



# Retail Choice and Community Choice Aggregation Stakeholder Collaborative

Oversight and Clean Energy  
March 29, 2021

# AGENDA

**01** Collaborative timeline and status

**02** Key issues and stakeholder interests

**03** Managing costs and ensuring fairness

# Collaborative Process Timeline



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# KEY ISSUES AND STAKEHOLDER INTERESTS

Consumer advocates key issues	LIPA/PSEGLI proposal
Proactively adopt strong consumer protections	✓ Proposal will adopt statewide protections
Fairness to all customers; avoid shifting costs onto non-participating customers	✓ Proposal will recover fixed (unavoidable) costs from participants and non-participants
ESCO/CCA key issues	LIPA/PSEGLI proposal
Simpler pricing and billing; remove lagging bill adjustment	✓ Proposal will simplify pricing, eliminate ESCO recovery of LIPA power supply costs and adjustments
Single bill option (ESCO charges on utility bill)	✓ LIPA and PSEG-LI have agreed to implement a single bill option
Eliminate switching fees	✓ Proposal will eliminate switching fees
Enable easy and timely data access	✓ LIPA and PSEG-LI will enable data access
Re-examine/exit LIPA's long-term PPAs and allow ESCO & CCA customers to avoid paying LIPA's fixed capacity costs	⚠ Caution needed to avoid uneconomic decisions and cost shifting; IRP will include public process

# AGENDA

**01** Collaborative timeline and status

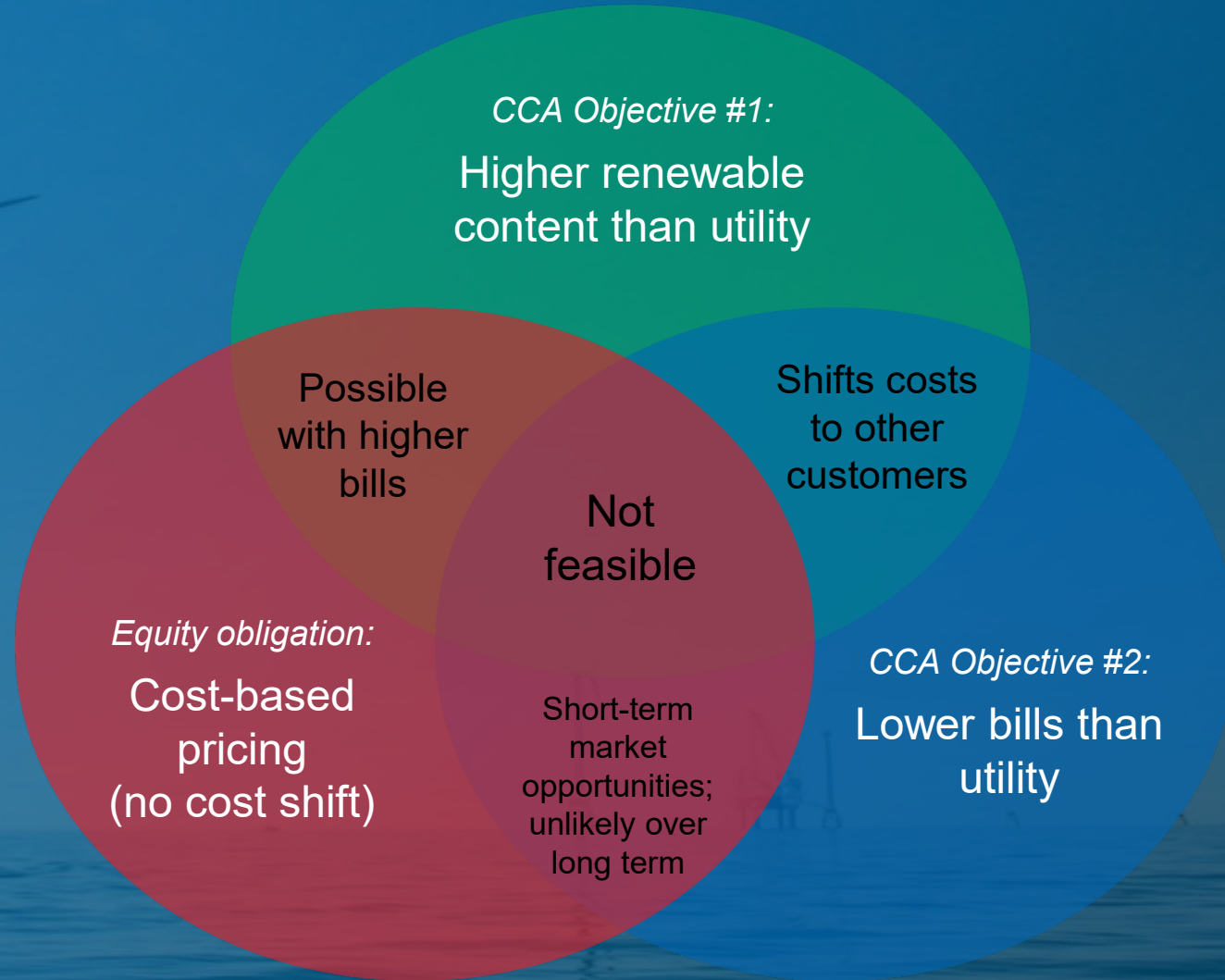
**02** Key issues and stakeholder interests

