

FOR CONSIDERATION

December 15, 2021

TO: The Board of Trustees
FROM: Thomas Falcone
SUBJECT: Approval of Tariff Changes

Requested Action

The Trustees are requested to approve five proposals to modify LIPA's Tariff for Electric Service:

- (1) **Long Island Choice Improvements:** Codifying improvements to Long Island Choice that were identified through a stakeholder collaborative proceeding run by the Department of Public Service.
- (2) **Community Distributed Generation (CDG) and Remote Crediting:** Creating a remote crediting option for Value Stack projects, allowing for CDG credits to be returned more easily to host projects, and allowing more CDG projects to qualify for rate codes with lower fixed charges.
- (3) **Customer Benefit Contribution:** Ensuring that newly net metered mass market customers contribute to the cost of essential programs including low-income discounts, energy efficiency, and beneficial electrification.
- (4) **Prolonged Outage Relief:** Suspending daily service charges during prolonged outages.
- (5) **Miscellaneous Clean-up:** Codifying minor changes related to pole attachments, FEMA estimates included in the Delivery Service Adjustment, service initiation charges for landlord use of vacant commercial spaces, and discontinuation of outdoor lighting service in municipalities with "dark sky" ordinances.

Long Island Choice Improvements: Background

The LIPA Board of Trustees originally approved the Long Island Choice program in May 1998 to offer electric customers the opportunity to choose their supplier of electricity or Energy Service Company (ESCO). Long Island Choice is a voluntary program, the goal of which is to allow electric customers to choose their electricity supplier for the commodity portion of electric service.

LIPA serves approximately 1.1 million customers. Over the last fifteen years, the average participation rate of the Long Island Choice program has been less than 1% of customers, with commercial customers representing most of the participation. Over the last three years, participation levels have decreased as shown in the table below largely due to a change in State law that no longer exempted ESCO customers from paying local sales taxes, thereby reducing most of the savings from the program.

Year	Number of Commercial Customers	Number of Residential Customers
2018	3,760	38
2019	1,691	23
2020	116	8

ESCOs and other stakeholders have cited concerns about Long Island Choice and suggestions for more closely aligning the program with statewide policies, including the following:

- The current structure of the Long Island Choice tariff structure is too complicated and confusing.
- ESCOs participating in the program would benefit from the availability of options for consolidated billing¹ and purchase of receivables.
- Consumer advocates cite the need for consumer protections modeled after the Uniform Business Practices adopted by the New York Public Service Commission (PSC or Commission) for ESCOs operating in the rest of the State (Case 98-M-1343), ensuring that consumer protections on Long Island align with State policy;
- ESCOs have requested access to data sharing platforms and protocols that facilitate the customer enrollment process and create ESCO access to appropriate billing and smart meter load data consistent with State policies.
- Various stakeholders have requested the elimination of switching fees.

The DPS initiated its Long Island Choice stakeholder collaborative proceeding in December 2015,² with the objective to investigate the potential benefits to Long Island consumers of retail choice and examine what reforms, if any, were needed to achieve them. Also in 2015, the PSC commenced a generic (statewide) proceeding to examine measures to ensure that ESCO customers in New York pay just and reasonable rates.³ Multiple parties, including ESCOs and Non-ESCOs and the state’s investor-owned utilities participated in this proceeding. In February 2016, upon development of a substantial evidentiary record, the Commission issued an *Order Resetting Retail Energy Markets and Establishing Further Process* in Case 15-M-0127, finding that mass market (residential and small commercial) ESCO customers paid more than the utility’s prices for the commodity and that the complaint rate for ESCOs was unacceptably high.

On December 12, 2019, the Commission issued the *Order Adopting Changes to the Retail Access Energy Market and Establishing Further Process* in Case 15-M-0127 (December 2019 Order). The Commission concluded that significant changes to the provisions governing retail access were necessary to provide adequate protections for all New Yorkers. The December 2019 Order was adopted to strengthen protections for mass market customers in the retail energy market by enhancing ESCO eligibility criteria and adopting limitations on the types and prices of products that may be offered to those customers by ESCOs to ensure that those customers receive value from the retail energy market.

¹ A billing option that provides customers with a Consolidated bill combining charges from more than one service provider that is issued by the distribution utility providing delivery service (utility consolidated bill).

² Case No. 15-02754, *In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers*.

³ Case 15-M-0127, *In the Matter of Eligibility Criteria for Energy Service Companies*.

In January 2020, several ESCOs filed petitions for rehearing, followed by public comments. On September 18, 2020 the Commission issued the *Order on Rehearing, Reconsideration, and Providing Clarification* (September 2020 Order). In this order, the petitions for rehearing and reconsideration were denied. At the same time, modifications were made to the Uniform Business Practices for ESCO's and were to be implemented 150 days following the order.

Among the reforms adopted by the Commission in its September 2020 Order was that ESCOs shall enroll new residential and small non-residential customers (mass-market customers) or renew existing mass-market customer contracts if at least one of the following conditions are met:

- (A) enrollment includes a guaranteed savings over the utility price, as reconciled on an annual basis;
- (B) enrollment is for a fixed-rate commodity product that is priced at no more than 5% greater than the trailing 12-month average utility supply rate;
- (C) enrollment is for a renewably sourced electric commodity product; or
- (D) enrollment is for a product or service otherwise expressly authorized by the Commission.

On October 16, 2020, DPS issued a notice soliciting comments in the Long Island proceeding. Many parties, including PSEG Long Island, on behalf of LIPA, submitted comments and reply comments proposing numerous improvements to the design of the Long Island Choice program and participated in technical conferences held on March 4, 2021, March 23, 2021, April 13, 2021, and May 5, 2021, to refine the proposal. Each conference facilitated a healthy conversation among stakeholders regarding the future of the Long Island Choice program, including improvements to the way LIPA's Power Supply Charge is calculated and presented to Long Island Choice customers. On October 22, 2021, the DPS staff issued a *Whitepaper on LI Choice Program and Energy Service Companies on Long Island* (Whitepaper),⁴ setting forth recommendations to the LIPA Board for adoption of Long Island Choice improvements identified through the collaborative proceeding. This proposal reflects the recommendations in the Whitepaper.

Long Island Choice Improvements: Proposed Action

The proposed amendments to the Long Island Choice tariff will implement improvements developed in the stakeholder collaborative and recommended by DPS in the Whitepaper. The proposed changes will:

- (1) Relieve ESCOs of the obligation to bill retail choice customers on LIPA's behalf for LIPA's non-bypassable costs. LIPA will instead recover these costs directly from customers through a "Local Supply Charge" applicable to all customers (bundled service and retail choice including Community Choice Aggregation Programs (CCA). A separate "Market Supply Charge" will apply only to bundled service customers;

⁴ All documents filed in the Long Island Choice collaborative proceeding, including the Whitepaper, are available at <https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterSeq=49821&MNO=15-02754>.

- (2) Reduce complexity and increase transparency by eliminating monthly adjustment transactions (called the Bill Credit Adjustment) between the utility and the ESCOs, and the related Long Island Choice Factor on customer bills;
- (3) Offer a consolidated, utility single bill option (including the option for LIPA to purchase the ESCO's receivables);
- (4) Include all the "mass market" consumer protections adopted by the PSC for its regulated utilities in the PSC orders described above, including DPS review of ESCO applications and disputes; and
- (5) Eliminate fees for customers that switch suppliers.

Community Distributed Generation and Remote Crediting: Background

In October 2012, LIPA implemented the Remote Net Metering (RNM) program, which allows a non-residential Customer Generator account to become a RNM host and designate a percentage of their net metering credits to satellite accounts held in the same name as the host account (typically the project owner or operator).

In April 2016, LIPA implemented the Community Distributed Generation (CDG) program. The purpose of CDG is to expand participation in renewable distributed generation by removing the requirement that the eligible generation be constructed separately and located separately on each customer's site or on another site owned by the customer. This program allows residential or commercial customers to share benefits from a renewable generation facility at some other host location. LIPA's program aligns with the approved CDG programs at other electric utilities of the State. Since the inception of these programs, LIPA, the DPS, the PSC, New York electric utilities and other stakeholders have worked to modify and refine the program to increase its success.

In 2018, the Value Stack tariff was implemented, which changed the compensation of CDG, RNM and other large projects. The Value Stack provides compensation based on the value of electricity exported to the grid, measured in specific value components that include energy, capacity, environmental attributes, and demand reduction. In 2019, the LIPA Board approved the introduction of the Community Credit. The Community Credit, which became effective August 1, 2019, is provided to CDG projects receiving Value Stack compensation. Unlike the other Value Stack components, however, the Community Credit is not based on a specific value provided to the grid. Instead, the Community Credit is an added incentive designed to encourage further development of CDG in the service territory. Most recently, in January 2021, LIPA implemented CDG Net Crediting, which allows for CDG subscribers to receive a single bill from PSEG Long Island, net of the subscription fees that are forwarded to the CDG host (typically the owner of the project, also known as the project sponsor).

On November 25, 2019, NYSERDA filed a Petition Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025 (the Petition). The Petition seeks an expansion of the NY-Sun program, to both build on its success and to meet the target established under the Climate Leadership and Community Protection Act (CLCPA) to develop a total of 6 GW of distributed solar statewide by 2025.⁵ Although Long Island is close to achieving its share of the 6

⁵ Governor Kathy Hochul recently announced an additional statewide target of 10 GW of solar by 2030, and LIPA committed to achieve our share of the new target on Long Island and in the Rockaways.

GW goal (four years ahead of schedule), additional distributed solar is needed statewide to achieve the statewide target. Relevant to this proposal, the Petition outlines changes to utility tariffs that could extend the benefits of distributed solar to more customers. Specifically, the Petition proposed a new Remote Crediting program that would allow Value Stack eligible generation resources to distribute the bill credits they receive for generation injected into the utility system to the utility bills of multiple, separately sited non-residential customers. On May 14, 2020, the Commission issued an Order approving the Petition.⁶ As explained below, the Commission's Remote Crediting Program was subsequently expanded to allow residential customers to participate as satellites.

On December 15, 2020, DPS Staff filed the White Paper on Community Distributed Generation Banked Credits⁷, which includes recommendations intended to clarify and standardize banking rules under the CDG program. Under the CDG program, credits are created each month based on an eligible generator's injections of electricity into the utility's distribution system that are distributed to subscribers through their utility bills. Unused credits are retained on the subscriber's account for future use, even after the account is no longer participating in remote net metering.

On May 17, 2021, the Commission issued its Order Clarifying Banking Rules under the CDG Program⁸. The Banked Credits Order clarified rules and processes that apply to the banking of credits for CDG hosts and subscribers (i.e., customers participating in CDG projects, also known as satellites). The Banked Credits Order created additional uniformity in the application of banking rules to CDG projects across the State's investor-owned utilities and provided for consistency in the treatment of credits in a subscriber's bank when the subscriber either closes its utility account or cancels its subscription with a CDG host.

On July 15, 2021, the Commission issued an Order Authorizing Changes to the Remote Crediting Program.⁹ In that order, the Commission made two changes to the remote crediting programs of the regulated utilities, authorizing residential customers to participate as satellites and allowing hosts to submit changes adding or removing satellites on a monthly, rather than annual, basis.

⁶ Case 19-E-0735, *Proceeding on Motion of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Extending and Expanding Distributed Solar Incentives*, issued and Effective May 14, 2020.

⁷ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Department of Public Service Staff White Paper on Community Distributed Generation Banked Credit*.

⁸ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Clarifying Banking Rules Under the Community Distributed Generation Program*, issued and Effective May 17, 2020.

⁹ Case 19-E-0735, *Proceeding on Motion of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Authorizing Changes to the Remote Crediting Program*, issued and effective July 15, 2021.

Community Distributed Generation and Remote Crediting: Proposed Action

The proposed changes will modify LIPA's Tariff in conformity with the PSC Orders described above by updating the Tariff's CDG banking rules and implementing a Remote Crediting Program allowing customers enrolled in the Value Stack to share their Value Stack credits remotely with satellite accounts. The proposal also modifies the criteria under which Distributed Generation customers are assigned to Service Classifications. Finally, the proposal announces LIPA's intention to extend its existing Community Credit and specify the size of the megawatt tranche for which LIPA's current Community Credit will be available. All these proposals are consistent with the policies of the PSC.

(1) Updates to Community Distributed Generation

Community Distributed Generation Banking Rules:

The proposed changes will update the banked credits rules in alignment with the Banked Credits Order by making the following changes. Under the proposal, banked credits will be moved to the CDG host's bank in instances where the subscriber closes the associated utility account or terminates the subscription to the CDG project. Hosts will be required to refund the subscriber any amounts the subscriber paid for any of the banked credits that are returned to the host.

Currently, hosts can make modifications to their allocations on a monthly basis. The monthly allocation allows a host to notify PSEG Long Island of instances where a subscriber has canceled their membership. Customers will not be allowed to subscribe to a new CDG project until all banked credits are returned to the host. PSEG Long Island will require two months before a subscriber can join another host if there is a bank. This is important, not only to avoid any overbilling of subscribers, but also to account for any remaining credits existing in the customer's bank that need to be distributed before the participant transfers to the new host.

Updates to the Community Credit

The Community Credit was developed to encourage CDG development in the LIPA territory, by adding an additional payment to the Value Stack Credits. At the time of its origination in August 2019, the Community Credit was set at \$0.0225 per kWh injected to the grid, and later updated to \$0.05 per kWh.

The Community Credit is set administratively in LIPA's Statement of Value Stack Credits. The State's investor-owned utilities, except for Consolidated Edison, have ceased offering a Community Credit, which has been replaced by an upfront Community Adder. Applying the methodology used by the PSC to determine an appropriate limit on ratepayer impacts for the investor-owned utilities, LIPA's maximum allowable annual cost shift from CDG is approximately \$12 million. If LIPA were to allocate all the \$12 million to a 5-cent Community Credit, LIPA would be able to incentivize approximately 200 megawatts of CDG. A higher Community Credit would allow LIPA to incentive fewer megawatts, and a lower Community Credit would allow LIPA to incentive more megawatts. Similarly, Feed-in-Tariffs that result in auction clearing prices at or below 15 cents would allow LIPA to incentive more community-sized solar projects with the same total cost shift as the 5-cent Community Credit. A Community Adder, on the other hand, would cause a larger cost shift in the year it was paid, but would have a lower net present cost than a similarly beneficial Community Credit, and therefore would allow LIPA to incentivize more

megawatts of CDG in the long-run. All these factors need to be balanced to maximize the deployment of CDG within the allowable \$12 million annual cost shift. Accordingly, LIPA proposes that the current block of 5-cent Community Credit be capped at 100 megawatts (the halfway point to 200 megawatts). LIPA has 59 megawatts of Community-Credit-eligible CDG currently in service or in the interconnection queue. When 100 megawatts of CDG have been interconnected or by December 31, 2022, whichever comes first, LIPA will announce a new block of Community Credit, Community Adder, or some combination of the two. In consultation with DPS, industry partners, and other stakeholders, LIPA will develop the new block with the goal of maximizing the deployment of CDG within the allowable cost shift, while providing a clear and sustainable line of sight for the CDG market.

(2) Implementation of Remote Crediting

The proposed tariff changes will implement a Remote Crediting program for Value Stack customers consistent with the PSC Orders described above. Existing Remote Net Metering Projects that are compensated under Value Stack and new applicants will become Remote Crediting projects. Remote Crediting hosts may either be a commercial customer or a residential customer with Farm Operation; religious organization; Community Residence; or post or hall owned or leased by a non-for-profit corporation that is Veterans' Organization. The customer must have distributed generation that is sourced from farm waste, wind, solar, micro-hydroelectric, or fuel cell electric generating equipment or Stand-alone or Hybrid Electric Energy Storage.

A Remote Crediting host may have a total of ten satellite accounts per project, including all satellites that are in the Remote Crediting host account's name. Each satellite may have an unlimited number of utility billing accounts in the same name as the satellite. The Remote Crediting host must allocate the Value Stack Credits on a percentage basis to each of the project's satellites. The Remote Crediting host may make modifications to the allocations on a monthly basis, including allocation of any banked credits. Any unallocated credits will remain in the Remote Crediting host account's bank.

Remote Crediting satellite accounts are permitted to participate in multiple Remote Crediting projects and are permitted to have onsite generation, which is limited to 5 MW of installed capacity. Any unused credits allocated to the Remote Crediting satellite in a billing period will remain in the Remote Crediting satellite account's bank for future use.

(3) Assignment to Service Classifications

LIPA's tariff currently assigns distributed generation customers to a Service Classification based on the higher of the host customer's load or the output of their generator. For example, a commercial customer with 100 kW of load and a 200 kW generator capable of providing community net metering or remote net metering would be assigned to Service Classification No. 2-MRP (mandatory time of use) which includes all accounts with demand in excess of 145 kW instead of Service Classification No. 2-L which does not require mandatory time of use. Under current PSC policy, the jurisdictional utilities' tariffs assign distributed generation customers to Service Classifications based on the maximum on-site demand, without regard to export capabilities, since any cost implications from exporting power onto the grid are addressed through the interconnection requirements. The proposed modification will provide significant savings to

affected CDG projects and participants and will promote greater customer adoption of distributed renewable resources.

Customer Benefit Contribution: Background

On March 9, 2017, the Commission issued its *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters* (the VDER Transition Order)¹⁰, which formed the first phase of a plan to establish a new system for compensation of distributed energy resources based on the value those resources provide to the electric grid. In the VDER Transition Order, the Commission established the Value Stack as the preferred compensation methodology for distributed generation, and required new CDG projects, remote net-metered projects, and large on-site projects to immediately transition to Value Stack compensation. On December 19, 2017, the LIPA Board adopted Tariff changes implementing the VDER Transition Order in LIPA's service territory.

In addition to establishing the Value Stack, the Commission also directed DPS Staff to initiate further stakeholder outreach to develop a successor to net energy metering (NEM) tariff for mass market customers. DPS Staff subsequently formed several working groups, including the Rate Design Working Group, to assist in developing recommendations for the successor to NEM tariff.¹¹

On August 15, 2018, LIPA published a Notice of Proposed Rulemaking in the State Register, notifying stakeholders of the statewide DPS Rate Design Working Group, encouraging stakeholders to participate in the statewide proceeding, and announcing that LIPA intended to take up consideration of the recommended Successor to NEM Tariff upon completion of the DPS stakeholder working groups and issuance of a PSC order.¹² On August 22, 2018, LIPA posted an announcement on its website noticing the same information.¹³

DPS Staff conducted an extensive stakeholder process through the Rate Design Working Group, which included opportunities for submission of proposals by solar industry representatives, environmental advocates, ratepayer protection advocates, and other experts, and multi-stage evaluation of various rate design alternatives. The Rate Design Working Group evaluated the cost shift from net metered solar adopters to other customers at each of New York's investor-owned utilities. LIPA and PSEG Long Island staff partnered with DPS Staff's rate design advisor to perform corresponding analyses for LIPA's service territory, which were publicly presented to the LIPA Board on May 22, 2019, and June 24, 2020 and posted on LIPA's website.¹⁴

¹⁰ 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.

¹¹ See Matter 17-01277, *Value of Distributed Energy Resources Working Group Regarding Rate Design*.

¹² 2018 New York State Register, Issue 33, ID No. LPA-33-18-00018-P (Aug. 15, 2018).

¹³ See <https://www.lipower.org/wp-content/uploads/2018/08/VDER-Phase-Two-Summary-of-Proposed-Rule.pdf>.

¹⁴ See <https://www.lipower.org/wp-content/uploads/2019/05/4.-Update-on-the-Value-of-DER.pdf> and <https://www.lipower.org/wp-content/uploads/2020/06/3.-Briefing-on-Successor-to-NEM.pdf>.

On July 18, 2019, the Climate Leadership and Community Protection Act was signed into law, codifying New York’s six gigawatts distributed solar goal.¹⁵ The CLCPA specifically addressed the State’s need to account for the equity and cost impacts of the clean energy transition, requiring that a minimum of 35% and a target of 40% of the State’s CLCPA-related investments benefit disadvantaged communities. The CLCPA’s passage highlighted the importance of the stakeholder proceeding’s work, sending a clear signal from New York’s elected leaders that the State needs to continue rapidly deploying solar while, at the same time, carefully mitigating the impacts on vulnerable New Yorkers.

This statewide stakeholder outreach and collaboration process culminated in the *Rate Design for Mass Market Net Metering Successor Tariff Whitepaper* on December 9, 2019 (Whitepaper).¹⁶ The Whitepaper recommended a balanced and gradual approach—essentially a multi-year “bridge” to a future of more accurate and advanced rate design for mass market distributed generation customers. The bridge recommended in the Whitepaper retained the basic structure of Phase One NEM and added a simple, new mechanism to begin addressing the costs shifted from customers with NEM to other customers. The Whitepaper extensively detailed the working group process and stakeholder input that went into developing the recommendations.

To begin addressing the NEM cost shift, the Whitepaper recommended a Customer Benefit Contribution (CBC) charge for all mass market customers who interconnect distributed generation and enroll in NEM on or after January 1, 2022. The CBC is designed to ensure that net metering customers contribute (as do other customers) to the cost of essential programs that all customers are eligible for, like utility bill discounts for low-income customers, energy efficiency, and clean heating and cooling programs. The Whitepaper invited further public comments on the recommendations, rate design principles, delivery rate and compensation options, and rate design grandfathering considerations.

All parties who filed formal comments on the DPS Whitepaper, including the Clean Energy Parties,¹⁷ were generally supportive of the CBC, although many commenters recommended modifications.¹⁸ The Clean Energy Parties, for example, commented that the CBC should be capped at \$.50/kW and should include only low-income customer bill discounts.

On June 24, 2020, LIPA published a draft CBC on its website and publicly presented the CBC at an open meeting of the LIPA Board.¹⁹ LIPA’s draft CBC followed the methodology developed in the statewide stakeholder proceedings (as LIPA’s earlier public notices had indicated).²⁰

¹⁵ N.Y. Pub. Serv. Law § 66-p (McKinney).

¹⁶ Case 15-E-0751.

¹⁷ The Clean Energy Parties were the Solar Energy Industries Association, the Alliance for Clean Energy New York, Coalition for Community Solar Access, the Natural Resources Defense Council, the New York Solar Energy Industries Association, and Vote Solar. See Clean Energy Party Comments, at 7 (Feb. 24, 2020) (“The CEP are generally supportive of a CBC to recover costs for specific public benefit programs.”)

¹⁸ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff*, Issued and effective July 16, 2020, Appendix D (Summary of Comments).

¹⁹ See <https://www.lipower.org/wp-content/uploads/2020/06/3.-Briefing-on-Successor-to-NEM.pdf>.

²⁰ New York State Register, Issue 33, ID No. LPA-33-18-00018-P (Aug. 15, 2018); see also <https://www.lipower.org/wp-content/uploads/2018/08/VDER-Phase-Two-Summary-of-Proposed-Rule.pdf>.

On July 16, 2020, the PSC issued its *Order Establishing Net Metering Successor Tariff* (Successor Order).²¹ In adopting the recommended CBC with modifications, the PSC concluded in the Successor Order that “the CBC will ensure that Phase One NEM customers contribute at an appropriate level to programs that create broad societal benefits.”²²

The Successor Order and CBC embodied the compromise that had been carefully woven together by stakeholders over the previous three years. Some stakeholders had urged the Commission to address the NEM cost shift more expeditiously. Others had urged a more gradual approach. In the end, all parties remained generally supportive of the compromise they had created together in years of working group meetings. Indeed, as recently as June 14, 2021, the Clean Energy Parties (including NYSEIA) commented that, “the CEP will continue to support this compromise” as long as the CBC rates are calculated correctly and remain “roughly in the range of the values initially presented to the Commission.”²³

Following additional stakeholder process and comments, the PSC issued its *Order Establishing Net Metering Successor Tariff Filings with Modifications* on August 13, 2021, in which the PSC concluded that “Phase One NEM, with the addition of the CBC, balances the need to move compensation towards a more cost-based orientation with the importance of offering a simple and well-understood methodology to the Distributed Energy Resource industry.”²⁴ The August 2021 Order directed the investor owned utilities to file final CBC Tariffs by December 15, 2021.

On September 22, 2021, LIPA filed a second Notice of Proposed Rulemaking, again reminding stakeholders of its intention to adopt a CBC in line with the statewide proceeding and PSC NEM Successor Orders.²⁵ On the same date, LIPA publicly posted its final CBC Tariff (nearly three months ahead of the investor-owned utilities).²⁶ LIPA’s final CBC rate is lower than the draft CBC published by LIPA in June 2020, and lower than the draft CBCs of every major New York utility.

Customer Benefit Contribution: Proposed Action

The proposed Tariff changes will implement a CBC for all net metered on-site mass-market customers who install distributed generation using NEM-eligible technologies connected on or after January 1, 2022. The CBC Charge will assist in recovering revenues that support the low-income program, energy efficiency and electrification programs, and renewable power costs not avoided by distributed generation.²⁷ Customers will be billed the CBC by multiplying the daily CBC charge applicable to that customer’s rate class by the nameplate capacity rating in kW DC of

²¹ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff*, Issued and effective July 16, 2020.

²² Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff*, Issued and effective July 16, 2020 pg. 24.

²³ Case 15-E-0751, Comments of the Clean Energy Parties (June 14, 2021), at 7 (emphasis added).

²⁴ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff Filings with Modifications*, Issued and effective August 13, 2021 pg. 8

²⁵ 2021 New York State Register, Issue 38, I.D. No. LPA-38-21-00010-P.

²⁶ <https://www.lipower.org/wp-content/uploads/2021/09/Customer-Benefits-Contribution-Charge-2021-09-21.pdf>.

²⁷ The CBC helps to fund contracted renewable power costs. However, because rooftop solar contributes to LIPA’s clean energy goals, LIPA lowers the CBC charge by the value of the renewable energy certificates (RECs), energy, and capacity associated with those contracts.

the customer's electric generating equipment. The customer-specific CBC Charge will be applied to each customer bill by multiplying the customer-specific CBC charge by the number of days in that bill. The CBC rate per day will be published on the Statement of Customer Benefit Contribution and will be updated annually on January 1 of each year to account for DPS-approved changes in the specific public benefit program costs.

How the CBC is Calculated. The CBC calculation first determines the amount collected for each public benefit program from customers in the separate service classes on a \$/kWh basis. The public benefit programs are limited to costs for the low-income program, energy efficiency and electrification programs, and the portion of LIPA's renewable power costs not avoided when customers add onsite renewable generation. The low-income program recovery is allocated based on delivery revenues in each service class. Recovery of the costs of the remaining programs are allocated based on budgeted kWh in each service class. The program recovery is summed for each service class and then divided by the budgeted kWh in that service class to establish the \$/kWh public benefit cost. The \$/kWh public benefit cost is then multiplied by the annual kWh production of 1kW system by technology. Finally, the rate is converted to a daily charge by dividing by 365 days.²⁸

As discussed below (in the Public Comments section of this memorandum), in response to comments received from NYSEIA and other stakeholders, LIPA staff proposes to phase the CBC in over three years, to limit the impact on customers currently considering the installation of solar. In 2022, the results of the calculation of the \$/kWh public benefit cost will be multiplied by one-third ($\frac{1}{3}$) to set the charge. In 2023, the calculation will be performed again, and the resulting \$/kWh public benefit cost multiplied by two-thirds ($\frac{2}{3}$) to set the charge. In 2024 and beyond, the results of the calculation of the \$/kWh public benefit cost will be used to set the charge, with no adjustment.

Prolonged Outage Relief: Background

In 2012, LIPA instituted several temporary billing and collection policies with respect to the recovery efforts resulting from Superstorm Sandy, some of which included: (1) waiving the daily service and meter charges for all customers for fourteen days, to reflect the period when service was being restored throughout the system. (2) suspension of other billing related charges such as No Access Charges.

In November 19, 2013, the PSC issued an order setting forth policies regarding prolonged outages.²⁹ The Order directed the regulated utilities in the State to make tariff amendments implementing new customer outage credits and other consumer protections relating to prolonged outages. In the Order, the definition of a "Prolonged Outage" is as an outage resulting from an emergency in which electricity customers are out of service for a continuous period exceeding three days and in which the 16 NYCRR Part 105 regulations governing utility outage preparation and system restoration apply.

²⁸ CBC Charge Formula:

(Total Allocated Public Benefit Costs for each Service Classification) / (kWh per Service Classification) = \$/kWh Public Benefit Costs.
(\$/kWh Public Benefit Costs) * (Annual kWh production of **1kW** System per Technology type) = Annual CBC per kW DC Installed Capacity.

²⁹ Case 13-M-0061.

Under the terms of the PSC Order, for any event resulting from an emergency in which electric customers are out of service for a period exceeding three days, utilities will credit customer charges incurred during the period of the outage. Credits will apply for any customer the utility knows or reasonably believes was out of service for a period exceeding three days, and upon request from any customer that contacts the company and credibly claims they experienced an outage of such duration. The utility will suspend all collection-related activities including terminations of service for non-payment for at least seven days.

For outages exceeding three days following an emergency, any residential or non-residential customer who notifies the utility and provides evidence that his/her financial circumstances have changed because of the event will result in all collection-related activities including terminations of service for non-payment being suspended for at least 14 days.

Prolonged Outage Relief: Proposed Action

The proposed changes will update the LIPA Tariff to adopt policies consistent with the Commission's Order in Case 13-M-0061 as it applies to any future Prolonged Outages that may impact the LIPA service territory.³⁰

In the event of a Prolonged Outage,³¹ LIPA will attempt to determine the outage duration of each affected customer. If LIPA reasonably believes that a customer was out of service for a period exceeding three calendar days, a credit for the daily service charge experienced during the outage will be applied to the customer's account. The credit will be equal to the Daily Service Charge for the customer's Service Classification identified in the Tariff, multiplied by the number of calendar days the customer experienced an outage.

In addition to credits associated with a Prolonged Outage, LIPA is proposing to adopt additional policies related to collection activities in the event of a Prolonged Outage, which include the following:

- All collection-related activities including terminations of service for non-payment with the exception of issuance of service termination notices and assessment of security deposits, will be suspended for customers that LIPA knows or reasonably believes experienced a Prolonged Outage. The suspension will last for a minimum of seven calendar days from the beginning of a Prolonged Outage.
- All collection-related activities including terminations of service for non-payment with the exception of issuance of service termination notices and assessment of security deposits will be suspended for 14-days from the beginning of a Prolonged Outage for any residential or non-residential customers who notifies LIPA and provides evidence that his/her financial circumstances have changed because of a Major Storm.

³⁰ Case 13-M-0061, *In the Matter of Customer Outage Credit Policies and Other Consumer Protection Policies Relating to Prolonged Electric or Natural Gas Service Outages* (order issued Nov. 18, 2013).

³¹ The definition of a Prolonged Outage is when a customer experiences an electric power outage for more than three (3) calendar days, because of a "Major Storm" as set forth in 16 CRR-NY 97.1 (c).

Miscellaneous Tariff Changes: Proposed Action

LIPA staff proposes the following miscellaneous Tariff changes:

Pole Attachment Fee. Staff proposes to clarify that the pole attachment fee associated with customer-owned equipment served under Service Classification No. 10 that attach to LIPA owned poles is \$7.04. Staff also proposes to remove an unnecessary distinction between communications equipment and all other types of equipment. The purpose of these changes is to remove potential ambiguity as to the applicability of LIPA's pole attachment fees to specific types of attachments.

Service Initiation Charge. Staff proposes a modification to clarify that landlords who assume responsibility for electric service in a commercial space previously occupied by a tenant may be charged the Service Initiation Charge if the usage exceeds six (6) kWh per day. The purpose of this change is to remove ambiguity that previously existed in the Tariff. This process will review the energy usage on the account after a nonresidential account is transferred to a landlord for the period between the termination of the account by the prior tenant and the establishment of a new electric account. Should usage exceed six (6) kWh per day will incur the \$60 Service Initiation Charge in all cases where service or meter connections are not required.

Dusk to Dawn SC-7A. Following a request from the Town of Southampton, due to a local dark sky initiative, Staff proposes to update the tariff eligibility under Service Classification 7A to preclude customers in a district, at the request of a local government. The specific request from the Town of Southampton would preclude customers located in the unincorporated areas within the Town of Southampton from having lights offered under Service Classification 7A. Staff proposes to remove all existing lights on or before March 31, 2022.

Delivery Service Adjustment. Staff proposed to update the DSA Storm language to indicate that estimated anticipated reimbursements from FEMA and other governmental agencies will reduce the amount sought from our customers, with estimates reconciled to actuals in subsequent DSA periods when the final reimbursement amounts become known. This change will allow deferral of costs that are expected to be reimbursed.

Financial Impacts

Long Island Choice Improvements. Restructuring of the Power Supply Charge proposal described above will be revenue neutral at the system level and will not result in cross-subsidies among customer classes or between Long Island Choice participants and non-Long Island Choice participants. Bundled service customers will experience no discernable difference as the sum of the Market Supply Charge and the Local Supply Charge will equal the Power Supply Charge based on the currently authorized calculation.

Removing the BCA plus Power Supply Charge to ESCOs and replacing it with the Local Power Supply Charge to customers will have an immaterial revenue impact for Long Island Choice customers. There are slight differences in the method of calculation, but both calculations were and are designed so that Long Island Choice participants would not create cost shifting to non-Long Island Choice participants.

The removal of the LIC Factor is a needed correction to the current tax calculation. This correction will not materially change the taxes paid by participating or non-participating customers.

The Information Technology expenditures to implement these changes are estimated at \$150,000 for capital costs to implement the proposed changes to the billing of the Market Supply and Local Supply components of the Power Supply Charge. Estimates for the cost of implementing the Consolidated Bill Option with Purchase of Receivables is \$1.8 million.

Community Distributed Generation and Remote Crediting Updates. There will be no financial impact to LIPA or its customers for the changes to the CDG banking rules. To the extent that the proposed changes facilitate greater participation in Distributed Generation, the associated Value Stack payments are deemed fully compensatory for the increased generation provided by these renewable distributed resources.

LIPA staff estimates that twenty (20) existing CDG and RMN Projects will be eligible to change their Service Classification under the tariff proposal. The estimated revenue decrease to LIPA will be \$71,000.

Placing a MW cap on the Community Credit will have no impact on current revenues as the CDG currently in service or in the pipeline will be unaffected. Future spending may be impacted if subsequent blocks of Community Credit are replaced by a Community Adder, which is paid in the first year of operation rather than across the 25-year lifetime of the project.

Customer Benefits Contribution. The CBC will not change the total revenues recovered by LIPA. The revenues expected to be recovered through the CBC will be offset by lowering the revenues recovered through base rates. The CBC will reduce the costs shifted from NEM to other customers. Customers who enroll in NEM on or after January 1, 2022, will incur an additional charge on their bill based on the size of the system, the technology type and their service classification.

The implementation of the CBC Charge will cost \$150 thousand in capital expenditures to make updates to the billing system. There are no associated operational expense with the CBC Charge. The CBC Charge is estimated to collect \$90,667 in 2022. This assumes approximately 51,000 kW of DC capacity for mass market installations spread equally through the 12 months of the year. Base rates for 2022 have been lowered by an equivalent amount, resulting in no change in total revenues. In 2023, the CBC Charge is estimated to collect \$544,000, which consists of the entire 51,000 kW installed in 2022 (\$362,667) plus the additional 51,000 kW added equally through the 12 months of 2023 (\$181,333). Base rates in 2023 will be lowered by an equivalent amount.

Prolonged Outage Relief. The financial impact of this proposal depends on unpredictable factors. For illustrative purposes, a prolonged outage that impacts 100,000 residential customers for an average of 4 days would result in credits totaling \$176,000.

Miscellaneous Tariff Changes. The financial impact of updating the pole attachment fee by approximately 14% results in \$79,000 of additional annual revenue.

There is no material financial impact from the proposed change to the service initiation charge as

the occurrence is minimal.

The removal of approximately 120 “Dusk to Dawn” light fixtures under Service Classification 7A in the unincorporated areas located in the Town of Southampton will result in revenue loss of approximately \$58,000 based on 2020 annual revenue.

There is no financial impact from the proposed inclusion of estimated FEMA reimbursements in the Delivery Service Adjustment. With the proposed change, customers will experience bill reductions from FEMA reimbursements in earlier periods.

Department of Public Service Input

The DPS has provided a letter recommending adoption of these tariff modifications, which is attached as an exhibit. The proposed tariffs incorporate the DPS’s recommendations. The DPS also provided feedback and input throughout the process of developing the tariffs, which was reflected in the original proposals filed on September 22, 2021.

Though not part of these proposed Tariff changes, the DPS recommendation urged LIPA to continue working with the DPS and other stakeholders in the Energy Affordability proceeding to develop and propose changes to LIPA’s low-income customer discounts consistent with the statewide approach developed in that proceeding. LIPA commits to continuing that work expeditiously and intends to develop enhanced low-income customer discounts agreeable to the DPS.

Public Comments

LIPA held virtual public comment sessions on the proposed tariff changes on November 29th and also solicited written comments. Transcripts of the virtual public comment sessions and copies of the written comments are attached as exhibits and the comments are summarized here, together with responses from LIPA Staff.

Thirteen (13) speakers attended and spoke at the public comment sessions, including five speakers representing environmental advocacy groups, four speakers on behalf of solar industry, two individual Long Island homeowners, one member of the Suffolk County Legislature, and one representative of the Long Island Progressive Coalition.

Twenty-three (23) LIPA stakeholders submitted written comments, including four local elected officials, one solar industry trade group, one solar and storage developer, one CCA administrator, and sixteen LIPA residential customers. Two consumer advocates, the Utility Intervention Unit and the Public Utilities Law Project, have indicated to LIPA staff that they intend to submit letters in support of LIPA’s CBC proposal.³²

Twenty-five (25) unaffiliated individuals who reside outside of LIPA’s service territory also submitted written comments.

³² All written comments received after the December 6, 2021 deadline but before the final materials are posted to the LIPA website will be added to *Exhibit F – Compendium of Written Public Comments Received*.

Summary of Comments on Long Island Choice. During the Long Island Choice stakeholder collaborative proceeding, several parties filed comments directly with the DPS. Those comments are publicly posted on the DPS website and were summarized and addressed in the DPS Whitepaper on Long Island Choice, which is attached hereto as an exhibit. We encourage readers to refer to the DPS Whitepaper's discussion of those comments.

Two parties submitted comments to LIPA on the Long Island Choice proposal, Lynn Arthur of Peak Power LI and Sustainable Southampton's Green Advisory Community, and Mike Gordon of Joule Assets, a CCA administrator. Both were generally in support of the proposal, and recommended modifications. Both commented that LIPA should specifically list the Local Supply Charge components related to the Long Island Choice proposal, should include a Merchant Function Charge in its Tariff, and should take steps to enable CCAs to enroll customers in CDG.

Staff response: As recommended by DPS, the calculation of the Market Supply Charge and the Local Supply Charge in the proposal is performed by backing out the market supply costs of all the items that are recoverable in LIPA's Power Supply Charge. The costs that remain will be recovered through the Local Supply Charge. This approach has been defined within the proposed tariff leaves and favorably reviewed by the Department. In the Long Island Choice collaborative proceeding, the working group examined each line item of LIPA's power supply costs. Many of the line items have a market component, which per the defined methodology is subtracted from the total to calculate the residual local supply costs. The Department has also reviewed the proposed split of power supply cost line items into their market and local components and made recommended specific adjustments, all of which LIPA has accepted. The Department will continue to exercise oversight of the monthly Power Supply Charge calculation and its disaggregation in market and local components to ensure that LIPA is appropriately recovering its power supply costs in the Market Supply Charge and Local Supply Charge. LIPA staff is committed to providing the results of its monthly power supply charge calculation and its component market supply and local supply charges on the published Long Island Choice Statement. These statements are available publicly on the LIPA website for customers and other stakeholders to remain informed.

Regarding the Merchant Function Charge, LIPA notes that the DPS Whitepaper recommended that LIPA establish a Merchant Function Charge, which should be either identified on the Long Island Choice Statement or in customer bills. LIPA agrees that a Merchant Function Charge should be established, and notes that the Tariff redline attached hereto has been amended to include the Merchant Function Charge in the Long Island Choice Statement, pursuant to the DPS recommendation. LIPA does not currently have the capability to add the Merchant Function Charge as a separate line item on customer bills, but it will be included as a component in the Market Supply Charge.

With respect to CDG participation in CCA, we note that these issues are currently under consideration in a statewide generic PSC proceeding. On November 22, 2021, the PSC directed DPS staff to develop a Whitepaper with recommendations on the use of CCA mechanisms to enroll customers in CDG. LIPA staff advises the Board to await the outcome of the statewide proceeding before taking further action without the benefit of the extensive record being developed in that proceeding.

Summary of Comments on Community Distributed Generation and Remote Crediting Update. Three parties submitted comments on the CDG and Remote Crediting Update proposal, including Borrego Solar, Lynn Arthur of LI Peak Power and the Sustainable Southampton Green Advisory Community, and Mike Gordon of Joule Assets. All three commenters generally supported the proposal and recommended modifications. Specifically, all three commenters urge LIPA to make a decision expeditiously regarding whether to further extend the Community Credit, transition to a Community Adder, or a combination of both. The commenters believe these incentives are important to further deployment of CDG in LIPA's service territory. Borrego Solar also recommended that LIPA convene a stakeholder process to fully consider these changes, and advised that LIPA should take into consideration the forthcoming NYSERDA solar roadmap. Ms. Arthur and Mr. Gordon also commented that LIPA should offer net crediting for volumetric CDG projects.

Staff response: LIPA staff agrees that visibility regarding LIPA's future plans for CDG incentives is highly beneficial to CDG developers and participants. LIPA commits to share its CDG incentive plans publicly and seek input from stakeholders as those plans are developed, with sufficient advance notice to avoid disrupting the CDG market. LIPA will also review and incorporate the NYSERDA solar roadmap as appropriate, to the extent it affects LIPA's CDG incentives. LIPA notes that its CDG incentives will need to be carefully balanced to achieve our share of the State's overall solar deployment goals and other CLCPA goals, while at the same time managing ratepayer impacts and working within available budgets.

