be set to the accepted capacity of the first bid. The maximum bid price will be determined by evaluating the Sloped Bid Price Cap, as found in the Statement of Solar Communities Feed-in Tariff, at the point that reflects the acceptance of the first bid. The next highest priority bid will be accepted into the Solar Communities FIT for further consideration if it satisfies all of the following conditions:

- a) The bid capacity, combined with the aggregate capacity of all higher priority accepted bids proposing to interconnect to the same substation, does not exceed 10 MW or the remaining available capacity for the substation as determined in Step 2; and
- b) The bid capacity, combined with the aggregate capacity of all higher priority accepted bids proposing to interconnect to the same distribution circuit, does not exceed the remaining available capacity for the circuit as determined in Step 2; and
- c) The bid price is less than or equal to the newly determined price cap based on prior accepted capacity; and
- d) The total accepted bid capacity, including the particular bid being evaluated does not exceed the enrollment target (see Section VIII.O.9.o above) plus up to 2 MW more as required to accept the proposed capacity of the latest accepted bidder.

If the bid fails to satisfy one or more of the conditions above, the bid will not be accepted and will be removed from the evaluation process and added to the waiting list (see Section VIII.O.9.q below).

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):****(Rate Code: 289)****Solar Communities Feed-in Tariff (continued):**

Step 6 The same sequence of lowering the price cap to reflect the latest accepted bid and then moving to the next project on the priority list will continue until one of the following criteria have been met:

- a) Accepted capacity meets or exceeds the enrollment target (see Section VIII.O.9.o above);
- b) The bid price of the next highest priority project exceeds the price cap as determined based on total capacity from all of the previously accepted bids; or
- c) No complete and responsive bids remain to be evaluated.

Step 7 A Power Purchase Agreement at the rate proposed in each bid will be offered to all successful bidders for a term of twenty (20) years. The terms of the Power Purchase Agreement are non-negotiable.

- (6) Upon completion of Step 7 above, the Authority will notify solar generation project owners of their acceptance or non-acceptance into the Solar Communities FIT. Solar generation project owners with responsive bids that were not accepted will be placed on a waiting list unless the bidder requests otherwise in a written request to the Authority.
- (7) Once notified of acceptance, solar generation projects then must apply within 10 business days for interconnection with the Authority's system under the Smart Grid SGIP and NYISO's Small Generator Interconnection Procedures, as applicable. Accepted Generation Projects will be expected to complete the interconnection process in accordance with the timelines in the Smart Grid SGIP and NYISO's Small Generator Interconnection Procedures, as applicable. The solar generation project owner shall be responsible for any and all interconnection and system upgrade costs.
- (8) The Authority will apply the procedures in the Smart Grid SGIP and NYISO's Small Generator Interconnection Procedures, as applicable, to determine how long an applicant may take to complete the interconnection process before forfeiting its acceptance in the Solar Communities FIT.
- (9) Requirements for the execution of the Power Purchase Agreement include:
 - (i) Completion of the Smart Grid SGIP and NYISO Small Generator Interconnection Procedure, as applicable
 - (ii) Completion of the Interconnection Agreement
 - (iii) Demonstration of site control
 - (iv) Submission of a Certificate of Insurance

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):****(Rate Code: 289)****Solar Communities Feed-in Tariff for Solar Photovoltaic Renewable Resources (continued):**q) Waiting List for the Enrollment Period from 10/1/2020 to 6/30/2022

The Authority will continue to accept applications from eligible solar generation projects until June 30, 2022. For the duration of this enrollment period, all responsive bids that have not been accepted into the Solar Communities FIT nor withdrawn by the Generation Project owner will be on the waiting list.

- (1) In order to provide guidance to prospective applicants with regards to potential points of interconnection within the Authority's electric distribution system, remaining available capacity on specific distribution circuits and substations will be displayed on the website of the Manager, and updated from time to time as circumstances warrant.
- (2) At any time after the initial award of Power Purchase Agreements and before June 30, 2022, the Authority may offer a Power Purchase Agreement for a complete 20 year term to projects on the waiting list that allow the Authority to achieve but not exceed the Authority's enrollment target.
- (3) These subsequent enrollment periods will consist of quarterly evaluation periods ending March 31, June 30, September 30 and December 31, beginning after the initial award of Power Purchase Agreements on or before January 1, 2021 and continuing until June 30, 2022. The Authority will evaluate bids on the wait list after the conclusion of each quarterly evaluation period according to the same Steps 1, 2, 3, 5, 6 and 7 specified in Section VIII.O.9.p.5 The price cap for the highest priority bid in each evaluation period will be determined according to the definition in the Statement of Solar Communities Feed-in Tariff, evaluated for total capacity of accepted Generation Projects that have not withdrawn or forfeited acceptance in the Solar Communities FIT.
- (4) Upon completion of any quarterly evaluation period, the Authority will notify successful Generation Project owners, if any, of their acceptance into the Solar Communities FIT. Solar generation project owners with wait list bids that were not accepted will remain on the wait list unless the bidder requests otherwise in a written request to the Authority.
- (5) Applicants in the waiting list will be evaluated for remaining available capacity on the designated circuit and substation. Applicants that exceed the remaining available capacity on a given circuit or substation will be removed from consideration, but may remain in the waiting list. In the event that multiple applicants propose to interconnect to the same circuit or substation leading to an exceedance of available capacity, the applicants will be evaluated in priority order to determine which applicants are removed from consideration.