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# BALANCING CCA OBJECTIVES AND CUSTOMER EQUITY

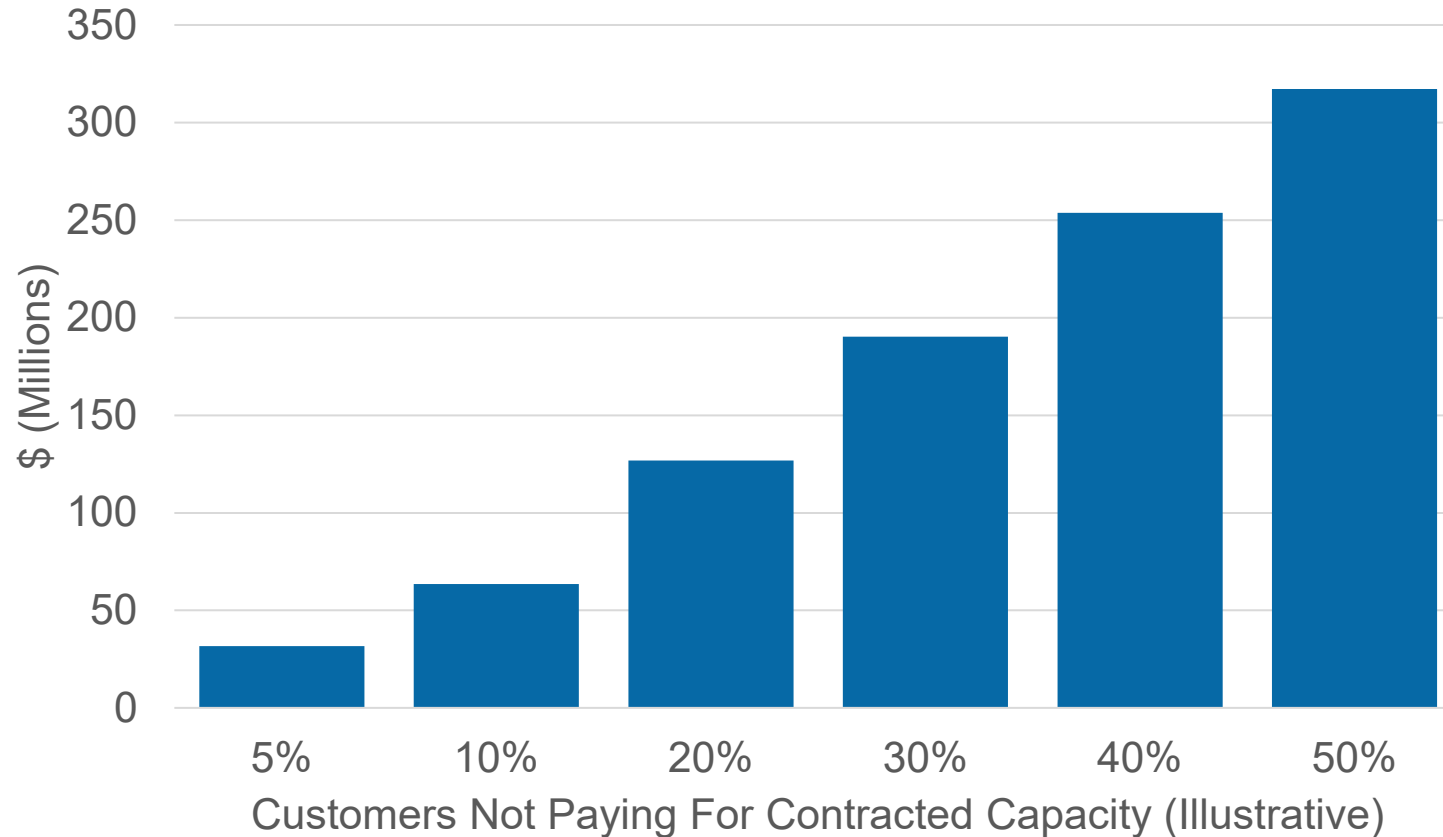
Individual CCAs need to establish clear and focused objectives.