Regarding net crediting for CDG projects, LIPA notes that net crediting is already available for Value Stack CDG projects. Net crediting for volumetric CDG projects, which presents additional IT and billing-related implementation challenges, is the subject of an ongoing PSC proceeding, which LIPA is closely monitoring. LIPA staff will recommend further action once a reasonable pathway to implementation has been identified through the statewide process.

Summary of Customer Benefits Contribution Comments. As noted in the background section above, seven parties filed comments on the DPS CBC Whitepaper, including the Clean Energy Parties, of which the New York Solar Energy Industry Association (NYSEIA) is a member, the Utility Intervention Unit, the City of New York, utilities, NYPA, the Office of General Services, and Distributed Sun. All seven were generally supportive of the State's efforts to address the NEM cost shift through the CBC, as a bridge to future AMI-enabled rate designs.

Eleven commenters spoke at LIPA's public comment sessions in opposition to the CBC, including several representatives of NYSEIA (which has since voted to support a compromise involving a phased-in CBC, as discussed below), Legislature Bridget Fleming of the Suffolk County Legislature, three environmental groups, two homeowners, and a representative of the Long Island Progressive Coalition. Four local elected officials submitted letters opposing the CBC. NYSEIA submitted a letter opposing the CBC, which was later withdrawn based upon a compromise proposal reached between LIPA staff and NYSEIA to (1) phase-in the CBC over three years, (2) develop a plan to introduce a Time-of-Day rate that will become the standard rate for residential customers, and (3) fund an additional declining block of residential storage incentives when the current block is depleted. On December 14, 2021, NYSEIA's Board of Directors voted to support this

compromise approach, including the phased-in CBC.

Fifteen LIPA residential customers submitted written comments opposing the CBC. One LIPA residential customer submitted comments supporting the CBC, as discussed below. Twenty-four individuals residing outside of LIPA's service territory, most of whom are members of Climate Reality, an environmental advocacy group, also submitted comments opposing LIPA's CBC. Two individuals submitted comments opposing Con Edison's CBC, which is not the subject of this proposal. The comments addressed similar themes, arguing that: (1) the CBC will deter solar adoption, making it more difficult for Long Island to achieve its share of the State's clean energy mandates, (2) the CBC will make solar less economic for NEM customers, (3) the CBC is based on analysis that undervalues solar energy, and (4) the process followed to develop and implement the CBC was too short or otherwise insufficient. NYSEIA and its members also commented that (5) it is unfair to make solar customers pay for public benefit costs other than low-income customer discounts, (6) the CBC creates uncertainty because it can be updated annually and is not fixed over the lifetime of each solar installation. Several commenters also suggested that LIPA should focus more on other options such as deployment of smart meters and time-of-use rates. One commenter observed that the size of the rooftop solar system used in LIPA's examples (6 kW) is below the average sized system on Long Island.

One commenter submitted written comments in support of the CBC, arguing that solar customers who remain connected to the grid should pay their fair share, and that failing to require solar customers to pay their fair share shifts the burden onto communities facing power plant closures.

Staff response: (1) LIPA's climate actions speak louder than words. Actions LIPA has taken to accelerate the clean energy transition include:

- Supporting deployment of more solar *capacity* (as a share of load) and more distributed solar *projects* (by any measure) than any other New York utility
- Building more utility-procured solar capacity than any other New York utility
- Procuring New York's first offshore wind farm (which was until recently the largest offshore wind procurement in the United States)
- Building New York's first utility-scale energy storage system

Over 3,500 megawatts of renewable generation and storage are already in service or under procurement, to be interconnected on Long Island. That represents over 60% of LIPA's total generation capacity.

That said, LIPA staff strongly *agrees* with commenters that we cannot afford to slow down or to lose time in the race to decarbonize the electric grid. Our service territory consistently deploys around 6,000 solar projects each year, more than a third of the projects deployed each year in the entire State. In most years, we deploy more solar projects than any other New York utility. LIPA staff cherishes Long Island's leadership in this area. We will carefully monitor the impact of the CBC on Long Island's solar market, to ensure the pace of deployment remains steady, taking additional course-corrective actions if needed.

The CLCPA requires us to consider the equity and cost impacts of the clean energy transition, balancing the need to continue rapidly deploying carbon-free energy while, at the same time, carefully mitigating the impacts on vulnerable New Yorkers. NEM is at

odds with this requirement because—without the CBC—NEM exacerbates inequity. Higher income customers are significantly more likely to adopt rooftop solar than lower income customers.³³ As a result, subsidizing the bill savings of NEM customers has a regressive effect: it transfers wealth from low-income customers to high-income customers. Addressing the fairness problem that NEM creates is simply the right thing to do.³⁴

(2) LIPA staff recognizes that the CBC will reduce the lifetime bill savings from a typical financed solar system by 7% and a typical out-of-pocket system by less than 5%. At the same time, customers will still experience savings from day one—both bill savings and savings net of any loan payments. In other words, the CBC does not make the investment uneconomic. And the CBC will not significantly change the time it takes for a solar system to pay for itself. These solar project economics are explained at length in LIPA’s online CBC factsheet.³⁵ Moreover, with LIPA’s new AMI-enabled time-of-use rates, launched earlier this year, customers who add solar or storage and enroll in these rates can save even more now than in previous years.

To address NYSEIA’s concern that the CBC significantly diminishes the first-year savings of a customer with a financed system, LIPA staff proposes to phase in the CBC over three years. With this change, the 2022 CBC rates will be set at one-third of the originally proposed rates. NYSEIA had estimated that the CBC would reduce first-year savings of a financed system by 50%.³⁶ Using the same assumptions that NYSEIA used but applying the phase-in, LIPA estimates the 2022 CBC will reduce the customer’s first-year savings by only 16.5% (compared to NYSEIA’s previous estimate of 50%).

(3) The analysis performed over multiple years in the statewide Rate Design Working Group and Successor to Net Metering proceeding was rigorous, collaborative, and inclusive of a broad array of stakeholder groups. That analysis was repeated for Long Island. As in the rest of the State, the analysis shows that customers who install solar receive subsidies worth considerably more than the value of solar, even when fully valuing the energy, capacity, distribution, and environmental benefits that solar provides. This cost shift is described in detail above. Moreover, the CBC recovers only a small portion of the cost shift. LIPA’s CBC, in particular, recovers approximately 12% of the cost shift attributable to each customer that adds solar.

(4) The mass market phase of the Successor to Net Metering proceeding has taken place over more than three years. LIPA stakeholders have been on notice since no later than 2018 of LIPA’s intention to implement the reforms identified in the proceeding, and they have known the results of LIPA’s initial CBC calculation since mid-2020. The proceeding was and remains open to participation by any interested party and has included active

³³ On Long Island, 83% of solar adopters have incomes above their county median income, and LIPA’s low-income customers are half as likely as other customers to adopt solar. *Source*: Berkeley Lab, Solar Demographic Data. See <https://www.flipsnack.com/lipower/lipa-cbc-charge-fact-sheet/full-view.html>.

³⁴ NEM reform is just one of many actions LIPA is taking to address this inequity. Most importantly, we are working hard to *expand access* to solar, so that more low-income customers can participate. We do this through community distributed generation, Solar Communities, and low-income solar loans (Green Jobs Green New York).

³⁵ <https://www.flipsnack.com/lipower/lipa-cbc-charge-fact-sheet/full-view.html>.

³⁶ NYSEIA assumes a 10 kW system and a base system cost of \$3.80/watt.

representation of a broad set of stakeholder interests, including solar advocates, environmentalists, consumer advocates, utilities, regulators, and state agencies. Representatives of the same solar advocacy groups now commenting on LIPA’s proposal participated in the stakeholder working groups and supported the CBC as a compromise solution.

(5) LIPA staff appreciates NYSEIA’s support for inclusion of low-income customer discounts in the CBC, particularly because the NEM cost shift disproportionately affects low-income customers, as explained in LIPA’s CBC factsheet.³⁷ In LIPA staff’s view, the other public benefit costs proposed to be recovered in the CBC are equally appropriate. These essential programs include energy efficiency, clean heating and cooling, and renewable power costs not avoided by distributed generation. All customers—including net metering customers—benefit from these programs. In fact, many customers who enroll in net metering also apply for and receive incentives for heat pumps, energy efficient appliances, smart thermostats, and so on. Even those who do not participate directly receive benefits because these programs lower costs for everyone.

(6) LIPA understands the solar industry’s preference for the CBC to be fixed over the lifetime of a solar system. However, utility rates are cost-based. Like other components of the utility’s rates, it is impossible and unworkable to forecast public benefit costs several decades into the future. Locking in a below-cost rate, alternatively, would undermine the CBC’s purpose of ensuring that all customers contribute their fair share to the cost of these essential programs. More importantly, locking in the CBC is not necessary. The bill savings experienced by a net metering customer (and the corresponding cost shift) increase over time. Because the CBC recovers only a fraction of the cost shift, the customer’s bill savings will continue to increase over time, even if the CBC also increases with inflation.

As an additional safeguard, the CBC is limited to the approved costs of specifically defined programs. Any future increases in the CBC would need to be reviewed and recommended by the DPS. Assemblyman Englebright points out in his comments that LIPA’s forecasted revenues from the CBC will increase to \$815,000 in 2023. This estimated increase is caused *entirely* by new solar systems being enrolled in net metering—the estimate does not assume any change in the CBC. Finally, Assemblyman Englebright takes issue with language in the Tariff that the CBC could include “other costs as recommended by the Department of Public Service and approved by the LIPA Board of Trustees.” This language exists solely so that LIPA can adapt if future statewide PSC proceedings result in changes to the State’s approach. Like the process to date, any such changes would go through an open and participatory statewide PSC process, with stakeholder comments, before consideration by the LIPA Board in an open meeting.

No public comments were received on the Prolonged Outage Relief or Miscellaneous proposals.

³⁷ <https://www.flipsnack.com/lipower/lipa-cbc-charge-fact-sheet/full-view.html>.

Recommendation:

For the foregoing reasons, I recommend that the Trustees approve the modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

Attachments

- Exhibit A-1** Resolution Approving Long Island Choice Improvements
- Exhibit A-2** Resolution Approving Community Distributed Generation and Remote Crediting Updates
- Exhibit A-3** Resolution Approving Customer Benefits Contribution
- Exhibit A-4** Resolution Approving Prolonged Outage Relief
- Exhibit A-5** Resolution Approving Miscellaneous Tariff Changes
- Exhibit B-1** Long Island Choice Improvements - Tariff Redline
- Exhibit B-2** Community Distributed Generation and Remote Crediting Updates - Tariff Redline
- Exhibit B-3** Customer Benefits Contribution - Tariff Redline
- Exhibit B-4** Prolonged Outage Relief – Tariff Redline
- Exhibit B-5** Miscellaneous Tariff Changes – Tariff Redline
- Exhibit C** DPS Letter of Recommendation on Tariff Changes
- Exhibit D** DPS Whitepaper on Long Island Choice and ESCOs
- Exhibit E** Public Comment Session Transcripts
- Exhibit F** Compendium of Written Public Comments Received

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO LONG ISLAND CHOICE IMPROVEMENTS

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value and Affordability, which sets forth the Board's commitment to establishing rates and tariffs that are generally comparable to similarly situated regional utilities and consistent with New York Public Service Commission policy; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's mission and values, including as set forth in the Board Policy on Customer Value and Affordability; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 22, 2021, public hearings were held on November 29, 2021, by phone and video conference accessible to participants in Nassau and Suffolk County, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2021; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: December 15, 2021

APPROVAL OF MODIFICATIONS TO LIPA’S TARIFF RELATED TO COMMUNITY DISTRIBUTED GENERATION AND REMOTE CREDITING UPDATES

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Resource Planning, Energy Efficiency and Renewable Energy, which sets forth the Board’s commitment to integrating cost-effective distributed energy production and storage technologies into the Authority’s electric transmission and distributions system, and enabling the economic and secure dispatch of resources deployed within the distribution system and within customer premises (the “Board Policy on Resource Planning”); and

WHEREAS, the LIPA Board of Trustees of the has adopted a Board Policy on Customer Value and Affordability, which sets forth the Board’s commitment to establishing rates that are generally comparable to similarly situated regional utilities and consistent with New York Public Service Commission policy; and

WHEREAS, the LIPA Board of Trustees has reviewed the proposal and determined that it is consistent with LIPA’s mission and values as set forth in the Board’s policy statements, including the Board Policy on Resource Planning and the Board Policy on Customer Value and Affordability; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 22, 2021, public hearings were held on November 29, 2021, by phone and video conference accessible to participants in Nassau and Suffolk County, and the public comment period has since expired;

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RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: December 15, 2021

APPROVAL OF MODIFICATIONS TO LIPA’S TARIFF RELATED TO THE CUSTOMER BENEFIT CONTRIBUTION

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Resource Planning, Energy Efficiency and Renewable Energy, which sets forth the Board’s commitment to integrating cost-effective distributed energy production and storage technologies into the Authority’s electric transmission and distributions system, and enabling the economic and secure dispatch of resources deployed within the distribution system and within customer premises (the “Board Policy on Resource Planning”); and

WHEREAS, the LIPA Board of Trustees of the has adopted a Board Policy on Customer Value and Affordability, which sets forth the Board’s commitment to establishing rates that are generally comparable to similarly situated regional utilities and consistent with New York Public Service Commission policy; and

WHEREAS, the LIPA Board of Trustees has reviewed the proposal and determined that it is consistent with LIPA’s mission and values as set forth in the Board’s policy statements, including the Board Policy on Resource Planning and the Board Policy on Customer Value and Affordability; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 22, 2021, public hearings were held on November 29, 2021, by phone and video conference accessible to participants in Nassau and Suffolk County, and the public comment period has since expired;

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RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: December 15, 2021

APPROVAL OF MODIFICATIONS TO LIPA’S TARIFF RELATED TO PROLONGED OUTAGE RELIEF

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Customer Value and Affordability, which sets forth the Board’s commitment to establishing rates and tariffs that are generally comparable to similarly situated regional utilities and consistent with New York Public Service Commission policy; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA’s mission and values, including as set forth in the Board Policy on Customer Value and Affordability; and

WHEREAS, following the issuance of public notice in the State Register on September 22, 2021, public hearings were held on November 29, 2021, by phone and video conference accessible to participants in Nassau and Suffolk County, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA’s Tariff are hereby adopted and approved to be effective January 1, 2021; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: December 15, 2021

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO MISCELLANEOUS CHANGES

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value and Affordability, which sets forth the Board's commitment to establishing rates and tariffs that are generally comparable to similarly situated regional utilities and consistent with New York Public Service Commission policy; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's mission and values, including as set forth in the Board Policy on Customer Value and Affordability; and

WHEREAS, following the issuance of public notice in the State Register on September 22, 2021, public hearings were held on November 29, 2021, by phone and video conference accessible to participants in Nassau and Suffolk County, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2021; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: December 15, 2021

Table of Contents (continued):

ADDENDA

<u>Statement of:</u>	<u>See Leaf No.</u>
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Additional Documents

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Long Island Choice Operating Procedures ("Operating Procedures")

PSEG Long Island's Community Distributed Generated (CDG) Net Crediting Manual

Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP")

Specifications and Requirements for Electrical Installations ("Red Book")

Submetering Procedures ("Requirements for Residential Submetering")

Uniform Business Practices for Distributed Energy Resource Suppliers in the LIPA Service Territory
(UBP-DERS-LIPA)

[Uniform Business Practices for Electric Energy Service Companies in the LIPA Service Territory
\(UBP-LI-ESCO\)](#)

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**A. Power Supply Charge:**1. Costs included in the Power Supply Charge

- a) The total actual cost of fossil and nuclear fuel purchased on behalf of the Authority to produce electricity, including nuclear fuel disposal costs and the Authority's share of the Nine Mile Point 2 nuclear generating plant decontamination and decommissioning costs paid to the operator, plus
- a) The total actual cost, including property taxes, of all electric power purchased by or on behalf of the Authority from the New York Power Authority (NYPA), National Grid Generation, other utilities, and independent power producers, including qualifying facilities and Customer-generators, net of revenues received from energy sold to other utilities, power marketers, or other brokers who are not agents for retail power supply customers of the Authority, plus
- b) The total actual cost of all transmission wheeling and other charges (including charges on any off-island transmission facilities which deliver power to the Authority's system), plus
- c) The total actual cost of payments by the Authority to Customers who shed load during times of high system demands at the request of the Authority including payments for participation in the Dynamic Load Management programs contained in Section XIII , plus
- d) The actual fuel costs and the value of foregone emissions credits that partially offset revenues credited from energy sold to other utilities, power marketers, or other brokers who are not agents for retail power supply customers of the Authority, plus
- e) The cost incurred under any system power supply management or fuel management services agreements, plus
- f) Charges for Capacity, Energy, Scheduling, System Control and Dispatch Service, and ancillary services paid by LIPA as a participant in any Independent System Operator (ISO) administered markets, plus
- g) Any other net charges (net of revenues) associated with TCCs, ancillary services and short term capacity received by the Authority as a participant in any Independent System Operator (ISO) administered markets, plus
- h) ~~(Cancelled) Bill Credit Adjustment (BCA) payments to ESCOs and DRCs under the LI Choice Program~~, plus
- i) Premiums and other costs associated with the Authority's fuel hedging program, including any gains or losses realized, plus
- j) Costs incurred to comply with the requirements of the New York State Renewable Portfolio Standards and costs incurred for the purchase of renewable energy credits (including the cost of any alternative compliance payments) and zero emission credits associated with the New York Clean Energy Standards programs.
- k) Costs incurred for the operation, maintenance, and property taxes of the Authority's share of the Nine Mile Point Unit 2 Generating Facility.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**A. Power Supply Charge (continued):**2. Average Cost of Power Supply

The average cost of the Power Supply Charge in cents per kWh for the month is calculated by dividing the projected month's costs included in the Power Supply Charge and the projected month's total LI Choice customer bill credits by the projected month's Energy Sales.

3. Energy Sales

Energy Sales is the amount of electricity required to meet the Authority's Bundled Service and LI Choice Customer needs, measured at the Customer's meter.

4. The Power Supply Charge, expressed in cents per kWh, is calculated as the sum of: (i) the average cost of the Power Supply Charge expressed in cents per kWh, plus (ii) a rate, expressed in cents per kWh calculated to refund or recover any overcollections or undercollections of the Power Supply Charge as of the end of the preceding period. The Power Supply Charge is rounded to the nearest .0001 cents per kWh.

a) The Power Supply Charge consists of a Market Supply Charge to be paid by Bundled Service Customers not on Long Island Choice and a Local Supply Charge to be paid by Bundled Service and LI Choice Customers.

b) The Market Supply Charge recovers the cost incurred by the Authority to provide power services to Customers not on Long Island Choice, calculated as the following costs divided by Energy Sales to Bundled Service Customers, rounded to the nearest .0001 cents per kWh:

- (1) The actual cost to purchase fuel for generation at power stations on Long Island and the actual cost of purchased power, plus
- (2) The total actual cost of electric power purchased by or on behalf of the Authority from the ISO energy markets, net of revenues received from energy sold to other utilities, power marketers, or other brokers who are not agents for retail power supply customers of the Authority, plus
- (3) The market value of energy purchased from the Nine Mile Point 2 and Fitzpatrick nuclear facilities, as well as renewable and resource recovery facilities under contract to the Authority, plus
- (4) The Long Island capacity market value of all Long Island capacity under contract to the Authority, as well as the Rest of State capacity market value associated with Nine Mile Point 2, plus
- (5) The cost of Long Island and Rest of State capacity that might be needed to fulfill Authority's capacity requirements, beyond what is under contract, plus
- (6) The variable (O&M) costs and the value of foregone emissions credits (RGGI) that partially offset revenues credited from energy sold to other utilities, power marketers, or other brokers who are not agents for retail power supply customers of the Authority, plus
- (7) Charges for Capacity, Energy, Scheduling, System Control and Dispatch Service, and ancillary services paid by LIPA as a participant in the New York Independent System Operator (ISO) administered markets, plus
- (8) Premiums associated with the Authority's fuel hedging program, including any gains or losses realized, plus
- (9) The value of Renewable Energy Credit (RECs) for Tier 1 eligible resources under contract to the Authority, costs incurred for the purchase of additional Renewable Energy Credits (including the cost of any alternative compliance payments), Zero Emission Credits (ZECs), and other existing and future costs that are allocated to the Authority as an Load Serving Entity (LSE),

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**A. Power Supply Charge (continued):**

~~a)c)~~ The Local Supply Charge recovers all costs contained in the Power Supply Charge that are not recoverable through the Market Supply Charge, divided by Energy Sales to all applicable Customers, rounded to the nearest .0001 cents per kW

~~b)d)~~ The Power Supply TOU Period Adjustment Factors are identified in the Statement of the Power Supply Charge and will be updated from time to time as follows:

- (1) The Power Supply TOU Period Adjustment Factors will be calculated using the most recent average hourly load research sample results for Rate 180 or Rate 280. The rate 180 load research sample is used to calculate the Power Supply TOU Period Adjustment Factors for rate codes 190, 191, 192 and 193. The rate 280 load research sample is used to calculate the Power Supply TOU Period Adjustment factor for Rate 292.
- (2) The average hourly load research samples for rate 180 or rate 280 will identify the kWh for both the super off-peak period and the peak period for each of the TOU rate codes (190, 191, 192, 193 and 292) for an annual period.
- (3) For all TOU rate codes the super off-peak Power Supply TOU Period Adjustment Factor is set to 60%.
- (4) For each TOU rate code, the kWh in the super off-peak period will be multiplied by the budgeted average annual Power Supply Charge multiplied by 40% (1-super off-peak Power Supply TOU Period Adjustment Factor). The subsequent dollars by TOU rate code is divided by the total kWh in the peak period to create the peak period adder by TOU Rate code. The peak period adder by TOU rate code is then added to the average annual power supply factor and divided by the average annual power supply factor, which will equal the peak Power Supply TOU period Adjustment Factor.

Formulas:

- 1) $(\text{kWh in Super Off-peak Period} \times \text{Annual Average Power Supply Charge} \times 40\%) / \text{Peak Period kWh} = \text{Peak Period Adder}$
 - 2) $(\text{Peak Period Adder} + \text{Annual Average Power Supply Rate}) / \text{Annual Average Power Supply Rate} = \text{the peak Power Supply TOU period Adjustment Factor.}$
- e) The Power Supply Charge for applicable TOU Rate codes will be calculated each month based on the actual Power Supply Charge (see Statement of Power Supply Charge) times the Power Supply TOU period Adjustment Factors as identified in the Statement of the Power Supply Charge.
- f) The Authority will prepare and retain on file a Statement of the Power Supply Charge. The Statement will be available at the Authority's business offices.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**A. Power Supply Charge (continued):**

g) The Statement will be revised each time the Power Supply Charge is revised and will contain:

(1) The identification of the Service Classifications affected, and

(2) The date the Power Supply Charge becomes effective, and

(3) The month used to obtain the average cost of the Power Supply Charge, and

~~(4) The average cost of the Power Supply Charge in cents per kWh for the specified month, and~~

~~(5) The Rate in cents per kWh to Refund/Recover Overcollections/Undercollections of fuel and purchased power costs for the preceding periods, and~~

~~(6)~~(4) The Market Supply Charge, the Local Supply Charge, and the Power Supply Charge (Market Supply plus Local Supply) in cents per kWh. On the recommendation of The Department of Public Service, the Statement will also identify the value of the Merchant Function Charge which is included in the Market Supply Charge and subject to update from time to time.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**B. Increases In Rates and Charges To Recover PILOT Payments:**

1. Gross Receipts Tax (including the Temporary Metropolitan Transportation Business Tax Surcharge) PILOT Payments to a Governmental Authority

To recover gross receipts tax payments in lieu of taxes ("PILOT") to a governmental authority, the Authority will:

- a) Increase the rates and charges in the affected municipalities under all Service Classifications and rental charges, when they apply, by a percentage rate equal in amount to the PILOT Payments, and
- b) Prepare and retain on file a Statement of Adjustment in Rates and Charges summarizing the PILOT percentage rates. Statements will be available for review at the Authority's business offices.
- c) Calculation of the Gross Receipts Tax amount to be billed to Customers:
 - (1) Calculate the Customer's total bill including the Power Supply Charge component using the current tariff rates.
 - (2) Calculate the commodity portion of the Customer's bill by multiplying the Customer's energy usage (kWh) by the ~~sum of the commodity rate, the Municipal Distribution Agency (MDA) rate for residential customers, if any, and the Power Supply Charge (see Statement of Power Supply Charge) minus \$0.0392 per kWh. The commodity rate is the Long Island Choice bill credit (see Leaf Nos. 310-312) and is determined by the Customer's rate code.~~
 - (3) Calculate the Customer's transportation component by subtracting the Customer's commodity portion (see c)(2) above) from the Customer's bill.
 - (4) Adjust the commodity and transportation components (See paragraphs 2 and 3, above) by the Shoreham Property Tax Settlement Factor.
 - (5) Apply the appropriate PILOT percentage rate for residential or non-residential as shown on the Statement of Increase in Rates and Charges to Recover PILOT Payments to the commodity (see c)(2) above) and to the transportation components (See Paragraph 4).
 - (6) Exceptions:

In those instances where a Customer's commodity rate has not been classified under a rate code (see Leaf Nos. 310-312), the commodity rate will be based on the Customer's alternate rate and the appropriate Service Classification the commodity rate it is listed under.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Business Attraction/Expansion Program (continued):**f) Incentives

(1) Discounts will apply to charges for additional electric use over the previous 12-month actual or estimated base levels at the time of participation. These base levels are adjusted for energy savings achieved from measures installed through the Authority's Commercial Efficiency or renewable programs. For new Customers, the base levels are zero (0). For retention customers, the base level is the entire load and no discounts will apply, but the retention customer may choose modified rating periods.

(2) Discounts will be available to each qualifying Customer for a 5-year period. During the first year, the Customer will receive the entire discount as specified under Service Classification No. 2-MRP. After that, the discount will be decreased by one-fifth each year until the Customer is billed at regular rate levels at the end of the fifth year.

~~(3) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~

~~(4)~~(3) For Customers participating in the Recharge NY Program, the discount will be limited to the portion of load provided by the Authority.

~~(5)~~(4) Modified rate periods will be available to each qualifying Customer that makes a commitment to reduce its load beginning 3 p.m. on weekdays in the summer months (June – September). For Qualifying Customers taking service under Service Classification 2-MRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m., for Rate M284 and June – September, Monday – Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours excluded from the standard peak Period 2 will be added to the Intermediate period.

1. Manufacturing Competitiveness Programa) Objective

This program is intended to provide support to certain manufacturing companies as certified by the New York State Department of Economic Development/Empire State Development Corporation for their Industrial Effectiveness Program. Support is provided by offering eligible Customers reduced electric rates and the ability to choose modified rating periods when committing to reduce their load beginning 3 p.m. on weekdays in the summer months (June – September). Refer to E.2.e.5 for exact hours. Participation in this program cannot occur concurrently with any other Business Development Program except the Recharge NY Program.

b) Who is Eligible

(1) Existing Customer accounts that take their full load requirements from the Authority or are enrolled in the LI Choice Program or the Recharge NY Program, and

(2) Take service under either Service Classification Nos. 2-L, 2L-VMRP, or 2-MRP, and

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Manufacturing Competitiveness Program (continued):**e) Incentives

- (1) Discounts apply to charges for the entire electric use of the Customer, but only for electric accounts included in the Industrial Effectiveness Program Assessment. These discounts are limited to amounts specified in d)(2) above.
- (2) Discounts will be available to each qualifying Customer for a 5-year period. During the first year, the Customer will receive the entire discount as specified in the applicable Service Classification. After that, the discount will be decreased by one-fifth until the Customer is billed at the regular rate levels at the end of the fifth year.
- ~~(3) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~
- ~~(4)~~(3) For Customers participating in the Recharge NY Power Program, the discount will be limited to the portion of load supplied by the Authority.
- ~~(5)~~(4) Modified rate periods will be available to each qualifying Customer that makes a commitment to reduce its load beginning 3 p.m. on weekdays in the summer months (June – September). For Qualifying Customers taking service under Service Classification 2L-VMRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m. For Qualifying Customers taking service under Service Classification 2-MRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m., for Rate M284 and June – September, Monday – Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours excluded from the standard rate peak Period 2 will be added to the Intermediate period.

3. Business Incubation Programa) Objective

This program is intended to attract new load in the Authority's service area by offering graduates of New York State sponsored Incubators reduced electric rates and the ability to choose modified rating periods when committing to reduce their load beginning 3 p.m. on weekdays in the summer months (June – September). Refer to E.3.f.4 for exact hours. Participation in this program cannot occur concurrently with any other Business Development Program except for the Recharge NY Power Program.

b) Who is Eligible

An Applicant who:

- (1) Starts a business in the Authority's service area, and
- (2) Takes its full load requirements under all accounts for the facility being served from the Authority or participates in the Long Island Choice Program or the Recharge NY Power Program, and
- (3) Takes service under either Service Classification Nos. 2-L, 2L-VMRP, or 2-MRP, and
- (4) Whose load does not exceed 1,000 kW.
- (5) Applicants engaged in Retail Enterprises are not eligible for this program.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Business Incubation Program (continued):**c) Application Requirements

Qualifying Customers shall:

- (1) Have graduated from a New York State sponsored Incubator, and
- (2) Request the Business Incubation Program prior to locating in the service area.
- (3) Provide information requested by the Authority that is needed to evaluate the Applicant's eligibility at the time of application.
- (4) The Authority will maintain the confidentiality of this information to the full extent permitted by law.

d) Participation Requirements

Qualifying Customers shall:

- (1) Participate in appropriate conservation programs offered by the Authority, and
- (2) Maintain their accounts in good standing. An account in good standing will not have arrears in excess of thirty (30) days.

e) The Authority's Rights and Obligations

- (1) The Authority may require reimbursement from the Applicant, before providing an electric service, for any system reinforcement and other facility costs needed to provide that service.
- (2) The Authority may deny participation in this Program to an Applicant if, in the Authority's judgment, admitting the Applicant to the Program would not advance the goals of expanding business activity, encouraging load retention, or minimizing the subsidization of the program by non-participants. The Authority will notify the Applicant of such denial.

f) Incentives

- (1) Discounts will be available to each qualifying Customer for a 5-year period. During the first year, the Customer will receive the entire discount as specified in the applicable Service Classification. After that, the discount will be decreased by one-fifth each succeeding year until the Customer is billed at the regular rate levels at the end of the fifth year.

~~(2) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~

- (2) For Customers participating in the Recharge NY Power Program, the discount will be limited to the portion of load supplied by the Authority.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Business Incubation Program (continued):**

- (4) Modified rate periods will be available to each qualifying Customer that makes a commitment to reduce its load beginning 3 p.m. on weekdays in the summer months (June – September). For Qualifying Customers taking service under Service Classification 2L-VMRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m. For Qualifying Customers taking service under Service Classification 2-MRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m., for Rate M284 and June – September, Monday – Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours excluded from the standard peak Period 2 will be added to the Intermediate period.

4. Empire Zone Program

The Empire Zone program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.

Incentives

- a) Discounts, specified under the applicable Service Classification, will be available to each qualifying Customer for no less than five (5) years and no longer than 10 years even if the life of the zone is extended.
- b) Discounts will be adjusted periodically due to changes in the Authority's incremental costs and/or rates, and
- c) Discounts will apply to the charges for additional energy and non-peak period demands over the previous 12-months' actual or estimated base levels at the time of participation.
- ~~d) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~
- e)d) For Customers participating in the Recharge NY Power Program, the discount will be limited to the portion of load supplied by the Authority.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Excelsior Jobs Program (continued):**e) Incentives

- (1) Discount Rate, specified under the applicable Service Classification, will be available to each qualifying Customer for up to ten (10) years upon proof of Excelsior Jobs program certification from ESD.
- (2) Discount Rate will be adjusted periodically due to changes in the Authority's costs and/or rates, and
- (3) Discount Rate will apply only to the delivery charges for additional energy over the previous 12-months' actual or estimated base levels at the time of participation.
 - (a) For Applicants relocating from outside New York State, the base levels are zero (0).
 - (b) For Applicants relocating from within New York State but outside the Authority's service area, the base levels are zero (0).
 - (c) For applicants relocating from within the Authority's service territory with no previous electric account, base levels may be estimated by the Authority.

~~(4) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~

~~(5)~~(4) For Customers participating in the Recharge NY Program, the discount will be limited to the portion of load provided by the Authority.

~~(6)~~(5) If a Customer loses certification at any point during participation or otherwise fails to meet the criteria that were established for eligibility in the Excelsior Jobs program, the discounts provided under this Program are revoked back to the date when the Customer ceased to be eligible. The Customer must refund all discounts received under this Program from that date forward.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**H. New York State Assessment:**1. Purpose

The purpose of the New York State (“NYS”) Assessment is to recover costs imposed on the Authority as a result of changes to Public Service Law (“PSL”) , Article 1 section 18-a(2) and 18-a(6), which was signed into law on April 7, 2009, and amended on July 29, 2013. The NYS Assessment is payable to the State of New York and has a stated intention to encourage conservation of energy and other resources on Long Island and to fund the Long Island office of the Department of Public Service. The NYS Assessment will be in effect for five (5) years or as long as the legislation remains in effect.

2. Who Is Eligible

All customers, including LI Choice customers, who are billed under the Authority’s Service Classifications, will be subject to the NYS Assessment factor. Energy Service Companies (ESCOs) participating in the Long Island Choice program are subject to the NYS Assessment for any miscellaneous charges billed to them, ~~but not for payments or credits related to the Bill Credit Adjustment or the Power Supply Charge.~~

3. Determination of the NYS Assessment Factor

- a) In each calendar year, the Authority staff will work with the Chairman of the New York State Public Service Commission to determine the amount of the NYS Assessment for that calendar year. For purposes of determining the NYS Assessment Factor on a calendar year basis, the Authority staff may estimate the amount owed to the State in that calendar year, subject to true-up at some later point in time for the actual amount owed to the State for that annual period.
- b) Beginning January 1, 2010, the NYS Assessment Factor will be calculated to collect the amount assessed to the Authority (including carrying charges) divided by the projected revenues subject to the NYS Assessment for the time period to be recovered.
- c) The amount of NYS Assessment for the nine months of 2009 that the Authority is required to pay shall be deferred and amortized with interest for recovery over the remaining four (4) calendar years starting January 1, 2010.
- d) Overrecovery or underrecovery of the NYS Assessment relative to the amount actually paid to the State will be surcharged or refunded in subsequent periods.
- e) The NYS Assessment factor will be expressed as a percentage increase to the applicable actual or estimated charges on the Customer’s bill.
- f) The NYS Assessment factor will be shown on a separate “Statement of NYS Assessment Factor” and will be updated at the beginning of each year, and from time to time within the year at the discretion of the Authority staff. The Statement will be available at the Authority’s business offices.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**H. New York State Assessment:**

4. Application of the NYS Assessment Factor
 - a) The NYS Assessment factor will apply to the following customer bill components:
 - (1) Base Rates including the service and meter charges, energy charges (kWh),
 - (2) and demand charge (kW); and
 - (3) Power Supply Charge; and
 - (4) Visual Benefits Assessment (VBA), if applicable; and
 - (5) Distributed Energy Resources Cost Recovery Rate; and
 - (6) Shoreham Property Tax (SPT) Settlement factor if applicable; and
 - (7) Revenue Decoupling Mechanism; and
 - (8) Delivery Service Adjustment; and
 - (9) Securitization Offset Charge; and
 - (10) Securitization Charge; and
 - (11) Undergrounding Charge (UGC), if applicable; and
 - (12) Any "Charges for Miscellaneous Services".
 - b) Customers participating in the Long Island Choice program will be charged for the NYS Assessment as if they paid the Authority's charges for Bundled Service.
 - c) ESCOs participating in the LI Choice program will be charged for the NYS Assessment on any miscellaneous charges incurred under that program, ~~but not for payments made or received from the Bill Credit Adjustment or the Power Supply Charge.~~
 - d) The NYS Assessment factor does not apply to Increase in Rates and Charges to Recover PILOT Payments.
5. Annual Reconciliation
 - a) Each year, the Authority will perform a reconciliation based on twelve months to recover any amounts under or over collected in the prior time period. Any difference will be added to the amount to be recovered in the following year.
 - b) If the Commission determines that the amount assessed to the Authority under Section 18-a for a fiscal year is different from the amount used by the Authority to establish the revenue factor, the revenue factor will be updated as necessary to allow the Authority to recover the full amount of the assessment above the amount reflected in the Authority's base rates.

VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):****(Rate Codes: 281, 283, 291)****Special Provisions (continued):**

- (2) Customers will be transferred to Service Classification No. 2-MRP, Large General and Industrial Service with Multiple Rate Periods, when the monthly recorded demand:
 - (a) Was greater than 145 kW in any two consecutive months, in which case the transfer will take place within ninety (90) days after the summer billing period ends.
 - (b) The S.C. No. 2-MRP rate will go into effect on the day the meter is installed.
- d) Business Development Programs
 - (1) Empire Zone Program
 - (a) The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive authorized rate discounts until their previously agreed upon term has expired.
 - (b) With the exception of the Calverton portion of the Suffolk County Empire Zone, Customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~
 - (c) Qualifying customers within the Calverton portion of the Suffolk County Empire Zone receive a 6% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~
 - (2) Excelsior Jobs Program
 - (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate to the Authority's Service Area.
 - (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 kW within one year of Excelsior Jobs Program certification.
 - (c) Customers who qualify will pay \$0.0467 for their Base Rate Energy Charge per kWh for the additional energy associated with the incremental load subsequent to the ESD Approval Date. There will be no demand charges associated with the incremental load subsequent to the ESD Approval Date.

VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):****(Rate Codes: 281, 283, 291)****Special Provisions (continued):**

(3) Manufacturing Competitiveness, and Business Incubation Programs

(a) Customers who qualify after June 29, 2012 receive a 100% discount on their Base Rate Energy Charge per kWh. Participants that qualified before June 29, 2012 will continue to receive a 50% discount on their Base Rate Energy Charge per kWhs ~~plus the \$0.0392 per kWh of the Power Supply Charge~~, subject to pro-ration as noted in the next paragraph.

(b) The discounts apply to the first year of their participation in the Program and will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.

e) Service for Religious Purposes, Supervised Community Residences, or Veteran's Organizations

Customers under this Service Classification who use electricity for religious purposes or for community residences, Veteran's Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the time of the Customer's next meter reading.

VIII. SERVICE CLASSIFICATIONS (continued):**G. SERVICE CLASSIFICATION NO. 2L - VMRP****Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):****(Rate Codes: 282 and M282)****Special Provisions (continued):**d) Business Development Programs(1) Empire Zone Program

- (a) The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.
- (b) With the exception of the Calverton portion of the Suffolk County Empire Zone, customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~
- (c) Qualifying customers within the Calverton portion of the Suffolk County Empire Zone receive a 6% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~

(2) Excelsior Jobs Program

- (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate to the Authority's Service Area.
- (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 kW within one year of Excelsior Jobs Program certification.
- (c) Customers who qualify will pay \$0.0467 for their Base Rate Energy Charge per kWh for the additional energy associated with the incremental load subsequent to the ESD Approval Date. There will be no demand charges associated with the incremental load subsequent to the ESD Approval Date.

(3) Manufacturing Competitiveness and Business Incubation Programs

- (a) Customers who qualify after June 29, 2012 receive a 100% discount on their Base Rate Energy Charges per kWh for Periods 1, 2, and 3 in the first year of their participation in the Program. Participants that qualified before June 29, 2012 will continue to receive a 50% discount on their Base Rate Energy Charge ~~plus \$0.0392 per kWh of the Power Supply Charge~~, subject to pro-ration as noted in the next paragraph.
- (b) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.

VIII. SERVICE CLASSIFICATIONS (continued):**I. SERVICE CLASSIFICATION NO. 2 - MRP****Large General and Industrial Service With Multiple Rate Periods (continued):**
(Rate Codes: 284, 285, M284, M285)10. Special Provisionsa) Corrective Equipment Requirements

When the installation includes welders, x-rays, or other apparatus having a highly fluctuating or large instantaneous demand, the Customer shall provide batteries, rotating equipment, or other corrective equipment to reduce the inrush current to an amount acceptable to the Authority.

b) Requirements for Service at 69,000 Volts or Higher

The Applicant shall provide and maintain voltage regulating equipment and circuit breakers complete with accessory equipment, using the procedures and schedules specified by the Authority.

c) Changes in Eligibility of Existing Accounts

If there is an Applicant for an existing account, but the Authority believes the Applicant's business activity will change the characteristics of the account's loads, the account will be considered a new account for Service Classification purposes.

d) Business Development Programs(1) Empire Zone Program

- (a) The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.
- (b) With the exception of the Calverton portion of the Suffolk County Empire Zone, Primary and Secondary Customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~
- (c) With the exception of the Calverton portion of the Suffolk County Empire Zone, Transmission Customers who qualify receive a 55% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~
- (d) Qualifying Primary and Secondary customers within the Calverton portion of the Suffolk County Empire Zone receives a 6% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~

VIII. SERVICE CLASSIFICATIONS (continued):**I. SERVICE CLASSIFICATION NO. 2 - MRP****Large General and Industrial Service With Multiple Rate Periods (continued):****(Rate Codes: 284, 285, M284, M285)****Special Provisions (continued):**

- (e) Qualifying Transmission customers with the Calverton portion of the Suffolk County Empire Zone receive a 7% discount on their Energy Charges per kWh and Period 3 Demand Charges, but only for the additional energy and demand. ~~This discount for the additional energy also applies to \$0.0392 per kWh of the Power Supply Charge.~~

(2) Excelsior Jobs Program

- (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate the Authority's Service Area.
- (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 145 kW within one year of Excelsior program certification.
- (c) Customers who qualify will pay \$0.0158 for their Base Rate Energy Charge per kWh for the additional energy associated with the incremental load subsequent to the ESD Approval Date. There will be no demand charges associated with the incremental load subsequent to the ESD Approval Date.

