

FOR CONSIDERATION

April 28, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Clean Transportation Prizes and Community Anchor Institutions Heat Pump and Energy Retrofit Program

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being requested to authorize the Chief Executive Officer or his designee to execute memoranda of understanding with the New York State Energy Research and Development Authority (“NYSERDA”) relating to the Clean Transportation Prizes and Community Anchor Institutions Heat Pump and Energy Retrofit Program.

Clean Transportation Prizes

Significant efforts have been underway towards the development of additional and innovative programs that serve the clean energy needs of the State’s environmental justice and disadvantaged communities. LIPA Staff is requesting authorization to enter into a Memorandum of Understanding (“MOU”) with NYSERDA that extends certain programs to the LIPA service area and commits funding to those programs consistent with our participation on terms similar to commitments by the investor-owned utilities in the rest of the State.

New York’s transportation sector is responsible for more of the State’s greenhouse gas emissions than any other sector. In 2019, New York State enacted the Climate Leadership and Community Protection Act (the “CLCPA”), which established a State goal to “reduce greenhouse gas emissions from all anthropogenic sources 100% over 1990 levels by the year 2050, with an incremental target of at least a 40 percent reduction in climate pollution by the year 2030.” Among other things, the CLCPA calls for a Climate Action Council¹ to make recommendations to promote the beneficial electrification of the transportation sector in order to reduce greenhouse gas emissions.

In 2020, the Public Service Commission directed NYSERDA to establish an Environmental Justice Community Clean Vehicles Transformation Prize, a Clean Personal Mobility Prize, and a Clean Medium-Duty and Heavy-Duty Innovation Prize to equitably deliver transportation electrification benefits throughout the State. These actions will encourage the accelerated, forward-thinking development of Electric Vehicle (“EV”) charging infrastructure and promote the State’s

¹ The Climate Action Council is a 22-member committee that will prepare a Scoping Plan, oversee sector-specific advisory panels and working groups, and work in consultation with the Climate Justice Working Group and the Environmental Justice Advisory Group. LIPA’s CEO is a member of the CAC.

environmental and clean energy goals. Separate discussions were held with NYSERDA to see if the benefits and advantages of the NYSERDA efforts could be extended to LIPA's customers through an MOU.

Per the CLCPA, disadvantaged communities are defined as communities that bear burdens of negative public health effects, environmental pollution, impacts of climate change, and possess certain socioeconomic criteria, or comprise high concentrations of low- and moderate-income households. Low-income households are defined as those with annual incomes at or below 60 percent of the State Median Income. The moderate-income market segment is comprised of households with an annual income between 60 and 80 percent of the State Median Income or the Area Median Income, whichever is greater.

The New York State Department of Environmental Conservation, Office of Environmental Justice defines Environmental Justice as the fair and meaningful treatment of all people, regardless of race, income, national origin, or color, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Environmental Justice Programs are being developed in accordance with the CLCPA's mandate to all State Agencies to prioritize reductions of GHG emissions in disadvantaged communities, as may be defined by the Climate Action Council, Climate Justice Working Group, and Environmental Justice Advisory Group. Additional, immediate action to take meaningful, significant steps towards mitigating the disproportionate burden of disadvantaged communities as directed by the CLCPA calls for targeted additional Environmental Justice Programs that aim to give Disadvantaged Communities and low- and moderate-income households the tools and programs to address the disproportionate environmental impact of diesel transit.

The three prize competitions will be administered by NYSERDA. LIPA Staff and NYSERDA worked collaboratively to create criteria and other requirements consistent with the goals of the prize pilots to address emissions, equity, and electrification in places where people and transportation intersect. LIPA Staff and NYSERDA worked collaboratively to determine appropriate cost allocation for these pilots, under the framework that costs will generally be allocated to all customers within the service territory where the program activity takes place, with the exception that program activities with statewide benefits may be allocated to multiple utilities based on other factors such as utility revenues, number of customers, or other appropriate allocation factors.

The prize competition is currently open across the State to all communities, provided they are served by electric utilities willing to commit funding to the competitions, and to all types of organizations, including local government, not-for-profit, community-based organizations, and private sector service, equipment, and solution providers.

A. Environmental Justice Community Clean Vehicles Transformation Prize Pilot. The Environmental Justice Community Clean Vehicles Transformation Prize will drive innovative and high-impact approaches that utilize advances in clean transportation to reduce harmful air pollution in disadvantaged communities, causing health, economic, and environmental harm. This \$40 million prize competition will aim to accelerate the design, development, and deployment of solutions by supporting pilot or demonstration projects that achieve direct benefits to these

communities; allow concrete investigation of opportunities, costs, and benefits; and prove out approaches that can be replicated at scale.

B. Clean Personal Mobility Prize. The Clean Personal Mobility Prize competition will drive innovative and high-impact approaches that enable access to and delivery of clean transportation services, including “last-mile” solutions, to environmental justice, low- and moderate-income, and underserved communities. This \$25 million prize competition aims to accelerate the design, development, and deployment of solutions by supporting pilot or demonstration projects that achieve direct benefits to these communities; allow concrete investigation of opportunities, costs, and benefits; and prove out approaches that can be replicated at scale.