Meeting multiple conflicting objectives may not be possible or may involve unacceptable customer equity trade-offs.



# CAUTION NEEDED TO PREVENT COST SHIFTING

Power Supply Costs Shifted to Remaining Customers



Some ESCOs/CCAs propose that Choice customers should pay only the wholesale capacity price and not LIPA's actual contract costs. About 90% of Long Island capacity is under contract to LIPA.

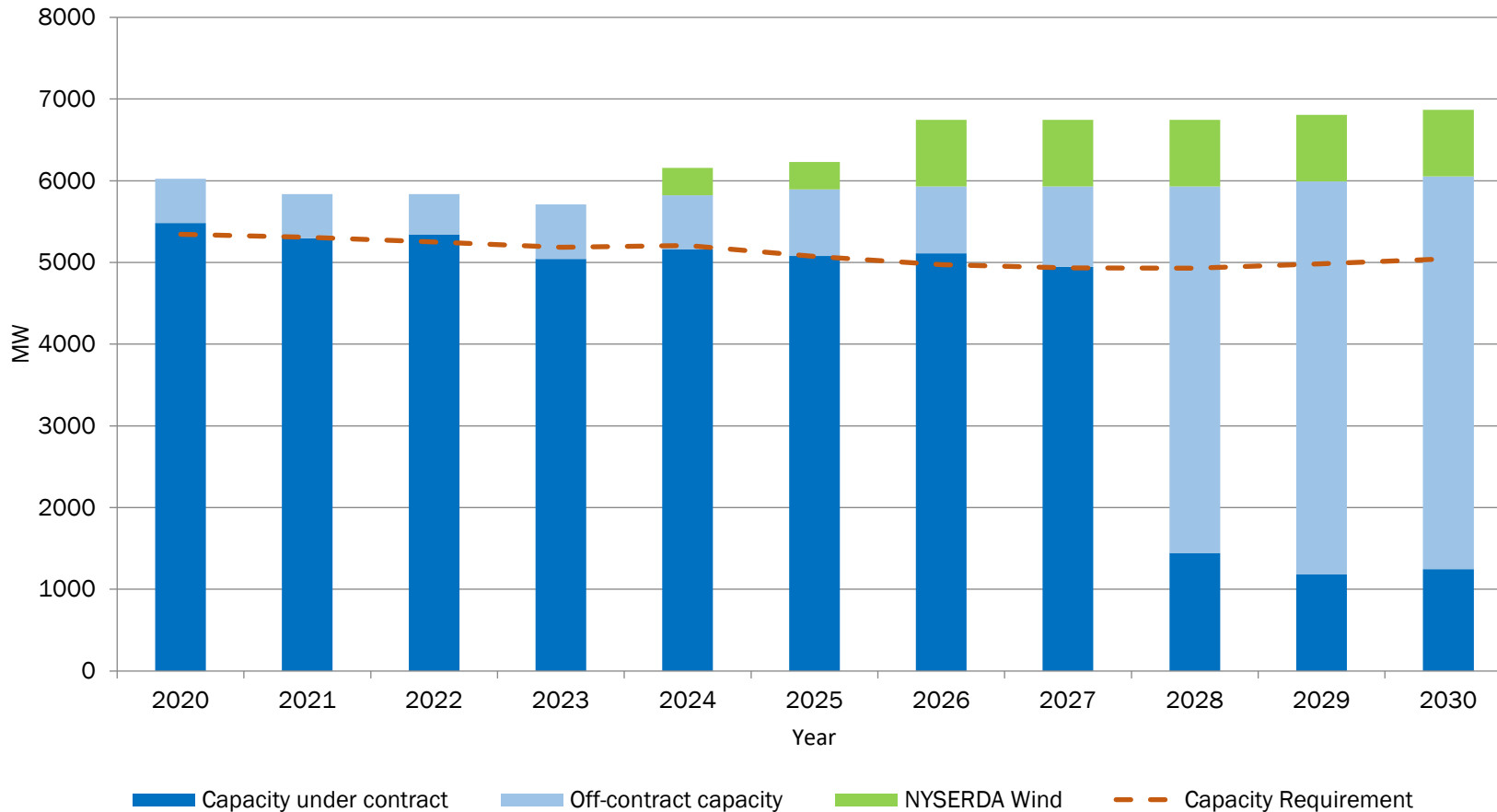
If this were permitted, and 20% of LIPA customers participated, a typical non-participating residential customer would see bill increases of **\$6.45 per month** assuming current prices.