VIII. SERVICE CLASSIFICATIONS (continued):**I. SERVICE CLASSIFICATION NO. 2 - MRP****Large General and Industrial Service With Multiple Rate Periods (continued):****(Rate Codes: 284, 285, M284, M285)****Special Provisions (continued):**

- (3) Business Attraction/Expansion, Manufacturing Competitiveness, and Business Incubation Programs
 - (a) Customers who qualify after June 29, 2012 receive a 100% discount on their Base Rate Energy Charge per kWh for Periods 1, 2, and 3, in the first year of their participation in the Program. Participants that qualified before June 29, 2012 will continue to receive a 50% discount on their Base Rate Energy Charge ~~per kWh plus \$0.0392 per kWh of the Power Supply Charge~~, subject to pro-ration as noted in the paragraph below.
 - (b) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.
 - (c) Customers who qualify may apply for modified rate periods. The modified peak Period 2 hours are June through September, Monday through Friday, from 3 p.m. to 8 p.m., for Rate M284 and June through– September, Monday through Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours June through September, Monday through Friday from 12 noon to 3 p.m., are included in the Intermediate period for Rate M284. The hours June through September, Monday through Friday, from 10 a.m. to 3 p.m. and Saturday from 10 a.m. to 10 p.m., are included in the Intermediate period for Rate M285.
- e) Choosing Rate Code 284 or Rate Code 285

New Customers shall choose either Rate Code 284 or Rate Code 285 at the time of qualification of service.

 - (1) Rate 284 Customers may choose to receive service under Rate 285.
 - (2) Rate 285 Customers will have one opportunity to transfer to Rate 284.
 - (3) Customers must request transfers between Rates 284 and 285 in writing, thirty (30) days before their Anniversary Date.
 - (4) Customers eligible for modified rating periods under Rate Code M284 and Rate Code M285 must follow the same rules as for Rate Code 284 and Rate Code 285 respectively.

IX. Long Island Choice Program

A. General Provisions:

1. Description and Definitions

The Long Island Choice ("LI Choice") Program gives Eligible Customers a choice of suppliers for their electric power needs. The Authority will deliver the power received from the Eligible Customer's chosen supplier using the Authority's transmission and distribution system under this Tariff, and the NYISO Tariff. The Authority and ESCO are also governed by the requirements set forth in the Long Island Energy Service Company Uniform Business Practices ("UBP-LI-ESCO"), incorporated as an Addendum to this Tariff, which may be modified from time to time. For purposes of this Section IX of the Tariff, the following definitions apply:

- ~~a) Authority: The Long Island Power Authority, and not the subsidiary of the Authority which owns the transmission and distribution system.~~
- a) Bundled Service: The services offered by the Authority under Sections I-VIII of this Tariff. The Authority's Bundled Service includes the Authority-provided Electric Generation Service as part of the total service.
- b) Consolidated Bill Option: An option that provides Customers the capability of receiving a single bill from the Authority that combines the Authority's charges for delivery services and other services it provides and the charges from their ESCO for Electric Generation Service and any related services it provides.
- ~~b)c) Direct Retail Customer ("DRC"): An Eligible Customer that is a direct customer of the ISO and that acts without an ESCO to contract for and supply Electric Generation Service and any related services solely for its own use.~~
- ~~e)d) Electric Generation Service: The procurement and transmission of electric capacity and energy to the Authority system, but not including the transmission or distribution of electric capacity and energy across the Authority's receipt points or along the Authority's electrical system to the Customer meter.~~
- ~~d)e) Energy Service Company ("ESCO"): An entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by Participating Customers to the Authority system.~~
- ~~e)f) Installed Capacity ("ICAP"): The installed capacity that must be maintained by Load Serving Entities (LSE's) in accordance with NYISO requirements. An LSE's total ICAP requirement is based on forecasted peak load at customers meters adjusted for line losses and reserve margin requirements.~~
- ~~f) The Authority: The subsidiary of the Authority which owns the transmission and distribution system. References to the Authority may also include the Authority's Manager which is responsible for providing services on behalf of the Authority under the terms of the Operations Services Agreement.~~
- g) Load Share Ratio: The ratio of the coincident peak demand of a Customer or Customers participating in the LI Choice Program divided by the total coincident peak load of LI Choice Customers. The calculation of coincident peak demand is defined in the LI Choice Operating Procedures.

~~h) Locational Based Marginal Pricing (LBMP): The marginal cost of serving the next increment of load at each location in the transmission network determined in the NYISO market.~~

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Description and Definitions (continued):**

- ~~i)h) NYPA Transmission Adjustment Charge ("NTAC"): Charges assessed by the New York Independent System Operator (NYISO) on the load of all Load Serving Entities (LSE's). Operating Procedures: The LI Choice Operating Procedures.~~
- ~~i) Purchase of Receivables: An option provided in conjunction with the Consolidated Bill Option that makes the Authority responsible for collection of ESCO charges from participating Long Island Choice Customers.~~
- j) Two Bill Option: An option that provides Customers the capability of receiving one bill from the Authority for delivery services and other services it provides, and a separate bill from their ESCO for Electric Generation Service and any related services it provides.
- ~~k) Unavoidable Generation Capacity: Generating capacity included under the Authority's Power Supply Agreement with KeySpan Generation LLC, generating capacity of Nine Mile Point 2 power station, generating capacity of Fitzpatrick power station, generating capacity associated with on-island Independent Power Producers, generating capacity obtained from the municipal electric departments of the Villages of Rockville Centre and Freeport, and generating capacity obtained from NYPA from the Gilboa Plant and/or the Richard M. Flynn Plant.~~

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**2. Who is Eligible

- a) In order to participate in the Long Island Choice Program, an Eligible Customer is a Customer who is eligible for service under Service Classification Nos. 1, 1-VMRP(L), 1-VMRP(S), 2, 2-VMRP, 2L, 2L-VMRP, or 2-MRP, 5, 7, 7A, 10 and:
- (1) Receives metered or authorized unmetered electric service from the Authority, and
 - (2) Receives all of their electric requirements from a single supplier except for the output from Solar or Wind Electric Generating Equipment that qualifies for net metering, and
 - (3) Is not explicitly excluded in 2.b), below, and
 - (4) ~~Is licensed by the Authority as a~~ Direct Retail Customer (DRC) or a customer who contracts with an ~~licensed-authorized~~ Energy Services Company (ESCO) to act as its agent for the scheduling and delivery of Electric Generation Service, and
 - (5) ~~During these phases of the Program where total participation is limited, has been accepted into the Program by the Authority.~~
- b) Customers who are not eligible to participate in the LI Choice Program are:
- (1) Customers who receive service under Service Classification Nos. 11, 12 and 13.
 - (2) Customers who sell power to the Authority as Qualifying Facilities or Solar, Farm Waste, Micro-Combined-Heat-and-Power, Fuel Cells and Wind Customer-Generators that do not qualify for net metering.
 - (3) Customers who receive a portion of their electric requirements from self-generation or on-site generation that does not qualify for net metering, and require supplemental, backup or maintenance service from the Authority.
 - (4) Customers who receive service under provisions related to Residential Off-Peak Energy Storage served under Service Classification No. 1.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**3. Character of Service

- a) Under the terms of this Program, the Authority will accept Customer-owned electricity delivered by the ESCO or DRC through the designated connection point(s) on the Authority's transmission or distribution system for delivery to the Customer's facilities.
- b) The Authority will perform transformation, control and dispatch on the Authority's system.
- c) Receipt of electricity from ESCOs under this Service Classification is limited to the electricity required to meet the designated loads of Participating Customers in the Long Island Choice Program.

4. General Provisions

~~a) The Long Island Choice Program will be implemented in three phases:~~

~~(1) Deliveries under Phase One of the Program began on August 1, 1999, and allowed Customers to obtain up to 400 MW of load from non-Authority sources for delivery to the Customers' facilities.~~

~~(2) Deliveries under Phase Two of the Program began on May 1, 2000, and increased the load Customers may obtain from non-Authority sources by 400 MW to 800 MW.~~

~~(3) Deliveries under Phase Three of the Program will begin on February 1, 2002.~~

~~(4) The Authority may modify the date for commencement of Phase Three.~~

~~b)a) ESCOs and DRCs that wish to participate in the Program must be licensed by the are required to follow the Eligibility Requirements Authority per Section 2 of the UBP-LI-ESCO The licensing application and supporting information are contained in the Operating Procedures available from the Authority at 333 Earle Ovington Blvd., Uniondale, NY 11553, or from the Authority's website.~~

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**5. Provisions Applicable to Participating Customers

a) Eligible Customers may:

- (1) Designate only one ESCO to serve as the Customer's agent for an individual electric account. A DRC account cannot be served by an ESCO.
- (2) Switch ESCOs or return to Bundled Service from the Authority at the applicable Tariff rates.
- (3) Apply for licensing as a Direct Retail Customer responsible for the procurement, scheduling and delivery of Electric Generation Service.

~~b) Except in the circumstances discussed in (3) through (5) below, there is an administrative charge of \$10 for transferring to the LI Choice Program, for switching Electric Generation Service to a different ESCO, or for voluntarily returning to the Authority's Bundled Service.~~

~~(1) The administrative charge will be applied to the Customer's bill every time the Customer selects a different ESCO to act as its agent, or returns to LIPA service.~~

~~(2) For purposes of the administration charge, becoming a DRC is the same as choosing or switching an ESCO.~~

~~(3) The Authority will waive the administrative charge for the first time that a Customer enters the LI Choice Program.~~

~~(4) The Authority will waive the administrative charge for the first time that a Customer leaves the LI Choice Program and returns to Bundled Service.~~

~~(4) The Authority will waive the administrative charge for any Customer whose ESCO ceases to offer Electric Generation Service to that Service Classification under the Program or loses its License.~~

~~(4) The Authority will not waive the administrative charge for any customer whose ESCO discontinues service to that Customer, but continues to offer Electric Generation Service to that Service Classification under the LI Choice Program.~~

IX. Long Island Choice Program (continued):

A. General Provisions (continued):

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**6. Obligations of ESCOs and DRCs

a) Energy Service Companies (ESCOs) shall:

- (1) ~~Obtain a License from the Authority, and~~ Obtain a Letter of Eligibility from the Department of Public Service and comply with the Eligibility Requirements of Section 2 of the LI ESCO-UBP.
- (2) Comply with all applicable State, Federal and Authority requirements.
- (3) Enter into and abide by the terms of an Operating Agreement with the Authority and applicable tariff agreements with the NYISO.
- (4) Enter into an Agreement with Eligible Customers to meet their capacity, energy supply and related services needs.
- (5) Obtain Customers' authorizations to act as their agent for delivery of their Electric Generation Service.
- (6) Contract for and, as agent, arrange for the delivery of the Electric Generation Service needs of Customers purchasing their Electric Generation Service requirements from the ESCO, including installed capacity, energy, energy losses, transmission and ancillary services, as specified in the Operating Procedures and in Service Classification No. 14 of this Tariff.
- (7) Provide the Authority with information necessary for Customer enrollment in the Program and for termination of ESCO service to LI Choice Customers as described in the UBP-LI-ESCO Operating Procedures.
- (8) ~~With specific regard to unauthorized Customer transfers, also known as "slamming," and the inclusion of unauthorized charges on a Customer's bill, also known as "cramming," comply with the Authority's requirements described in the Operating Procedures. Violation of these requirements will result in~~ Comply with requirements of the UBP-LI-ESCO. If found in violation of the requirements, the ESCO may be subject to consequences as described in Section 2.D.6.b of the UBP-LI-ESCO.
 - ~~(a) Repayment of all costs and fees incurred by the Customer, the Authority and/or the Authority by the ESCO responsible for the request to transfer the Customer, and~~
 - ~~(a) Possible suspension or revocation of the License of the offending ESCO~~

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Obligations of ESCOs and DRCs - ESCOs (continued):**

- (9) Act as agent of the LI Choice Customer to:
 - (a) Schedule deliveries of Electric Generation Service, and
 - (b) Settle any imbalances between the ESCO's deliveries and Customers' actual energy consumption as set forth in the Operating Procedures, and
 - (c) Obtain billing determinants on behalf of the Customer.
- (10) Be responsible for billing and collecting from Customers the charges for services rendered by the ESCO, if the ESCO elects the Two Bill Option.
- (11) Contract on behalf of Participating Customers, as agent, for installed generation capacity as provided by the applicable NYISO tariff(s). The minimum required percentage of local installed capacity is set forth in the "Statement of Installed Capacity and Local ICAP for the Long Island Choice Program".

IX. Long Island Choice Program (continued):

A. General Provisions (continued):

[Canceled]

IX. Long Island Choice Program (continued):

A. General Provisions (continued):

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):
Obligations of ESCOs and DRCs (continued):**b) Direct Retail Customers (DRCs) shall:

- (1) ~~Comply with all requirements of the NYISO, Obtain a License from the Authority, and~~
- (2) Comply with all applicable State, Federal and Authority requirements.
- (3) Enter into and abide by the terms of an Operating Agreement with the Authority and applicable tariff agreements with the NYISO.
- (4) Contract for and arrange for the delivery of their Electric Generation Service needs, including installed capacity, energy, energy losses, transmission and ancillary services.
- (5) Provide the Authority with information necessary to enroll as a DRC or terminate service under Long Island Choice, as described in the Operating Procedures.
- (6) Satisfy installed generation capacity requirements as provided by the applicable NYISO tariff(s). The minimum required percentage of local installed capacity is set forth in the "Statement of Installed Capacity and Local ICAP for the Long Island Choice Program".

7. ESCO Eligibility Requirements, Suspension and Revocationa) An ESCO's status as an eligible supplier is continuous from the date of the Department eligibility letter, unless revoked or otherwise limited in accordance with the following sections of the UBP-LI-ESCO:

- (1) Section 2.F., "Discontinuance of an ESCO's and Direct Customer's Participation in a Retail Access Program" and
- (2) Section 2.D., "Maintaining ESCO Eligibility Status"

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**~~7. ESCO or DRC License Application, Suspension and Revocation~~

~~a) The Authority may exchange information with, and use any information received from, the New York Public Service Commission as the Authority deems appropriate in considering the granting, suspension, or revocation of a License of an ESCO or DRC. The Authority will license an ESCO or DRC, when the following requirements have been met:~~

~~(0) The ESCO or DRC signs an Operating Agreement with the Authority, and~~

~~(0) The ESCO or DRC submits a completed Application form to the Authority, including all of the required documents listed on the Application form, and~~

~~(0) The Authority confirms that the Application is complete and consistent with the Authority's requirements, and~~

~~(0) The ESCO or DRC meets the Authority's security deposit requirements and all other requirements set forth in the Operating Procedures and this Tariff.also~~

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****~~ESCO or DRC License Application, Suspension and Revocation (continued):~~**

~~b) The Authority's requirements for ESCO or DRC licensing include:~~

- ~~(0) The ESCO or DRC must be registered with the New York State Department of State.~~
- ~~(0) The ESCO must clearly state its Terms and Conditions of Service, and identify the Customer's Rights and Obligations, in its Disclosure Statement.~~
- ~~(0) The ESCO must specify and comply with practices that adhere to the Authority's requirements for switching Customers between ESCOs, as set forth in the Operating Procedures.~~
- ~~(0) The ESCO's process for handling and resolving Participating Customer complaints must be reasonable and convenient for the Customers the ESCO intends to serve.~~
- ~~(0) The ESCO's billing procedures must provide, at a minimum, all of the information on bill content and format set forth in the Operating Procedures.~~
- ~~(0) The ESCO or DRC must meet the Authority's criteria for creditworthiness and maintain an adequate security deposit, as set forth in the Operating Procedures and this Tariff.~~
- ~~(0) The ESCO or DRC must meet all of the applicable requirements specified in the Operating Agreement, including compliance with the applicable requirements of the Operating Procedures and other Program documents referenced therein.~~

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****~~ESCO or DRC License Application, Suspension or Revocation (continued):~~**

- ~~c) Circumstances that may warrant the suspension or revocation of an ESCO's, or DRC's License by the President and Chief Executive Officer's designee of the Authority will be considered on a case-by-case basis. Factors to be considered when deciding to suspend or revoke a License include repetition of offenses, seriousness of the offenses, degree of harm imposed on LI Choice Customers or the Authority, and willfulness of the offenses. Criteria to be considered in determining whether a License should be suspended or revoked include, but are not limited to:~~
- ~~(0) Failure of an ESCO to adhere to the policies and procedures described in its Disclosure Statement as it may be properly amended, modified, supplemented or superseded from time to time;~~
 - ~~(0) Failure to adhere to the Authority's requirements regarding consumer protections, including "slamming" (the unauthorized change of an Eligible Customer's or LI Choice Customer's Electric Generation Service provider) or "cramming" (billing by an ESCO for services not requested or authorized by the LI Choice Customer);~~
 - ~~(0) An unacceptably high volume of customer complaints regarding the business practices of an ESCO;~~
 - ~~(0) Failure to comply with the requirements of the LI Choice Program, including the Operating Agreement, the Operating Procedures, applicable provisions of this Tariff, and applicable requirements of the NYISO;~~
 - ~~(0) Failure to comply with the LI Choice Program product disclosure requirements;~~
 - ~~(0) Failure to apprise the Authority of a material change in the information contained in the ESCO's or DRC's License application;~~
 - ~~(0) Failure to provide the Authority or LI Choice Customers with proper notice of discontinuance of service;~~
 - ~~(0) Failure to timely and properly pay invoices rendered by the Authority or timely post deposits or additional deposits required by the Authority;~~
 - ~~(0) Failure to schedule and deliver Electric Generation Service properly; and~~
 - ~~(0) A DRC enrolling an account other than its own in the LI Choice Program.~~

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****~~ESCO or DRC License Application, Suspension or Revocation (continued):~~**

- ~~d) The President and Chief Executive Officer's designee of the Authority will notify an ESCO or DRC of his or her intention to suspend or revoke its License as of a certain date together with any terms and conditions relating to such suspension or revocation. The notice shall state the cause for License suspension or revocation in reasonable detail. Unless a different time is specified by the President and Chief Executive Officer's designee, the ESCO or DRC shall file any response in opposition to the proposed License suspension or revocation within ten (10) business days of receipt of the President and Chief Executive Officer's designee notice. Such response may include a showing that remedial action responsive to the notice has been implemented. Thereafter, unless additional proceedings are directed by the President and Chief Executive Officer's designee, he or she may act to suspend or revoke the ESCO's or DRC's License or render such other decision as is fair and reasonable under the circumstances. The President and Chief Executive Officer's designee decision shall be in writing, set forth the basis for the President and Chief Executive Officer's designee action, and be provided to the ESCO or DRC.~~
- ~~e) Where, in the sole judgment of the President and Chief Executive Officer's designee, expedited action is necessary to protect the public welfare or safety, system reliability or system security, the President and Chief Executive Officer's designee shall have power to temporarily suspend or revoke an ESCO's or DRC's License, upon such terms and conditions he or she deems fair and reasonable under the circumstances, prior to the initiation or completion of the procedures set forth in d. above. Following such temporary suspension or revocation by the President and Chief Executive Officer's designee, the President and Chief Executive Officer's designee shall undertake and complete the procedures set forth in d. above.~~
- ~~f) If the President and Chief Executive Officer's designee suspends the License of an ESCO, DRC, that ESCO or DRC may not solicit or initiate service to new Customers or new accounts under the LI Choice Program until the suspension is lifted. In suspending any License, the President and Chief Executive Officer's designee may impose such terms and conditions as are fair and reasonable under the circumstances. The ESCO or DRC must continue to meet its existing obligations during suspension~~

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****ESCO or DRC License Application, Suspension or Revocation (continued):**

~~g)c)~~ Upon the effective date of the revocation of the ESCO's or DRC's eligibility to operate license, the Operating Agreement will be terminated and the following terms and conditions will apply: ~~In revoking any License, the President and Chief Executive Officer's designee may impose such terms and conditions as are fair and reasonable under the circumstances. Upon the effective date of such revocation:~~

- (1) ESCOs, as agent for Participating Customers, and DRCs may no longer supply Electric Generation Service and related services.
- (2) ESCOs may no longer receive services from the Authority, except as may be necessary to satisfy any requirements for final billing, billing adjustments, payments, dispositions of outstanding claims, and related matters.
- (3) DRCs must become Bundled Service customers. Such DRCs may then enroll in the LI Choice Program using an ESCO under normal procedures.
- (4) ESCOs and DRCs must abide by all applicable provisions of the Operating Agreement to the extent necessary to provide for final billing, billing adjustments, payments, dispositions of outstanding claims, and related matters.

~~h)d)~~ ~~If the President and Chief Executive Officer's designee of the Authority~~ Upon the revocation of ~~revokes~~ an ESCO's or DRC's License eligibility to operate, the Authority will notify the Customers that have agreements with the ESCO and DRC of such action, in accordance with the notification provisions of the Operating Procedures.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****7.8. Complaint Procedures for Disputes between ESCOs or DRCs or Between an ESCO or DRC and the Authority**

The Authority will handle complaints between licensed ESCOs or DRCs that relate to the Program and complaints between an ESCO or DRC and the Authority (or the Manager) that relate to the Program. Section 8 of UBP-LI-ESCO describes the dispute resolution processes available at the Department of Public Service to resolve disputes relating to competitive energy markets involving the Authority, ESCO, or DRC including disputes alleging anti-competitive practices.

~~Disputes between Long Island Choice customers and the Authority will follow the consumer complaint procedures in Section VI A. The Authority will handle complaints between licensed ESCOs or DRCs that relate to the Program and complaints between an ESCO or DRC and the Authority (or the Manager) that relate to the Program.~~

How an ESCO, DRC or the Authority Files a Complaint

~~The Authority or any ESCO or DRC licensed by the Authority may initiate complaint procedures by presenting a written description of the complaint or dispute and a proposed resolution to the other parties involved in the dispute, sent in a manner that will verify its receipt. The other parties must, as soon as possible, but in no case more than ten (10) business days following receipt of the complaint, provide a written response to the complaining party, with an alternative resolution proposal, or with the results of any informal resolution that may have been reached with the other parties prior to the response date.~~

~~If the initial exchange of written material or verbal discussions do not resolve the complaint, any party may request a meeting to discuss the matter further. The other parties must agree to such a meeting to be held within ten (10) business days following the request. The Authority encourages, but does not require, the parties to use alternative dispute resolution techniques.~~

~~If a resolution is not obtained within thirty (30) business days after the initial letter, any party may request the Authority to resolve the complaint in accordance with the complaint procedures set forth in Section VI of this Tariff. The request must be in writing, and must include any written materials developed as a result of a) (1) and a) (2), above.~~

IX. Long Island Choice Program (continued):**B.A. General Provisions (continued):****~~Complaint Procedures for Disputes between ESCOs or DRCs or Between an ESCO or DRC and the Authority (continued):~~**

- ~~(0) If an ESCO, DRC or the Authority believes that special circumstances, such as an emergency involving public safety, system reliability or significant financial risk, exist that would require more expeditious resolution of a complaint than might be expected under the Authority's complaint procedures, it may submit its complaint to the Authority's President and Chief Executive Officer's designee in the first instance, with a copy provided to the other parties involved in the complaint. The party that is subject of such a complaint shall file any response within the time specified by the President and Chief Executive Officer's designee. The President and Chief Executive Officer's designee will act upon such a complaint by expeditiously rendering a decision on the complaint or advising the parties that the Authority's standard complaint procedures described above must be followed.~~
- ~~(0) All correspondence or documents to be delivered from one party to another during the complaint process shall be sent in a manner that provides verification of receipt within the time periods specified in this complaint process.~~
- ~~(0) If a complaint involves the accuracy of invoiced charges by the Authority, the ESCO or DRC shall pay the invoiced charges, subject to refund with interest applied at the rate for Consumer Deposits specified in the Statement of Interest on Customer Deposits.~~
- ~~) The failure of any ESCO or DRC to abide by the decision of the Authority's staff if no appeal has been filed, or the decision of the President and Chief Executive Officer's designee resulting from an appeal, may result in suspension or revocation of the ESCO's or DRC's License.~~

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****8.9. Records Access, Audits, and Investigations**

The ~~Department and the~~ Authority ~~is-are~~ responsible for overseeing the LI Choice Program and ensuring compliance by ESCOs, and DRCs with the Program's requirements.

- a) Upon request by the ~~Department or the~~ Authority for records relating to the LI Choice Program, ESCOs and DRCs shall provide access to all records requested that are in their possession or under their control, including records relating to LI Choice Customers and Agreements, and records necessary to verify power supply, transmission, and ancillary services contractual arrangements and similar arrangements.
- b) Unless otherwise stated by the ~~Department or the~~ Authority, access to individual LI Choice Customer records, including Agreements, shall be provided by ESCOs and DRCs within five (5) business days of receipt of the Authority's verbal or written request. All other records shall be provided by ESCOs and DRCs to the ~~Department or the~~ Authority within ten (10) business days of receipt of the Authority's written request, unless otherwise stated ~~by the Authority~~.
- c) The ~~Department or the~~ Authority may request ESCOs and DRCs to provide records relating to LI Choice in connection with an audit or investigation undertaken by it, or in connection with any other activity undertaken by the ~~Department or the~~ Authority in the discharge of its responsibilities to oversee LI Choice and ensure compliance with the Program's requirements.
- d) Upon request by the ~~Department or the~~ Authority ~~or the Manager~~ for individual LI Choice Customer records (including Agreements), ESCOs and DRCs shall provide access to all such records requested that are in their possession or under their control, within five (5) business days of receipt of ~~the Authority's or the Manager's~~ verbal or written request.
- e) In providing records under this section A.9, an ESCO or DRC may request the Authority to exempt from disclosure records (or any portion thereof) that are described in Section 87(2)(g) of the Public Officers Law.
- f) For purposes of this section A.9, the term "records" includes documents, data, information, records, and papers, including those on electronic media, taped verbal contracts and electronic contracts.

9.10. Unmetered Service and Fast Service

The Authority will calculate an adjustment to the Customer's bill for unauthorized unmetered service and fast meters in accordance with this Tariff. ~~The Customer's bill will be adjusted using the Tariff rates for Bundled Service and applying the LI Choice bill credits, to reflect the change in electricity delivered to the customer.~~

- a) If applicable, the change in electricity deliveries will be applied to the ESCO's load and forwarded to the NYISO. Adjustments will be calculated according to the provisions of the applicable NYISO tariffs and the LI Choice Operating Procedures.
- b) If the period for NYISO adjustment has expired, the Authority will calculate an adjustment between the Authority and the ESCO, using the NYISO's real time hourly rate or similar rate.

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services
(Rate Codes: 390)**1. Who is Eligible

ESCOs or DRCs who receive and maintain a License.

2. Character of Service

Under the terms of this Service Classification, the Authority will provide information and other services to licensed ESCOs and DRCs. The types of information and services to be provided in accordance with this Tariff and the Operating Procedures include:

- a) Load and billing information for Customers served by each ESCO.
- b) Routine and special meter reading services.
- c) Special metering facilities as requested by the Customer or ESCO.

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)**~~3.1. Rates, Charges and Credits per Month~~~~a) Bill Credit Adjustment~~

~~Participating ESCOs and DRCs will receive a Bill Credit Adjustment.~~

- ~~(1) The Bill Credit Adjustment will reconcile the annual LBMP, ancillary services, ICAP, and NTAC costs included in the Long Island Choice customer's bill credit, with the actual monthly LBMP, ancillary services, ICAP, and NTAC determined in the NYISO market.~~
 - ~~(2) The Bill Credit Adjustment will be retained on file on a Statement of Bill Credit Adjustment for the Long Island Choice Program.~~
 - ~~(3) The Bill Credit Adjustment will be determined as follows:
 - ~~(a) The weighted average day-ahead zonal LBMP for each month will be calculated as the hourly day-ahead zonal LBMP prices, weighted by system hourly loads, minus~~
 - ~~(a) The LBMP credit of \$38.60 per MWh, plus~~
 - ~~(a) The Authority's avoided cost of ancillary services, minus~~
 - ~~(a) The ancillary services bill credit of \$2.10 per MWh, plus~~
 - ~~(a) The Authority's avoided cost of ICAP minus~~
 - ~~(a) The ICAP bill credit of \$1.10 per MWh, plus~~
 - ~~(a) The Authority's avoided cost of NTAC, minus~~
 - ~~(a) The NTAC bill credit of \$0.50 per MWh~~
 - ~~(a) The result of (a) through (h) is multiplied by the "BCA Loss Factor Multiplier" found in the "Statement of Energy and Peak Demand Losses" to obtain the Bill Credit Adjustment.~~~~
 - ~~(3) The Bill Credit Adjustment will be applied monthly to the aggregate consumption of the ESCO's customers, or to each DRC's consumption, and debited or credited to the ESCO's or DRC's account.~~
- ~~a) In addition to the Bill Credit Adjustments, Participating ESCOs and DRCs will receive reimbursement for direct NYISO charges for on-Long Island Capacity, ZECs and TOTs related to their participation in the Long Island Choice program.~~

[Canceled]

IX. Long Island Choice Program (continued):

C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)

[Canceled]

IX. Long Island Choice Program (continued):

**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)**

[Canceled]

IX. Long Island Choice Program (continued):

C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)

[Canceled]

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):****3. Rates, Charges and Credits per Month****b)a) Miscellaneous and Other Charges**

ESCOs and DRCs will be billed monthly for miscellaneous services requested by the ESCO as agent for Participating Customers or DRC for its own purposes. Charges for these miscellaneous services that may be purchased by the ESCO and DRC are as follows:

- (1) **Special Metering:** ESCOs and DRCs may request the Authority to upgrade Participating Customers' meters from the standard meters used by the Authority to meters with capabilities for remote reading and for measuring load over shorter time intervals using AMI meters. ESCOs and DRCs who request the remote AMI meter reading data to be provided to them on a monthly basis will individually enter into a negotiated price agreement with the Authority. Customers can retrieve AMI data from the Manager's website at no charge
- (2) **Bilateral Contracts:** the Authority may offer bilateral contracts to ESCOs and DRCs from time to time as set forth in the Operating Procedures.
- (3) **Special Meter Reading:** ESCOs and DRCs may request a special meter read before the regularly scheduled read, providing the request is made seventy-two (72) hours before the date the read is needed.

IX. Long Island Choice Program (continued):

C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)

[Canceled]

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

- ~~(4) Transitional Transmission Allocation Credit: ESCOs shall receive a monthly credit based on the Transitional Transmission Allocation as set forth in the Operating Procedures. Such credit shall not be negative. This allowance will be calculated as follows:~~
- ~~(a) The lesser of each ESCO's actual power imports in MW to the Authority's service territory area or the amount of Transitional Transmission Allowance in MW allocated to each ESCO during the month multiplied by~~
- ~~(b) The estimated amount of TGC revenues or charges in dollars per MW of TGC associated with the Con Edison/the Authority and the New England/the Authority interfaces for the month.~~
- ~~(5)(1) Bilateral Contracts: the Authority may offer bilateral contracts to ESCOs and DRCs from time to time as set forth in the Operating Procedures.~~

[Canceled]

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

~~(6)~~(4) Special Meter Reading: If a customer does not have an AMI equipped smart meter and a special meter reading is necessary, then an ESCOs ~~and or~~ DRCs may request a special meter read before the regularly scheduled read, providing the request is made seventy-two (72) hours before the date the read is needed. The ESCO or DRC shall pay the following charges:

<u>Description</u>	<u>Charge</u>
(a) Site visits during the hours of 8:30 a.m. to 4:00 p.m., weekdays excluding PSEG Long Island Holidays	\$32.05
(b) Site visits during the hours of 4:00 p.m. through 7:00 p.m. on weekdays or 8:30 a.m through 4:00 p.m. on Saturday, when requested by the ESCO	\$37.75

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

~~(7)~~(5) Meter Reading Historical Information: After obtaining appropriate authorization from the Customer, and subject to the availability of such data from the Authority, ESCOs or DRCs may request up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Information for historical periods beyond the twenty-four (24) months, and for fifteen (15) minute interval data covering any historical period, will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's data request. (See Leaf No. 107B, C.10.a)

Meter Reading Historical Information available to ESCOs and DRCs will be made available directly to Customers upon their request on the same terms.

~~e)~~b) Adjustment to Rates and Charges

~~(1)~~ Each ESCO's or DRC's bill from the Authority will be adjusted by: ~~(1) the result of the Power Supply Charge, minus \$0.0392 per kWh, multiplied by the Customer's metered consumption, and (2) the Increase in Rates and Charges to Recover PILOT payments.~~

~~(2)~~(1) Miscellaneous Charges on each ESCO's or DRC's bill from the Authority will also be adjusted for the NYS Assessment, ~~except that the NYS Assessment does not apply to the Power Supply Charge or the Bill Credit Adjustment billed to ESCOs or DRCs.~~

~~(3)~~(2) The Distributed Energy Resources Cost Recovery Rate, and the Shoreham Property Tax Settlement Rider do not apply to the rates, charges or credits in this Service Classification.

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):
(Rate Codes: 390)**4. Terms of Payment

The ESCO or DRC shall pay the balance for service due via electronic transfers, within twenty (20) days of the electronic transmittal of the bill. Late payments shall be subject to Late Payment Charges. The Authority will remit any net credits due to ESCOs or DRCs in accordance with the Operating Procedures.

5. Special Provisionsa) ESCO and DRC Supply Requirements

ESCOs and DRCs shall meet installed capacity reserve requirements established by the NYISO.

- (1) From time to time, the Authority will prepare and retain on file a "Statement of Energy and Peak Demand Losses" and a "Statement of Installed Capacity and Local ICAP for the Long Island Choice Program".
- (2) The Energy Losses portion of the Statement will be calculated using average system losses weighted by the weather normalized seasonal energy requirement of the system.
- (3) The peak demand losses will be calculated using the average system losses at the time of summer peak.
- ~~(4) The loss factor multiplier applicable to the Bill Credit Adjustment (BCA) will reflect the weighted average of energy and demand loss (at all voltage levels) based on the respective energy and demand components of the BCA.~~
- ~~(5)~~(4) The Installed Capacity and Local ICAP requirements will be set equal to the levels established by the NYISO for ICAP and Local ICAP, respectively, and as changed by the NYISO from time to time.

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Special Provisions (continued):**b) Load Balancing

The requirements for load balancing at the wholesale and retail level, and the procedures for settling imbalances, are set forth in the Operating Procedures.

c) Financial Security

Each ESCO and DRC shall provide financial security in a form acceptable to the Authority.

(1) The required financial security, ~~if any,~~ will be determined in accordance with the Operating Procedures Section 3 of the UBP-LI-ESCO.

~~(2) Security arrangements will be reviewed quarterly by the Authority for adequacy and possible adjustment. The ESCO and DRC will be notified in writing of any required adjustments to its financial security and is required to post the additional security within ten (10) days.~~

~~(3)(2) Security requirements may be satisfied consistent with Section 3.E of the UBP-LI-ESCO.~~

~~(-) A letter of credit from a bank rated A or better by a major credit agency, or~~

~~(-) Surety bonds or cash payments, or~~

~~(-) Other forms acceptable to the Authority.~~

~~(3) The Authority will pay interest on financial security payments in cash at the Customer Deposit rate specified in the Statement of Interest on Customer Deposits. No interest will be paid on deposits satisfied with letters of credit, surety bonds or other non-cash forms.~~

IX. Long Island Choice Program (continued):**C. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Special Provisions (continued):****d) Customer Enrollment**

Enrollment of an Eligible Customer with an ESCO is permitted only with the consent of the Eligible Customer.

- (1) The ESCO shall enter into an Agreement with the Eligible Customer setting forth the Customer's agreement to purchase Electric Generation Service and any related services from that ESCO. The Agreement shall specify the terms and conditions of service consistent with the procedures in the UBP-LI-ESCO.
- (2) The ESCO shall retain all Agreements consistent with Section 4 B.3 of the UBP-LI-ESCO, including taped third-party verification of Verbal Agreements, and Electronic Agreements with Eligible Customers, for a period of at least two (2) years following termination of the Agreement for the length of the sales agreement, whichever is longer.
- (3) The ESCO requesting to change an Eligible Customer's electric power supplier without appropriate authorization from the Customer shall pay all costs and fees incurred by the Eligible Customer as detailed in Section 5 K of UBP-LI-ESCO, the Authority and/or the Authority arising from or related to the unauthorized change.
- (4) An ESCO may have their license suspended or revoked in accordance with the consequences listed in the UBP-LI-ESCO Section 2.D.5. Any ESCO responsible for requesting a change of an Eligible Customer's electric power supplier without such Customer's authorization may have its License suspended or revoked by the President and Chief Executive Officer's designee of the Authority.

e) Other Provisions

Provisions on dispute resolution, record keeping, billing and payment, treatment of energy imbalances, and other situations are set forth in the Operating Procedures.

IX. Long Island Choice Program (continued):

D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS

~~1. Bill Credits for Participating Customers~~

~~Customers who participate in the Long Island Choice Program will have their bills adjusted by the following amounts which reflect the Authority's energy and capacity savings, embedded ancillary services plus the removal of the Authority's embedded charges for open access transmission service which are priced separately as the transmission charge below.~~

~~Residential and Small Commercial Non-MRP
Rate Codes without Demand Meters
(180, 280, 580)~~

~~Energy Adjustment per kWh per month~~

	June to September	October to May
	Inclusive	Inclusive
Gen/Trans Service Credit	\$.0556	\$.0474
less Transmission Charge	\$.0044	\$.0044
Net Bill Credit	\$.0512	\$.0430

~~General Service Non-MRP Rate Codes
with Demand Meters (281, 283, 291)~~

~~Energy Adjustment per kWh per month~~

~~Secondary Voltage~~

Gen/Trans Service Credit	\$.0524	\$.0459
less Transmission Charge	\$.0044	\$.0044
Net Bill Credit	\$.0480	\$.0415

~~Primary Voltage~~

Gen/Trans Service Credit	\$.0510	\$.0446
less Transmission Charge	\$.0043	\$.0043
Net Bill Credit	\$.0467	\$.0403

~~Residential and Small Commercial
MRP Rate Codes (181, 182, 184, 188, 288)~~

~~Energy Adjustment per kWh per month~~

~~Daylight Savings Time, 8 p.m. to 10 a.m., and, Saturday and Sunday~~

	Period 1	Period 2
Gen/Trans Service Credit	\$.0474	\$.0430
less Transmission Charge	\$.0044	\$.0044
Net Bill Credit	\$.0430	\$.0386

~~Daylight Savings Time, 10 a.m. to 8 p.m., Weekdays~~

	Period 3	Period 4
Gen/Trans Service Credit	\$.0673	\$.0526
less Transmission Charge	\$.0044	\$.0044
Net Bill Credit	\$.0629	\$.0482

[Canceled]

IX. Long Island Choice Program (continued):

D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS

(continued):

Bill Credits for Participating Customers (continued)

	<u>Rate Periods*</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
<u>Commercial MRP Rate Code (285)</u>	<u>Off Peak</u>	<u>On Peak</u>	<u>Intermediate</u>
<u>Energy Adjustment per kWh</u>	<u>all year</u>	<u>June - Sept.</u>	<u>all</u>
<u>per month</u>	<u>midnight</u>	<u>except Sundays</u>	<u>other</u>
	<u>to 7 a.m.</u>	<u>10 a.m. to 10 p.m.</u>	<u>hours</u>
 <u>Secondary Voltage</u>			
<u>Gen/Trans Service Credit</u>	<u>\$.0348</u>	<u>\$.0589</u>	<u>\$.0485</u>
<u>less Transmission Charge</u>	<u>\$.0044</u>	<u>\$.0044</u>	<u>\$.0044</u>
<u>Net Bill Credit</u>	<u>\$.0304</u>	<u>\$.0545</u>	<u>\$.0441</u>
 <u>Primary Voltage</u>			
<u>Gen/Trans Service Credit</u>	<u>\$.0338</u>	<u>\$.0572</u>	<u>\$.0472</u>
<u>less Transmission Charge</u>	<u>\$.0043</u>	<u>\$.0043</u>	<u>\$.0043</u>
<u>Net Bill Credit</u>	<u>\$.0295</u>	<u>\$.0529</u>	<u>\$.0429</u>
 <u>Transmission Voltage</u>			
<u>Gen/Trans Service Credit</u>	<u>\$.0333</u>	<u>\$.0577</u>	<u>\$.0464</u>
<u>less Transmission Charge</u>	<u>\$.0042</u>	<u>\$.0042</u>	<u>\$.0042</u>
<u>Net Bill Credit</u>	<u>\$.0291</u>	<u>\$.0535</u>	<u>\$.0422</u>

* See Paragraph IV. A. 10, "Daylight Savings Time", on Leaf No. 99.

Outdoor Area Lighting and Street Lighting All Year
(Rate Code 780, 781, 782, 1580)

<u>Energy Adjustment per kWh per month</u>	
<u>Gen/Trans Service Credit</u>	<u>\$.0397</u>
<u>less Transmission Charge</u>	<u>\$.0044</u>
<u>Net Bill Credit</u>	<u>\$.0353</u>

[Canceled]

IX. Long Island Choice Program (continued):

D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS

(continued):

Bill Credits for Participating Customers (continued)

	<u>Rate Periods*</u>		
	1	2	3
<u>Commercial MRP Rate Code</u> (282, 284)	<u>Off Peak</u> year	<u>On Peak</u> June - Sept.	<u>Intermediate</u> all
Energy Adjustment per kWh per month	11 p.m. to 7 a.m.	weekdays 12 noon to 8 p.m.	other hours
Secondary Voltage			
Gen/Trans Service Credit	\$.0361	\$.0632	\$.0493
less Transmission Charge	\$.0044	\$.0044	\$.0044
Net Bill Credit	\$.0317	\$.0588	\$.0449
Primary Voltage			
Gen/Trans Service Credit	\$.0351	\$.0614	\$.0479
less Transmission Charge	\$.0043	\$.0043	\$.0043
Net Bill Credit	\$.0308	\$.0571	\$.0436
Transmission Voltage			
Gen/Trans Service Credit	\$.0345	\$.0603	\$.0471
less Transmission Charge	\$.0042	\$.0042	\$.0042
Net Bill Credit	\$.0303	\$.0561	\$.0429

* See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No. 99.