An applicant subject to the SGIP, that fails the SGIP preliminary screen may request that the Authority complete, at the applicant's expense, the appropriate interconnection study required by the Smart Grid SGIP. If the Smart Grid SGIP interconnection review process concludes that the project can be interconnected to the system it will be advanced for further evaluation on the Solar Communities FIT waiting list. Projects applying for interconnection above 13KV should follow the NYISO SGIP process.

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):****(Rate Code: 289)****Solar Communities Feed-in Tariff (continued):**

- (6) Once notified of acceptance from the Solar Communities FIT wait list, solar generation projects then must apply within 10 business days for interconnection with the Authority's system under the Smart Grid SGIP and NYISO's Small Generator Interconnection Procedures, as applicable. Accepted solar generation projects will be expected to complete the interconnection process in accordance with the timelines in the Smart Grid SGIP and NYISO's Small Generator Interconnection Procedures, as applicable. The Generation Project owner shall be responsible for any and all interconnection and system upgrade costs.
- c) Without waiving or limiting any other rights of the Authority, the Authority reserves the right to withdraw its acceptance of a Generation Project into the Solar Communities FIT in the event that: 1) a solar generation project with an expected rated capacity of 200 kW to 1 MW fails to demonstrate site control within six (6) months following the date on which a Power Purchase Agreement is offered to such solar generation project in accordance with Step 7 in Section VIII.O.9.p.5; 2) a solar generation project with an expected rated capacity greater than 1 MW fails to demonstrate site control within twelve (12) months following the date on which a Power Purchase Agreement is offered to such solar generation project in accordance with Step 7 in Section VIII.O.9.p.5; or 3) a solar generation project fails to comply with the Tariff, the Smart Grid SGIP, NYISO's Small Generator Interconnection Procedures, as applicable, or the Interconnection Agreement.
- d) Solar generation projects in active consideration during the evaluation process will be considered to have priority over any projects submitted to the SGIP process after September 30, 2020 until such time as solar generation projects are notified of acceptance and are afforded the 10 days to submit their applications into the Smart Grid SGIP process.
- e) The application fee is the higher of (a) \$1,000; or (b) \$1 per kilowatt capacity (AC rating) of the proposed project, to be submitted at the time of application by certified check made payable to PSEG Long Island. The fee is non-refundable.
- f) The application fee will be waived for previously rejected Solar Communities FIT applications that are resubmitted with no modifications other than price.
- g) The Authority reserves the right, in its sole discretion, to reject and/or cancel any and all applications and/or bids, including those that have been accepted into the Solar Communities FIT following Step 7 in Section VIII.O.9.p.5, at any time prior to the execution of both the Power Purchase Agreement and Interconnection Agreement by all parties for any reason.

VIII. SERVICE CLASSIFICATIONS (continued):

**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):
(Rate Code: 289)**

10. Rates and Charges

a) Charges to be paid by the Customer to the Authority

(1) Service Charge per Installation per Month

(a) A Customer who is interconnected at the distribution voltage level and taking service under this and another Service Classification, shall pay a monthly charge for the additional metering devices required for this Service Classification. This charge is in addition to the Contract-Demand Charges in (2) (c) below. However, Special Provision 10.(c) below may apply.

	<u>Regular Meter</u>	<u>Off-Peak Meter</u>
Secondary Voltage (7 KW and less)	\$7.50	\$12.75
Secondary Voltage (above 7 KW)	\$12.25	\$15.00
Primary Voltage:	\$65.00	\$87.50

(b) A Customer interconnected at the distribution voltage level and taking service only under this Service Classification, shall pay a monthly charge for local facilities (meter, service, line extension plant). This charge is in addition to the Contract-Demand Charges in (2) (c) below.

	<u>Regular Meter</u>	<u>Off-Peak Meter</u>
Secondary Voltage (7 KW and less)	\$21.00	\$35.00
Secondary Voltage (above 7 KW)	\$52.50	\$60.00
Primary Voltage:	\$105.00	\$120.00

(c) A Customer who is interconnected at the subtransmission or transmission voltage level shall pay the full cost of metering devices and any other Local Facilities as part of the Interconnection Charge in (4) below and will not pay a monthly Service Charge.

Long Island Power Authority

Statement of Solar Communities Feed-In Tariff (SCF)

Applicable to qualified Solar Communities Feed-in Tariff Projects under Service Classification No. 11.

Total Accepted MW of targeted 20 MW..... 0 MW

Slope Bid Price Cap:

When accepting between 0 and 15 MW, the price cap declines linearly from \$0.1649/kWh to \$0.1450/kWh. When accepting between 15 and 20 MW, the price cap declines linearly from \$0.1450/kWh to \$0.1300/kWh. Specifically, the price cap (PMax) in \$/kWh for any given quantity of accepted capacity in MW (Q) is given by the set of formulas below depending on the applicable range:

For $0 \text{ MW} < Q \leq 15 \text{ MW}$: $P_{\text{Max}} = 0.1649 - 0.0013267 * Q$
For $15 \text{ MW} < Q \leq 20 \text{ MW}$: $P_{\text{Max}} = 0.1900 - 0.0030000 * Q$

All MW quantities are AC rating.