If 50% participated, bills of other customers would increase by **\$25.80 per month**.

Wholesale prices are sensitive to unit retirements and system changes. The perceived savings are likely illusory.



# LONG ISLAND GENERATION CAPACITY IN TRANSITION



## Major factors:

- National Grid contract comprising 2/3<sup>rd</sup> of contracted capacity to expire in 2028
- New CLCPA-compliant renewable generation and storage resources
- LIPA reducing dependence on fossil generation through unit ramp-downs and PPA expirations

# LONG ISLAND IS ADDING CLEAN AND FLEXIBLE RESOURCES

	Size (MW)	In-service (Est.)
<b>Solar (~ 800 MW)</b>		
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Feed-in Tariffs (FIT I – FIT III)	89.5	2012-2021
LI Solar Calverton	23	2021
Riverhead Solar II	36	2022
Behind-the-Meter Solar*	528	pre-2021
Community Solar Program (FIT V)	21.5	2022
<b>Offshore Wind (~ 2,300 MW)</b>		
South Fork Wind Farm	130	2023
Sunrise Wind	880	2024
Empire Wind 2	1,260	2026
<b>Energy Storage (~ 400 MW)</b>		
East Hampton & Montauk Storage	10	2018 & 2019
TBD	175	2025
TBD	175	2030
<b>Total</b>	<b>3,420</b>	

\* Long Island has averaged more than 80 megawatts (MW) per year of new behind-the-meter solar for the last six years and the total continues to grow.

800 solar megawatts

2,300 wind megawatts

400 energy storage megawatts

# REDUCING DEPENDENCE ON FOSSIL GENERATION

LIPA has the option to “ramp down” generation under its power purchase contract with National Grid, before contract expiration in 2028

- To date, LIPA has ramped down 420 MW of generation, with significant savings to customers
- LIPA expects to ramp down an additional 400 to 800 MW prior to contract expiration by 2028, as offshore wind connects to the Long Island Grid

After 2028, LIPA may execute flexible-term replacement contracts for some PSA units

## National Grid Unit Retirements to Date

Retired Unit	Technology	MW	Ramp Down Date
Barrett GT #7	Gas Turbine	18	2011
Far Rockaway	Steam	100	2012
Glenwood Landing	Steam	228	2012
Montauk Diesels 2 to 4	Diesel	6	2013
West Babylon GT#4*	Gas Turbine	52	2020
Glenwood Landing GT #1*	Gas Turbine	16	2021
<b>Total</b>		<b>420</b>	

\* Demolition remains on hold pending further evaluation of the need to operate these units under emergency conditions.

# REDUCING DEPENDENCE ON FOSSIL GENERATION

## Expired Power Purchase Agreements (PPAs)

Expired Contracts	Size (MW)
Bethpage Combined Cycle	83.6
Bethpage GT 4	60
Nassau Energy Corp. Trigen CC	55
NYPA Flynn CC	170
Bayswater GT	60.5
Jamaica Bay GT	60.5
<b>Total</b>	<b>490</b>

## Units under PPA roll-off as they expire

- Extensions are case-by-case
- LIPA currently has no plans for new PPA procurements

## Early termination of PPAs is generally not cost-effective

- Unlike the National Grid contract, typical PPAs do not contain at-will “ramp down” provisions, and early termination is limited to events of default
- Sellers willing to negotiate early termination would hold significant leverage and extract compensation for loss of future contract revenues

# LIPA'S POWER SUPPLY PLANNING PROCESS

LIPA studies long-term power supply planning in **Integrated Resource Plans (IRPs)**.

LIPA's next IRP process, in 2022, will include **stakeholder input and public participation**.

IRPs are supplemented by **Repowering Studies** when major power plants near retirement eligibility.

- Northport Repowering Study in May 2020 demonstrated an ability to retire a 400 MW steam unit for customer savings.

LIPA also participates in **statewide resource planning** coordinated by NYSERDA, DPS, and the Climate Action Council's Power Generation Advisory Panel.