<u>Traffic Signal Lighting</u> (Rate Code 980)	<u>All Year</u>
Energy Adjustment per kWh per month	
Gen/Trans Service Credit	\$.0449
less Transmission Charge	\$.0044
Net Bill Credit	\$.0405

[Canceled]

IX. Long Island Choice Program (continued):**D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS
(continued):**

- ~~2.1.~~ The Increases in Rates and Charges to Recover PILOT Payments will be applied to all of the charges on the Participating Customer's bill.
- ~~3.2.~~ ~~\$0.0392 per kWh of~~ The Power Local Supply Charge will apply to the Participating Customers.
- ~~4.~~ ~~The Shoreham Property Tax Settlement Rider do not apply to the charges and credits contained in D.1 and D.2 above. The Shoreham Property Tax Settlement Rider will be calculated as if the Participating Customer was receiving Bundled Service from the Authority.~~
- ~~5.3.~~ For Participating Customers, the discounts under LIPA's Business Development programs will be calculated pursuant to the provisions and energy rates applicable to Bundled Service, as if the Customer were taking Bundled Service.
- ~~6.4.~~ Long Island Choice Customers are subject to the ~~Delivery Service Adjustment and the Revenue Decoupling Mechanism~~ all other adjustments to rates and charges according to their base rate Service Classification.
- ~~7.~~ ~~The NYS Assessment charge will be calculated as if the Participating Customer was receiving Bundled Service from the Authority. The New York State Assessment charge will be applied before the Increases in Rates and Charges to Recover PILOT payments to all of the actual or estimated charges on the Participating Customer's bill.~~
- ~~8.~~ ~~The Rates and Charges for Participating Customers will be increased by the Distributed Energy Resources Cost Recovery Rate to recover Distributed Energy Resource program costs, pursuant to their prevailing Rate Code for Bundled Service.~~
- ~~10.~~ ~~Each Customer's bill will be adjusted for the Securitization Offset Charge.~~
- ~~12.~~ ~~Each Customer's bill will be adjusted for the Securitization Charge.~~
- 14.5. Special Provisions
- a) Choice of Suppliers
- Customers shall choose an ESCO to act as their agent from a list of ESCOs licensed by the Authority.
- 1) Customers shall select only one ESCO at a time unless the Customer has multiple eligible accounts, in which case the Customer may select a different ESCO for each account.
 - 2) Customers may switch ESCOs or return to the Authority's Bundled Service on the first day of any month, after providing the Authority an electric enrollment request no later than 5 business days prior to the effective date of the enrollment~~with not less than ten (10) calendar days' notice before that date.~~ Customers shall pay the applicable administrative charge, as stated in A.5.b) above.
 - 3) Customers who return to the Authority's Bundled Service shall pay the same rates that are applicable to Customers that never participated in the LI Choice Program. Any notification requirements or charges for terminating a contract between a Customer and an ESCO remain the responsibility of the Customer.

IX. Long Island Choice Program (continued):**D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS**

(continued):

Special Provisions (continued):b) Customer Information

~~The Authority will provide a requesting ESCO or DRC with customer information Upon upon approval by the Customer, and in accordance with Section 4 of the UBP-LI-ESCO the Operating Procedures, the Authority will provide a requesting ESCO and DRC with:~~

- (1) Approximately twenty-four (24) months of hourly or bi-monthly Customer usage information including kWh usage and kW demands if available for the particular Customer Service Classification, and information as to whether each meter reading value was actual or estimated.

~~(2) Additionally, if available, up to six (6) years of hourly, monthly or bi-monthly usage information electronically.~~

~~(4) Additionally, up to six (6) years of 15 minute interval load information, depending on availability, electronically.~~

~~(5)(2)~~ The customer information provided in 1. above will be provided at no charge. Customer information provided in excess of twenty-four (24) months or detailed interval data in items 2. and 3. above will be provided at a charge to the ESCO and DRC as provided in C.3.a.5B-3.b-5 above.

c) Special Meter Reads and Meter Equipment

- (1) The Authority will perform special meter reads for ESCOs or Participating Customers and bill the requesting party. Requests for special meter readings shall be made not less than seventy-two (72) hours in advance of the requested read date, and are subject to the availability of the Authority personnel to perform the reading on the specified date. Charges for special meter reads are found in BC.3.ba.4 above.

- (2) Metering equipment provided by the Authority is that which the Customer would have been provided under the appropriate Bundled Service Classification. If requested, the Authority will provide additional equipment and bill the ESCO or DRC as provided in BC.3.ba.1 above.

IX. Long Island Choice Program (continued):**D. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (continued):****Special Provisions (continued):**

d) Two Bill Option

If an ESCO elects the Two Bill Option:

- (1) The Authority will render its bill in accordance with the provisions of this Tariff. The Authority's bill will not include charges for the Electric Generation Service provided by the ESCO, nor will it include charges or credits related to the Customer's account that are the responsibility of the ESCO or DRC under Service Classification No. 14.
- (2) The ESCO shall render a bill to the Customer for its charges after the Customer's meter is read, and in accordance with the terms of the Agreement between the Customer and the ESCO.
- (3) Where a Customer desires to make a single payment for electric service, the ESCO must elect the Single Consolidated Bill Option with Purchase of Receivables as defined below.~~the Customer may arrange to have its ESCO pay the Authority's charges. If the ESCO agrees to offer this service to the Customer:~~
 - ~~(a) The Authority will provide the ESCO with the amount due from the Customer.~~
 - ~~(b) The Authority will withdraw that amount from the ESCO's designated bank account.~~
 - ~~(c) The ESCO will recover its costs from the Customer in accordance with the terms of their Agreement.~~
 - ~~(d) The Customer will remain responsible for the Authority's charges, including any applicable Late Payment Charges, until the Authority receives in full its charges for service to the Customer's account.~~

e) Consolidated Bill Option with Purchase of Receivables

The Consolidated Bill Option with Purchase of Receivables will be available to Long Island Choice ESCOs at the sole discretion of the Authority's CEO or designee, upon the completion of all necessary implementation steps in accordance with the recommendation provided by the Department of Public Service to the LIPA Board.

If an ESCO elects the Consolidated Bill Option with Purchase of Receivables:

- (1) The ESCO will sign a Consolidated Bill Option with Purchase of Receivables Agreement with the Authority as defined in the Operating Procedures
- (2) The ESCO will provide the supply rate to be charged each participating Customer for that Customer's energy usage as determined by the Authority from the Customer's meter.
- (3) LIPA will remit to the ESCO the amount for supply service billed to each of that ESCO's participants determined at the supply rate provided by the ESCO, less an amount determined by the Purchase of Receivables Factor.
 - (a) The Purchase of Receivables Factor will be updated from time to time to reflect the Authority's recent experience with collections from participating Long Island Choice customers.
 - (b) The Purchase of Receivables Factor will appear on the Statement of Long Island Choice Parameters.
- (4) The Authority will accept and assume all responsibility for collection of the charges billed under the Consolidated Bill Option with Purchase of Receivables, pursuant to the provisions of HEFPA and all other applicable law.
- (5) The Authority will not provide the Consolidated Bill Option without the corresponding Purchase of

Receivables.

(6) The Authority will not participate in any ESCO-provided Consolidated Bill Option arrangement.

Long Island Power Authority

Statement Of Long Island Choice (LIC) Parameters

Installed Capacity Reserve Requirements; Locational Installed Capacity (Locational ICAP) Requirements

Applicable to all Load Serving Entities (LSE's) in accordance with NYISO requirements
As set forth in the Tariff for Electric Service

Installed Capacity Reserve Requirements

Each LSE will be required to provide Installed Reserve Capacity equal to 120.70% Installed Capacity (ICAP) or 110.11% Unforced Capacity (UCAP) of their customers' total base load plus Long Island line losses and off island line losses.

Locational Installed Capacity (Locational ICAP) Requirements

A portion of each LSE's total load requirements must be provided by resources that qualify as local to Long Island. The Locational Installed Capacity requirement is equal to 102.90% ICAP or 97.85% UCAP of each LSE's base load plus Long Island line losses.

Purchase of Receivables Factor

For ESCO supply charges billed under the Consolidated Bill Option with Purchase of Receivables, the Purchase of Receivables Factor of [X%] will be deducted from the amount remitted by the Authority to the participating ESCO.

Effective: January 1, 2022

Long Island Power Authority
 Statement of Power Supply Charge
 Applicable to billings under all Service Classifications
 As set forth in the Tariff for Electric Service

Applicable to billings under all Service Classifications other than Service Classifications No. 1-VTOU and No. 2-VMRP as set forth in the Tariff for Electric Service

Power Supply Charge as adjusted to Achieve Targeted Level of Revenues, cents/kWh (1) XX.XXXX

Unbundled Charges for the Long Island Choice Program:

<u>Market Supply Charge applicable to Bundled Sales, cents/kWh</u>	XX.XXXX
<u>Merchant Function Charge applicable to Bundled Sales, cents/kWh</u>	XX.XXXX
<u>Local Supply Charge applicable to Bundled Sales and LI Choice Sales, cents/kWh</u>	XX.XXXX

Applicable to billings under Service Classification No. 1-VTOU and No. 2-VMRP Rate Code 292 as set forth in the Tariff for Electric Service Power Supply TOU Period

Rate Code	<u>Adjustment Factors</u>			<u>Charge - cents/kWh (1)</u>		
	Peak Hours	Off-Peak Hours / Day Time Hours	Super Off-Peak Hours	Peak Hours	Off-Peak Hours / Day Time Hours	Super Off-Peak Hours
190	198.72%	100%	60%	22.1583	11.1505	6.6903
191	169.44%	100%	60%	18.8934	11.1505	6.6903
192	176.89%	100%	60%	19.7241	11.1505	6.6903
193	n/a	111.57%	60%	n/a	12.4406	6.6903
292	161.08%	100%	60%	17.9612	11.1505	6.6903

(1) The Average Cost of the Power Supply Charge, as adjusted to Achieve Targeted Level of Revenues, is set pursuant to the Board of Trustees' March 27, 2003, April 27, 2006, June 22, 2006 and October 25, 2012 resolutions, which provide for recovery of approximately \$~~224-XXX~~ million of targeted revenues for the month of ~~August-January 2024~~2022.

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(1) Non-Residential Solar, Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b are eligible to be host remote net metering accounts.

~~(1)(2)~~ Mass Market Projects and Large Offsite Projects with Eligible Net Metering Technologies that have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are in service by January 1, 2020 who are compensated under Net Metering rules.

~~(2)(3)~~ A Customer-generator who qualifies as stated above may designate all or a portion of their excess net metering credits generated by such equipment to any account, in any service classification, in the same name as the Customer-generator. The Authority reserves the right to obtain proof that all accounts are held by the qualifying Customer-generator.

~~(3)(4)~~ The terms and conditions for net metering applicable to the Host Account are contained in Section 1.C.15, except as modified below.

b) Host Designation and Allocation of Satellite Accounts

(1) The Host account must designate their Satellite accounts and the percentage of their net metering credits designated to these Satellite accounts when submitting their initial remote net metering application. After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's remote net metering arrangement to be effective on January 1 and July 1 of each year thereafter, with 30 days advance notice.

(2) The Satellite account must meet the following requirements:

a) The Satellite account must be designated as premises owned or leased by the non-residential Host account and in the same name within the Authority's billing system as the Host account Customer-generator.

b) Both the Satellite account and the Host account must be within the Authority's service territory.

c) The Satellite account must be in the same load zone as the Host account as of the date of the initial application of the Host account to be eligible for remote net metering and must remain in the same load zone as the Host account to continue to be eligible to receive excess net metering credits.

d) The Satellite account can be a Customer-generator being net metered at that Satellite account, however, the Satellite account cannot also be a Remote Net Metering Host.

e) A Satellite account may have more than one Host account.

I. General Information (continued):**C. General Terms and Conditions (continued):****Remote Net Metering (continued):**

- f) The aggregate rated capacity of net-metered generating equipment of the Remote Net Metering Host Account(s) designated to serve a Satellite plus the rated capacity of net-metered generating equipment on the Remote Net Metered Satellite account, if any, cannot exceed two thousand (2,000) kilowatts for existing Net Metering or Phase One NEM. The aggregate rated capacity of generating equipment of the Remote Net Meter Host Account(s) designated to serve a Remote Net Meter Satellite Account plus the rated capacity of net-metered generating equipment on the RNM Satellite Account, if any, shall not exceed five thousand (5,000) kilowatts for the Value Stack Tariff.
 - g) If a Remote Net Metered Satellite account is also a net-metered Customer-generator, charges and credits will first be applied pursuant to section I.C.15.h. Remote Net Metering credits will then be applied pursuant to section I.C.16.b.4 & 5.
- (3) In the event that the amount of electric energy supplied by the Authority to the Host Account during the billing period exceeds the amount of electric energy provided by the Host account to the Authority during the same billing period, the Authority shall charge the Host account the rates provided in the Service Classifications applicable to the Host account Customer-generator for only the net amount of energy provided to the Host account, plus the amount of demand actually recorded in that billing month and other charges as applicable. The appropriate Service Classification for the Host account will be determined ~~on the basis of the larger of the load at the Host account or the generation at the Host account by the eligibility rules for each Service Classification as applied to the demand at the Host account.~~
- (4) In the event that the amount of electric energy provided by the Host account to the Authority in any billing period exceeds the amount of electric energy supplied by the Authority to the Host account during the same billing period, the Host account shall be regarded as having received no electric energy (kWh) during that billing period.
- a) Demand and other applicable charges will still apply to the Host account and the Satellite accounts. Host Accounts and Satellite accounts will be subject to applicable actual demand charges consumed in the billing period. The Authority will not adjust the demand charge to reflect demand ratchets or monthly demand minimums that might be applied to a standard tariff for net metering purposes.
 - b) If the Host account has excess on-site generation, the excess generation shall be converted to a monetary credit and applied as a direct credit to the host account's outstanding electric charges.
 - c) In the event that the excess on-site generation of the Host account as described in b) above exceeds all components of the host account's outstanding balance owed to the Authority, the remaining monetary credit will be allocated to the eligible designated Satellite accounts in the following manner:
 - (1) Any remaining monetary credit will be applied to the eligible designated Satellite accounts at the percentage designated by the Customer-generator and in the order that each subsequent Satellite account bills in the Authority's billing system. This process will continue through each day in the current and subsequent billing cycle until each Satellite account has been billed. The monetary credit applied to each Satellite account shall not exceed the Satellite account's charges for that billing period. Any allocated credits that exceed the amount that can be used by a Satellite account in that billing cycle will be returned to the Host account. If a Remote Net Metering Satellite account has more than one Remote Net Metering Host, it will receive credits

from the Remote Net Metering Host Accounts in the order in which the Host Accounts are billed.

I. General Information (continued):**C. General Terms and Conditions (continued):****Remote Net Metering (continued):**

(2) If a monetary credit remains with the Host account after all the designated Satellite accounts have been billed, the remaining monetary credit will be applied as a direct monetary credit to the Host account. The monetary credit remaining will be redistributed in any subsequent billing cycle to the designated Satellite accounts prior to the annual reconciliation.

(5) Mass Market Projects and Large Offsite Projects with Eligible Net Metering Technologies that have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are in service by January 1, 2020 will be credited as described in items (a) through (b) below.

(a) The Authority will calculate a monetary credit at the Host account's applicable tariff per kWh rate.

(b) Annual Reconciliation of Remaining Credits.

An annual reconciliation will be performed in the first billing period that ends on or after the annual Anniversary Date unless the Customer has residential Solar, Wind, Farm Wind, or Farm Waste electric generating equipment and makes a one-time election to have the Annual Reconciliation performed in an alternate month.

Any monetary credits remaining with the Host account will be converted back to kWhs and reconciled in accordance with the annual reconciliation procedures for net metering of an individual account.

I. General Information (continued):**C. General Terms and Conditions (continued):****17. Net Metering of Community Distributed Generation**

Net metering of Community Distributed Generation (“CDG”) allows residential and commercial customers to collectively share in the benefits of a remotely-sited distributed generation resource as if such resource was interconnected directly to the Customer’s account. The general eligibility requirements for net metering and all other terms and conditions of this Tariff apply, as modified by or in addition to the specific requirements contained in this section.

Net metering of Community Distributed Generation is available throughout the Authority’s service territory. Net metering of Community Distributed Generation is available to eligible customers, on a first come, first served basis.

The Authority shall not be responsible for any contractual arrangements or other agreements between the CDG Host and CDG Satellite, including contractual terms, pricing, dispute resolution, and contract termination

a) Definitions

CDG Host: a Non-Residential Customer-Generator that owns or operates electric generating equipment eligible for net metering under this Tariff or stand-alone storage. Net energy produced by the generating equipment of a CDG Host is applied to the accounts of CDG Satellites with which it has a contractual arrangement governing the disposition of net metering credits.

CDG Satellite: A residential or commercial Customer who is participating in a CDG Project. Each CDG Satellite Customer shall own or contract for a proportion of the Excess Generation accumulated at the meter of the CDG Host.

Excess Generation: the electricity (kWh) supplied by the CDG Host to the Authority during the billing period that exceeds the electricity (kWh) supplied by the Authority to CDG Host. For purposes of net metering of Community Distributed Generation, the excess generation will be recorded by an hourly interval meter so that time-differentiated excess generation can be calculated for distribution to CDG Satellite accounts as required.

b) Initial and Subsequent Applications by CDG Hosts

The CDG Host must be a Non-Residential Customer-Generator or Non-Residential project owner of stand-alone storage that meets all the qualifications of this Tariff and must comply with any Operating Procedures for Community Distributed Generation approved by the Board of Trustees, including and in addition to the requirements listed below. The CDG Host will be assigned to an applicable non-residential Service Classification ~~based on the greater of the load or as determined by the eligibility rules for each Service Classification as applied to the demand~~ the generation at the of the CDG Host site.

The terms and conditions for net metering applicable to the CDG Host Account are contained in Section I.C.15, except as modified below.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- (1) Initial Allocation Requests: At least 60 days before commencing net metered service under CDG, the CDG Host shall designate in its initial application for net metered service the CDG Host account and CDG Satellite accounts that shall receive net metered service under CDG as well as the percentage of net energy output to be allocated to each CDG Satellite account and the percentage to be retained by the CDG Host. The CDG Host must designate no fewer than ten CDG Satellite accounts that meet the specifications provided below, and maintain that minimum number to remain eligible for net metering of CDG Satellite accounts, except when the project is located on the site of a contiguous property serving multiple residential or non-residential customers.
- (2) Subsequent Allocation Requests: The CDG Host may modify its CDG Satellite accounts and/or the percentage allocated to itself or one or more of its CDG Satellite accounts once per CDG Host billing cycle by giving notice to the Authority no less than 30 days before the CDG Host account's cycle billing date to which the modifications apply.
- (3) A CDG Host that provides a CDG Satellite's name and account number to the Authority (and such other information as the Authority may require to verify the customer's account based on the information provided), is certifying that it has written authorization from the customer to request and receive that customer's usage information and, upon enrolling a CDG Satellite account, that it has entered into a written contract with such customer for the specified percentage.
- (4) Allocations of Excess Generation to CDG Satellite Customers must be specified in a percentage with no more than three decimal places of accuracy (0.001%).
- (5) If less than 100.000% of the CDG Host Excess Generation is allocated by the CDG Host, the balance shall be retained on the CDG Host account, so that the full output of the CDG Host generation is allocated.
- (6) Submittals with allocations that total more than 100.000% will be rejected, and the CDG Host must submit a new allocation percentage 60 days before net metered service commences.
- (7) No more than 40% of the Excess Generation of the CDG Host may serve CDG Satellites with a maximum annual billed demand of 25 kW or greater (for those members collectively); provided, however, that the CDG Host may count each dwelling unit located within a multi-unit building and served indirectly as though it were a separate participant for determining whether the ten CDG Satellite account minimum and 40% output limits are reached.
- (8) A CDG Host account shall not be a Remote Net Metered Host or Satellite account. If the CDG Host account was previously established as a net metered Customer-Generator or Remote Net Metered Host, it must forfeit any remaining kWh credits at the time it becomes a CDG Host.
- (9) A CDG Host account cannot voluntarily become a net metered Customer-generator or Remote Net Metered Host unless all Satellite accounts agree in writing to the transfer and agree to give up their rights to future output of the Host account. If the CDG Host account transfers to a net metered Customer-generator or Remote Net Metered Host, or becomes ineligible to participate as a CDG Host, it must forfeit any remaining kWh credits at the time it switches.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**c) CDG Satellite Account Requirements

- (1) A CDG Satellite account shall have only one CDG Host account.
- (2) All associated CDG Satellite accounts must be located within the Authority's service territory and within the same NYISO zone as the CDG Host account.
- (3) The CDG Satellite account shall not be a net metered Customer-Generator or a Remote Net Metered Host or Satellite account or take service under Service Classification 12.
- (4) Each CDG Satellite account must take a percentage of the output of the CDG Host's Excess Generation. The percentage must amount to at least 1,000 kWh annually and may not exceed the CDG Satellite account's historic average annual kWh usage over the past three years (or forecast usage if sufficient historic data is not available).

d) Process and Customer Protections

- (1) The Authority reserves the right to establish CDG Operating Procedure that detail the format and requirements for CDG application submissions and other forms and procedures as may be required to administer the program in accordance with this Tariff.
- (2) Additionally, the Authority's CDG Operating Procedure will set forth consumer protections required of CDG Hosts, which may be in addition to the terms of this Tariff.
- (3) A CDG Host may not request termination or suspension of the Authority's electric service to a CDG Satellite account.
- (4) The Authority may terminate net metering under this program and return all Customers to their otherwise applicable billing procedures if it determines that a CDG Host is no longer eligible, if the CDG Host withdraws from CDG participation, or if the Authority terminates service to the CDG Host account.

e) Account Closure

- (1) The Authority shall require an actual meter reading to close a CDG Host account or CDG Satellite account taking service pursuant to CDG.
- (2) The Authority shall close an account on the earlier of: (a) the first cycle date on which a reading is taken following the requested turn off date, or (b) the date of a special reading, which a Customer may request at the charge specified in Charges for Special Meter Reading as referenced in IX.B.(4).
- (3) At the time a CDG Host account's final bill is rendered, all remaining Excess Generation will be allocated among the CDG Satellite accounts in the proportions most recently specified by the CDG Host, and any remaining credit will be purchased by the Authority at its avoided cost as if the account were individually net metered.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- (4) A CDG Satellite shall no longer receive credits after the final bill is rendered on its account ~~or the CDG Satellite is removed from a CDG project~~. Any remaining credit at the CDG Satellite account at the time its final bill is rendered ~~or it is removed from the CDG project will be purchased by the Authority at avoided energy prices as per the Statement of Market Energy Prices will be returned to the CDG Host account. The CDG Host account may then distribute these credits to other satellites in accordance with the Annual Allocation Request below.~~
- (a) A CDG Satellite that has been removed from a CDG project, but continues to maintain an active utility account, may not subscribe to a new CDG project until the billing period after which all banked credits are returned to the original CDG Host's account.
- f) Projects with eligible Net Metering Technologies will receive volumetric (kWh) credits calculated and applied as described in items (1) through (5) below when (1) Mass Market Projects that are Substantially Interconnected before January 1, 2018 or (2) Large Offsite Projects have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are interconnected by January 1, 2020.
- (1) The CDG Host account will be billed in accordance with the procedures used to calculate a bill for an individually net metered Customer, except that Excess Generation remaining after the bill has been calculated will be allocated to each Satellite account in accordance with the CDG Host's designated allocation requests. Any Excess Generation remaining after the allocation will remain with the CDG Host account as an energy credit to be allocated to the Satellite accounts in future billing periods.
- (2) As each CDG Satellite account is billed, Excess Generation allocated to the Satellite account will be applied to the CDG Satellite account as if the Customer were individually net metered. For CDG Satellite accounts served under time-of-use rates, the Excess Generation will be further allocated to the rating periods applicable to the CDG Satellite account in proportion to the times, days and seasons when the Excess Generation was delivered to the Authority.
- (3) If any allocated Excess Generation remains after application to the Satellite account, the remaining allocated Excess Generation shall be carried forward on the CDG Satellite's account as a volumetric (kWh) credit for future bill periods.
- (4) Any volumetric (kWh) credit remaining at the end of the annual period for each CDG Satellite account will be purchased by the Authority as if the account were individually net metered.
- (5) Annual Allocation Requests
- Once a year, following the annual anniversary of the CDG Host, after the CDG Host and all CDG Satellite accounts have billed and credits allocated in accordance with this Tariff, the Authority shall supply the CDG Host a calculation of any excess credits returned to the CDG Host and/or any unallocated excess credits remaining at the CDG Host. Within 30 days of receipt of such information, the CDG Host must furnish to the Authority an annual allocation request for distributing these excess credits to one or more of the CDG Satellite Accounts. No portion of the excess credits may be allocated to the CDG Host Account.

No distribution shall be made if an annual allocation request is not received by the required date, and any undistributed credits on the CDG Host shall be forfeited.

I. General Information (continued):**C. General Terms and Conditions (continued):****23. Remote Crediting:****a) Host Customer Requirements and Eligibility**

The following are eligible to be Remote Crediting host accounts:

- (1) Non-Residential Solar, Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b.
- (2) A Residential Farm Customer with Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b.
- (3) Residential Customers with net metering eligible technology who will use the service as specified in Section 76 of the Public Service Law, for religious purposes, a Community Residence, or a post or hall owned or leased by a not-for-profit corporation that is a Veterans' Organization.

b) Satellite Customer Requirements and Eligibility

(1) The following are eligible to be Remote Crediting satellite accounts:

- (a) Any account who is not a participant in Remote Net Metering or Community Distributed Generation.
- (b) Any account who is not a Remote Crediting Host.

(2) A Remote Crediting Satellite account can be a Customer-generator

- (a) The aggregate rated capacity of generating equipment of the Remote Crediting Host Account(s) designated to serve a Remote Crediting Satellite Account plus the rated capacity of net-metered generating equipment on the Remote Crediting Satellite Account, if any, shall not exceed five thousand (5,000) kilowatts.
 - i. If a Remote Crediting Satellite account is also a net-metered Customer-generator, charges and credits will first be applied pursuant to section I.C.15.h. Remote Crediting credits will then be applied pursuant to section I.C.23.d.
 - ii. If it is determined that the Remote Crediting Satellite is receiving more than the aggregated capacity of 5 MW, the Manager shall suspend any application of credits to the Satellite and those credits will remain with the appropriate Host.

(3) A Remote Crediting Satellite account may have more than one Remote Crediting Host account. The Remote Crediting Hosts must notify the Manager if a Remote Crediting Satellite has multiple Remote Crediting Hosts on any allocation form submitted to the Authority.

I. General Information (continued):**C. General Terms and Conditions (continued):**
Remote Crediting (continued):**c) Host Designation and Allocation of Remote Crediting Satellite**

- (1) The Host account must designate their Satellite accounts and the percentage of their Value Stack credits designated to these Satellite accounts when submitting their initial Remote Crediting application, such that the allocation totals 100 percent.
- (2) After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's Remote Crediting arrangement each month. The Host must submit a new allocation form 30 days prior to the end of the Host's billing cycle in order for it to be effective.
- (3) If the Remote Crediting allocation list totals less than 100 percent, the unallocated portion will be applied to the Remote Crediting Host account. Allocations that total more than 100% shall be rejected by the Authority and the Remote Crediting Host will be required to revise and resubmit the Remote Crediting allocation form.
- (4) The Authority will rely exclusively on the monthly allocation request form to verify a Remote Crediting Satellite account's participation in a Remote Crediting project.
- (5) The Host may designate Value Stack Credits to no more than 10 Satellite partner. Each Satellite partner may have an unlimited number of utility billing accounts provided that all utility billing accounts under a given Satellite partner are in the same customer name.
- (6) Both the Satellite account and the Host account must be within the Authority's service territory.
- (7) The Remote Crediting Host is permitted to receive no allocation of credits by indicating such on the allocation form. This exclusion is permitted only on the Remote Crediting Host account on which the generating asset is located. In the event a Remote Crediting Host chooses not to receive monthly allocations, yet credits are held in the host bank, the Remote Crediting Host's electric charges will be offset by those credits in the host bank.

I. General Information (continued):**C. General Terms and Conditions (continued):****Remote Crediting (continued):****d) Remote Crediting Billing**

- (1) Remote Crediting Projects will be billed in accordance with Value Stack Compensation as described in Section 1.C.18.C. and credits will be allocated in accordance with the percent allocations provided by the Remote Crediting Host. Any credit allocated to the Remote Crediting Host account or to Remote Crediting Satellite accounts will be applied up to the Host account's electric charges on that bill. Any remaining unused credits for that account will be carried over on the Remote Crediting Host or Remote Crediting Satellite's respective accounts for possible allocation in the next billing period.
- (2) Credits remaining on the Remote Crediting Host account at the end of the billing period will be available to offset the Remote Crediting Host's electric charges on its next bill, any remaining dollars may be used for future host bank disbursement to participating Remote Crediting Satellite accounts.
- (3) In the event a Remote Crediting Satellite account is canceled or dropped from the relationship, any remaining credits on the Satellite account, after satisfying the accounts' final electric charges, will be returned to the Remote Crediting Host account and become available to offset the host electric charges or for allocation to the remaining Remote Crediting Satellite accounts in future host bank disbursements. If the canceled or dropped Remote Crediting Satellite account is a participant in multiple Remote Crediting projects, the credits will be returned to each Remote Crediting host proportional to the percent of installed capacity allocated to that Remoted Crediting Satellite account from each such project.

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I. General Information (continued):**B. Abbreviations and Definitions (continued):
Customer or Consumer (continued):****11. Seasonal Customer**

A Customer who applies for and receives electric service at intervals during the year, or at other irregular intervals.

12. Short-Term or Temporary Customer - Non-Residential

A Non-residential Customer who requires temporary service for no longer than two (2) years.

13. Short-Term or Temporary Customer - Residential

A Residential Customer who requires temporary service for no longer than one (1) year.

Customer-generator: A Residential or Residential Farm or Non-residential Customer of the Authority who owns and/or operates electric generating equipment. Customer-generators may be eligible for net metering. See definitions of 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, and Farm Waste Electric Generating equipment for further details.

Cycle Billing: Billing from the reading of meters on a regular interval. In general, there are twenty (20) business days in each month. Each business day is called a cycle and numbered. The cycle is the interval between that cycle number in the previous and current month. Each Customer's meter is read on or near the same cycle number every month or every other month.

D

Deferred Payment Agreement: A written agreement for the payment of outstanding charges over a fixed period of time.

Delinquent Customer: A non-residential Customer who has made two (2) or more late payments within the last twelve (12) months, or a residential Customer who has not paid a properly presented bill for electric service, either in full or an agreed-upon partial payment, by the "Pay by" date on the bill.

Delivery Service: The transmission and distribution of electricity to a Customer.

Delivery Service Revenues: Delivery Service Revenues include revenues based upon the rates and charges specified in Section VIII of the Tariff and the Customer Benefit Contribution Charge and exclude adjustments to rates and charges such as: the Power Supply Charge, Distributed Energy Resources Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recovery PILOT Payments, the Revenue Decoupling Mechanism, and the Undergrounding Charge.

Demand: Power requirements placed on the utility system by a Customer or group of Customers. It is expressed in kilowatts, kilovoltamperes, or any other suitable unit and averaged over a fifteen (15) minute period. (See *Power*)

1. Coincidental Demand

When the maximum demand of a Customer or Customers occurs at the same time as the maximum demand of all other Customers.

2. Noncoincidental Demand

When the maximum demand of a Customer or Customers does not occur at the same time as the maximum demand of all other Customers.

I. General Information (continued):**C. General Terms and Conditions (continued):
Net Metering (continued):**

- (a) At the conclusion of the billing period containing the twentieth (20) anniversary of the in-service date of an eligible Mass Market Project, eligible Commercial Demand NEM Project, or the twenty-fifth (25) anniversary of the in-service date of an eligible Large Onsite Project:
 - (i) The Authority will remove any remaining credits for net (excess) energy attributable to the project from the Customer's account.
 - (ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.
 - (iii) Mass Market Projects, Commercial Demand NEM Projects, and Large Onsite Projects still in operation and injecting energy onto the Authority's electric system will be compensated under the tariff then in effect.
- (b) (1) Mass Market Projects that become Substantially Interconnected on or after January 1, 2022 will be subject to the Customer Benefit Contribution (CBC) charge as described below in Section VII.L
- ~~(c) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that is Substantially Interconnected on or after January 1, 2020, as the Authority expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.~~

IV. Billing Process and Payment of Bills (continued):**B. Computing a Customer's Bill****1. Service and Rate Classifications**

Customers are assigned to Service and Rate Classifications based on criteria which include, but are not necessarily limited to, usage levels, demand levels, time of year for usage/demand (Rate Periods), voltage characteristics, and purpose of use. Each Service and Rate Classification contains its own rates and rate structure to recover revenue levels approved by the Authority.

2. Adjustments to Rates

The Authority may adjust rates or bills periodically for:

- a) Changes in the Power Supply Charge, payments in lieu of revenue taxes, Visual Benefits Assessment, Undergrounding Charge, New York State Assessment or to recover other costs as approved by the Authority, including changes to the Delivery Service Adjustment, ~~and~~ Distributed Energy Resources Cost Recovery Rate, and the Customer Benefit Contribution Charge and
- b) Any charges and credits approved by the Authority, including the Shoreham Property Tax Settlement Rider, Revenue Decoupling Mechanism and
- c) Discounts to promote economic development, and
- d) Charges to the Authority Green Choice Customers for environmental attributes, and
- e) NYSERDA Loan Installment Charges, and
- f) Securitization Charges.

3. Applying Rate Changes to Customer's Bills

If a rate change becomes effective during a billing period (and unless the Authority determines otherwise), the Authority will average the old and new rates, weighted by the number of days in the billing period before and after the effective date of the rate change.

4. Backbilling**a) Backbilling Conditions**

- (1) For Residential Customers, the Authority shall send a backbill within four (4) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill.
- (2) For Nonresidential Customers, the Authority shall send a backbill within six (6) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill, unless that time is extended by a court.
- (3) The Authority shall not issue a backbill if the reason for the underbilling is clear from the Customer's Application or would have been clear, but the Authority failed to get and keep an Application.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**H. New York State Assessment:**

4. Application of the NYS Assessment Factor
 - a) The NYS Assessment factor will apply to the following customer bill components:
 - (1) Base Rates including the service and meter charges, energy charges (kWh),
 - (2) and demand charge (kW); and
 - (3) Power Supply Charge; and
 - (4) Visual Benefits Assessment (VBA), if applicable; and
 - (5) Distributed Energy Resources Cost Recovery Rate; and
 - (6) Shoreham Property Tax (SPT) Settlement factor if applicable; and
 - (7) Revenue Decoupling Mechanism; and
 - (8) Delivery Service Adjustment; and
 - (9) Securitization Offset Charge; and
 - (10) Securitization Charge; and
 - (11) Undergrounding Charge (UGC), if applicable;
 - ~~(11)~~(12) Customer Benefit Contribution (CBC) Charge, if applicable; -and
 - ~~(12)~~(13) Any "Charges for Miscellaneous Services".
 - b) Customers participating in the Long Island Choice program will be charged for the NYS Assessment as if they paid the Authority's charges for Bundled Service.
 - c) ESCOs participating in the LI Choice program will be charged for the NYS Assessment on any miscellaneous charges incurred under that program, but not for payments made or received from the Bill Credit Adjustment or the Power Supply Charge.
 - d) The NYS Assessment factor does not apply to Increase in Rates and Charges to Recover PILOT Payments.
5. Annual Reconciliation
 - a) Each year, the Authority will perform a reconciliation based on twelve months to recover any amounts under or over collected in the prior time period. Any difference will be added to the amount to be recovered in the following year.
 - b) If the Commission determines that the amount assessed to the Authority under Section 18-a for a fiscal year is different from the amount used by the Authority to establish the revenue factor, the revenue factor will be updated as necessary to allow the Authority to recover the full amount of the assessment above the amount reflected in the Authority's base rates.

ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**J. Revenue Decoupling Mechanism****Definitions (continue):**

- a) Retail Customers participating in the Long Island Choice or Green Choice program are subject to the Revenue Decoupling Mechanism according to their base rate Service Classification.
- b) The Revenue Decoupling Mechanism does not apply to:
 - (1) Energy Service Companies (ESCOs) receiving service under Service Classification No. 14.
 - (2) Service Classification Nos. 5, 7, 7A and 10 (Rate Codes 980, 780, 781, 782, 1580, 1581).
 - (3) Service Classification Nos. 11, 12, and 13 (Rate Codes 289, 680, 681, 278).
 - (4) All load delivered under the Empire Zone Program, Excelsior Jobs Program, Manufacturer's Competitiveness, Business Attraction/Expansion Program, Business Incubation, and Recharge New York Programs.
- c) Annual Approved Delivery Service Revenues subject to the Revenue Decoupling Mechanism are:

The Delivery Service Revenues approved by the Authority for each Service Classification for each month, starting on April 1st 2015. Delivery Service Revenues exclude adjustments to rates and charges which include ~~the~~: ~~the~~ Power Supply Charge, Distributed Energy Resources Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recover PILOT Payments, the Revenue Decoupling Mechanism, the Delivery Service Adjustment, and the Undergrounding Charge.
- d) Revenues for the calendar year are set forth in the approved LIPA budget, and are revised each December for the upcoming calendar year.
- e) Actual booked Delivery Service Revenues are, for the purposes of Revenue Decoupling Mechanism, booked revenues for all Service Classifications for each month in the calendar year as it relates to the Service Charge, Meter Charge, Demand Charge (per kW), Reactive Demand Charge (per kvar), ~~and the~~ Energy Charge for delivery (per kWh) and the Customer Benefit Contribution Charge.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS: (continued):**L. Customer Benefit Contribution Charge****1. Purpose**

The purpose of the Customer Benefit Contribution (CBC) Charge is to recover funds that support public benefit programs from customers who install Distributed Generation. The Customer Benefit Charge will be distinguished by rate class, distributed generation technology, and method of compensation for net energy metering, and applied monthly to each eligible customer's bill.

2. Applicability

The following customers will be subject to the Customer Benefit Contribution (CBC) charge

- a) Mass Market Projects that become Substantially Interconnected on or after January 1, 2022

3. Calculation of Customer Benefit Contribution Charge

- a) The funds that are eligible for recovery through the Customer Benefit Contribution Charge include the expenditures for the Low Income Program Discounts (leaf 34B et. seq.), utility energy efficiency program costs, and the unavoidable renewable energy costs which are renewable energy costs minus a credit for capacity, energy, and market value of a Tier One Renewable Energy Credit (REC) and other costs as recommended by the Department of Public Service and approved by the LIPA Board of Trustees.
- b) The eligible funds that are to be recovered will be attributed to rate classes based on the manner in which the corresponding charges are recovered, that is, on the basis of revenues or energy (kWh) as applicable.
- c) The eligible funds assigned to each rate class will be divided by the budgeted energy (kWh) in the year of recovery for that service class to establish a dollars-per-kWh (\$/kWh) public benefit cost.
- d) The annual \$/kWh public benefit cost will be multiplied by the annual kWh production by technology of a 1kW system, consistent with NY Public Service Commission Order in Case 15-E-0751 (Order Regarding Value Stack Compensation for High-Capacity Factor Resources), filed December 12, 2019, or subsequent Orders as may occur.
- e) The Customer Benefit Contribution Charge is then converted to a daily charge for each rate class and technology by dividing the annual \$/kW to be recovered by 365 days.
- f) The Customer Benefit Contribution Charge will be phased in over three years. The results of the calculation defined above in steps a through e will be multiplied by one-third ($\frac{1}{3}$) for calendar year 2022 and multiplied by two-thirds ($\frac{2}{3}$) for calendar year 2023.

4. Billing the Customer Benefit Contribution Charge

Eligible customers will be billed the Customer Benefit Contribution Charge by multiplying the daily \$/kW rate from the Statement of Customer Benefit Contribution Charge for the Customer's applicable rate class and distributed generation technology, times the installed capacity of the eligible on-site Distributed Generation times the number of days on the bill.

5. Statement of Customer Benefit Contribution Charge

The Customer Benefit Contribution Charge applicable to each Service Classification, Distributed Energy Resource technology type, and method of Net Energy Metering compensation will be provided on the Statement of Customer Benefit Contribution Charge annually with an effective date of January 1. The Statement will be available at the Authority's business offices.

VIII. SERVICE CLASSIFICATIONS: (continued):**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 480, 481, 580)
Rates and Charges per Meter (continued):**a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

4. Minimum Charge - All Rate Codes

The Minimum Charge is the applicable Service Charge for each meter, plus Adjustments to Rates and Charges. Late Payments shall be subject to Late Payment Charges.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill.

6. Term of Service

The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

- a) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

7. Special Provisions

VIII. SERVICE CLASSIFICATIONS (continued):**B. SERVICE CLASSIFICATION NO. 1-VMRP (L)****Voluntary Large Residential Service with Multiple Rate Periods (continued):****(Rate Codes: 181, 182, 184)****Rates and Charges per Meter (continued):**b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

4. Minimum Charge - All Rate Codes

The minimum charge is the applicable Service Charge for each meter, plus Adjustments to Rates and Charges.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

6. Term of Service

The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

- a) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

7. Special Provisionsa) Space Heating

The Space Heating Energy Charge (Rate 182) in B.3 above will apply for the following heating applications, provided:

- (1) The size and design of the Customer's heating and heat pump equipment meets the Authority's specifications, and
- (2) The Customer submits a signed Application for this provision and a signed Certificate of insulation compliance, if it applies, and
- (3) The electric resistance heater or heat pump (fireplaces, coal and wood stoves are excluded) supplies all of the heating requirements of the building and is permanently connected.

VIII. SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)

Voluntary Small Residential Service With Multiple Rate Periods (continued):

(Rate Code: 188)

1. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

<u>All Rate Codes</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.4400	\$.4400
Meter Charge per day	\$.1300	\$.1300
<u>Rate Codes 188</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh		
<u>Daylight Savings Time*</u> 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0557	<u>Period 2</u> \$.0362
<u>Daylight Savings Time*</u> 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.3526	<u>Period 4</u> \$.0981

* See Paragraph IV. A. 10. "Daylight Savings Time" on leaf No. 99.