C. Clean Medium- and Heavy-Duty Vehicle Innovation Prize. The Clean Medium- and Heavy-Duty Vehicle Innovation Prize competition will drive innovative and high-impact approaches that demonstrate the viability of the most compelling opportunities for medium- and heavy-duty vehicle electrification. This \$20 million prize competition aims to accelerate the design, development, and deployment of solutions by supporting pilot or demonstration projects that achieve direct benefits; allow concrete investigation of opportunities, costs, and benefits; and prove out approaches can be replicated at scale.

LIPA has engaged in discussions with NYSERDA to extend participation in these Prize Competitions to customers and organizations on Long Island, with the understanding that LIPA would contribute to the funding of those prizes that are awarded to Long Island entrants. The funding rules and obligations are similar to the commitments made by the investor-owned utilities in the rest of the State, whose participation and associated funding requirements were ordered by the Commission.

LIPA’s financial participation in the prize competition will be capped at \$10.45 million, which will fund the grand prize winner located in the LIPA service area plus awards to three Long Island finalists (\$100 thousand) and grants to community-based organizations (\$150 thousand). The grand prize, if awarded to a Long Island competitor will be limited to \$10 million for the Clean Neighborhoods Challenge, \$7 million for the Electric Mobility Challenge, or \$8 million for the Electric Truck & Bus Challenge. Additional terms for managing and coordinating the prize competitions between LIPA and NYSERDA will also be included in the MOU.

Community Anchor Institutions Heat Pump and Energy Retrofit Program

NYSERDA has contracted with Metro IAF’s to provide technical analysis and construction subsidies to a limited number of energy-saving retrofit projects in religious and community institutions in New York State. These specific participants are targeted because religious and community institutions tend to be key influencers within the community, and the program will give preference to institutions that are located in environmental justice and disadvantaged areas. Eligibility for these subsidies is limited to projects that will:

- Significantly reduce fossil fuel use in buildings.

- Advance the State’s Environmental Justice commitment that 40% or more of the benefits of energy-efficiency and decarbonization investments will accrue to disadvantaged communities.
- Allow the completed project to serve as an Energy Retrofit Demonstration Project and to help Metro IAF continue building the “pipeline” of energy-savings retrofit projects.
- Advance the research goals of the State by meeting requirements described below.

There is a preference for beneficial electrification projects, those involving: replacement of existing heating/cooling systems with electric heat-pump heating/cooling systems; replacement of existing gas; propane or electric water heaters with efficient electric heat-pump water heaters; or replacement of existing gas stoves with efficient electric stoves with induction cooktops. In exceptional cases, funds may be available for innovative energy-saving projects that do not involve electrification.

There is a preference for projects located in disadvantaged communities and supports New York State’s goal, set forth in the CLCPA, of ensuring that at least 40% of the benefits of the State’s climate change mitigation investments accrue to disadvantaged communities. Also, a minimum of 40% of the total worker hours used in the project should be performed by workers who were previously unemployed or underemployed or are residents of disadvantaged communities as defined by the CLCPA. Each person employed on the job shall be paid a living wage, defined as \$20 per hour or more. Each worker must receive health insurance or a health benefit wage supplement of at least \$2 an hour.

LIPA is proposing to contribute no more than \$0.5 million to the overall NYSERDA budget of \$4.0 million for this project.

Recommendation

Based on the foregoing, I recommend that the Board authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, executing of the MOU with NYSERDA, as described above.

Attachment

Exhibit “A” Resolution

AUTHORIZATION TO EXECUTE MEMORANDA OF UNDERSTANDING WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (“NYSERDA”) RELATING TO THE CLEAN TRANSPORTATION PRIZES AND RELIGIOUS AND COMMUNITY BUILDING HEAT PUMP AND ENERGY RETROFIT PROGRAM

WHEREAS, the Climate Leadership and Community Protection Act mandates all State Agencies to prioritize reductions of GHG emissions in disadvantaged communities, as may be defined by the Climate Action Council, Climate Justice Working Group and Environmental Justice Advisory Group; and

WHEREAS, the New York Public Service Commission has found that a number of new approaches are needed to address solutions that affect disadvantaged and environmental just communities; and

WHEREAS, the New York Public Service Commission has determined that the Environmental Justice Community Clean Vehicles Transformation Prize, Clean Personal Mobility Prize, and Clean Medium- and Heavy-Duty Innovation Prize will position NYSERDA to leverage its expertise and experience and procure innovative solutions that meaningfully benefit Disadvantaged Communities, and will promote the public interest by furthering the State’s environmental and clean energy goals; and

WHEREAS, the New York Public Service Commission has directed NYSERDA to create programs that directly address this mandate, ordered the regulated utilities to participate in these programs; and

WHEREAS, LIPA and NYSERDA are in the process of negotiating memoranda of understanding that would allow customers and organizations located in the LIPA service area to participate in these prize competitions on terms similar to the participation of the regulated utilities in the State as outlined in the attached memorandum; and

WHEREAS, NYSERDA’s Community Anchor Institution Heat Pump and Energy Retrofit Program will advance the goals of the Climate Leadership and Community Protection Act in meeting the needs of environmental justice and disadvantaged communities located in LIPA’s service territory.

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby is authorized to execute and effect memoranda of understanding with NYSERDA and its contractor Metro IAF consistent with the terms of the accompanying memorandum, and to perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement these programs in conjunction with NYSERDA.

Dated: April 28, 2021