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

2. Minimum Charge

The Minimum Charge is the Service and Meter Charges, plus Adjustments to Rates and Charges.

VIII. SERVICE CLASSIFICATIONS (continued):**C.1 SERVICE CLASSIFICATION NO. 1-VTOU****Voluntary Residential Service with Time of Use Rates (continued):****(Rate Code: 190, 191, 192, 193)****Rates & Charges Per Meter (continued):**b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

7. Minimum Charge

The Minimum Charge is the Service Charge, plus Adjustments to Rates and Charges.

8. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late Payments shall be subject to Late Payment Charges.

9. Term of Service

- a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.
- b) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

10. Special Provisionsa) Service for Religious Purposes, Community Residences, or Veterans' Organizations

- (1) Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in A.1.a. above, may apply for a suitable non-residential service after a minimum term of one (1) year.
- (2) The transferring Customer shall submit a new Application to the Authority before the transfer, and the transfer will take place at the time of the Customer's next meter reading.

VIII. SERVICE CLASSIFICATIONS (continued):**D. SERVICE CLASSIFICATION NO. 2 - General Service – Small (continued):****(Rate Code: 280)****Rates and Charges per Meter (continued):**b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, Delivery Service Adjustment, and the Securitization Offset Charge.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

1. Minimum Charge

The Minimum Charge is the Service Charge for each meter, plus Adjustments to Rates and Charges.

2. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

3. Terms of Service

- a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.
- b) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

4. Special Provisionsa) Corrective Equipment Requirements

When the installation includes welders, x-rays, or other apparatus having a highly fluctuating or large instantaneous demand, the Customer shall provide batteries, rotating equipment, or other corrective equipment to reduce the inrush current to an amount acceptable to the Authority.

b) Two-Phase Service

Two-phase service is no longer available. Any Customer receiving two-phase service under this Service Classification will continue to receive the service until other arrangements are made.

VIII. SERVICE CLASSIFICATIONS (continued):

S. SERVICE CLASSIFICATION NO. 16- AMI

Advanced Metering Initiative Pilot Service (continued):

(Rate Codes: M188, M288)

1. Residential and Small General Service Time-Differentiated Pricing

Residential and Small General Service (rate codes 280 and 288) Customers participating in the Pilot Service will be charged the rates as stated below.

a) Schedule of Rates (Rate Code M188 and M288)

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.4400	\$.4400
	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh		
	<u>Period 1</u>	<u>Period 2</u>
7 p.m. to 2 p.m. weekdays and all day Saturday and Sunday	\$.0575	\$.0575
	<u>Period 3</u>	<u>Period 4</u>
2 p.m. to 7 p.m. Weekdays	\$.4092	\$.1454

All the terms and conditions will apply as described in the Customer's previous rate and Service Classification.

a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

b) Minimum Charge

The Minimum Charge is the Service charge plus Adjustments to Rates and Charges.

Long Island Power Authority
Statement of Customer Benefit Contribution (CBC) Charge

**Applicable to Customers Eligible for Compensation by VDER Phase One NEM
with Installations after January 1, 2022
Daily Customer Benefit Contribution Rate (\$/ kW DC installed capacity)**

<u>Service Classification</u>	Solar Photovoltaic, Land-based Wind, and Small Hydro-Electric	Micro-CHP, Fuel Cell, and Farm Digester
Residential	\$0.0097	\$0.0589
Small Commercial	\$0.0100	\$0.0605

Rates shown above are exclusive of all other applicable Statements.

<u>Service Classification</u>	Rate Codes
Residential	180, 181, 182, 184, 188, 190, 191, 192, 193, 480, 481, 580
Small Commercial	280, 288, 292

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

3. **Peak Power** is the greatest demand which occurred in a specific period of time.
4. **Reactive Power** is that part of Apparent Power that is not useful, but is required by some types of electricity-consuming devices such as motors.
5. **Real Power** is the useful part of Apparent Power. It is measured by averaging the instantaneous power over a 15-minute period and expressed in kilowatts (KW).

Power Supply Charge: Provisions made in electric rates schedules for the automatic adjustment of rates due to changes in cost of fuel and purchased power.

Primary Residence: A service address at which a Customer-generator resides the majority of the time during the year, and which has been given by the Customer-generator and exists in the voter registration catalogues or used by the Customer-generator to determine his/her school district code number as he/she identifies the same on his/her New York State Income Tax Returns

Power Factor: The Real Power (KW) divided by the Apparent Power (kVA) at any given point and time in an electrical circuit. It is expressed as a percentage. (See *Power*)

Private Property Agreement: An Agreement between the Authority and a property owner regarding the right to pass over, occupy, or use land for the placement and access of Authority facilities. The Agreement is kept on file at the Authority. (See *Right-of-Way*)

Prolonged Outage: An electric power outage for more than three (3) calendar days due to a "Major Storm" as defined in 16 CRR-NY 97.1 (c).

PSEG Long Island Holiday: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day After Thanksgiving, Christmas Eve and Christmas Day.

Prorate: To divide, distribute, or assess proportionately.

Public Highway: Any street, avenue, road, or way that is maintained for and used by the public. It is authorized and controlled by the legislative body of a village, town, city, county, or the State of New York.

Public Holiday: As defined in the General Construction Law Section 24, Public Holidays; half-holidays.

Public Right-of-Way: The area within a Public Highway which may be used for the placement of and access to Authority facilities.

Pull Box: An underground connection between either the Authority's and the Customer's underground facilities, or the Authority's overhead, terminating at the base of a pole, and the Customer's underground facilities.

Q

Qualifying Low Income Customer: A customer who provides documentation of current enrollment in at least one of the following programs: Home Energy Assistance Program (HEAP); Medicaid; Supplemental Nutrition Assistance Program (SNAP); Supplemental Security Income (SSI); Temporary Assistance – Family Assistance (FA); Temporary Assistance-Safety Net Assistance (SNA); United States Veterans Administration – Veteran's Pension or Veteran's Surviving Spouse Pension.

R

Reactive Power: (See *Power*)

Real Power: (See *Power*)

Residence: A permanent dwelling place.

IV. Billing Process and Payment of Bills (continued):**B. Computing a Customer's Bill (continued):****5. Customer Policies Related to Prolonged Outages**

- a) A Prolonged Outage occurs when a Customer has experienced an electric power outage spanning more than three (3) calendar days resulting from a "Major Storm" as defined in 16-CRR-NY 97.1.
 - (1) The Authority will credit affected Customers for the Service Charge per day and Meter Charge per day contained in SC1, SC1-VMRP(L), SC1-VMRP(S), SC1-VTOU, SC2, SC-2VMRP, SC2-L, SC-2LVMRP, SC2-MRP and SC-16.
 - (2) Credits will apply to any Customer the Authority knows or reasonably believes was out of service for a period exceeding three calendar days, and upon request from any Customer that contacts the company and credibly claims they experienced an outage of such duration.
 - (3) The credit will be equal to the Service Charge per day plus the Meter Charge per day according to the Customer's assigned Service Classification identified in the Tariff, multiplied by the number of calendar days the Customer experienced an outage.
 - (4) The credit will be applied to a Customer's account no later than 75 days after electric service is restored.
- b) Collection Related Activities
 - (1) All collection-related activities including terminations of service for non-payment, with the exception of the issuance of service termination notices and assessment of security deposits, will be suspended for Customers the Authority knows or reasonably believes to have experienced a Prolonged Outage. The suspension will last for a minimum of seven (7) calendar days from the beginning of a Prolonged Outage.
 - (2) All collection-related activities including terminations of service for non-payment with the exception of the issuance of service termination notices and assessment of security deposits, will be suspended for a minimum of fourteen (14) calendar days from the beginning of a Prolonged Outage. This will apply for any residential or non-residential Customer who notifies the Authority and provides evidence that his/her financial circumstances have changed because of the Prolonged Outage.

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IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services:**1. Pole Attachment

The Authority will provide rental space to CATV and telecommunications companies for the purpose of installing cables, wires, amplifiers and wireless equipment to specific Authority-owned poles, within an agreed area on the pole. A contract may be made between the Authority and each CATV or telecommunications company outlined in the "Definitions of Space Allocation on LIPA Distribution Poles" for attaching cables, wires, amplifiers and wireless equipment.

The annual charge for pole attachments to utility poles by cable television systems and other wire line ~~communications~~ systems that occupy the same space on the pole is \$13.62 per pole per year, plus the applicable amounts for payments in lieu of revenue taxes.

The annual charge for attachments of wireless ~~communications~~ facilities to utility poles and towers prior to January 1, 2020 are subject to negotiation on a case-by-case basis of a written agreement between the party seeking the attachment(s) and the Authority. ~~The~~ charge for attachments of wireless ~~communication~~ facilities to utility poles and towers located in Public Right-of-Way, authorized on or after January 1, 2020, is \$13.62 per foot times the number of feet on the pole occupied by the wireless equipment, per year, plus the applicable amounts for payments in lieu of revenue taxes. For each piece of wireless equipment attached, the occupied space measurement shall reflect the overall length of the equipment and mounting hardware plus six inches, rounded up to the next whole foot. The number of feet occupied for wireless communication facilities shall exclude conduits, risers, and electrical meters.

The annual charge ~~for~~ decorative, festival, ~~or~~ holiday attachments that are seasonal or temporary and for attachments under Service Classification No. 10 is \$7.04 per pole per year, plus the applicable amounts for payments in lieu of revenue taxes, which may be prorated on a daily basis for attachments that are in place for less than a year. The Authority may require that attachments be made pursuant to the terms of a written agreement with the Authority which permits attachment to utility poles and towers. Consistent with the Authority's written policy, the Authority may waive the pole attachment fee for temporary or seasonal attachments that support a patriotic, civic, or ceremonial purpose, or where the tangible value of the attachment is nominal to both parties.

2. Interest on Customer Deposits

The Authority will pay interest on Customer Deposits at the applicable annual rate specified on a Statement of Interest on Customer Deposits to be prepared and maintained on file by the Authority. The rate will be derived by subtracting a 1.75% administrative cost allowance from the current yield on "A" rated intermediate term municipal debt. The rate will be updated on January 1 of each year to reflect current market conditions.

3. No-Access Charge

The Authority's charge when it cannot gain access to the Customer's meter after attempts to do so will be:

- (a) \$25 per month for Residential accounts
- (b) \$100 per month for Nonresidential accounts

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**

4. Uncollectible Payment Handling Charge
The Authority will charge the Customer a twenty dollar (\$20.00) handling charge plus applicable taxes and assessments. This handling charge includes any amount the Authority paid to its bank for handling the instrument if it receives a check or other negotiable financial instrument in payment for any bill, charge, or deposit that is not collectible, for any reason.
5. Late Payment Charge
The Authority's charge for late payment of bills for the accounts of all customers as specified in Section IV. D. 4 will be one and one-half percent (1.5%) for each monthly billing period to all amounts billed, but for which the Authority has not received payment by the "Pay by" date on the bill, which will be not less than twenty (20) days after the date payment is due. Residential customers are not responsible for late payment charges on amounts billed, if the bill is subject to a pending complaint with the Department of Public Service or the Manager pursuant to Section VI. Of the Tariff, except that any such late payment charge may be imposed retroactively if the complaint is finally resolved in favor of the Authority. The Authority may suspend the imposition of Late Payment Charges in the event a state of emergency affecting the service territory is declared.
6. Field Collection Charge
The Authority's "Field Collection Charge" will be fifty-nine dollars (\$59.00) (see Section V.B.11.d on Leaf No. 124). The "Field Collection Charge" will be applicable to Nonresidential Customers.
7. Reconnection Charge
The Authority's "Reconnection Charge" will be eighty dollars (\$80) (See Section V.H.3 on leaf No. 156). The "Reconnection Charge" will be applicable to both Residential and Nonresidential Customers. The Authority may suspend the imposition of Reconnection Charges in the event a state of emergency affecting the service territory is declared.
8. Service Initiation Charge
 - a) The Service Initiation Charge will be applicable to Nonresidential Customers only. (See Section II.D.5.b on Leaf No. 49).
 - b) The Authority's charges to initiate service to Nonresidential Customers are:
 - (1) \$220.00 when the Authority has to perform a new service connection or reconnection, set or re-set a meter, or unlock the service equipment to energize the connection to a customer's premise.
 - (2) \$60.00 in all cases where service or meter connections are not required.
 - c) The "Service Initiation Charge" will not be applied to new customers who take service under Service Classification Nos. 5 – Traffic Signal Lighting, 7A – Outdoor Area Lighting – HPS (High Pressure Sodium) and MH (Metal Halide), 10 – Public Street and Highway Lighting Energy and Connection, Seasonal Rates (Rate Codes 283 and 293) and unmetered service under Rate Code 280.
 - d) The "Service Initiation Charge" will not be applied to an account transferred to a landlord for the time period between the termination of the account by the prior tenant and the establishment of a new electric account for a new tenant in the same location, with the following exceptions:-
 - (1) If the account's usage exceeds six (6) kWh per day in any subsequent billing period while in the landlord's name, the "Service Initiation Charge" of \$60 will apply.
 - (+)(2) If the conditions described in IV.C.8.b.exist, tThe Service Initiation Charge of \$220 will not be waived to landlords if the conditions in IV.C.8.b.(1) apply.

VIII. SERVICE CLASSIFICATIONS (continued):

M. SERVICE CLASSIFICATION NO. 7A

Outdoor Area Lighting - HPS (High Pressure Sodium), MH (Metal Halide), and LED (Light Emitting Diode):

(Rate Codes: 781, 782)

1. Who Is Eligible

Customers who will use this service for outdoor lighting, provided:

- a) Suitable overhead distribution facilities exist, except
- b) When only one (1) span of overhead secondary cable per lighting fixture is needed. In such cases, the Authority will provide the cable on existing poles. Charges for additional cable and poles are given below.
- c) Customers within a designated area, at the request by a local government, will be ineligible for Service Classification 7A. The ineligible areas are listed on the Statement of Outdoor Area Lighting.

2. Character of Service

- a) Unmetered, single-phase, 60 hertz, alternating current supplied to Authority-owned, operated, and maintained lighting facilities, and
- b) Provided for approximately 4,090 hours per year (4,102 for a leap year), at suitable voltages chosen by the Authority, and
- c) Provided to high pressure sodium (HPS), metal halide (MH) and light emitting diode (LED) facilities.

3. Rates and Charges

a) Rates per Lighting Facility per Month

<u>Lamp Type</u>	<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
HPS*	Area Light	6,400	108	\$22.90
HPS*	Flood Light	27,500	309	\$28.08
HPS*	Flood Light	50,000	476	\$37.32
MH*	Flood Light	36,000	453	\$37.96
MH*	Flood Light	110,000	1093	\$41.36
HPS**	Full Cut-off	4,000	63	\$31.11
HPS**	Full Cut-off	6,300	91	\$31.21
HPS	Full Cut-off	9,500	128	\$31.65

**VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:
(continued):**

K. Delivery Service Adjustment

1. Purpose and Applicability

The Delivery Service Adjustment is a rate mechanism that reconciles on an annual basis the difference between the amount of certain costs included in the Authority's base delivery rates ("Base Rate Costs") and the amount of such costs that the Authority actually incurs in an annual period.

2. Applicability

- a) The Delivery Service Adjustment will be assessed to Service Classification Nos. 1, 1-VMRP, 1-VTOU, 2, 2-VMRP, 2-L, 2-L-VMRP, 2-MRP, 5, 7, 7-A, 10, 12 and 16.
- b) Retail Customers participating in the Long Island Choice or Green Choice program are subject to the Delivery Service Adjustment as applied to their Service Classification.
- c) The Delivery Service Adjustment does not apply to:
 - (1) Energy Service Companies (ESCOs) receiving service under Service Classification No. 14.
 - (2) Service Classification Nos. 11 and 13 (Rate Codes 289, 278).
 - (3) All load delivered under the Empire Zone Program, Excelsior Jobs Program, Manufacturer's Competitiveness Business Attraction/Expansion Program, Business Incubation, and Recharge New York Programs.

3. Relevant Terms and Conditions

a) The Base Rate Costs subject to the Delivery Service Adjustment are as follows:

- (1) Storm Event Reserve Funding: Base Rate Costs include funding for a Storm Event Reserve. All Storm Event costs will be charged to the Storm Event Reserve. "Storm Events" are defined as set forth in the LIPA amended and restated, Operations Service Agreement ("OSA"), dated December 13, 2013. The recovery will be net of any anticipated reimbursements received from outside sources for Storm Events. Should the actual reimbursements vary from the anticipated reimbursements the difference will be added to subsequent tracking periods. Storm preparation costs associated with storms that do not materialize may be recoverable through the Delivery Service Adjustment if a budget amendment recommending recovery of such costs is approved by the Authority Board of Trustees. .

LIPA Statement No. 1 – OAL

Long Island Power Authority

Statement of Outdoor Area Lighting

Applicable to Customers

As set forth in the Tariff for Electric Service

The local areas listed below are precluded from Service Classification 7A of the Tariff for Electric Service.

Local Area	Effective Date
Unincorporated areas in Town of Southampton	March 31, 2022



Rory M. Christian
Chair and
Chief Executive Officer

125 East Bethpage Road, Plainview, NY 11803
www.dps.ny.gov/longisland

December 7, 2021

Via Email and U.S. Mail

Honorable Mark Fischl, Vice Chairman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter 21-01355 – Recommendations Regarding Long Island Power Authority's Proposed Modifications to its Tariff for Electric Service

Dear Vice-Chairman Fischl:

I am pleased to provide the recommendations of the New York State Department of Public Service (DPS or the Department) regarding the Long Island Power Authority's (LIPA or the Authority) proposed modifications to its Tariff for Electric Service (Tariff), effective January 1, 2022. The LIPA Reform Act (LRA) authorizes the Department to make recommendations regarding the operations and terms and conditions of service provided by the Authority and its Service Provider. The Department recommends the adoption of the Authority's proposals in accordance with the discussion set forth herein.

LIPA proposes several modifications to its Tariff for Electric Service. These include tariff changes to: 1) Expand enrollment in the Low Income Household Assistance Rate; 2) Modify the Community Distributed Generation provisions associated with banking and community credits; 3) Implement remote crediting for Value Stack customers to bring LIPA's tariff in alignment with Public Service Commission (PSC or Commission) Orders; 4) Modify how Distributed Generation customers are assigned to Service classifications; 5) Implement a Customer Benefit Contribution (CBC) charge; 6) Enhance the Long Island Choice Program by adopting structural rate changes that are more consistent with Department Staff's recently issued Whitepaper and the programs of other electric utilities in New York State; 7) Implement reforms to how LIPA and PSEG LI interact with ESCOs and enhance existing consumer protections by adopting new Uniform Business Practices (UBPs); 8) Make various clarifications to Tariff; and 9) Align LIPA's prolonged outage provisions to be consistent with other utilities in New York State.

Low Income Household Assistance Rate

LIPA and PSEG LI propose to increase their Low-to-Moderate Income (LMI) Program budget from 17.6M in 2021 to 20.2M in 2022. LIPA states that the increase in the 2022 budget is attributable to increasing the total number of LMI participants receiving the LMI Bill Discount in 2022. LIPA projects the total number of LMI participants will increase to 55,000. LIPA's revised budget will not change their current LMI program discount rates. While DPS recommends adoption of an increase in budget to accommodate increased enrollment, LIPA and PSEG LI should work expeditiously to determine appropriate increases in the LMI Bill Discount. Staff recommends that LIPA and PSEG LI take expedient action to increase their proposed discounts and introduce a well-thought-out LMI program consistent with the Commission's August 12, 2021 EAP Order in 2022.

On May 20, 2016, the Commission issued an Order adopting an Energy Affordability Policy (EAP) that set a target energy burden at or below six percent of household income for all low-income households in New York State.¹ To advance this goal, new low-income bill discount programs were established for each of New York's Investor-Owned electric and gas utilities (IOUs). In September 2017, LIPA adopted its own LMI Bill Discount program aligning its program with the IOUs.

Due to the economic conditions and uncertainty regarding the impact of the COVID-19 pandemic, Staff issued a report on the status of the EAP, and the corresponding low-income discounts provided by utilities including LIPA.² Staff recommended that low-income program bill discounts not decrease in the next two program years (2021-2022 and 2022-2023).³ In addition, Staff made recommendations, among others, that further adjustments be considered as part of the generic EAP proceeding, and that utility's program budget caps be adjusted to include scheduled delivery rate increases.⁴ Further, the Staff EAP Whitepaper included proposed modifications to the bill discount methodology which would necessitate increases to LIPA and PSEG LI's LMI Program budget.⁵ PSEG LI provided comments and reply comments to DPS Staff's Whitepaper.⁶

As discussed in the Commissions' August 12, 2021 Order, the PSC adopted the recommendations of Staff's EAP Whitepaper and encouraged PSEG LI and thereby LIPA to pursue commensurate changes to their programs. The Commission identified

¹ Case 14-M-0565, et al., Energy Affordability for Low Income Utility Customers, Order Adopting Low Income Program Modifications and Directing Utility Filings (issued May 20, 2016) (May 2016 Order).

² Id., Staff Report on New York State's Energy Affordability Policy (issued February 4, 2021), Recommendation No. 10. (Staff EAP Whitepaper).

³ Id.

⁴ Id., Recommendations 12 and 13.

⁵ Id., p. 7.

⁶ Id., pp. 26, 28, 30-31, and 33.

that coming into conformance with the revised methodology proposed in Staff's EAP Whitepaper would require increasing their budget to \$35.6M.⁷

In its original May 2016 Order, to minimize the impact on non-participating customers, the Commission established a program budget cap at two percent of total utility revenues, including delivery and commodity components.⁸ LIPA and PSEG LI's proposed budget for 2022 represents approximately 0.52% of total utility revenues. In addition, in Staff's EAP Whitepaper, DPS Staff recognized that it did not prescribe a specific method in determining the calculation of revenues.⁹ Recommendation 13 of Staff's EAP Whitepaper proposed that each utility's budget cap reflect scheduled delivery rate increases, and PSEG LI's comments supported Staff's position in the EAP Whitepaper including Recommendation 13. PSEG LI stated it would be "prudent to make low-income program decisions based on the upcoming budget," however, the Company identified other challenges and proposed solutions in the alternative to what Staff considered in its EAP Whitepaper.¹⁰

Department Staff acknowledges the unique structural aspects of LIPA and PSEG LI's provision of electric utility service to its customers and agrees that alternative approaches to serve the needs of LIPA's low-income electricity customers must be explored including implementing data-sharing solutions to automate enrollment of eligible customers and to explore additional discount levels, however, progress must be made to increase the available discount. More specifically, LIPA and PSEG LI's discount methodology must be revisited to address the zero-dollar bill for electric service. Further, DPS Staff recognizes the importance of coupling bill discounts with permanent usage reductions through energy efficiency programs (EE). DPS Staff recommends that PSEG LI continue their efforts to identify high usage LMI customers and improve the efficacy of their referral process to EE programs, e.g., the Residential Energy Affordability Partnership (REAP).

Overall, DPS Staff recommends increasing the LMI Budget to address increased enrollment, however, LIPA and PSEG LI's reluctance to pursue any increase in discounts should be redressed forthwith. To the extent further analysis is needed the Department recommends LIPA and PSEG LI diligently participate in the EAP working group to address the zero-dollar bill and other issues, to ultimately refine their methodology for setting LMI discount rates. Further, Staff recommends that LIPA and PSEG LI consider additional stratification if necessary, to create a minimum of higher discounts for low-income customers.

Staff recommends that LIPA and PSEG LI take expedient action to increase their proposed discounts and introduce a well-thought-out LMI program consistent with the Commission's August 12, 2021 EAP Order. LIPA and PSEG LI should provide a

⁷ Id., Order Adopting Energy Affordability Policy Modifications and Directing Utility Filings (issued August 12, 2021), p. 35 and Appendix B.

⁸ Id., p.30

⁹ Staff EAP Whitepaper, p. 59.

¹⁰ Case 14-M-0565, et al., PSEG LI's Comments (filed April 19, 2021).

proposal to DPS Staff and the EAP working group for review in the first quarter of 2022 with the intention of implementing the necessary adjustments in 2022.

Community Distributed Generation

LIPA proposes to implement several changes to its Community Distributed Generation (CDG) Tariff effective January 1, 2022. These include changes to the following: (1) the CDG banking rules to allow a CDG Host¹¹ to retain unused credits from subscribers' closed accounts; (2) expand eligibility for Remote Crediting program to allow up to ten customers to share credits from a Remote Crediting Host; (3) modify the criteria of service classifications that are assigned to distributed generation (DG) customers; and (4) specify the size of the CDG installed capacity available for LIPA's current Community Credit. The Tariff amendments as proposed also serve as notice for a future transition from the Community Credit to an upfront Community Adder. Each of these changes support the continued development of DG in LIPA's service territory and align with Commission policy and statewide energy goals. The Department recommends the proposal be adopted as proposed.

On October 3, 2012, LIPA implemented the Remote Net Metering (RNM) program, which allows non-residential customers who install solar, wind, farm waste, micro-hydroelectric and fuel cell generating equipment to designate all, or a portion of the excess net metering credits generated by the DG equipment to any account, in any service classification, in the same name as the customer. In April of 2016, LIPA implemented the Community Distributed Generation (CDG) program which allows residential and commercial customers to collectively share in the benefits of a remotely sited DG project. A CDG project typically involves three parties including the CDG Host, CDG Satellites¹² (referred to as Subscribers), and the utility (referred to as LIPA/PSEG LI).¹³ A CDG project must serve a minimum of ten subscribers which include a CDG Host and satellite accounts. If a CDG project's generation is not fully allocated in a particular billing period, unallocated credits are applied to the CDG credit bank of the owner or operator of the resource, called the CDG Sponsor.

In the Commission's Banking Rules Order, the PSC clarified and standardized banking rules under the CDG program.¹⁴ Specifically, the Commission adopted a policy

¹¹ A CDG Host is defined as a Non-Residential Customer-Generator that owns or operates electric generating equipment eligible for net metering under this Tariff or stand-alone storage. It is responsible for coordinating the project's interconnection and operation with LIPA/PSEG LI as well as supervising and fostering cooperation among the project's Subscribers. Net energy produced by the DG generating equipment of a CDG Host is applied to CDG satellite accounts with which it has a contractual arrangement governing the disposition of net metering credits.

¹² CDG Satellites are the project subscribers (residential or commercial customers) who will own or contract for a proportion of the credits accumulated at the generation facility's meter, as percentage of the facility's net hourly export on the CDG Host's account.

¹³ LIPA/PSEG LI is responsible for distributing the credits from the CDG Host's account to CDG Satellites in accordance with its CDG Operating Procedure and Tariff.

¹⁴ Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, Order Clarifying Banking Rules Under the Community Distributed Generation Program (issued May 17, 2021) (Banking Rules Order).

that allows banked credits to be moved to the Sponsor's bank in instances where the subscriber cancels the associated utility account or terminates the subscription to the CDG project. The Banking Rules Order also allows subscriptions to be altered on a monthly, rather than yearly, basis.¹⁵

LIPA has proposed to adopt the directives of the Banking Rules Order. Under LIPA's proposal, banked energy credits will be reallocated to the CDG Sponsor's "bank" in instances where a CDG subscriber closes their utility account or terminates their CDG project subscription. CDG Hosts will be required to refund these subscribers any amount that the subscriber paid for credits. A customer will not be allowed to subscribe to a new CDG project until all banked credits are returned to the original project's Sponsor. Additionally, the proposal would require subscribers to wait two months before they are permitted to join another host if the subscriber had banked energy credits. This would avoid overbilling and account for remaining credits before the ex-subscriber potentially enrolls with another CDG project.

In 2018, the Commission adopted the January and September VDER Orders which modified the Value Stack under VDER and changed the compensation of CDG, RNM and other large projects¹⁶. The Value Stack provides compensation based on the value of electricity exported to the grid, measured in specific value components that include Energy Value (LBMP), Capacity Value (ICAP), Environmental Value (E), Demand Reduction Value (DRV), and Location System Relief Value (LSRV).¹⁷ In 2019, LIPA adopted a Community Credit. The Community Credit was developed to encourage CDG development in the LIPA territory, by adding an additional payment to the Value Stack. The current Community Credit is \$0.05 per kilowatt-hour (kWh).

New York States' other IOUs, excluding Consolidated Edison of New York, Inc, have ceased offering a Community Credit, which has been replaced by an upfront Community Adder. Applying the same methodology adopted by the Commission to determine an appropriate limit on ratepayer impacts for the IOUs, LIPA's maximum allowable annual cost shift from CDG is approximately \$12 million. On the one hand, if LIPA were to allocate all \$12 million to a 5-cent Community Credit, LIPA would be able to incentivize approximately 200 megawatts of CDG. A higher Community Credit would allow LIPA to incent fewer megawatts, and a lower Community Credit would allow LIPA to potentially incent more megawatts. Similarly, feed-in-tariffs that result in auction clearing prices at or below 15 cents would allow LIPA to incent more community-sized solar projects with the same total cost shift as the 5-cent Community Credit. A Community Adder, on the other hand, would cause a larger cost shift in the year it was paid, but would have a lower net present cost than a similarly beneficial Community

¹⁵ Case 19-E-0735, New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Authorizing Changes to the Remote Crediting Program (issued July 15, 2021). (Remote Crediting Order).

¹⁶ Case 15-E-0751, supra, Order Regarding Compensation of Community Distributed Generation Project (issued January 18, 2018) (January VDER Order); Case 15-E-0751, supra, Order on Value Stack Eligibility Expansion and other Matters (issued September 12, 2018) (September VDER Order).

¹⁷ <https://www.nysed.gov/all-programs/programs/ny-sun/contractors/value-of-distributed-energy-resources>

Credit, and therefore would allow LIPA to incentivize more megawatts of CDG going forward.

All these factors need to be balanced to maximize the deployment of CDG within the allowable \$12 million annual cost shift. LIPA proposes that the current block of 5-cent Community Credit be capped at 100 megawatts (the halfway point to 200 megawatts). LIPA states there is only a total of 57 megawatts of CDG currently in service or in the interconnection queue, meaning their proposal supports 43 megawatts of new infrastructure before the 5-cent Community Credit is exhausted. Once the system reaches 100 megawatts of CDG or upon December 31, 2022, LIPA anticipates that it will announce a new block of Community Credit, the institution of a Community Adder, or a combination of the two in cooperation with the DPS, industry partners, and external stakeholders. DPS anticipates that LIPA will bring these changes before its Board in 2022. LIPA justifies their proposed changes to the Community Credit as a means to maximize the megawatts of CDG deployed.

The Department recommends the proposal be adopted as proposed since LIPA's Tariff modifications will increase consistency with the New York's other IOUs. In addition, these modifications further LIPA and New York State's progress toward meeting the State's energy goals and those of the CLCPA.

Remote Crediting – Value Stack

On July 15, 2021, Commission issued the Remote Crediting Order which made two changes to the remote net metering (RNM) programs of the IOUs.¹⁸ Specifically, the Remote Crediting Order authorized residential customers to participate as satellites and allowed Hosts to submit changes adding or removing satellites on a monthly, rather than annual, basis.

LIPA proposes to implement a Remote Crediting Program for Value Stack customers in alignment with the Remote Crediting Order. Similar to the IOUs, LIPA proposes that all RNM projects will be converted to Remote Crediting Projects. LIPA's Remote Crediting Program would permit residential customers to participate as satellites and allow Hosts to allocate banked credits by a percentage basis to participating satellites on a monthly basis. Unallocated credits will be banked on the Host account. The Department recommends that this proposal be adopted as proposed.

Under Remote Crediting billing, project Sponsors have the option for consolidated billing. Under consolidated billing, the utility charges the developer a portion of the total credits generated by the Host, and in return, credits each of the satellite customers their share of the project's generation so that a satellite customer only receives a single utility bill. Prior to Remote Crediting billing a satellite customer received two separate bills – one for utility service and the other bill from the developer for their share of the CDG project's subscription fee (and credits). Remote crediting

¹⁸ Remote Crediting Order.

should eliminate some of the costs associated with developers billing and obtaining customers.

Through LIPA's new program, a Remote Crediting Host may have up to ten satellites per project, including but not limited to any satellites that are in the Host's account name. Each satellite may have an unlimited number of utility billing accounts under the same name. The Remote Crediting Host must allocate the Value Stack Credits on a percentage basis to each of the project's satellites. The Remote Crediting Host may make modifications to the allocations on a monthly basis, including allocation of any banked credits. Any unallocated credits will remain in the Remote Crediting Host account's bank. Satellite accounts can participate in multiple Remote Crediting projects and will be permitted to have on-site generation with up to 5 MW of installed capacity.

In response to a request for clarification, the PSC authorized monthly satellite credit allocation changes and residential participation as a host in Remote Crediting in order to encourage wider participation in these programs.¹⁹ Further, Remote Crediting Hosts must be a commercial customer or a residential farm customer with wind, farm waste, micro-hydroelectric and fuel cell generators, or residential customers who will use the service as specified in section 76 of the Public Service Law, for religious purposes, a Community Residence, or post or hall owned or leased by a not-for-profit corporation that is a Veteran's Organization.²⁰

Commercial Hosts must have DG that is sourced from farm waste, wind, solar, micro-hydroelectric, or fuel cell electric generating equipment or Stand-alone or Hybrid Electric Energy Storage. Under this program, LIPA and PSEG LI will apply the savings rate provided by the CDG host to all the CDG Satellite accounts proportionally in the project based on the percent of installed capacity allocated to each satellite account. This may result in a net credit being applied to the CDG Satellites' electric bills.

LIPA's Tariff modifications, and adoption of a Remote Crediting program align with the Commission's Order and the programs and modifications contained therein. As such, DPS Staff recommends that this tariff modification be adopted as proposed.

Distributed Generation (DG)– Customer Assignment

LIPA proposes to modify its Tariff to align with Commission policy, to assign DG customers to a service classification (SC) based on the maximum on-site load, without regard to export capabilities. The Department recommends the proposal be adopted as proposed.

¹⁹ Case 15-E-0751, supra, Order Adopting Net Metering Successor Tariff Filings with Modifications (issued August 13, 2021).

²⁰ Eligibility for residential accounts is limited to Farm Operations; religious organizations; Community Residences; or posts or halls owned or leased by a non-for-profit corporation that is a Veterans' Organization.

LIPA's Tariff currently assigns DG customers to an SC based on the higher of the facility's load or the output of their generator. For example, a commercial customer with 100 kW of load and a 200 kW generator capable of providing community net metering or remote net metering would be assigned to SC No. 2-MRP (mandatory time of use). This SC includes all accounts with demand in excess of 145 kW and requires mandatory time of use, instead of SC No. 2-L which does not require mandatory time of use.

Pursuant to Commission Order, the IOUs assign DG customers to an SC based on the maximum on-site load, without regard to export capabilities. Each SC has its own eligibility criteria and metering requirements, including maximum load.²¹ When a customer installs DG, the customer is responsible for paying interconnection costs in accordance with the interconnection requirements. In addition, a utility's customer SC assignment is based on the maximum load, irrespective of whether that customer is consuming or exporting energy onto the grid and what the customer paid for interconnection costs.²² Assignment to the applicable SC for the maximum on-site load should provide savings to CDG projects and participants and promote greater customer adoption of distributed renewable resources.²³

The proposed modification to assign DG customers to a service classification (SC) based on the maximum on-site load, without regard to export capabilities is consistent with PSC policy and the practices of New York State's other IOUs.²⁴ As such, the Department recommends the proposal be adopted as proposed.

Customer Benefit Contribution Charge

LIPA proposes to modify its Tariff to implement a Customer Benefit Contribution (CBC) Charge for all mass market customers who interconnect on-site DG using net energy metering-eligible technology on or after January 1, 2022. The CBC Charge will be a monthly charge calculated by rate class, the DG technology, and the size of the installed system. The purpose of the CBC Charge is for DG customers to equitably contribute to LIPA's low-income and energy efficiency and electrification programs. LIPA's CBC proposal adopts Tariff modifications to align with the Commission's Orders in Case 15-E-0751.²⁵ The Department recommends the proposal be adopted as proposed, and DPS recommends LIPA and PSEG LI commence with an appropriate level of outreach and education to address stakeholder concerns.

The CBC Charge recovers revenues to support low-income programs, utility energy efficiency and electrification (EEE) programs, and the cost of contracted renewable energy, all of which are programs that net metered on-site mass-market

²¹ Case 15-E-0751, supra, Order Adopting Net Metering Successor Tariff Filings with Modifications (issued August 13, 2021).

²² Id.

²³ Id.

²⁴ Id.

²⁵ Id.

customers would otherwise avoid. The total cost to fund these programs is approximately \$147 million per year.²⁶ LIPA projects the CBC Charge will collect revenues to support these programs approximately in the amount of \$0.272M in 2022, \$0.815M in 2023, \$1.36M in 2024, \$1.90 in 2025, and \$2.45 M in 2026.

On-site DG customers will be billed the CBC charge monthly, calculated by multiplying the daily CBC charge applicable to that customer's rate class by the nameplate capacity rating (in kW DC) of the customer's electric generating equipment. The customer-specific CBC charge will then be applied to each customer bill by multiplying the customer-specific daily CBC charge by the number of days in that bill. The CBC rate per day will be published on the Statement of Customer Benefit Contribution and will be updated annually on January 1 of each year to account for approved changes in public benefit program costs.²⁷

The CBC will not increase the total revenues recovered by LIPA, however, the revenues collected through the CBC charge will reduce the revenues recovered through base rates. In the absence of the CBC charge, the affected costs are recovered through higher base rates from all customers.²⁸ In addition, LIPA's proposed CBC Charge is not duplicative of the existing DER rider since customers with DG pay lower delivery costs due to decreased usage.

Once the CBC charge is adopted, on-site DG connected customers will no longer contribute to the O&M costs of Utility 2.0 programs which are collected through the DER rider. LIPA estimates the CBC Charge will collect \$272,000 in 2022. This estimation assumes approximately 51,000 kW of DC capacity for mass market installations spread equally through the 12 months of the year. In 2023, the CBC charge is estimated to collect \$815,000, which consists of the 51,000 kW installed in 2022 (\$544,000) plus the additional 51,000 kW added equally through the 12 months of 2023 (\$272,000).²⁹ Comparatively, LIPA's CBC Charge is among the lowest of the major electric utilities in New York State at \$0.89 per month for every kW of solar generation installed.³⁰ Further, LIPA calculates that adoption of the CBC Charge will only increase the simple payback period of an average solar project in LIPA's service territory from 7.3 years to 7.6 years. DPS recommends LIPA adopt the CBC Tariff proposal to ensure the customer benefit programs are adequately funded and fairly paid by both on-site DG and non-DG customers.

In addition, taking into consideration the public comments received from external stakeholders at the LIPA Board meeting on Friday October 29th, 2021 as well as

²⁶ Customer Benefit Contribution Charge Fact Sheet, p. 2. <https://www.flipsnack.com/lipower/lipa-cbc-charge-fact-sheet/full-view.html> (Customer Benefit Contribution Charge Fact Sheet)

²⁷ LIPA's Proposal Concerning Modifications to LIPA's Tariff for Electric Service, Customer Benefits Charge, p. 2. <https://www.lipower.org/wp-content/uploads/2021/09/Customer-Benefits-Contribution-Charge-2021-09-21.pdf>

²⁸ *Id.*, p. 3.

²⁹ *Id.*

³⁰ Customer Benefit Contribution Charge Fact Sheet, p. 2.

comments received by LIPA referenced in an October 28, 2021 Newsday article,³¹ the Department recommends an appropriate level of outreach and education be made available for DG installers, customers, and other stakeholders via the company website, presentations, written correspondence to stakeholders, or other means, to address stakeholder concerns.

Long Island Choice

LIPA proposes to make certain changes to its Long Island Choice program. LIPA's modifications will improve price transparency and help eliminate inefficiencies in the ESCO billing and collections processes, while continuing to fairly allocate costs for customers served by ESCOs and for non-participating full-service customers. These modifications also reflect certain changes proposed in Staff's LI Choice Whitepaper.³² The Department recommends the proposal be adopted; however, Staff also recommends additional modifications be adopted going forward as discussed in the DPS Staff LI Choice Whitepaper and included herein.

LIPA's proposal will restructure its Power Supply Charge into a "Local Supply" charge that is non-bypassable, and a "Market Supply Charge." The non-bypassable Local Supply charge will recover the estimated above or below market price of supply costs, and an avoidable "Market Supply Charge." The Market Supply Charge would not be paid by customers served by ESCOs, or by ESCOs themselves to recover the market value of supply, from full-service customers. LIPA also proposes to eliminate its Bill Credit Adjustment (BCA) because it will no longer be needed with these modifications to the Power Supply Charge. LIPA also proposes to remove the Long Island Choice (LIC) factor from the calculation of applicable taxes calculated on all customers' bills, as this adjustment factor is also no longer necessary due to the preceding modifications.

While DPS Staff recommends these modifications be adopted, Staff further recommends the following additional modifications, that if made, will improve consistency with New York State's other IOUs, and are included in the DPS Staff LI Choice Whitepaper.

In 2015, DPS initiated Matter 15-02754 to explore the potential benefits to customers of retail competition in the Long Island electricity market, however, soliciting comments in the proceeding was held in abeyance until the Commission could address certain issues regarding retail access and consumer protections in Cases 15-M-0127, 12-M-0476, and 98-M-01343.³³ On October 16, 2020, the Department filed a Notice Requesting Comments (Notice) to resume the solicitation of comments to address the

³¹ Mark Harrington, *LIPA weighing a 'solar tax' on new home installations*, Newsday October 27, 2021. https://www.newsday.com/long-island/politics/solar-lipa-pseg-psc-1.50402545?utm_source=appshare (accessed November 23, 2021).

³² Matter 15-02754, *In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers*, DPS Staff Whitepaper on LI Choice Program and Energy Service Companies on Long Island (issued October 22, 2021) (DPS Staff LI Choice Whitepaper).

³³ *Id.*, Notice Extending Comment Period (issued May 18, 2016)

potential benefits of retail competition in the LIPA service territory.³⁴ Comments and reply comments were submitted by LIPA, PSEG LI and other external stakeholders. PSEG LI, in its comments, tentatively proposed among other suggestions, to enhance the Power Supply Charge, by establishing a Local Supply and Market Supply Charge, while also eliminating the BCA.

Several technical conferences were hosted by DPS, from April 2021 to June 2021, in which participants met to discuss various issues and refine their respective proposals. Multiple parties described the LI Choice Program, including the present mechanisms by which LIPA recovers its power supply costs, as well as LIPA's interactions with ESCOs for billing and reconciling power supply costs as overly complicated thereby reducing ESCO competition.

As a result of the public comment and technical conference process, on October 22, 2021, DPS Staff issued a Whitepaper discussing the LI Choice Program and the issues with the present Power Supply Charge.³⁵ The DPS Staff LI Choice Whitepaper supported modifications concerning the Power Supply Charge, and the BCA, however it also proposed additional modifications to further align LIPA and PSEG LI's programs with Commission Orders and policies, and the IOUs. Staff recommends that LIPA and PSEG LI implement the recommendations contained in Staff's LI Choice Whitepaper, as identified below.

The first of such modifications, is the establishment of a Merchant Function Charge (MFC). The MFC should be designed to recover LIPAs administrative costs (e.g., Fuel and Power Supply Mgt. Services) related to hedging and procurement of avoidable supply; working capital; supply-related credit and collections; and supply-related uncollectibles.

The second modification Staff recommends is that LIPA should recover any capacity value and avoided ancillary service costs associated with any supply purchases treated as load modifiers (e.g., PPAs, renewable power purchases, etc.) through the proposed Local Supply Charge. Doing so will align LIPA with New York State's other IOUs and will appropriately reflect and attribute the value of load modifiers.

Third, Staff recommends that all new supply contracts, or extensions of existing supply contracts that are not necessary for system reliability, be included in LIPA's full-service portfolio, recovered from full-service customers only as a form of hedging. If the primary purpose of the contracts is for the continued reliability of the system, the above or below market costs should be recovered from all LIPA customers, through its Local Supply Charge. Further, Staff recommends that LIPA investigate its ability to ramp down existing power purchase agreements, and to the extent these contracts are not needed for reliability purposes, LIPA should consider ramping the contracts down if it finds there would be no undue harm (financial or otherwise) to its customers. Absent an analysis showing no harm, Staff would not recommend any accelerated ramp down.

³⁴ *Id.*, Notice Requesting Comments (issued October 16, 2020).

³⁵ DPS Staff LI Choice Whitepaper.

Finally, Staff recommends that all market and local supply costs be forecast monthly to reflect the proper price signals in each month and be fully reconciled on a two or three month lagged basis. Forecasting and reconciling both the market and local supply costs monthly will stabilize supply prices to an extent, as higher market prices would result in a lower local price, and vice versa. Again, this modification would align LIPA with the IOUs. Staff recommends that LIPA and PSEG LI implement the recommendations contained in Staff's LI Choice Whitepaper, as discussed above.

Consumer Protections and ESCO Reforms

ESCO Requirements

As discussed more fully in the DPS Staff LI Choice Whitepaper, DPS proposes that LIPA make certain amendments to its LI Choice program to enhance ESCO eligibility requirements.³⁶ LIPA's proposal to modify its Tariff amends the LI Choice Program to require ESCOs serving mass market customers in the LIPA territory to receive a Finding of Eligibility from DPS. ESCOs will be required to provide transparent pricing information about guaranteed savings, a fixed rate product with a price limit, or green energy. ESCOs are also precluded from the use of misleading marketing materials or offering non-energy related value-added products and services, consistent with the State's Uniform Business Practice (UBP) for IOUs.³⁷ In addition, LIPA proposes to create a Long Island-specific UBP with minor modifications specific to LIPA's service territory.

DPS recommends LIPA work in collaboration with DPS to develop its Long Island-specific UBP to conform as closely as possible to the UBP used throughout New York State.

LI Choice Operating Procedures

LIPA proposes to modify its LI Choice Operating Procedures Manual to align with the State's UBP. Amendments to the manual include setting new eligibility requirements to operate in LIPA's service territory. As discussed in the DPS Staff LI Choice Whitepaper, DPS Staff agrees with PSEG LI and LIPA that DPS should provide oversight for ESCO eligibility. ESCO applications will be reviewed by DPS staff and deemed eligible to serve in the LIPA territory.³⁸ In addition, these modifications establish new procedures and requirements for all parties involved (the utility, ESCO, and customers) regarding enrollment, billing and payments, customer protections, and scheduling the delivery of electric generation service to retail load requirements.

³⁶ DPS Staff LI Choice Whitepaper, pp. 19-20.

³⁷ Cases 15-M-0127, *et al.*, Order on Rehearing, Reconsideration and Providing Clarification (issued September 18, 2020) Uniform Business Practices.

³⁸ DPS Staff LI Choice Whitepaper, p. 18.

The DPS LI Choice Whitepaper also proposes that ESCOs serving in the LIPA territory that have not received eligibility from the DPS must apply to DPS for review.³⁹ DPS Staff proposes that DPS handle dispute resolution between ESCOs and LIPA, however, unlike IOUs, the appeal process would be handled by LIPA's Board or its designee for final resolution.⁴⁰

DPS Staff recommends that LIPA adopt the proposed modifications to the LI Choice Operating Procedures Manual to further align it with the State's UBP, as well as to adopt these important consumer protection processes as retail competition expands on Long Island.

Consolidated Bill Option with Purchase of Receivables

To be consistent with IOUs, LIPA proposes to offer the Consolidated Bill Option (Option) with Purchase of Receivables (POR).⁴¹ LIPA states more work is needed, including information technology development, and further defining other parameters of the Option, before LIPA can finalize a plan for implementation of the Option with POR. As such, LIPA proposes that implementation will occur once that work has been completed, in consultation with DPS. DPS Staff recommends that LIPA offer the Consolidated Bill Option with POR to be consistent with New York State's IOU's.

By choosing the Consolidated Bill Option, customers will receive one bill from PSEG LI which includes the ESCO power supply charges and LIPA's delivery service and other non-by passable charges. Since this single-bill option will only be available with POR, LIPA proposes performing collection services for the ESCO charges on a consolidated bill. LIPA states that they have very few mass-market customers on LI Choice and their bills will not be affected by this new proposal.

To implement POR and to be consistent the IOUs, LIPA intends to develop a percentage factor that reflects the amount of Market Supply Charges which will not be paid for by customers in using the Option, and an estimated 5% administrative cost for collection services. While LIPA is still developing the parameters of the percentage factor, the IOUs purchase receivables due to ESCOs at a Commission-approved discount rate and without recourse. Without recourse meaning that the utility may not pursue a collection action against the ESCO if the utility is ultimately unable to collect from the ESCO customer.

Moreover, the discount rate is determined by various factors including the level of uncollectible accounts associated with each ESCO.⁴² Under the contracts between PSEG LI and the ESCOs, the utility would remit approximately 95% of the ESCO charges and collect as much of the revenue from participants. Staff recommends that

³⁹ Id.

⁴⁰ Id.

⁴¹ See, Cases 99-M-0631, et al., In the Matter of Customer Billing Arrangements, Order Establishing Uniform Retail Access Billing and Payment Processing Practices (issued May 18, 2001) , p. 92.

⁴² DPS Staff LI Choice Whitepaper, p. 9.

LIPA continue to provide more information about the terms of the ESCO contracts and how they will serve an overall benefit to customers. In addition, LIPA should provide more information about how it will maintain HEFPA compliance in terms of recovering “as much” of the revenue as possible. Going forward, LIPA also proposes to adjust factors to ensure that the amount remitted to ESCOs captures LIPA’s actual recovery of the charges.

LIPA expects an estimated \$150,000 in capital IT costs to implement changes to the billing system, and an estimated \$1.8M to implement the Consolidated Billing Option with Purchase of Receivables. DPS Staff recommends that LIPA offer the Consolidated Bill Option with POR to be consistent with the IOU’s.⁴³

Clarifying Tariff Modifications

LIPA proposes several modifications to its Tariff for Electric Service, specifically 1) clarifying the pole attachment fee associated with equipment served under SC-10; 2) clarifying the applicability of the Service Initiation Charge to landlords that assume responsibility of the electric service in a commercial space previously occupied by a tenant; 3) modifying the Tariff to preclude customers in designated areas from SC-7A at the request of a local government(s); and 4) modifying the Delivery Service Adjustment Storm Reconciliation component so that revenues recovered from customers are reduced by estimated anticipated reimbursements. DPS Staff has reviewed these tariff changes and find that they are generally reasonable, remove ambiguity, or prevent undesired volatility in customer surcharges. As such, the Department recommends these proposals be adopted as proposed.

Pole Attachment Fees

The proposed change to the Pole Attachment Fee will clarify that the fee for municipally owned equipment served under SC-10 that attach to LIPA-owned poles is \$7.04 per year and will remove a distinction between communications equipment and other types of equipment. Municipally owned equipment under SC-10 was previously billed under specific contracts. The contracted rates were lower than the annual charge of \$7.04 for decorative, festival, and holiday attachments. The clarification would align the annual charge for municipally owned equipment with the annual fee of decorative, festival, and holiday attachments. This would increase annual revenue by approximately \$79,000.

Service Initiation Charge

The proposed change to the Service Initiation Charge will clarify that the Charge will be applied to a non-residential account that is transferred to a landlord if the energy usage exceeds six kWh per day after the termination of the account by the prior tenant

⁴³ DPS LI Choice Staff Whitepaper, p. 8.

and before the establishment of a new account. The six kWh represents a level of electric consumption consistent with a minimal amount of load for lighting or security devices. Changing the Service Initiation Charge removes potential ambiguity and will have insignificant financial impact due to the relative rarity of the relevant situation.

SC-7A Eligibility

The proposed change to SC-7A allows LIPA to preclude customers in designated areas from eligibility under SC-7A if a local government makes a request to remove the light fixtures which are provided by LIPA and PSEG LI. Specifically, the Town of Southampton has requested, to further its local dark sky initiative, LIPA preclude customers in unincorporated areas within the Town from having lights offered under SC-7A. Any precluded areas will be listed on LIPA's new Statement of Outdoor Area Lighting. LIPA proposes to stop billing customers under SC-7A and to remove all existing lights in the precluded areas by March 31, 2022, which will result in a loss of approximately \$58,000 in annual revenue.

Delivery Service Adjustment Storm Event Reserve

The proposed change to the Delivery Service Adjustment, "Storm Event Reserve Funding" language, will reduce the revenues collected from customers by estimating the anticipated reimbursements (e.g., FEMA), which will be later reconciled once the reimbursements are finalized. With this tariff modification, LIPA is authorized to include an estimate of the FEMA recovery as an offset to the DSA storm account, thereby reducing the amount collected from customers in the first year following the storm event. This change will prevent LIPA from over collecting funds from customers which it has a reasonable expectation to refund. There is no financial impact to this change, as it only affects the timing of the amounts, and the revenues are ultimately reconciled based on the actual collection and reimbursement amounts.

DPS Staff has reviewed these tariff changes and find that they are generally reasonable, remove ambiguity or prevent undesired volatility in customer surcharges. As such, the Department recommends these proposals be adopted as proposed.

Prolonged Outages

LIPA proposes to modify its Tariff to suspend daily service charge for customers affected by prolonged outage due to major storms and other emergency events. This modification to LIPA's tariff is aligned with the Commission Order in Case 13-M-0061 issued on November 18, 2013.⁴⁴ The November 18, 2013 Order set forth the new Statewide Policies regarding Customer Outage Credits and Other Consumer Protections Relating to Prolonged Outage. In the Order, a Prolonged Outage is defined as an outage resulting from an emergency causing customers to be without power for a

⁴⁴ Case 13-M-0061, Customer Outage Credit Policies and Other Consumer Protection Policies Relating to Prolonged Electric or Natural Gas Service Outages, Order Establishing Policies (issued November 18, 2013).

continuous period exceeding three days (72 hours). For any outage event meeting the definition of the Prolonged Outage, utilities were directed to credit customer charges incurred during the period of outage. This Tariff modification will align LIPA with the November 18, 2013 Commission Order, and as such Staff recommends the modification be adopted as proposed.

Policies on Collections

In addition to Prolonged Outage service credits, LIPA proposes to adopt additional policies related to collection activities resulting from any Prolonged Outage. These policies include a 7-calendar day suspension (from the beginning of the Prolonged Outage) of all collection-related activities including terminations of service for non-payment for customers who LIPA confirms have experienced a Prolonged Outage, or a 14-day suspension (from the beginning of the Prolonged Outage) for any customer who notifies LIPA and provides evidence that their financial circumstances have changed due to a Major Storm. Consistent with the November Order, issuance of service termination notices and assessment of security deposits will be permissible during the suspension periods. LIPA's modifications will further align their practices with those contained in the November Order, and as such, Staff recommends the proposal be adopted as proposed.

Conclusion

The Department reviewed LIPA's proposed modifications and finds the proposed update to the Authority's Tariff to be consistent with Commission Orders, DPS staff Whitepapers, and New York IOU Tariffs. The Department therefore recommends that, in accordance with the foregoing discussion and recommended changes, the Tariff modifications be adopted by the LIPA Board of Trustees.

Respectfully submitted,



Rory M. Christian
Chief Executive Officer

CC: Thomas Falcone, LIPA Chief Executive Officer
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STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

MATTER 15-02754 - In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers.

DEPARTMENT OF PUBLIC SERVICE STAFF WHITEPAPER
ON LI CHOICE PROGRAM AND ENERGY SERVICE COMPANIES ON LONG ISLAND

Dated: October 22, 2021

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Introduction

In the 1990s, the New York Public Service Commission (Commission) opened the electric and gas industries to competition by allowing customer choice for energy supply from the investor-owned utilities (IOU) it regulates. Energy supply competition can potentially benefit consumers in the form of lower bills, the ability to obtain renewable energy options, and increased customer engagement regarding energy management. In 2016, the Commission authorized the establishment of Community Choice Aggregation (CCA) programs by municipalities statewide.¹ CCA programs allow program participants an opportunity to receive benefits that have not been readily available to them in the past, including more affordable or cleaner energy supply choice through the bargaining power that energy load aggregation provides. The New York State Energy Research and Development Authority (NYSERDA) lists Community Choice Aggregation (CCA) as one of ten High Impact Actions that can be pursued by communities as part of its Clean Energy Communities program.² However, a fully competitive retail market has not become established in the Long Island service area. In October 2020, the New York State Department of Public Service (DPS or the Department) commenced an interactive proceeding and sought comments on several questions regarding competitive retail market in the Long Island service area.³ The proceeding will facilitate and inform DPS in its development of recommendations for LIPA for the effective development of retail electric choice in the Long Island service area. To gather stakeholder feedback, four LI Choice Working Group meetings were held between March and May 2021. Multiple stakeholders, including the Long Island Power Authority (LIPA), PSEG Long Island (PSEG LI or Company) and several elected officials from Suffolk County and other local municipalities, attended and participated in the working group meetings. This whitepaper presents a summary and discussion of the issues addressed, as well as DPS Staff's (Staff) position and proposed recommendations on each. The input Staff receives from stakeholders upon review of this white paper will be taken into account in the development of formal recommendations to LIPA. Staff thanks the numerous stakeholders who provided written comments and participated in the working group sessions.

As explained in more detail below, overall, Staff finds that LIPA and PSEG LI's proposals facilitate the development of retail choice as well as Community Choice Aggregation programs on Long Island. Staff generally agrees with their proposals for consolidated utility billing, purchase of receivables, and use of Electronic Data Interchange (EDI) and Advanced Meter Infrastructure (AMI) data. Regarding unbundling of power supply charges, Staff suggests modifications to increase consistency with the rest of the state. To enhance data sharing protocols, staff proposes that LIPA continue to participate in ongoing data-related Commission proceedings, such as the Strategic Use of Energy Related Data proceeding.⁴ Staff also believes it is important for LIPA to participate in all future Utility Energy Registry working groups and adhere to the Uniform Business Practices for consumer protections, marketing, oversight and dispute resolution. With regards to CCA, Community Distributed Generation (CDG) as part of CCA, and CDG net crediting, LIPA should fully align with State policies.

¹ Case 14-M-0224, Proceeding on Motion of the Commission to Enable Community Choice Aggregation Programs, Order Authorizing Framework for Community Choice Aggregation Opt-Out Program (issued April 21, 2016) (CCA Framework Order).

² <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Communities/How-It-Works/High-Impact-Action-Items>

³ Matter 15-02754, In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers, Notice Requesting Comments (issued October 16, 2020).

⁴ Case 20-M-0082, Proceeding on Motion of the Commission Regarding Strategic Use of Energy Related Data, Order Instituting Proceeding (issued March 19, 2020).

History and Background

Since the competitive market's inception, the Commission has taken numerous steps to improve the retail energy market and ensure that appropriate consumer protections are in place. The Commission's retail choice policy enables retail choice in energy providers, while maintaining high standards of consumer protections. More than 100 Energy Service Companies (ESCOs) currently operate within New York State, providing electric and gas commodity supply. In order to provide oversight of ESCOs, the Commission adopted Uniform Business Practices (UBP) that establish the requirements to become an eligible ESCO in New York State, and which dictate the responsibilities of ESCOs operating in the State, including, inter alia, consumer protections.⁵ In addressing concerns that the retail energy market was not providing expected energy cost savings and/or innovative product offerings to residential and small-non-residential customers (mass-market customers), the Commission issued a December 12, 2019 Order Adopting Changes to the Retail Energy Market and Establishing Further Process (December 2019 Order) to ensure that the retail energy market is providing sufficient value to those customers.⁶ The December 2019 Order also strengthens protections afforded to mass-market customers.

The Commission's December 2019 Order and other relevant Commission orders require, among other things, that ESCOs serving mass-market customers must: 1) provide one of three compliant products;⁷ 2) give customers access to transparency of pricing information; 3) refrain from offering non-energy related valued-added products and services; 4) refrain from the use of misleading marketing materials, and 5) comply with other Commission's rules applicable to ESCOs. ESCOs serving on Long Island must comply with the requirements adopted in the LIPA Tariff for the LI Choice program, which is consistent, although not in full alignment with the rules established by the Commission. The Long Island Choice Program, which is offered by PSEG LI, LIPA's current service provider, is a voluntary program through which customers are provided more choice and can select their preferred ESCO.⁸ The customer receives two bills, one from the utility company for delivery charges and one from the ESCO for supply charges.

On December 31, 2015, DPS issued a Notice Requesting Comments and Establishing Participatory Process (2015 Notice) seeking stakeholder input on the potential benefits to customers of retail competition in the Long Island electricity market.⁹ The 2015 Notice recognized that "[w]hile the

⁵ See, Case 98-M-1343, In the Matter of Retail Access Business Rules.

⁶ Cases 15-M-0127 et al., In the Matter of Eligibility Criteria for Energy Service Companies, Order Adopting Changes to the Retail Energy Market and Establishing Further Process (issued December 12, 2019) (December 2019 Order).

⁷ Compliant ESCO mass-market products include: (1) a product that guarantees savings over the utility price, as reconciled on an annual basis; (2) a fixed-rate commodity product that is priced at no more than 5% greater than the trailing 12-month average utility supply rate; (3) a renewably sourced electric commodity product that: (i) has a renewable mix that is at least 50% greater than the ESCO's current Renewable Energy Standard (RES) obligation as demonstrated by the procurement of Renewable Energy Credits (RECs) and/or the making of Alternative Compliance Payments (ACPs) equal to the number of megawatt hours (MWH) associated with that renewable mix, (ii) the ESCO complies with the RES locational and delivery requirements when procuring RECs, and, (iii) there is transparency of information and disclosures provided to the customer with respect to pricing and commodity sourcing; or, (4) a product or service otherwise expressly authorized by the Commission.

⁸ <https://www.psegliny.com/myaccount/serviceandrates/lic>

⁹ Matter 15-02754, supra, Notice Requesting Comments and Establishing Participatory Process (issued December 31, 2015) (2015 Notice).

rest of New York State electric customers already have the option to participate in a competitive retail electric market, retail customers in the LIPA service area face barriers that have prevented competition from developing.”¹⁰ The 2015 Notice established a participatory process to solicit public comments, provide the opportunity for interactive discussions, and develop recommendations to the LIPA Board of Trustees intended to address market reforms necessary to better effectuate retail competition on Long Island. By Notice Further Extending Comment Period,¹¹ the due dates for comments on the potential benefits to customers of retail competition in the Long Island electricity market were extended, in relevant part, until 30 days following the resolution of the matters raised in the Commission’s Order Resetting Retail Energy Markets and Establishing Further Process, issued February 23, 2016.¹² By its September 17, 2020 Order on Rehearing, Reconsideration and Providing Clarification, the Commission resolved such matters.¹³

Accordingly, on October 16, 2020, the Department issued a notice seeking comments on several questions regarding competitive retail electric markets in the Long Island electric service area, including what potential barriers may exist to developing a competitive retail market in the Long Island service area, how these barriers should be addressed, and what protections are needed for mass-market and low-income customers in a competitive retail market on Long Island. Interested parties were invited to submit comments by January 7, 2021. Eleven sets of written comments, including reply comments, were received from Constellation Energy, Direct Energy, Family Energy, Joule Assets, LIPA, NRG Retail Companies (NRG), PSEG LI, Retail Energy Supply Association (RESA), Town of Brookhaven, Town of East Hampton, and New York Department of State’s Utility Intervention Unit (UIU). Issues raised in public comments are addressed below and include in relevant part:

- 1) Consolidated billing with Purchase of Receivables and addressing an existing switching fee.
- 2) Unbundling the rate structure into by-passable and non-by-passable charges for participants and non-participants, LIPA’s “take or pay” contract requirement; a lag in a Bill Credit Adjustment (BCA); using AMI data to allocate and settle capacity costs.
- 3) Enhancing data sharing protocols; participation in the Utility Energy Registry (UER)
- 4) Customer protections/fair market issues such as adopting Uniform Business Practices (UBP); and establishing a fair dispute resolution process.

LIPA and PSEG LI’s Proposals

LIPA and PSEG LI provided joint written comments and reply comment and attended each of the four working group meetings. Because LIPA is a public power authority utility, it is different from the unbundled IOUs in the State. LIPA has no shareholders and, therefore, no interest in making a profit, is not subject to federal taxes and receives lower financing costs. LIPA’s mission includes providing safe, clean, and adequate electric power supply at the lowest possible cost consistent with sound fiscal operating practices, and it serves as Long Island’s electric service provider of last resort. As a publicly owned utility, LIPA’s costs are ultimately borne by all its customers. LIPA also hedges its fuel supply to limit volatility and procures roughly 90% of its generation capacity through long term power purchase agreements (PPAs). LIPA relates that its measurement of a successful retail access program is the

¹⁰ Id., pp. 1-2.

¹¹ Matter 15-02754, supra, Notice Further Extending Comment Period (issued May 18, 2016) (2016 Notice).

¹² Cases 15-M-0127 et al., supra, Order Resetting Retail Energy Markets and Establishing Further Process (issued February 23, 2016).

¹³ Case 15-M-0127, et al., supra, Order on Rehearing, Reconsideration and Providing Clarification (issued September 17, 2020) (September 2020 Order).

amount of savings or other tangible benefits realized by customers that participate in these programs and the lack of harm to customers that choose not to participate. LIPA's stated policy is to align as closely as possible to State practices to the extent practical, recognizing that in some circumstances there will be situations unique to the Long Island service territory, business model, or statutory and contractual obligations that require special consideration.

In their written reply comments, PSEG LI and LIPA recommend the following enhancements to the existing LI Choice program:

- Implement an unbundled rate structure that eliminates financial transactions between LIPA and the ESCOs. To do so, LIPA recommends establishing an unbundled rate structure consisting of bypassable Market Supply Charges and non-bypassable Local Supply Charges. This addresses the issue of charging ESCOs for Power Supply Charge and crediting them with the Bill Credit Adjustment. It also resolves concerns over rate structure complexity and will reflect the "true cost-benefit" of switching suppliers, to help ensure that no LI Choice program customer (or any other customer) is charged twice for the same service.
- Implement a utility single bill option with purchase of receivables.
- Eliminate Switching Fees.
- Adopt Uniform Business Practices modeled after the requirements for the rest of the State.
- Implement Consumer Protections that align with State policy; specifically modeled after the Commission's Uniform Business Practices (UBP) in Case 98-M-1343. LIPA does not agree with the "enroll with your wallet" concept as this is outside of commission policy.
- Enhance Data Sharing platforms and protocols through the "Green Button" feature that allows ESCO access to relevant billing and AMI load data consistent with State policies on confidentiality of customer information and other Enhanced Data Interchange (EDI) capabilities that facilitate the customer enrollment process.
- AMI data should be used to allocate and settle capacity costs, and already does so where AMI data is available.
- In alignment with Commission policy, eligibility standards and dispute resolution should be handled by the DPS in accordance with the Uniform Business Practices established by the Commission.

PSEG LI states that its proposals are intended to remove impediments to retail choice but are not intended to guarantee profit opportunities exist for ESCOs within LIPA's non-profit public power model. Retail choice customers will continue to receive and pay for—at cost—services that LIPA continues to provide. LIPA points out that public power authorities have the flexibility to own generation utilizing their low cost of capital, and, as LIPA has done, to procure power at low prices through competitively bid, long-term PPAs. LIPA states that exiting long term PPAs before contract end date, is not economic, since contracts have full value buy-out provisions. LIPA believes that to abandon the strategy of PPAs foregoes the economic and reliability benefits for all customers simply for the sole purpose of enhancing opportunities for ESCOs to succeed in the retail choice program. LIPA stated that in 2020/2021 it will retire 68 MWs of peaking units and let 221 MWs of PPAs expire. LIPA anticipates another 400-600 MW of potential retirements in 2024 with the addition of offshore wind (OSW).

Regarding capacity costs, LIPA states that it ensures costs are reasonable by competitively procuring long-term contracts or submitting to FERC cost-of-service regulation. PSEG LI has proposed to recover the unavoidable, (i.e., above market) portion of capacity costs from customers through a non-

bypassable Local Supply Charge. Without the non-bypassable charge, ESCOs and CCAs would only pay the market cost of procuring excess capacity resources while largely avoiding the true cost of capacity needed to maintain NYISO system reliability, despite the fact that their participating customers enjoy full reliability benefits.

Discussion

The following section discusses individual issues raised in LIPA's proposal and in the public stakeholder process.

Consolidated billing

Background

In order to avoid receipt by LI Choice customers of two separate bills for their energy use, and to align with the State's retail choice program, PSEG LI, as LIPA's service provider, proposes to create a utility single bill option that includes a Purchase of Receivables (POR) program.¹⁴ Consolidated billing is a billing option that provides customers with a single bill combining charges from more than one service provider issued by a distribution utility providing delivery service (utility consolidated bill) or by a commodity supplier (ESCO consolidated bill). PSEG LI and LIPA are also considering the elimination of a previous \$10 switching fee assessed when customers change providers. The BCA time lag has resulted in customer confusion and inability to perform a side-by-side billing comparison. To address this concern, PSEG LI is proposing to redesign the billing by developing a non-bypassable Local Power Supply charge to recover LIPA's unavoidable costs from both LIPA's bundled (full service) customers and Long Island Choice participants, and a by-passable Market Power Supply charge to recover LIPA's avoidable costs from LIPA's bundled service customers. LIPA's proposal eliminates its practice of charging ESCOs the Power Supply Charge less the Bill Credit Adjustment. The Local Supply Charge will be set based on projections and subject to true-up for actual costs incurred. PSEG LI will bill the retail choice participants directly for the Local Supply Charge. As suggested by multiple stakeholders, PSEG LI stated during a working group that NYISO energy and capacity costs will be settled with AMI meter data, when available, as discussed in the AMI data section below.

Comment Summary

In its comments, Family Energy stated that consolidated utility billing (CUB) restrictions have been a hindrance to innovation due to the inability to communicate with customers.¹⁵ Family Energy advocates for a Supplier Consolidated Billing (SCB) system that allows an ESCO to directly communicate with customers via the utility bill. This is intended to enable suppliers to offer products that consolidated billing does not accommodate. NRG also advocates for allowing SCB in addition to CUB for LI Choice.

PSEG LI and LIPA disagree with this approach. The Commission has rejected SCB as a requirement for ESCOs due to concern related to disruption of utility operations, increased risk of financial exposure, and concerns regarding consumer protections. Most notably, in its December 2019 Order, the Commission reasoned that SCB should not be adopted at this time because such a billing model would give ESCOs more influence over termination of service to customer and would also deprive the Commission and the Department of retail access billing data currently furnished by the utilities and relied upon as part of the Commission's oversight of ESCOs. PSEG LI and LIPA state that they "do not

¹⁴ 2021 Approved and 2022 Projected Capital and Deferred Expenditures" budget for Customer Service, Long Island Power Authority 2021 Approved and 2022 Projected Budgets p. 40, <https://www.flipsnack.com/LIPower/lipa-s-2021-proposed-budget/full-view.html>

¹⁵ Family Energy comments, p. 9.

believe Long Island Choice should be the vehicle to test whether ESCOs can be entrusted to successfully bill customers for utility's distribution costs in compliance with the Commission's consumer protection procedures."¹⁶ PSEG LI and LIPA contend, the many complexities of the LI billing system and the access PSEG LI call centers need to customer bills, would be detrimental to providing timely and accurate customer service. PSEG LI is concerned that SCB could affect deferred payment agreements causing unnecessary customer shutoffs for non-payment. Billing services would also be affected by the implementation of SCB.

PSEG LI currently provides customers with energy efficiency inserts, low-income plan information, and annual consumer bills of rights which would have to be modified and replaced at an additional cost to customers. In addition, PSEG LI is concerned that the policy and procedures related to disconnection for non-payment, creditworthiness testing, and implementation of the Home Energy Fair Practices Act (HEFPA) may be costly to implement. Finally, LIPA states that SCB is prohibited by its bond covenants and requirements governing its Utility Debt Securitization Authority (UDSA) bonds. LIPA explains that "LIPA's bond covenants grant liens on LIPA revenues to the bondholders and obligate LIPA to preserve and protect such liens. In order to avoid a violation of these bond resolutions, any arrangement with an ESCO to perform SCB will need to include provisions that acknowledge, preserve and protect these liens."¹⁷ Regarding the UDSA bonds, LIPA states, "the restrictions prohibit any third-party billing unless LIPA has obtained a written confirmation by the agencies rating that such an agreement would not result in a reduction or withdrawal of that rating agency's current AAA credit rating of UDSA's bonds. Such rating confirmation would likely impose requirements on LIPA and the ESCOs as a condition to the issuance of such rating confirmations."¹⁸

The Commission declined to mandate SCB in its December 2019 Order because doing so would give ESCOs more influence over termination of service to customers and would disrupt the Commission's oversight and data access abilities.¹⁹ PSEG LI states that its billing has many complexities such as net metering, community solar, and several riders to rates, including a Revenue Decoupling Mechanism, Delivery Service Adjustment, Distributed Energy Resources, Visual Benefit Assessment. All of these billing items would require the same level of detail as currently shown on PSEG LI bills. The company expressed the concern that SCB carries the risk that an ESCO will collect delivery revenues due to LIPA from the customer and not remit those revenues to LIPA. PSEG LI states that this leaves the participating customer with the unnecessary risk that its service could be disconnected despite having remitted payment to the ESCO/CCA and could compel the customer to pay twice for delivery service.

Staff Proposal:

Due to the concern for disruption of utility operations, increased risk of financial exposure, and concerns regarding consumer protections, Staff proposes that LI Choice should be limited to consolidated utility billing as the risks associated with SCB under the LI Choice program outweigh potential benefits at this time.

¹⁶ PSEG LI and LIPA reply comments, p. 13.

¹⁷ PSEG LI and LIPA reply comments, p. 15.

¹⁸ PSEG LI and LIPA reply comments, p. 15.

¹⁹ December 2019 Order, pp. 95-96.

Purchase of Receivables (POR)

Background

Distribution utilities provide billing and collection service for the majority of ESCOs serving residential customers through CUB. The utilities are authorized to purchase accounts receivable from the ESCOs operating in their respective service territories.²⁰ Utilities purchase receivables due to ESCOs at a Commission-approved discount rate and without recourse, meaning that the utility may not pursue a collection action against the ESCO if the utility is ultimately unable to collect from the ESCO customer. The POR discount is applied pursuant to a formula, usually described in the utility's tariff, that takes into consideration, among other factors, the collective level of uncollectible accounts associated with the ESCOs in that utility's territory.

Comment Summary

RESA, NRG, the Town of Brookhaven, and Constellation support a POR structure, whereby the utility handles billing and conducts collections when there are delinquencies in timely customer payments. In meetings of the LI Choice Working Group, the Public Utility Law Project (PULP) stated that the Staff should provide the billing information for the last three years of ESCOs operating on LI in order to provide stakeholders the ability to compare the actual background information before potentially making changes. They also stated opposition to POR. Joule Assets responded that POR being absent will lead to ESCOs conducting credit checks on individual consumers, excluding low-income customers, and creating inequity.

PSEG LI proposes creating a consolidated or single utility bill option, including a POR program. PSEG LI and LIPA state "[c]onsolidated [b]illing and POR can have a positive effect in enhancing retail market development. POR programs coupled with utility consolidated billing would help to minimize the barriers that ESCOs face when considering entering the electric retail market. PORs may attract more ESCOs to enter the market."²¹

Staff Proposal

Staff agrees with PSEG LI's proposal and supports a POR structure for the LI Choice program for the reasons discussed above.

Unbundling of Power Supply Costs

Background

LIPA currently recovers all of its commodity related costs through its Power Supply Charge (PSC). The PSC recovers all energy, capacity, and ancillary service-related costs incurred by LIPA on behalf of its customers. These costs include: all costs associated with its purchase power agreements, including the power supply agreement with National Grid; fossil and nuclear fuel costs including disposal costs; LIPA's share of costs associated with Nine Mile Point 2, including operation and maintenance costs; property taxes associated with electric power purchased from the NYPA, National Grid, other utilities, and independent power producers; cost of transmission and wheeling; payments to customers or brokers in LIPA's dynamic load management program; costs associated with scheduling, system control and dispatch, paid to the NYISO; bill credit adjustment payments to ESCO customers; costs associated with

²⁰ See, Cases 99-M-0631 et al., In the Matter of Customer Billing Arrangements, Order Establishing Uniform Retail Access Billing and Payment Processing Practices (issued May 18, 2001).

²¹ PSEG LI and LIPA comments, p.18.

LIPA's hedging program; costs incurred to comply with renewable portfolio standards and clean energy standards programs; and other supply related costs and taxes.²²

Presently, if a customer chooses an ESCO as its supply provider, the customer is not charged the LIPA PSC. The ESCO customer is provided an additional bill credit to compensate such customers for a fixed portion of LIPA's avoided supply costs. This credit is offset by a 3.92 cents/kWh power supply adjustment which represents the historic base cost of fuel which was incorporated into the PSC in 2006. The customer receives a separate bill from the ESCO for its supply. LIPA, through a series of charges and credits, bills the ESCO for the unavoidable supply-related costs to recover LIPA's actual costs of providing capacity and energy. Stakeholders expressed the view that this arrangement is overly complex and confusing to both ESCOs and customers.

NYISO reliability requirements dictate that nearly all of Long Island's capacity be provided by on-island generation. As stated above, much of the generation capacity on Long Island is secured by LIPA through long term bilateral PPAs. In addition to fulfilling the reliability requirements as established by the NYISO, these PPAs have provided LIPA customers with stable capacity prices. A side effect of this however, is that there is limited visibility into what the actual market cost of capacity on Long Island would be, absent these long-term contracts whereby these merchant plants simply bid into the market.

As previously discussed, LIPA proposes to create a non-bypassable Local Supply Charge that would be recovered from all delivery customers, and a by-passable Market Supply Charge recoverable from its bundled service (i.e., full-service supply) customers. As proposed, the Market Supply Charge would include bypassable costs associated with LIPA's avoidable power supply costs. Bundled service customers would continue to see an all-in Power Supply Charge on their bill which will include the Local Supply Charge and the Market Supply Charge. This proposal also eliminates the BCA crediting process.

Comment summary

In the public comments, several reoccurring themes are present. Many of the parties are of the opinion that the capacity market on Long Island is not liquid and, therefore, not truly representative of the cost of new entry due to LIPA having bilateral contracts for the majority of the capacity on Long Island. Some of the parties go as far as to propose that LIPA ramp down or cancel some of its long-term PPA contracts prematurely to establish a more equal market position. In its initial and reply comments, LIPA explains that historically, as the provider of last resort and a public power authority, LIPA entered into long term contracts with generators on Long Island to ensure that sufficient capacity is always available, which it has done at true market costs to benefit all customers. LIPA believes that the rate impacts associated with exiting existing long-term contracts would overshadow the potential benefits due to the payout provisions contained in the contracts. LIPA states that it will only consider exiting existing long-term contracts after a comprehensive study is performed to examine the potential benefits and rate impacts on LIPA customers. LIPA further expresses the concern that designing a retail choice program that shifts responsibility for payout costs to only a portion of LIPA's customers will cause a "free rider" issue, whereby non-participants bear an undue financial burden.

Several of the parties point out that the transactions between LIPA and ESCOs are overly complicated because LIPA charges ESCOs for unavoidable supply-related costs, then provides a backout credit to customers. LIPA states that its proposal, if adopted, would eliminate this confusing,

²² LIPA Tariff Leaf 166.

complicated arrangement, and put LIPA on consistent ground with the Commission's jurisdictional utilities.

Some parties expressed interest in LIPA establishing a Merchant Function Charge (MFC) so that customers served by ESCOs are not charged by LIPA for functions that ESCOs would generally provide. LIPA has suggested that a MFC is unnecessary, as they have proposed to undertake consolidated billing.

Multiple parties also described LIPA's present lack of commodity price variability with actual system conditions (no load shapes/capacity tags) as being inefficient. In its reply comments, LIPA addresses these concerns, suggesting that its proposed method of unbundling supply costs goes a long way to remedy many of the issues raised by the parties. LIPA states specifically that its proposal eliminates the issues raised regarding the BCA and will more closely align its tariff and practices with the rest of the State.

Staff Proposal

LIPA's proposal to introduce an unbundled rate structure, intended to eliminate the financial transactions between LIPA and ESCOs, is appropriate and is largely consistent with Commission practice. As many of the parties have pointed out in comments and discussion, the present LIPA - ESCO relationship is unnecessarily complicated and in need of modification. The proposal that LIPA has outlined is similar in structure to the Commission-jurisdictional utilities' rate mechanisms which were established to recover the above or below market costs of legacy supply contracts through non-bypassable charges from all delivery customers, and the market value of the contracts through the supply charges from their full-service supply customers.²³ LIPA's proposal refers to these costs as Local (or non-bypassable costs) and Market costs, respectively. Staff proposes that LIPA's proposal be adopted with modification to add additional consistency with the mechanisms and practices of the Commission-jurisdictional utilities. Longer term, Staff proposes that LIPA supply rates be further modified, consistent with cost-causation principles, for further consistency with the utilities under Commission jurisdiction.

Staff concurs with concerns raised by some of the parties that the capacity market on Long Island is not very liquid and may not reflect the true cost of capacity on Long Island due to LIPA's entry into long term PPAs. LIPA in its reply comments, states that "[c]apacity market prices are too low on Long Island to sustain the development of generating capacity needed to ensure the supply of reliability of the local Zone K system. It is exactly for this reason that LIPA entered into long term contracts with generators at their true market cost."²⁴ LIPA further states in its reply comments that only recovering the unavoidable costs of these contracts from bundled full-service supply customers, would create an unfair cost-shift while still providing the reliability benefit of the contracts to customers that chose to take supply from an ESCO or participate in a CCA. Staff agrees with LIPA in this regard and as previously mentioned, LIPA's proposed recovery of non-bypassable costs from all its customers is similar to jurisdictional utilities' recovery of legacy supply contract costs. Further, Staff suggests that all new contracts, or extensions of these existing contracts beyond their present terms and conditions, be included in LIPA's full-service supply portfolio to be recovered from LIPA full-service customers only. Parity in this sense will further put LIPA on a similar footing as the jurisdictional utilities and allow for

²³ Legacy contracts are generally considered supply contracts that the investor owned utilities entered into prior to August of 2004, when the Commission Issued its Policy Statement on Competitive Markets in Case 00-M-0504.

²⁴ PSEG LI and LIPA reply comments, p.11.

further competition on Long Island. Staff would not recommend that these contracts be ramped down at an accelerated rate absent an analysis showing that such a ramp down would not cause undue harm to customers.

Staff proposes that the capacity value, if any, and avoided ancillary service costs associated with any supply purchases treated as a load modifier (e.g., PPAs, renewable power purchases, etc.) should be reflected in the local supply charge and removed from the market supply charge. Additionally, LIPA should establish a MFC to recover administrative costs (e.g., Fuel and Power Supply Mgt. Services) related to hedging and procurement of avoidable supply; supply working capital; supply-related credit and collections; and supply-related uncollectables. Credit and collections cost and uncollectables should be allocated between delivery & supply based on revenues. Supply related uncollectables should be further separated between residential & non-residential classes or non-demand & demand-metered classes. Since LIPA will likely not avoid much if any administrative supply procurement or credit and collection costs, such cost should be annually reconciled.²⁵ The costs are pre-determined (in a rate case or annual budgeting process), so the sales are used to calculate the rate that will vary based on the level of retail access. To determine the rates, supply procurement costs are divided by full-service sales, and credit & collection costs are divided by the sum of full service & POR sales. Annual reconciliation of these two MFC components is consistent with utilities regulated by the Commission. ESCOs choosing to participate in a POR program would sell their receivables to LIPA at a discount, essentially paying LIPA back for the credit and collections and supply-related uncollectables. Establishing a MFC would increase consistency with the IOUs in New York State and potentially provide for a more competitive ESCO market.

Similar to the Commission-jurisdictional utilities LIPA should separately display the non-bypassable local supply charge, the avoidable market supply charge, and the MFC on customers' bills, or alternatively displayed separately on monthly statements. Doing so will provide customers with transparency as to what costs they would avoid if they switch to an ESCO.

Staff proposes that all market and local supply costs be forecast monthly to reflect the proper price signals in each month and be fully reconciled on a two or three month lagged basis so that LIPA can fully recover its actual supply costs. Further, forecasting and reconciling both the market and local supply costs monthly will stabilize supply prices to an extent, as a higher market price would result in a lower local price, and vice versa. Supply-related uncollectables should be set as a percentage of supply costs so this component of the MFC would also vary monthly; the remaining components of the MFC would be fixed.

Enhancing data sharing protocols

Background

The Commission recognized the need to address data related issues through many of its prior proceedings and continues to take necessary steps to increase access to, and the appropriate use of, customer and system data in order to further New York State's clean energy goals and continue support of the Department's mission. Achieving the State's clean energy goals requires the continued

²⁵ Administrative supply procurement costs should be reconciled over bundled full-service supply sales. Credit & collection costs should be reconciled over the combination of bundled full-service supply and ESCO POR sales.

development and maintenance of system data and customer energy-related data. The benefits of doing so are numerous, encompass all levels of the market including customers, DER providers, ESCOs, and utilities, and advance New York State's energy efficiency goals. In March 2020, the Commission reinforced this view in its Order instituting the Strategic Use of Energy Related Data proceeding.

On May 29, 2020, Staff filed a whitepaper recommending the creation of an integrated energy data resource (IEDR) that would provide a centralized platform for collecting, integrating, managing, and accessing customer and system data from New York State's energy utilities. On February 11, 2021, the Commission approved the implementation of a statewide IEDR and adopted the detailed path as described in the whitepaper.²⁶ In parallel, the Commission directed Staff to file a whitepaper regarding the development of a data access policy framework that standardizes the necessary privacy, cybersecurity, and quality requirements for access to energy related data.

The Data Access Framework whitepaper was also filed on May 29, 2020²⁷ and the Commission adopted Data Access Framework on April 15, 2021.²⁸ The Data Access Framework will serve as a single source for statewide data access requirements and will provide uniform and consistent guidance on what is needed for access to energy related data, including the availability of such data. The Framework incorporated the existing Commission established data access requirements to date, including cybersecurity and privacy requirements, and established data quality and integrity standards criterion to be met by the utility, or data custodian, for application or use case specific purposes.

The Data Access Framework adopted, *inter alia*, an ESE Data Ready Certification Process and directed the Joint Utilities to file a Data Access Implementation Plan that would include details of the Data Ready Certification process.²⁹ Within the Data Access Framework Order, the Commission directed the Joint Utilities to consult with LIPA in the development of the Data Access Implementation Plan in order to explore the potential for cost sharing of the statewide Data Ready Certification Provider.

Comments

Aside from general party comments requesting increased access to customer and system data generally, no comments we received on this issue.

Staff Proposal

Staff understands that LIPA/PSEG-LI have committed to provide data to the IEDR along with NYPA and the state's IOUs. LIPA/PSEG LI states that it will participate fully in both the IEDR Advisory Group and the Utility Coordination Group. This will enable LIPA to align various energy related data activities under their control with the statewide IEDR ultimately directed by the Commission to maximize benefits of the resource to New York State.

²⁶ Case 20-M-0082, supra, Order Implementing an Integrated Energy Data Resource (issued February 11,2021).

²⁷ Case 20-M-0082, supra, Department of Public Service Staff Whitepaper Regarding a Data Access Framework (filed May 29, 2020).

²⁸ Case 20-M-0082, supra, Order Adopting a Data Access Framework and Establishing Further Process (issued April 15,2021) (Data Access Framework Order).

²⁹ The Joint Utilities include Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

Staff also recognizes that LIPA/PSEG LI are committed to participating in the Strategic Use of Energy Related Data proceeding and work with the Joint Utilities in the development and filings of the Data Access Implementation Plan. Staff proposes that LIPA/PSEG LI look to adopt the key components of the recently approved Data Access Framework.

Use of EDI data

Background

Electronic Data Interchange (EDI) is the computer-to-computer exchange of routine business information in a standard form. EDI transactions in a retail access environment include requests to switch customers from one commodity supplier to another, and the transfer of customers' history, usage, or billing data. The basis for the content and structure of an EDI transaction is a data standard predicated on the business rules governing the underlying activity to be transacted.

Comments

Regarding the issue of access to customer data, Family Energy commented that, "ESCOs need timely access to granular data in order to design and provide energy products that are responsive to consumer needs. LIPA's investment in AMI should be appropriately leveraged so that ESCOs have timely access to customer data that can support the development of energy products and services. EDI protocols for ESCO access to AMI data for their customers, with customer authorization, should be implemented."³⁰

NRG agrees that manual processes are not sufficient and that a uniform system for handling EDI transactions should be implemented. NRG states that "They suggest that EDI should be used for Long Island as it is for the rest of the state, with the main issue being uniformity to ensure accuracy and reliability when exchanging data."³¹

PSEG LI maintains both EDI capability and Green Button Connect platforms. LIPA recommends Enhanced Data Sharing platforms and protocols through the "Green Button" feature that allows ESCO access to relevant billing and AMI load data consistent with State policies on confidentiality of customer information and other EDI capabilities that facilitate the customer enrollment and billing processes. They state that "[a]nother positive aspect that we have observed from the best practices is the importance of EDI. EDI has been used by all the states with an active retail competition market. It helps facilitate the sharing of customer information between the distribution companies and suppliers. Many of the states with retail competition have to educate customers about new opportunity and establish a number of new rules and procedures. There is a direct relationship between participation in retail competition and customer education."³²

³⁰ Family Energy comments, p.7.

³¹ NRG comments, p. 10.

³² PSEG LI and LIPA comments, p.19.

Staff Proposal

Staff proposes that PSEG LI and LIPA use EDI to transmit the data necessary for ESCO retail access markets as EDI is already being utilized by utilities and ESCOs in the rest of New York State. As discussed below, Staff believes Green Button Connect should continue to expand the granularity and accessibility of AMI data for Energy Service Entities (ESE), including ESCOs.

Use of AMI DataBackground

The ability to download AMI data via Green Button Connect is currently available for customers through PSEG LI website portal - "My Account." AMI installations in LIPA's service territory are approximately 70% complete. PSEG LI anticipates 90% of installations will be complete by the end of 2021, and 100% complete by the end of 2022. Customers with an AMI meter can log into "My Account" to view and download usage data at different intervals. The portal allows the user to download data in MS Excel or comma-separated values (CSV) for varying timeframes. Customers can provide e-mail addresses which can be used by third parties to gain direct access to the portal to download a customer's fifteen-minute interval consumption data with their permission. Customers can also control the time period data is shared with third party.

Improvements in accessibility of customer usage data is a result of progress gained via the last several years' filings of the PSEG LI Utility 2.0 Long Range Plan Annual Updates which urge growing this functionality. In its 2019 Utility 2.0 Recommendations, DPS stated, "PSEG LI is in the vendor engagement process for the Commercial and Industrial (C&I) portal, Advanced Billing Engine, and Green Button Connect initiatives. In its implementation of the various data sharing platforms the Department recommends that PSEG LI; 1) actively seek and incorporate input from anticipated users of the data platforms and 2) provide real-time access to customers' load data enabled by AMI; with that information available contemporaneously to customers, the utility, and third-party market participants, with customer consent or the appropriate masking of customer identity. Real time and contemporaneous access by all parties are essential to enabling customers, the utility, and third-party market participants to effectively utilize such data on an equal basis. It is recommended that PSEG LI take the appropriate steps needed to achieve real time contemporaneous access to customer load data."³³

Comments

RESA and Constellation Energy state that when ESCOs have access to granular consumption data, they are able to offer products optimized to customers' unique consumption patterns. Constellation further points out that ESCOs differentiate themselves through offerings of value-added products. RESA states that seamless communication between ESCOs and distribution utilities is important to ensure that customer enrollments, service provider switching, pricing changes, and billing information are communicated timely and accurately.

Joule Assets state that a community that wants to deploy storage resources in individual homes or at community hubs, will want and expect access to any available real-time data (to sell into spinning reserves or frequency regulation markets). Whether the consumer owns that data or not is a less time-sensitive question than whether the consumer has access to it, on demand and on time - with the appropriate data privacy protections. Joule Assets suggests that a State agency such as NYSERDA is best

³³ Matter 14-01299, In the Matter of PSEG LI Utility 2.0 Long Range Plan, Recommendations Regarding PSEG LI Annual 2019 Update (filed November 19, 2019) p.3.

positioned to play the role of Meter Service Provider, to manage and regulate Meter Data Service Providers, and serve as a clearing house for all utility billing in the State. Joule Assets states that data agreements that LIPA writes for CCAs must be reflective of the CCA authority. CCAs are explicitly exempted for specific restrictions outlined in the Uniform Business Practices issued by the Commission.³⁴

NRG reiterates that obtaining interval usage data from meters is a critical part of fostering the development of a functional competitive market. Delayed access or receiving information that is not accurate may discourage ESCOs from coming into the Long Island market. Manual processes are not sufficient since they are labor/time intensive, unreliable, and expensive. NRG states that Green Button Connect is useful for individual customer data requests, but not for large volumes of data at once. Family Energy stated EDI protocols for ESCO access to AMI data for their customers, with customer authorization, should be implemented. EDI is used by ESCOs in the rest of New York, but one stakeholder noted that it can be a costly alternative, and two parties suggested that flat file (CSV) format that is accessible on a secure portal should be investigated for its potential lower cost PSEG LI indicated that there would be no new software to purchase to offer this, as it is just a new format for data, and it has been used previously as a cost-effective solution.

Several stakeholders, including RESA and Joule Assets, generally agreed that that AMI can provide more granular data that should be used to settle capacity costs. PSEG LI agrees AMI data should be used to allocate and settle capacity costs, and already does so where AMI data is available. PSEG LI stated that AMI is not only required but has also been installed for all customers currently enrolled in LI Choice and now have capacity tags identified through the meter from the summer 2020 period. PSEG LI calculates hourly loads for Zone K each month with a six-month lag with a bottom-up calculation. Billing reads are used to estimate non-AMI uses. Installed Capacity (ICAP) requirements are calculated by adding up ICAP capacity tags based on previous contribution to peak usage. If there is no data on peak, the load profile and monthly billing read are used.

Staff Proposal

Accessible interval AMI data, which is easy to obtain, and share is necessary for customers to better understand their energy usage patterns and make better energy choices. When shared with third-parties, or ESE), beneficial products and/or services can be offered to a customer that could result in energy savings, as well as clean energy solutions. As stated above, PSEG LI should utilize EDI to transmit retail access data as it is already being utilized by utilities and ESCOs in the rest of New York State. Green Button Connect is also a valuable tool to enable data sharing. Staff believes that energy-related data should continue to be used to facilitate market development on LI, including the use for retail access markets and additional DER markets – which will help the State meet its ambitious clean energy goals. PSEG LI and LIPA are proceeding appropriately and should continue to expand the granularity and accessibility of AMI data.

³⁴ UBP sections 4(B)(1)-(3), 5(B)(1), 5(D)(4), and 5(K) are suspended for CCA municipalities, and ESCOs/utilities engaging with CCA municipalities are allowed to transfer customer-specific aggregated data under certain circumstances as well as switch a customer's supply through opt-out. The April 2016 CCA Framework Order.

Utility Energy Registry

Background

The Utility Energy Registry (UER) is an online database platform that provides streamlined public access to aggregated, community-scale, utility reported energy usage data. The UER is managed by NYSERDA³⁵ and was adopted by the Commission in April 2018.³⁶ The UER Order required utilities, under Commission regulation, to develop and report community energy usage data every six months, as part of the adopted New York UER Protocol³⁷.

Comment Summary

Several stakeholders stated that it is important to have data uploaded to the UER on a regular basis, and that consistency with the statewide New York UER Protocol would be both beneficial and helpful towards consumer confidence. This was also a recommendation of the Suffolk County CCA Task Force.³⁸ The Town of East Hampton states that community energy usage data based on the New York UER Protocol, and currently available through NYSERDA's website, provides important information to municipalities and communities for energy planning purposes, including considerations of establishing a CCA program. The Town of East Hampton also pointed out a previous lag in Long Island data upload and states that PSEG LI should be compelled to provide such data in a timely manner. During a working group meeting, the question was raised whether PSEG LI would publish missing data to the UER, which would include publishing community-wide energy usage data going back several years. PSEG LI replied that this was not the intention, and that data older than two years old is not available. PSEG LI stated that it will be updating their data in the Utility Energy Registry starting in July 2021.

Staff Proposal

Staff agrees with stakeholders that the UER is a valuable tool for communities and customers to access aggregated community-scale energy usage data. The UER allows communities to see trends in their energy needs, which in turn, facilitates smarter energy planning and policies. Staff agrees that LIPA should report all missing data available to the UER and should continue to report data every six months, in alignment with the New York UER Protocol. If the Commission modifies the New York UER Protocol, Staff proposes that LIPA and PSEG LI adopt those modifications to align with the most up to date version of the New York UER Protocol. Staff also proposes that LIPA and PSEG LI participate in all UER working group activities.

Oversight and Dispute Resolution Process

Background

To ensure compliance with the ESCO procedures throughout NYS as outlined in the UBP, the LIPA tariff includes provisions under which an ESCO's eligibility to provide service may be granted, revoked, or suspended by the Authority. PSEG LI is considering what indemnifications should be required. PSEG LI emphasized that any costs imposed on it should be fair so as to protect LIPA and its customers. PSEG LI states it will tailor ESCO dispute resolution procedures to follow the LIPA tariff,³⁹ and billing disputes will be handled in the same manner as full retail service customers. The complaint

³⁵ See, Matter 14-01299, *supra*, Recommendations Regarding PSEG LI Annual 2018 Update (filed November 1, 2018) (DPS recommends that PSEG LI and LIPA engage with NYSERDA to initiate a process for uploading aggregated monthly data by municipality to NYSERDA's UER).

³⁶ Case 17-M-0315, *In the Matter of the Utility Energy Registry*, Order Adopting the Utility Energy Registry (issued April 20, 2018) (UER Order).

³⁷ <https://utilityregistry.org/app/#/>

³⁸ Suffolk County CCA Task Force Final Report, December 2020, p. 56.

³⁹ LIPA Tariff for Electric Service, Second Revised Leaf No. 295, effective January 1, 2016

procedures will mirror those the Department and LIPA have previously established for other customer complaints.

Comment Summary

Family Energy stated that it is not appropriate for the Authority to be vested with oversight authority and the ability to grant, revoke, or suspend a competitor's ability to do business and that it is likewise inappropriate for the Authority to be an arbiter of disputes between itself and ESCOs as well as to demand access to ESCO records. Family Energy suggests that the LIPA tariff language should be consistent with the approach for the rest of State in the UBP and that this would ensure an effective arbiter. Family Energy supports the process used in the rest of the State whereby an ESCO files an application for eligibility to operate in the State with the DPS for its review and approval; an ESCO enters into an operating agreement with the utilities where it intends to serve consumers and completes EDI testing; and the UBP sets forth an appropriate dispute resolution process for ESCOs and utilities, which should apply to ESCOs and LIPA. A formal dispute resolution process is initiated by providing written notice to the opposing party and Staff. Such notice shall include a statement that the UBP dispute resolution process is initiated, a description of the dispute, and a proposed resolution with supporting rationale. Staff may participate in the process at this or any later point to facilitate the parties' discussions and to assist the parties in reaching a mutually acceptable resolution. Utility tariffs and operating and service agreements between the utilities and ESCOs shall identify the processes used to resolve disputes and shall refer to the dispute resolution processes described in UBP Section 8 as acceptable processes to resolve these disputes. PSEG LI and LIPA agree that eligibility standards and dispute resolution should be handled by the DPS. The Department accepts, investigates, mediates, and decides upon the resolution of complaints from consumers. The Department's decision is binding unless a party chooses to appeal to the Authority on specific and limited procedural grounds. For the appeal process, DPS provides a recommendation to LIPA and LIPA's CEO (or its designee) accepts or rejects the DPS recommendation. The Department is also responsible for examining the appeal and provides its written decision on the appeal.

Staff Proposal

Staff agrees with PSEG LI and LIPA that DPS should provide oversight for ESCO eligibility. Currently LIPA does not have a UBP and uses the LI Choice Operating Procedures. DPS proposes that LIPA adopt the State's ESCO UBP. ESCO applications will be reviewed and approved by DPS staff. Only ESCOs that are deemed eligible to serve customers by DPS will be allowed to serve in LIPA territory. ESCOs that are currently serving in LIPA territory that have not received eligibility from the DPS must submit an application to DPS for review. In addition, Staff proposes that DPS handle dispute resolution between ESCOs and LIPA, and that the process to initiate the dispute resolution process track the process in the UBP Section 8.⁴⁰ However, contrary to the appeal process used in the rest of the State where appeals are directed to the Commission, in the LIPA service territory, appeals would go to LIPA and LIPA's CEO (or its designee) for final resolution. Under this process, DPS would provide a recommendation to LIPA and LIPA's CEO (or its designee). DPS recognizes concerns expressed by some commenters regarding LIPA's role in dispute resolution, and seeks comment in response to this whitepaper, on potential alternative processes for appeals. Finally, the UBP does not require indemnification terms, therefore Staff is seeking additional comments on that point in response to this whitepaper.

⁴⁰ Case 98-M-1343, supra, September 2020 UBP.

Consumer Protections

Background

The Commission's UBP addresses ESCO eligibility, creditworthiness, changes in providers, customer inquiries, dispute resolution, billing and payment processing, and marketing standards. The Commission has made several modifications to the UBP regarding consumer protections over the years. In December 2016 the Commission issued an Order Adopting a Prohibition on Service to Low-Income Customers by Energy Service Companies in Case 12-M-0476, et al.⁴¹ The ESCO Low-Income Order prohibited ESCOs from marketing to, or enrolling, low-income customers unless the ESCO could provide those customers with a savings below what they would pay with the distribution utility. ESCOs who wish to enroll low-income customers are required to submit a waiver request to the Commission showing that they would be able to guarantee a savings to the customer below the utility price.

The December 2019 Order directed additional consumer protections be provided to mass-market. Effective April 16, 2021, ESCOs serving mass-market customers are only allowed to market the following products:

1. Variable rate with a guaranteed savings over the incumbent utility. The product must provide a guaranteed savings on an annual basis, or greater frequency, and provide a refund to the utility account or refund to customer.
2. Variable rate renewable product. These products must meet Clean Energy Standard (CES).
3. Fixed rate renewable product. These products must meet the locational and delivery requirements under the CES.
4. Fixed rate with a 5% price cap over the utility price. This product is limited to a price no greater than the trailing 12-month average of the utility supply price plus a premium of no more than 5%.
5. Value-Added product. These products must be an energy-related, value-added products specifically approved by the Commission.

Additional consumer protections were also adopted such as affirmative consent requirements for material changes to contract terms and enhanced eligibility requirements for ESCOs seeking to do business in New York.

Comment Summary

AARP states concern that ESCO service in the rest of the state has not resulted in bill savings to its customers. Three stakeholders, including UIU, suggested that LIPA adopt the same or similar consumer protection requirements for low-income customers as the rest of the state. LIPA agrees, stating that consumer protections should be no less stringent than in the rest of New York State. If a new tariff is adopted, PSEG LI stated they will follow the UBP to create consistency with the rest of the state. PSEG LI clarified that if ESCOs do not have the option to provide green or other services, they would be required to be able to provide a lower price to the customer than the utility price, as required by the UBP.

⁴¹ Case 12-M-0476, et al., Order Adopting a Prohibition on Service to Low-Income Customers by Energy Service Companies (issued December 16, 2016) (ESCO Low-Income Order).

An individual stakeholder inquired whether ESCOs need to provide financial assurances. Staff clarifies that financial assurance is not required by ESCOs. PULP also suggested that ESCOs be required to have insurance. PSEG LI stated that if ESCOs have sufficient size, they are assumed to have credibility.

RESA stated that discussion of product restrictions should remain on the table, especially with the unique nature of the LI market. RESA supports adoption of UBP on this subject, to ensure seamless moves for customers of competitive suppliers. Staff notes that there have been instances with CCA Administrators offering products that do not fit neatly into the Commission's intentions, such as: "green energy" offerings that do not follow the UBP definitions; two-year contracts where customers are only receiving supply for non-consecutive six-month periods; and products that have both fixed and floating components.

RESA stated that LIPA currently has sufficient customer protections, but additional protections should be aimed at ensuring that mass market customers, including low-income consumers, are able to make informed decisions. For example, RESA supports requiring ESCOs to provide customers notice of upcoming contract expirations or renewals. Similarly, enhancing the customers' ability to switch providers quickly is an important consumer protection, particularly for mass-market and low-income customers. RESA offers that switches could be allowed to occur on days beyond just the first day of the month and on fewer than ten days' notice.

Staff Proposal

Staff proposes that LIPA adopt the consumer protections put in place by the Commission in the December 2019 Order as well as those contained in the UBP.⁴²

Marketing

Background

The UBP addresses ESCO marketing standards. Section 10 describes the standards that ESCOs and ESCO marketing representatives must follow when marketing to customers in New York State. Included in this section is training of marketing representatives, contact with customers (in person and by telephone), electronic enrollments, conduct, and dispute resolution.

Comment Summary

Family Energy supports statewide uniformity regarding marketing practices under the Commission's adopted UBP. Family Energy asserts that the LI Choice Tariff and Operating Procedures should be updated and revised to reflect the UBP consistent with the rest of the State and that adopting a consistent approach will facilitate cost-effective ESCO participation.

In terms of digital marketing, RESA supports changes in the LI Choice webpage to help make it easier for consumers to engage. For example, RESA states PSEG LI's webpage devoted to the LI Choice Program is not immediately accessible from the main PSEG LI webpage. They also state that the LI Choice webpage does not provide links to licensed ESCO websites; it only provides the ESCOs' telephone numbers.

Family Energy states that requiring consumers to provide their energy account number to enroll in ESCO services is a barrier to a robust retail choice program. The idea of "Enroll with your Wallet," is to allow consumers to enroll with commonly known information such as name, phone number, service address, etc. They state that having this option would allow suppliers to refocus enrollment efforts toward more public forums such as at shopping malls, rather than going door to door. When facilitating

⁴² See, December 2019 Order and September 2020 Order (including the most recent UBP).

ESCO enrollment in public venues, consumers experience low or no pressure enrolling. Consumers can choose to engage or to walk away during the sales presentation. Family Energy suggested use of some other method or unique identifier that is more easily identifiable to the consumer, in order to enroll. However, PULP and UIU stated that there are concerns with enroll with your wallet, because ESCO slamming is still a problem, whereby customers are signed up without full understanding of what they are signing up for.

Staff Proposal

Staff proposes that LIPA adopt the marketing standards put forth in the UBP which, among other things, requires a customer's distribution utility account number for a customer to provide to the ESCO to complete the customer's ESCO enrollment.⁴³ According to the UBP, the customer's distribution utility account number would have to be verified by a third party. This requirement is crucial in order to mitigate ESCO slamming.

Community Choice Aggregation

Background

On April 21, 2016, the Commission issued its Order Authorizing Framework for Community Choice Aggregation Opt-Out Program, in Case 14-M-0224. The CCA Framework Order established the requirements for CCA Administrator's and CCA Programs on a statewide basis. At that time, the CCA Framework Order did not outline the necessary requirements for implementation and operation of CCA programs on Long Island. Since then, and effective on June 1, 2020, LIPA's Board of Trustees adopted a CCA Program Tariff Provision which details LIPA's program requirements for a CCA program.⁴⁴

In December 2020, the Suffolk County CCA Task Force submitted a report to the Suffolk County Legislature that explored the possibilities, challenges, and made recommendations related to the creation of CCA programs within Suffolk County. The report states

Long Island faces unique challenges to creating CCAs because of geographic and electric transmission constraints, lack of competitive wholesale market activity, and the unique regulatory and market relationships among various stakeholders including state and federal regulatory agencies, the New York Independent System Operator, the Long Island Power Authority, or LIPA, and its sole operations services contractor, PSEG Long Island, and local power generation owners. Despite these challenges and bureaucratic hurdles, CCA is possible on Long Island, and in the towns and villages of Suffolk County. With leadership and collaboration, the opportunity for community choice and control may bring about a new model of sourcing a more affordable, desirable, and cleaner energy supply.⁴⁵

The Suffolk County CCA Task Force report described several important issues that correlate directly to this proceeding, including the need for a retail access market on LI.

Comments

As described in the Suffolk County CCA Task Force report there are many unique challenges facing Long Island municipalities when creating and/or joining CCA programs. These include issues relating to the low number of ESCOs capable to operate on the island and their difficulty providing competitive pricing, complications due to LIPA's long-term contract supply agreements, and the limiting

⁴³ Case 15-M-0127, et al., supra, Order on Rehearing, Reconsideration and Providing Clarification (issued September 17, 2020)

⁴⁴ <https://www.lipower.org/wp-content/uploads/2020/03/Tariff-Proposal-February-2020-Community-Choice-Aggregation.pdf>

⁴⁵ Suffolk County CCA Task Force Final Report, December 2020, p. 2.

of ESCO products that are allowed to be offered. However, the potential for financial and community benefits, economic opportunity, and job creation has led the majority of stakeholders to support exploration into the potential benefits of implementing a CCA program.

The Task Force made several recommendations, some of which are being addressed in this proceeding, including consolidated billing, simplifying the bill credit into a single charge, and posting semi-annual energy data reporting on the Utility Energy Registry (UER).

LIPA should work with DPS Long Island to identify and implement ways to allow for a viable and more competitive ESCO retail market on Long Island and to address current barriers; and that LIPA should seek to reduce the cost incurred and resulting charges for on-island capacity. These suggestions are addressed above in the section summarizing LIPA and PSEG LI's Proposals.

The Suffolk County CCA Task Force report stated "the size of municipalities can limit a CCA's bargaining power and ability to gain traction. This could be addressed by allowing counties to form CCAs and sign contracts on behalf of member municipalities."⁴⁶ In the CCA Framework Order, the Commission decided that the decision to participate in a CCA should be up to the individual eligible municipalities, however, county governments are encouraged to coordinate the municipalities within the county to form an inter-municipal CCA and work to support that CCA as in an administrative role.

The Task Force also recommended that NYSEERDA expand its technical and financial assistance to municipalities and communities seeking to establish CCA programs and that NYSEERDA should consider establishing a dedicated fund to support the development and operation of value-added CCA programs. Staff notes that the NYSEERDA Clean Energy Communities program⁴⁷ was developed for local government officials who want their communities to benefit from the clean energy marketplace by providing grants, coordinator support, and clear guidance for implementing a range of high-impact clean energy actions, which include CCA program implementation. Staff encourages municipalities to work closely with NYSEERDA to participate in their Clean Energy Communities program and utilize their CCA resource toolkit⁴⁸.

Joule Assets asserts that retail choice customers should bear no responsibility for the costs of LIPA's long-term contracts with providers and that CCAs should have the option to enter into contracts with the OSW developers (or not) at the CCA's sole discretion. LIPA could also earn wheeling revenues from offshore wind due to supply constraints for customers in Zones J and K. LIPA disagrees with Joule Assets' comments regarding offshore wind commitments because Joule Asset's argument overlooks the Commission's existing statewide procurement and cost-sharing approach, which recognizes that large-scale procurements by State authorities are the most cost-effective strategy to procure these assets needed to meet the State's climate laws. LIPA's position is that CCAs are in no better position to enter long-term contracts with offshore wind developers than State entities such as LIPA. Wind assets benefit the environment and grid reliability needs for all, so all should share in the financial responsibility.

Staff proposal

Staff believes that the Commission's established requirements for CCA Administrators and CCA Programs should apply to Long Island municipalities that choose to implement a CCA program. As shown by the approval of the LIPA CCA Tariff Provision, LIPA is aligning with the statewide CCA program requirements. This willingness will allow for consistent and uniform applicability of the CCA

⁴⁶ Suffolk County CCA Task Force Final Report, December 2020, p. 58

⁴⁷ <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Communities>

⁴⁸ <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Communities/How-It-Works/Toolkits/Community-Choice-Aggregation>

requirements for Administrators seeking approval from the Commission, as well as for the Department's compliance oversight of the CCA program. Staff proposes CCA programs on Long Island be reviewed and approved by the Commission and DPS Staff consistent with existing processes used throughout the rest of New York state. This process requires Commission approval of the Administrator and its CCA program implementation plan and data protection plan, and DPS Staff review and approval of CCA Administrator municipality-specific filings.

Staff proposes that LIPA acknowledge the list of Commission approved CCA Administrators and permits those, and only those, Administrators to operate on Long Island. Staff believes that the municipality-specific filings, such as a municipality's implementation plan, education and outreach verification, and draft opt-out letters, should be reviewed by Staff for verification that the statewide CCA applicable requirements have been met. After Staff review and approval, Staff will recommend that LIPA approves the municipality-specific filing. Staff further suggests that LIPA adopt all future CCA program requirement modifications. A description of Commission adopted CCA filing requirements can be found in Appendix B of this whitepaper. Staff proposes that all Long Island required CCA Administrator compliance filings be submitted through the Commission's Secretary, via Case 14-M-0224, for Staff review and approval. Staff's CCA team will ensure that all CCA programs administered on Long Island are operating within compliance of existing Commission established CCA rules and, therefore, will achieve program consistency across the State.

In instances in which Long Island must adopt CCA related requirements specific to Long Island, Staff proposes that those requirements be reviewed by DPS for evaluation of program execution prior to presentation of DPS recommendations to LIPA's Board of Trustees.

Community Distributed Generation (CDG) Interaction with CCA

Background

In March 2018, the Commission approved Joule Assets as a CCA Administrator and introduced requirements for the integration of an opt-out CDG component into their CCA program.⁴⁹ In April 2021, Staff filed a whitepaper on the State's CCA Programs and recognized that the current CCA program structure offers an opportunity for communities to achieve higher penetration of DER by integrating CCA and CDG, transitioning CCA into a "CCA 2.0" model.⁵⁰ The CCA Whitepaper included a proposal for the Commission that would permit all approved CCA Administrators to integrate an opt-out CDG component into their existing CCA programs. This proposal would enable all Commission approved CCA Administrators to offer comparable products and services to existing and prospective municipalities.

The CCA Whitepaper also seeks comments on whether the Commission should explore the development of a program similar to a traditional CCA supply program that would allow municipalities to pass local legislation to enable CDG enrollment for all eligible members within their community on an opt-out basis. This would be a standalone program that would not be integrated with a CCA supply product. Staff is currently seeking input on the development of an opt-out CDG program, the necessary rules for such a program, and its association or disassociation with the traditional CCA program model.

⁴⁹ Cases 14-M-0224 *et al.*, *supra*, Order Approving Joule Assets' Community Choice Aggregation Program with Modifications (issued March 16, 2018) (Joule Order).

⁵⁰ Case 14-M-0224, *supra*, Department of Public Service Staff Whitepaper on Community Choice Aggregation Programs (filed April 14, 2021) (CCA Whitepaper).

For each electric utility in the State, the Commission's VDER Transition Order established a two percent cap, based on incremental net annual revenues, for nonparticipants in order to manage the potential impacts for projects interconnected after March 9, 2017.⁵¹ LIPA has already incorporated the requirements of the March 9, 2017 VDER Transition Order and September 17, 2019 VDER Implementation Order in its tariffs.

Comments

Good Energy points out that opt-out CDG paired with CCAs has the potential to greatly accelerate solar deployment and advance equitable access to solar energy for all ratepayers, but available project capacity is an issue. Joule Assets would like to know how opt-out CDG interreacts with the market. In order to limit the impact of CCA on nonparticipating customers to under two percent of revenues, LIPA has indicated that it may lower the value of the Community Credit under the Value of Distributed Energy Resources (VDER) compensation structure.

Staff Proposal

Similar to Staff's position in regard to a supply only CCA program, Staff proposes that LIPA adopt all statewide Commission rules and requirements as they pertain to an integrated CCA supply with CDG program, or a standalone CDG program. Staff proposes that if LIPA makes adjustments to its Community Credit, it should advise DPS of those adjustments and ensure that they are transparent to CDG stakeholders, including CCA Administrators. Staff supports LIPA's proposal to limit the impact to nonparticipants to two percent of incremental net annual revenues since the LIPA proposal is in line with the revenue impacts adopted by the Commission's VDER Transition Order for the electric IOUs. Staff also finds LIPA's proposal to modify the Community Credit adder of the Value Stack compensation structure paid for CDG projects appropriate as needed to maintain the two percent cap for nonparticipants, however, Staff recognizes that the two percent limit is not a hard cap and LIPA can modify or eliminate the Community Credit adder as they deem appropriate, however the cap should consider limiting the bill impacts to nonparticipants.

Also, LIPA agrees that CDG should be allowed for CCAs, but only with supply service, not as a standalone CDG opt-out program. On May 6, 2021 Joule Assets filed a Petition for Declaratory Ruling and Clarification to Enable the Town of Southampton to Participate in Opt-Out CDG as Part of an Integrated Approach to Electricity Service, under Community Choice Aggregation⁵². On July 16, 2021, the Commission issued a declaratory ruling⁵³ reiterating that integration of a CDG product on an opt-out basis in connection with a CCA program was allowed, however, CDG cannot be currently offered in an opt-out manner on a stand-alone basis. Staff proposes that LIPA implement policies consistent with the Commission determination regarding this aspect of CCA as applied to other New York Utilities.

⁵¹ Case 15-E-0751, Value of Distributed Energy Resources, Order on Net Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters, p. 17 (issued March 9, 2017) (VDER Transition Order).

⁵² Case 14-M-0224, supra, Petition for a Declaratory Ruling and Clarification to Enable the Town of Southampton to Participate in Opt-Out CDG as Part of an Integrated Approach to Default Electricity Service (filed May 6, 2021).

⁵³ Case 14-M-0224, supra, Declaratory Ruling on Opt-Out Community Distributed Generation Implementation (Issued July 16, 2021).

Community Distributed Generation Billing/Net CreditingBackground

On July 17, 2015, the Commission authorized CDG in New York State, enabling customers for whom rooftop solar may not be a viable option to directly participate in and enjoy the benefits of renewable energy programs.⁵⁴ In a CDG program, a CDG Sponsor develops an eligible generation project, usually a solar photovoltaic (PV) system, connected to a utility distribution network, and enrolls a group of customers served by that utility, as members. When the CDG project injects electricity into the utility system, the utility applies credits to the bills of the members of that CDG project. Generally, those members pay the CDG Sponsor a monthly subscription fee, which may be fixed or variable, in return for the benefit of credits they receive.

On March 9, 2017, the Commission issued the VDER Transition Order, which enabled the transition to a distributed, transactive, and integrated electric system by compensating DERs, including CDG projects, based on the actual, calculable benefits provided by those resources. The VDER Transition Order was followed by the VDER Implementation Order, which provided the details needed to produce actual, effective tariffs based on the Value Stack compensation method developed in the VDER Transition Order.⁵⁵

In both the VDER Transition Order and the VDER Implementation Order, the Commission discussed the importance of reducing or eliminating soft costs associated with the development of DERs in general and specifically for CDG. A major category of soft costs identified in those orders was customer management costs, and in particular, billing and collection costs. Those orders started consideration of a consolidated billing system for CDG, under which the utility would add the monthly subscription charge to the utility bill of CDG members and would remit payment received for those charges to the CDG Sponsor. This form of consolidated billing is currently used for the provision of electric and gas supply service by ESCOs. In a related order, the Commission directed the development of a plan related to a Bill Discount Pledge (BDP) program, which would allow low-income customers to use a bill discount to pay for a CDG subscription fee.⁵⁶

On June 18, 2019, the Secretary to the Commission (Secretary) issued a Notice Seeking Comments Regarding Consolidated Billing for CDG (Consolidated Billing Notice), which requested comments on the development of consolidated billing for CDG. A number of comments were received, including a comment from the Joint Utilities recommending a specific consolidated billing model called “net crediting.”⁵⁷ On December 12, 2019, the Commission adopted the net crediting model for consolidated billing as proposed by the Joint Utilities and supported by a number of CDG Sponsors and other commenters.⁵⁸

⁵⁴ Case 15-E-0082, Policies, Requirements and Conditions for Implementing a Community Net Metering Program, Order Establishing a Program and Making Other Findings (issued July 17, 2015).

⁵⁵ Case 15-E-0751, supra, Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters (issued September 14, 2017) (VDER Implementation Order).

⁵⁶ Case 15-E-0751, supra, Order Adopting Low-Income Community Distributed Generation Initiative (issued July 12, 2018) (BDP Order).

⁵⁷ For purposes of this section on CDG Billing/Net Crediting, the Joint Utilities are Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), National Grid, Orange and Rockland Utilities, Inc. (Orange & Rockland), and Rochester Gas and Electric Corporation (RG&E).

⁵⁸ Case 19-M-0463, In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing For Community Distributed Generation (issued December 12, 2019) (Consolidated Billing Order).

Under the net crediting model, the CDG Sponsor would enroll a project in net crediting and would designate the CDG Savings Rate for that project, which represents the percentage of the project's monthly value that will be provided to members after the subscription charge is subtracted out. For example, if the total value of credits generated by a project in a particular month is \$10,000, the CDG Savings Rate for that project is 10%, and that project is evenly divided among ten members, each member of the project would receive a Net Member Credit on his or her bill of \$100, for a total of \$1,000 in Net Member Credits, while the CDG Sponsor would receive a Sponsor Payment of \$9,000 from the utility in the form of a direct monetary payment. Because CDG Savings Rate will always be greater than zero, the members are guaranteed to save money on their bills each month. This use of a specified percentage benefit for CDG members each month is already a common method familiar to CDG Sponsors, but the ability to effectuate it through the utility bill will substantially reduce costs and complexity. The Commission directed the Joint Utilities to implement net crediting as a billing option for all CDG projects, both existing and new. As compared to the more traditional consolidated billing used for ESCOs, where the ESCO identifies a charge for the utility to put on the customer's bill and the utility collects that charge on behalf of the ESCO,⁵⁹ the net crediting model avoids putting the utility in the position of collecting a higher charge than it would have applied to the customer by guaranteeing savings to the customer. Therefore, it can be assumed that any partial payment or nonpayment would have happened even in the absence of the customer's CDG membership and there is no risk that the amount of uncollectables or the utility's exposure will increase. Furthermore, net crediting can be implemented with limited changes to the physical bill, as compared with other consolidated billing models.

To ensure that customers achieve reasonable benefits from CDG membership, the Commission found it appropriate to set a minimum CDG Savings Rate at 5%. While a CDG Savings Rate of 10% is common among CDG projects currently using this pricing model, the Commission anticipated that, in areas where it is financially viable, CDG Sponsors will compete to attract customers by offering higher CDG Savings Rates and directed Staff to carefully monitor CDG marketing to ensure that CDG Sponsors provide clear and accurate information about CDG Savings Rates, as well as other aspects of net crediting. To avoid unnecessary complication in implementing the net crediting model, for each individual project for which net crediting is used, the utility may require the CDG Sponsor to use net crediting for all customers of that project. To ensure that this does not prevent large customers from participating in CDG, net crediting should be available for all customer classes, however, to the extent that it can be done without significantly increasing the implementation timeline or costs, each utility should also consider allowing a CDG Sponsor to exclude one large, anchor customer from a net crediting arrangement in a project where all other customers are included in a net crediting arrangement. Similarly, the same CDG Savings Rate must be used for all net crediting customers of a particular project. As contractual arrangements with large customers participating in CDG projects are likely to be different and more complex than with mass market customers, CDG Sponsors are permitted to engage in additional contractual and financial transactions with large customers receiving net crediting outside of the net crediting arrangement. However, for mass market customers billed under the net crediting arrangement, CDG Sponsors may not charge any additional fee or otherwise require additional payment outside of the net crediting arrangement. The provisions of the CDG Order and relevant VDER orders creating general rules for CDG projects, including regarding minimum membership and subscription size, maximum allocation, and credit banking process and restrictions, will continue to apply to CDG projects participating in net crediting. To the extent that the application of those provisions is specifically

⁵⁹ Or, in practice, purchases the receivable associated with that charge from the ESCO and collects the charge on its own behalf.

relevant to net crediting, the Joint Utilities were directed to include those provisions in the Implementation Plan filings the Joint Utilities were directed to submit describing how they would implement net crediting. The Joint Utilities will be filing tariffs to become effective on September 1, 2021 in order to implement net crediting. All CDG projects, including projects already interconnected, are eligible to employ the net crediting model.

Comments

CDG net credit billing is a recommendation of the Suffolk CCA Task Force.⁶⁰ Joule is also supportive of the Authority adopting the Commission's approved net crediting model. In the event that LIPA completes further billing upgrades that will allow the Authority to also support net credit billing. In addition, Joule reiterated that the Commission "explicitly required regulated utilities to include these facilities in their bill system upgrades." Joule also states that they understand the choice on the part of regulated utilities to first roll out billing system upgrades for "Value Stack" compensated CDG, then to address other projects preferably in 2021 or as soon as is viably possible.

Staff Proposal

Staff proposes that LIPA adopt the net crediting billing model approved by the Commission. This will enable LIPA to treat CDG projects in its service territory consistently with New York State IOUs treatment of CDG projects. LIPA should complete the billing system upgrades necessary to appropriately bill and expand the compensation mechanisms for CDG projects to include the net crediting model. LIPA should incorporate the net crediting model rules in its tariffs as described in the Commission's Consolidated Billing Order. This would allow a CDG Sponsor in LIPA's service territory to enroll a project in net crediting and would bill the designated CDG Savings Rate for that project, which represents the percentage of the project's monthly value that will provided to members after the subscription charge is subtracted out. LIPA should continue to adhere to the provisions of the Commission's CDG Order and relevant VDER orders creating general rules for CDG projects, including adhering to the minimum membership and subscription size, maximum allocation percentages, and credit banking process and restrictions. Staff also proposes that net crediting for CDG projects be administered by LIPA/PSEG LI on an opt-out basis.

Conclusion

Staff appreciates the input of all participating stakeholders into the interactive proceeding. Staff also acknowledges LIPA's many suggested changes in its proposal, which improve the Long Island Choice program in a number of ways. Staff appreciates your continued participation in this proceeding by providing comment on this white paper. The input received in this proceeding will inform DPS in its development of recommendations to facilitate effective retail choice and Community Choice Aggregation programs on Long Island.

⁶⁰ Suffolk County CCA Task Force Final Report, December 2020, p. 56.

APPENDIX A

Provided by LIPA May 5, 2021

Long Island Power Authority Market and Local Supply Costs <i>Dollars in Millions*</i>	Power Supply Cost	Market Supply Cost	Local Supply Cost
Natural Gas	\$237	\$237	\$0
Gas Transportation	2	0	2
Fuel Oil	37	37	0
Purchased Power Agreements - Non By-passable	107	0	107
Purchased Power - By-passable	197	197	0
Fitzpatrick & Resource Recovery Energy @ LBMP	73	73	0
Fitzpatrick & Resource Recovery Energy @ LBMP	(73)	0	(73)
Fuel and Purchased Power	\$580	\$545	\$35
Capacity - Non By-passable	\$390	\$0	\$390
Capacity - By-passable	5	5	0
LIPA Capacity Portfolio at Zone K Spot Price	(197)	0	(197)
Nine Mile Point Capacity at ROS Market Price	(2)	0	(2)
LIPA Capacity Portfolio at Zone K Spot Price	197	195	0
National Grid (PSA) - Non By-passable	240	0	240
National Grid (PSA) - By-passable	5	5	0
National Grid (PSA) - Property Taxes	200	0	200
Merchant Power Plants (PILOTS)	10	0	10
On Island Capacity	\$845	\$205	\$640
NYISO UCAP Purchases - Off and On Island	\$10	\$10	\$0
Nine Mile Point Capacity at ROS Market Price	2	2	0
Nine Mile Point 2 Costs (Net of ZEC revenue)	23	0	23
Nine Mile Point 2 Energy @ LBMP - By-passable	70	70	0
Nine Mile Point 2 Energy @ LBMP - Non By-passable	(70)	0	(70)
Off Island Capacity	\$35	\$81	(\$46)

Renewable Power - Non By-passable	\$140	\$0	\$140
Renewable Power at REC Price	(3)	0	(3)
Renewable Energy @ LBMP	(8)	0	(8)
Renewable Power at REC Price	3	3	0
Renewable Energy @ LBMP	8	8	0
Total Renewables	\$140	\$10	\$130
Zero Emission Credits Payments	\$57	\$57	\$0
Regional Greenhouse Gas Initiative	19	19	0
Total Zero Emission Credits & RGGI	\$75	\$75	\$0
Transmission	\$40	\$0	\$41
NYISO Transco	3	3	0
NYISO Ancillary Services	43	43	0
Interconnection Costs and TCC Revenue	13	0	13
Fuel and Power Supply Mgt. Services	21	0	21
Temporary Generation	3	0	3
Total Other	\$125	\$45	\$80
Net Power Supply Costs	\$1,800	\$960	\$840
<u>Annual Energy (GWh)</u>	n/a	17,650**	18,350***
Power Supply Charge (\$/kWh)	0.100	0.054	0.046

* Hypothetical for illustrative purposes only

** MWh energy used by bundled service customers

*** MWh energy used by all customers (bundled service + retail choice).

5/5/2021

APPENDIX BFiling Requirements Table, CCA Guidance Document.⁶¹

Filing Requirements

<u>Requirement</u>	<u>Filing</u>	<u>Approval</u>	<u>Timing</u>
Implementation Plan (IP) for Approval	Secretary	Commission	The Implementation and Data Protection Plans may be filed as soon as the municipality begins considering CCA, but they and the certifications must be filed, and approved by the Commission, before the CCA Administrator can request any data from the utilities. CCA Administrators are encouraged to file Implementation and Data Protection Plans as soon as they are ready to facilitate Commission review.
Approved IP - Updates and Supplements	Secretary	Staff	As appropriate
Approved IP - End of supply contract or ending CCA Program	Secretary	Commission	At least 120 days previous to end date.
Date Protection Plan for Approval	Secretary	Commission	File with initial IP and Municipal Authorizations
Municipal Authorization - Initial participants filed with IP and DPP	Secretary	Commission	File with initial IP and DPP
Municipal Authorization - Municipalities added after initial approval	Secretary	Staff	As necessary
Public Outreach and Education Plan - Completed or Plan	Secretary	Commission	Filed with initial IP and DPP
Compliance filing of proof of completion	Secretary	Staff	After completion
Compliance filing of proof of additional meeting	Secretary	Staff	After completion previous to approval of opt-out letter at least 5 days before the CCA Administrator intends to mail them
Opt-Out Letter and other customer letters	Secretary	Staff	
APP Guaranteed Savings Program Information and APP Opt-out Letter	Secretary	Staff	Prior to mailing of approved APP opt-out letters

⁶¹ Case 14-M-0224, supra, Community Choice Aggregation Guidance Document (filed August 26, 2019) pp. 25-26.

Energy Service Agreements	Staff	Review	Before issuance
RFP/RFQ seeking ESCOs or other suppliers for commodity supply or other service	Staff	Review	Before issuance
CDG Implementation Plan - if approved in IP	Secretary	Staff	Previous to implementing program
CDG Implementation Plan - If not included in approved IP	Secretary	Commission	Previous to implementing program
Annual Report - CCA and CDG	Secretary	Staff	Filed March 31 each year to cover previous year

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LONG ISLAND POWER AUTHORITY

-----X

VIRTUAL ZOOM
TARIFF PUBLIC COMMENT SESSION

-----X

November 29, 2021
10:00 A.M.

B e f o r e :

JUSTIN BELL
Vice President of Public
Policy and Regulatory Affairs
LIPA

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 Director of External Affairs 4

James Miskiewicz
 Deputy General Counsel 19

Tamela Monroe
 Chief Financial Officer 21

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2 MR. LOCASCIO: Good morning, all.
3 My name is Tom Locascio. I'm LIPA's Director Of
4 External Affairs. I'd like to welcome you to our
5 November 29th public comment session on proposed
6 tariff changes.

7 I'm going to turn it over to
8 Justin Bell who is going to be kicking us off today.
9 Justin.

10 MR. BELL: Thank you, Tom. Good
11 morning, everyone, and welcome. As Tom mentioned, my
12 name is Justin Bell. I'm here today on behalf of
13 LIPA. We will also have presentations by Tamela
14 Monroe, LIPA's CFO, and Jim Miskiewicz, LIPA'S Deputy
15 General Counsel. And we're also joined by several
16 other colleagues from LIPA and PSEG Long Island, as
17 well as the Department of Public Service Long Island
18 staff.

19 And the purpose of today's session
20 is to receive public comments on LIPA's proposed 2022
21 budget and a set of rule-making proposals. The
22 proposed budget is available on the main landing page
23 of LIPA's website, and the other proposals are
24 available on our proposed rule-making website. The
25 proposals are incorporated into the record of this

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2 hearing and our website also includes some helpful
3 fact sheets with answers to frequently asked
4 questions.

5 In a moment, I will summarize the
6 proposals to modify LIPA's tariff, and then I will
7 turn it over to Jim to discuss a proposal related to
8 LIPA's processing of Freedom of Information or FOIL
9 request. And, finally, Tamela will give a
10 presentation on the proposed 2022 budget.

11 After the presentations, attendees
12 who have signed up to speak today will be called on
13 one at a time. When you're called on, please use the
14 "raise hand" button in Zoom to indicate your
15 presence. If you are joined only by telephone, you
16 will need to press *9 to raise your hand. At that
17 time, we will unmute you and make you a Zoom
18 panelist. When directed, you can then enable your
19 video if you choose and make comments on the record.

20 Please clearly state your full name
21 and, if applicable, your organization or affiliation.
22 If you want to speak but you haven't signed up yet,
23 please visit LIPower.org and click on the link for
24 tariff public comment sessions under board meetings,
25 and you may also use the "raise hand" button here to

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2 indicate your desire to speak.

3 In accordance with state
4 procurement law, just a disclaimer to please refrain
5 from making endorsements or lobbying for or against a
6 specific project that's pending in an active
7 procurement with LIPA.

8 And then, finally, as the purpose
9 of today's session is to hear from all of you, LIPA's
10 staff will not be responding to comments and
11 questions today. Instead, a full transcript of your
12 comments and questions together with our written
13 responses will be posted publicly on LIPA's website
14 and provided to LIPA's Board of Trustees for their
15 consideration prior to the next board meeting, when
16 they will be voting on these items. Your comments
17 are also provided to the DPS and to PSEG Long Island
18 for their review and consideration.

19 Please note that today's session is
20 being recorded.

21 Comments and questions may also be
22 sent in writing to the same email address, that's
23 "tariffchanges", all one word, "@lipower.org".

24 And written comments need to be
25 received by December 6th in order to give us time to

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2 summarize them and respond to them for the Board for
3 its December meeting.

4 Now turning to slide two.

5 We have tariff proposals to go over
6 today and receive your comments on that cover a range
7 of topics, including LIPA's retail choice program,
8 which is called Long Island Choice; community
9 distributed generation; and remote crediting; the
10 Customer Benefit Contribution and suspension of daily
11 service charges during prolonged outages; and some
12 changes to our outdoor lighting tariff to accommodate
13 dark sky ordinances.

14 Now, all of these proposals reflect
15 extensive stakeholder feedback that we've received to
16 date. And several of them originated directly from
17 specific requests made by you and other stakeholders.

18 We're really grateful for your
19 participation today which helps us improve these
20 programs to better serve you, and we know that many
21 of these issues are very important to you and we take
22 your comments to heart.

23 As mentioned, in addition to these
24 tariff changes, we also have proposed changes related
25 to FOIL and implementation of the 2022 proposed

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2 budget and rate updates, which will be covered in
3 more detail later in the presentation.

4 Turning to slide three, I will
5 cover changes to LIPA's retail choice program, called
6 Long Island Choice. These proposed changes represent
7 a major overhaul to that program. And they are the
8 result of a stakeholder collaborative proceeding held
9 by the Department of Public Service over the past
10 year. These changes also reflect the outcome of
11 statewide PSE proceedings to reform retail choice
12 throughout the State of New York and the marketing
13 practices of Energy Service Companies, or ESCOs, who
14 are the suppliers under these programs.

15 The highlights include the
16 unbundling of LIPA's power supply charges which
17 allows ESCOs and community choice aggregators to
18 procure resources directly from the wholesale market.
19 This also is a benefit of simplifying the program by
20 eliminating the need for complicated monthly
21 adjustment transactions that previously had to take
22 place between LIPA and the retail suppliers.

23 We are also preparing to offer
24 consolidated billing for ESCOs and CCAs, which gives
25 them the option to have their billing collections

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2 handled by PSEG Long Island. And we propose to adopt
3 new consumer protections that were developed in the
4 statewide ESCO proceedings at the public service
5 commission.

6 Together, these changes will help
7 make retail choice and CCA available to customers on
8 Long Island and the Rockaways on better terms that
9 will be consistent with the rest of the state and
10 will include the same safeguards and protections that
11 the State has put in place.

12 On slide four, I'll next cover the
13 proposed changes to community distributed generation
14 and remote crediting. The first two changes listed
15 here are improvements that were requested by various
16 stakeholders in statewide PSE proceedings and provide
17 more flexibility for CDG projects and Value Stack
18 projects.

19 The third item here was a request
20 made directly from LIPA stakeholders to us to
21 reexamine how we assign CDG projects to rate codes.
22 And this change will result in some CDG projects
23 being eligible for rate codes with lower fixed
24 charges, which is a benefit for those projects.

25 We've also extended our 5-cent

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1
2 Community Credit, which is part of the Value Stack
3 for CDG projects that receive Value Stack
4 compensation for another year or until we reach 100
5 megawatts of CDG (technical difficulties) territory,
6 after which time we propose to transition to an
7 equivalently priced upfront incentive as the rest of
8 the state has begun doing already.

9 As shown on slide five, Long Island
10 and the Rockaways are making incredible progress in
11 deploying distributed solar. Thanks in no small part
12 to our active solar installer market here and many of
13 you stakeholders who are on the call today. We
14 expect to hit our 2025 goal in the next few months,
15 well ahead of 2025.

16 As you many know, the governor
17 recently announced a new goal of ten gigawatts for
18 New York, and LIPA is committed to meeting that goal
19 as well.

20 Now let's turn to slide six. So
21 one of the reasons for all this success in
22 distributed solar has been a policy called Net
23 Metering, which many of you know, which allows
24 customers with distributed generation to bank credits
25 for their monthly generation at the full retail rate

1 LIPA HEARING 11-29-2021

2 to be applied to their bills.

3 Now, Net Metering is and has been a
4 great policy to catalyze the solar market when it was
5 new because now metering is simple, it's easy for
6 customers to understand, and it includes a built-in
7 subsidy because Net Metering compensates solar
8 electricity about twice its value to the grid, even
9 after you factor in the environmental and other
10 benefits that the solar provides.

11 So why does that matter? In LIPA's
12 service territory, as you can see in the chart on
13 this page, we've started to become, in a sense,
14 victims of our own success. So our Net Metering
15 subsidy has grown and will continue to grow each year
16 as we add more Net Meters distributed generation
17 customers, reaching about 59 million in 2022.

18 And so you might say, why does this
19 matter; utilities provide subsidies for various
20 things, you know, heat pumps, electric vehicles and
21 et cetera. Well, this one matters in particular both
22 because of the size of the subsidy and also because
23 this represents costs that then get shifted to other
24 customers.

25 And if you turn to the next slide.

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2 You can see that this issue is
3 especially important to us because not all customers
4 have the same ability to take advantage of the Net
5 Metering subsidy. In fact, 83 percent of rooftop
6 solar adopters in Long Island have incomes that are
7 above the area median. And we know from looking at
8 our own data that low-income customers are much less
9 likely to install solar as other customers.

10 There are a variety of reasons for
11 this. Some customers don't have access to or control
12 over their roofs. Some have some challenges getting
13 credit. And there are a number of policy responses
14 that LIPA and the rest of the state have already put
15 in place. And, most importantly, we want to expand
16 access to rooftop solar and other forms of
17 distributed generation for all customers. And we do
18 this through things like the Community Distributed
19 Generation tariffs, LIPA's own Solar Communities
20 Program which is dedicated exclusively to low-income
21 customers, as well as through low-interest loans that
22 are provided by the New York State Energy Research
23 and Development Authority and which LIPA enables
24 customers to put directly onto their electric bills.
25 So those -- those policy responses have already been

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2 implemented.

3 But we still have this issue. And
4 so one of the proposals to address it is the Customer
5 Benefit Contribution which is designed to help ensure
6 that all customers pay for the essential programs
7 that are included in what we call this Net Metering
8 cost shift.

9 If you go to the next slide.

10 You'll see that New York is not the
11 only state that is taking action to reform this
12 fairness issue with Net Metering. Fifteen states
13 around the country have already taken some form of
14 action, and that includes a number of states that
15 have really aggressive decarbonization goals and high
16 level of solar deployment. In fact, these states are
17 really at the forefront of addressing this issue
18 through a number of means, you know, many of which
19 are similar to the Customer Benefit Contribution.
20 And really, the similarity that they all have in
21 common is that they're trying to make Net Metering
22 more fair while leaving in place the general
23 structure of Net Metering.

24 So if you could go to the next
25 slide. So the similar details on the Customer

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2 Benefit Contribution. So this has been in the works
3 for many years, the Public Service Commission who was
4 examining this issue of Net Metering and what to do
5 about it to continue to deploy solar at an aggressive
6 pace while also getting to address this issue of the
7 cost shift.

8 And so the CBC is a charge that is
9 applied to the bills of new solar customers, that is
10 customers who add solar or other distributed
11 generation after January 1st of next year, of 2022.
12 And that recovers the cost of specific essential
13 programs, including discounts for low-income
14 customers, energy efficiency and similar (technical
15 difficulties) programs.

16 In LIPA the customer benefit charge
17 is approximately 89 cents per kilowatt, and that's
18 for a solar residential customer. The charge can
19 vary based on the technology. But the one that most
20 folks are focused on is residential solar. So that
21 charge for a system that's sized for the typical LIPA
22 customer, that is an average usage LIPA customer it
23 would be about \$5.34 per month.

24 Next slide please.

25 So, again, where does this CBC go?

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1
2 What does it fund? So the CBC helps to fund a
3 portion of the -- several essential programs,
4 including our energy efficiency budget; heat pumps,
5 which are the source of clean, efficient heating to
6 help transition customers off the natural gas and
7 fuel; electric vehicle chargers; great connected
8 renewables; and believe I already mentioned
9 low-income customer programs to help keep electricity
10 affordable for all of our customers. So together,
11 these programs cost around 155 million a year.

12 Again, the CBC will recover only a
13 portion of that. We're estimating 270,000 in the
14 first year. And, primarily, the reason for that is,
15 as I mentioned, the CBC will only apply to customers
16 who newly add distributed generation after the first
17 of the year. So, in effect, the CBC is being phased
18 in over about 25 years for the lifetime of the
19 average system.

20 If you can go to the next slide,
21 slide 11.

22 So in doing this, we wanted to make
23 sure that we weren't going to have a negative impact
24 on our ability to deploy solar and continue to deploy
25 solar in our service territory at a pace to meet or

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2 even exceed the state's distributed solar goal.

3 And so one of the assessments we
4 did, of course, was to look at how LIPA's monthly
5 fixed charges compare to other utilities in the
6 state. As you can see on this chart, LIPA's monthly
7 fixed charges, including its CBC, are among the
8 lowest, if not the lowest, in fact, in the state of
9 New York. And so you know, this is one of the
10 reasons why we think solar will continue to remain
11 strong here on Long Island.

12 And, of course, we will continue to
13 monitor the market as we deploy the CBC and as we
14 look at the new federal incentives that are likely
15 coming for solar. We will continue to monitor the
16 market and take action as needed.

17 Next slide, please.

18 So how does the CBC effect the
19 payback for a customer who wants to invest in solar?
20 So as you can see on this chart, the blue bars show
21 the payback period at LIPA and the other New York
22 utilities. The blue bars are before the CBC; the
23 green bars are after the CBC. And, of course, you
24 know, the payback represents the time it takes for
25 the project to pay for itself. So a smaller number

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2 is better here, obviously.

3 And as you can see, the CBC
4 slightly increases the payback period, but it's not
5 dramatic. And in LIPA in particular, with the CBC,
6 you would have your solar system pay for itself in
7 about seven and a half years. And so that equates
8 approximately to a 10 percent return on your
9 investment, which is still a good return.

10 And I would also just note, you
11 know, some of the other utilities receive incentives,
12 particularly out-of-state utilities receive
13 incentives from New York Sun that are upfront
14 incentives. And I would just note that this chart
15 includes the effect of these incentives so you can
16 see even with those incentives, LIPA is still at
17 the -- right there in the pack with one of the lowest
18 payback periods, the shortest payback periods for
19 solar in the state.

20 Next slide, please.

21 So turning to the other tariff
22 changes and many of these were directly in response
23 to stakeholder requests in particular. We are
24 proposing to discontinue our outdoor area lighting
25 service in municipalities that have what's called

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1
2 dark sky ordinances. This is being done at the
3 request of those municipalities; and if we receive
4 additional requests from other municipalities, we
5 will do the same.

6 We are also proposing to amend our
7 tariff to provide relief for customers who experience
8 prolonged outages. So prolonged outage is after a
9 major storm, if your power is out for three days or
10 more, and you will not have to pay service charges
11 during that time. You will get a refund on your bill
12 or credit for your bill for those service charges.
13 This is consistent with New York State policy. We'll
14 also suspend collections activity for customers who
15 identify that they're having financial distress
16 related to the outage.

17 And then, finally, some
18 miscellaneous tariff changes to clarify language. We
19 put in place full attachment fees consistent with the
20 New York State methodology in 2020, and there was
21 some ambiguity into the language about how those
22 applied to street lights or clarifying that the lower
23 of the pole attachment fees, which is around \$7 a
24 year, does apply to municipal streetlights.

25 So now I am going to turn it over

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2 to Jim Miskiewicz, LIPA's General Counsel who, is
3 going to talk about proposed changes to our Freedom
4 Of Information rules.

5 MR. MISKIEWICZ: Good morning,
6 ladies and gentlemen. The -- first of all, the
7 utility and service provider, PSEG Long Island are
8 both governed by the Freedom of Information Law of
9 New York State, which provides ready access to
10 records belonging to utility for anyone's request.

11 We are making changes to update the
12 regulations that were first promulgated in the 1990s,
13 for housekeeping purposes. And we are also adding a
14 change to regulations governing the collection of
15 fees related to the cost of providing or gathering
16 information to provide to requesters. None of the
17 changes will, in any way, affect the public's right
18 to access to any information. That is governed by
19 law and also by judicial decision. And so these are
20 merely housekeeping changes to update the
21 regulations, as I said, which were promulgated some
22 time ago, is also to conform better to the fee
23 collection regulations that are already permitted
24 under FOIL and largely to defray the costs associated
25 with those in -- in areas where commercial or similar

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2 organizations are seeking records. We will continue
3 to make records belonging to customers free of
4 charge.

5 So that, in a very short way, is
6 the substance of the proposals for regulatory changes
7 for FOIL. The -- the specific provisions are on the
8 screen. Basically, it indicates this is updating our
9 mailing address. It's also updating our online
10 access to filing FOILs. It makes a minor change to
11 updating who the record access officer is and also
12 makes clear that the service provider, PSEG Long
13 Island, is covered or governed by FOIL.

14 As I mentioned, there are now free
15 provisions to conform with what FOIL permits by way
16 of collection of fees. There is a deletion in our
17 regulations of any reference to trade secrets. That
18 was promulgated in the 1990s. Trade secrets are, in
19 fact, set forth in a FOIL, the statute itself, and
20 also by judicial decision. Agencies and authorities
21 like LIPA, really cannot change those and so we are
22 merely conforming our regulations to what every other
23 agency or public authority does. And, finally,
24 there's an update merely on how to go about filing an
25 appeal, another housekeeping, if you will, or

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2 administerial change.

3 And that is the sum -- the sum and
4 substance of the regulatory proposals being brought
5 forward today. Thank you.

6 MS. MONROE: Okay. Good morning,
7 everyone. Thank you for joining us. I'm
8 Tamela Monroe, the CFO of the Long Island Power
9 Authority. And the following is the budget proposal
10 for 2022:

11 Let me go to the next slide.

12 So this budget is developed to
13 support the budget -- the Board objectives in serving
14 our customers. We focus on customer satisfaction,
15 reliability, emergency response, renewable energy,
16 all while keeping our rates comparable to or below
17 our neighboring utilities. And on the slides, you
18 can see the targets for each one of these objectives.

19 Next slide.

20 With those objectives in mind, and
21 the focus on performance, I'll review the components
22 of the proposed budget. The first area is the
23 revised contract with PSEG Long Island. There will
24 be a separate public comment session on the contract,
25 so I won't go into the details, but this budget

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2 includes the updated compensation structure in
3 funding of the evaluation metrics. 51 or 40 million
4 of the management fee will now be at risk
5 compensation based on performance.

6 Next slide.

7 The budget was developed to support
8 2022 operations. There are two major components to
9 the budget; operating expense and capital
10 investments. On the left -- on the left side of this
11 slide is the total requested amount of operating
12 expenses which is \$3.9 billion. The largest
13 operating component is the power supply cost. The
14 capital investment request on the right side is
15 \$760 million. The budget is developed with the Board
16 as financial guidance in the Board policy debt and
17 access to credit markets.

18 The following slides will provide
19 details of the major components of the budget.

20 We're starting with the operating
21 budget. This slide provides the perspective of what
22 has changed from 2021 to 2022. Starting on the left,
23 the first bar is the forecast for 2021. The dark
24 portion at the bottom is the approved 2021 budget,
25 which was 3.66 billion. The green portion represents

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2 the additional storm restoration costs for the year.
3 And the lighter blue at the top is the forecast for
4 additional power supply costs. We'll discuss both
5 those deviations later in the presentation.

6 The total forecasted spend for 2021
7 is 3.98 billion. So starting from the 2021 approved
8 operating budget, which was 3.66 billion, you go
9 across the graph, you can see the categories of
10 changes, both increases and decreases in the budget
11 request. The 2022 operating budget request is
12 3.85 billion or an increase of \$189.3 million.

13 The next slide will provide some
14 detail on the largest changes.

15 In the first categories is power
16 supply costs. Power supply is the cost to purchase
17 or generate electricity for customers. Commodity
18 prices, including natural gas, have drastically
19 escalated this year. As a result of those higher
20 costs, power supply is the largest cost category
21 increase in the 2022 budget request. The projected
22 increase in 2022 costs is \$253.1 million. However,
23 we have a robust hedging program that is expected to
24 save customers \$150 million. This results in a net
25 increase in the budget of \$103.1 million for power

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2 supply.

3 Just as a point of perspective in
4 2021, the additional expected cost for power supply
5 is \$251 million. This includes some impact from
6 higher commodity prices but is primarily due to
7 transmission cable outages, resulting in the need to
8 run higher costs on island generation 2021.

9 One of the areas of focus to
10 improve reliability is vegetation management. In
11 2022, the vegetation management program will be
12 expanded by \$14.9 million. The program will include
13 an expanded hazard tree root removal program,
14 removing 12,000 hazardous trees and increase from the
15 current target of 3,000 trees per year, utilizing
16 analytics and planning vegetation management and new
17 method of tree trimming which is trim to sky to
18 improve reliability.

19 Other areas of focus are the
20 performance of metric-based initiatives, budgeted at
21 \$7.6 million. These are initiatives such as enhanced
22 tools to manage our assets, procurement and financial
23 oversight to tighten controls and reduce costs and
24 expanded customer communications. IT investments are
25 critical in delivering reliable service, the budget

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2 includes 6.9 million to support critical systems, the
3 enhancement of IT performance processes, and the
4 support in separating LIPA IT systems from PSEG New
5 Jersey systems.

6 This slide is a historical look at
7 capital investments. Since 2016, LIPA has invested a
8 record of \$4.9 billion in infrastructure to improve
9 the reliability and resistance and resiliency of our
10 electric grid. As you can see on the right of the
11 slide, these investments have provided positive
12 results.

13 Customer outages and have declined
14 by 34 percent. Momentary interruptions in service
15 declined by 51 percent, and customers with greater
16 than 4 outages per year have declined by 59 percent.
17 As you can see from the chart, we will continue to
18 make systematic improvements in 2022.

19 Now, the second component of the
20 budget is capital investments. These are investments
21 in equipment and grid improvements to support the
22 delivery of reliable service. In this graph, we will
23 see by category the 2021 investments are in gray and
24 the 2022 proposed developments in blue, the dark
25 blue.

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2 The total capital budget request is
3 \$760 million. The most significant changes are
4 increase of \$512 million in reliability projects,
5 this is offset by a decrease of 56 million in utility
6 2.0, which is a result of substantially completing
7 the Smart Meter Project in 2021.

8 Now let's look at the bill impact
9 for average residential bill in 2022. To give you
10 perspective, the average bill in 2020 was \$169.42.
11 In the 2021 budget, the average bill was projected to
12 be 163 -- 163.84. The projected average bill in 2021
13 is \$172.82.

14 Starting with the 2021 projected
15 average bill compared to the budget in 2022, on this
16 slide you can see by category the cost changes. So
17 power supply will decrease by \$5.89. The delivery
18 charge will decrease a dollar thirty. Distributed
19 energy and others is relatively unchanged. And then
20 there are two categories of increases that I'll
21 address in the following slides. The 2022 budgeted
22 average residential customer bill is projected to be
23 \$169.28.

24 Now, the first category increase is
25 the Revenue Decoupling Mechanism or the RDM, which

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2 reconciles budget sales to actual sales. In the
3 graph, the gray bars represent the budget and the
4 white bars represent the actual usage. You'll notice
5 usage per customer was decreasing from 2018, and was
6 expected to continue that decline through 2022. The
7 average household usage was budgeted at 709-kilowatt
8 hours and the actual was 781-kilowatt hours in 2020.

9 And we reconcile the budget to
10 actuals each year. The higher sales in 2020, means
11 we collected more in revenue than expected. So in
12 years when we collect less revenue than budgeted,
13 those cause a shortfall, and the difference is
14 collected in the next year. In years where the
15 revenue is higher than expected, we return the money
16 to customers as a bill credit in the following year.

17 In 2020, the sales and, therefore,
18 the revenue exceeded the budget; so in 2021, we
19 returned a credit of \$5 per month to customers. In
20 2021, the sales and revenue is also up higher than
21 expected. So we will credit customer bills in 2022
22 by \$3 per month. A result of the credit was \$5
23 credit in 2021 and a \$3 credit in 2022, which creates
24 a \$2 increase in the average bill.

25 Now, the last bill category is the

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2 delivery service adjustment which reconciles actual
3 costs to budget for storms, debt payments, interest
4 rates and then collectible expenses. The DSA is
5 forecasted to increase dollar 76 per month, primarily
6 due to above-budget storm restoration costs. The
7 2021 storm budget was \$70 million and that's compared
8 to a forecasted spend of 149 -- or 147 million.

9 The largest cost was preparation
10 for Tropical Storm Henri which was projected to be
11 Category 1 hurricane that didn't materialize.

12 Now we focus on keeping costs as
13 low as possible while delivering reliable service for
14 our customers. Since 2014, the operating budget has
15 been reduced by \$999 million, which is 26 percent of
16 the electric bill, or that would equate to \$44 per
17 month for a typical residential bill.

18 The list here provides some
19 details. So the largest of the savings is
20 discontinuing investments in over-generation, the
21 Reform Act capping tax growth at 2 percent and the
22 commodity hedging program that I mentioned earlier,
23 so you can see the details of the other programs.

24 This slide provides a perspective
25 on comparing LIPA rating increase to other utilities

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1
2 inflation from 1997 to 2020. Our main efforts
3 resulted in LIPA system average rates increasing less
4 than the rate of inflation and less than the
5 neighboring utilities. As you can see, LIPA is
6 represented by the green bar on the right side is the
7 lowest in this comparison.

8 Now we continue to assist low- and
9 moderate-income customers with bill discounts. This
10 graph represents the discounts over the last eight
11 years. The 2022 budget includes \$20.2 million for
12 these discounts.

13 Now, as I mentioned earlier, LIPA
14 is executing the Board's policy on debt and access to
15 credit markets, which has resulted in four credit
16 rating upgrades since 2013. The last rating action
17 by Fitch Ratings changed the outlook from stable to
18 positive. The Board policies enhancing financial
19 targets have lead to these improvements in ratings.
20 The 2022 budget includes an increase of \$28 million
21 to meet our principle interest in coverage
22 requirements.

23 The reason I point out the ratings
24 is the improved ratings result in LIPA's ability to
25 finance investments in the system at lower interest

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2 rates, saving our customers money.

3 Now, for more information, please
4 go to our website. As Justin mentioned, we have fact
5 sheets there, and the details of the proposed budget
6 are also on the front page of our website.

7 Now, as far as next steps for the
8 tariff. The proposals were published on
9 September 22nd. Today we're having two public
10 comment sessions. This date is important, and
11 December 6th is the last date for written comments
12 that we will incorporate in the Board briefing
13 material. So if you have written comments, please
14 provide these by December 6th.

15 December 15th is the Board meeting.
16 The Board will be considering both the budget and the
17 tariff proposals. And then with approval, these
18 would be effective on January 1st. And here on the
19 slide, we've listed the links to the tariff
20 proposals.

21 So thank you for your attention,
22 and we'll turn it back over to Tom.

23 MR. LOCASCIO: Thank you, Tamela.

24 We're now going to begin the public
25 comment portion of our meeting. We have seven tariff

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2 items, and I'll run through them quickly. We're
3 going to group public comments by item. The first
4 item will be on Long Island Choice. So if there are
5 any attendees that would like to speak on Long Island
6 Choice, if you could please raise your hand or if
7 you're dialed in, dial *9 and we will promote you
8 from an attendee to a panelist so you can speak.

9 So, again, anyone on Long Island
10 Choice?

11 Okay. We're going to move on to
12 number 2, on Community Distributed Generation and
13 Remote Crediting. If there are any attendees that
14 would like to speak on this item, please raise your
15 hand now or dial *9 if you're dialed in.

16 (No response.)

17 MR. LOCASCIO: Seeing none on
18 number two, we will move on to number three.

19 For customer benefit contribution
20 charge, if you are interested in speaking on this
21 item, please raise your hand now.

22 Okay. We have a couple of folks.
23 We're going to start off with Danielle Schultz, and
24 then we're going to move on to Jonathan Cohen. I'm
25 going to move Danielle in as a panelist now.

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2 Hi, Danielle.

3 MS. SCHULTZ: Hi. Good morning.

4 MR. LOCASCIO: Good morning.

5 MS. SCHULTZ: Good morning,
6 everyone. My name is Danielle Schultz. I'm a policy
7 associate for New York Solar Energy Industries
8 Association or NYSEIA.

9 I'm here today to represent NYSEIA,
10 the statewide trade association dedicated to
11 advancing solar energy in New York State and to
12 represent the Long Island Solar and Storage Alliance,
13 or LISSA, the steering committee of NYSEIA.

14 NYSEIA and LISSA strongly propose
15 the Customer Benefit Contribution charge, CBC, or
16 more accurately referred to as the solar tax. More
17 importantly, most importantly, the CBC flies in the
18 face of and the CLCPA clean energy goals and Governor
19 Hochul's new minimum goal of ten gigawatts of
20 distributed solar by 2030.

21 We stand at a critical moment to
22 address the worsening climate crisis and are under
23 the gun to meet those goals. The issues is we don't
24 know where we are today and where we need to go.
25 LIPA is just commencing work on a brand -- on a new

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2 integrated resources plan. LIPA's grid is dirty.
3 Renewables are roughly only five percent of the grid
4 today. We need to get 70 percent by 2030. And even
5 if other regions achieve 80 percent, Long Island will
6 still need 50 percent.

7 Our math shows that this implies
8 that we will need 10 gigawatts on the input, and we
9 have maybe 600 megawatts today. We need to
10 dramatically increase; we need to dramatically
11 accelerate the annual base.

12 The justification for the CBC
13 relies on a perceived cost shift from solar customer
14 to non-adopters. While solar customers may have
15 lower bills because of significant investments in
16 rooftop solar systems, the scale of this cost shift
17 is simply unknown. This perceived cost shift also
18 does not take into account the full benefits of solar
19 energy, which includes improvements to public health
20 and environment, grid resiliency, avoid of costs for
21 transmission and other benefits. Therefore, we
22 request an independent third-party study of the value
23 of solar within LIPA territory in which the findings
24 are utilized when determining cost and charges to be
25 levied on solar customers.

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2 Over 80 percent of residential
3 rooftop solar are financed systems, and our
4 calculations show that under LIPA's CBC, year one
5 savings for financed systems will decline by
6 50 percent for customers. This is a massive
7 impediment to solar adoption on Long Island. These
8 customers are already making large financial
9 investments in support of New York's clean energy
10 goals, and it would be unfair to require them to pay
11 for programs designed to meet these goals.

12 The current CBC proposal includes
13 an annual update. The charge can be altered and
14 possibly increased each year, making projected
15 savings for customers impossible. Residents will not
16 adopt solar if they cannot accurately model their
17 savings or costs. Any decrease in the customers'
18 immediate return on their development due to the CBC,
19 paired with an unknown CBC cost in the future, will
20 cause purchases of solar systems to dramatically
21 fall.

22 This is the time for LIPA to be the
23 climate leader, to further enable and grow clean,
24 renewal energy on Long Island rather than
25 disincentivizing it.

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2 Thank you for your time, and we
3 appreciate the opportunity to speak here.

4 MR. LOCASCIO: Thank you, Danielle.

5 So next, we will have
6 Jonathan Cohen, followed by Maureen Murphy.

7 Again, we are taking comments on
8 Customer Benefit Contribution Charge. If you would
9 like to comment on this tariff item, please raise
10 your hand.

11 Jonathan, we're moving you in now.

12 MR. COHEN: There we go.

13 MR. LOCASCIO: Hi, Jonathan.

14 MR. COHEN: All right. Good
15 morning. I'm Jonathan Cohen from SUNation Solar
16 Systems. I'm also the head of policy for the Long
17 Island Solar and Storage Alliance.

18 I'm speaking today in opposition to
19 the Customer Benefit Contribution Charge. New York
20 has some of the most ambitious solar deployment in
21 goals in the country. In addition to the CLCPA,
22 Governor Hochul really announced a new goal, to
23 deploy ten gigawatts of distributed solar by 2030.
24 These goals are an exciting, consequential
25 opportunity to build a clean energy future for our

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2 children and to push back on the effects of climate
3 change.

4 That said, in order to achieve
5 these goals, we need to be deploying solar at a much
6 faster rate than we ever have before. And we're
7 already struggling to hit the mark. Inexplicably,
8 LIPA is choosing this time to impose a new tax on
9 homeowners who choose to go solar. This tax will
10 immediately and dramatically reduce the annual
11 savings of solar customers, especially for the
12 overwhelming majority of them who finance their
13 systems. Many will choose not to go solar at all.

14 And what's worse is that LIPA has
15 acknowledged that the tax can and likely will be
16 increased every year. So what's a strong headwind to
17 solar progress in the first year can completely
18 paralyze solar deployment in the future. This
19 doesn't make any sense to me. LIPA's decision to
20 impose a solar tax now means that New York State is
21 literally working against itself at a time when a
22 unified effort is our only chance to meet the moment
23 and achieve our goals.

24 It's the wrong choice and it's the
25 wrong time and it will hurt New Yorkers. LIPA has

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1
2 justified this solar tax proposal by saying that
3 there's a cost shift from solar customers to
4 non-solar customers. And that the tax is necessary
5 to be fair to customers who don't have a solar. To
6 be clear, solar customers account for 1 percent of
7 electric ratepayers in New York, so it's
8 inconceivable that there's much of a shift at all
9 yet, much less one that justifies the amount of the
10 tax that you're proposing. Also, solar customers
11 themselves making significant financial investments
12 in support of our clean energy goals, they provide
13 benefits to the grid, to the local environment and
14 the economy.

15 On a personal note, I'm the father
16 of two incredible children who bring me more joy than
17 I probably deserve. We owe it to them to ensure that
18 they can still take a deep breath when they're 40.
19 We all need to be rolling in the same direction,
20 building a clean energy future for them that will
21 bluntly impact climate change, and our efforts can't
22 afford a setback.

23 LIPA should take notice of the
24 impact that a tax like this has had in other states.
25 In Nevada, the residential solar market collapsed

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2 after the implementation of a solar tax, and it's
3 only now just beginning to recover three years after
4 that tax was overturned.

5 So I ask the Board, please don't
6 make the same mistake on Long Island. Postpone the
7 implementation of the CBC and partner with us to
8 build cleaner future for all of our children. I
9 thank you for the opportunity to speak today.

10 MR. LOCASCIO: Thank you, Jonathan,
11 for your comments.

12 We're going to move next to
13 Maureen Murphy, followed by Tara McDermott. If
14 anyone else would like to speak on this item, again,
15 please raise your hand. Those are the two -- and
16 Adrienne Esposito next, then Paul Hill, just for
17 awareness.

18 So Maureen, we're going to move you
19 in as a panelist.

20 Hi, Maureen. The floor is yours.

21 MS. MURPHY: Hi. Thank you very
22 much. So I'm Maureen Murphy. I'm a homeowner in
23 West Islip. In 2014, for all the right reasons, I
24 wanted to go solar. Investing in renewable energy,
25 fighting climate change, reducing our reliance on

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2 dirty fossil fuels. Cleaner, healthier air for my
3 community. But my husband, he said, okay, that's
4 nice, but how much will it cost?

5 So in 2014, our current energy
6 usage was 9,391-kilowatt hours, and we installed a
7 10,498-kilowatt hour system, which is 112 percent
8 over our energy usage. So before our solar panels
9 were put on, our bill was averaging about \$157. So
10 after the solar was put on, our bill was projected to
11 be at \$10 with \$125 loan payment for 15 years to pay
12 for the panels. This left us \$22 a month savings or
13 \$264 a year.

14 Under LIPA's proposed solar tax,
15 our savings would be cut in half. A \$10 savings per
16 month makes it less attractive for middle class
17 families like myself to pursue solar. Even when we
18 want to pursue it for all the right reasons. It acts
19 as a disincentive to making the investment at a time
20 when LIPA should be encouraging the switch to
21 renewable energy.

22 When homeowners invest in rooftop
23 solar, everyone wins, including LIPA. Peak summer
24 demand is reduced. The need to purchase costly oil
25 and natural gas to fuel aging peaker plants declines.

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2 The grid becomes more resilient. Our air is cleaner.
3 So let's stop putting up barriers to the solar and
4 say no to the solar tax. Thank you.

5 MR. LOCASCIO: Thank you, Maureen.

6 Next, we're going to have Tara McDermott.

7 Hi, Tara.

8 MS. MCDERMOTT: Hi.

9 MR. LOCASCIO: The floor is yours.

10 MS. MCDERMOTT: Great. Thank you
11 so much for having me today.

12 My name is Tara McDermott. I'm the
13 director of customer experience and stakeholder
14 relations at EmPower Solar, and I'm also the chair of
15 Long Island Solar and Storage Alliance. I'm excited
16 to speak to y'all today, and I do sincerely hope that
17 LIPA Board members who are going to be making this
18 decision are also listening in, and I guess I'll have
19 the chance to speak to them at the next Board
20 meeting.

21 Danielle already spoke on the
22 industry's behalf. I just wanted to add some -- a
23 few important points and specific items where our
24 concerns lie on the customer benefit charge.

25 First of all, I'm little bit

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2 unclear about the data used in the fact sheet; but,
3 anyway, the math is all based on the charge of
4 someone getting a 6KW solar system, which is very
5 undersized. The average system size on Long Island
6 is more like 10KW, and that's based on data from
7 LIPA's lists and also from solar installers who do
8 the most business on Long Island.

9 So, actually, the 89-cent-a-month
10 tax is not \$5 dollars a month, but it's more like \$9
11 a month, which in Maureen's experience is what she
12 would experience. So for the average person, that's
13 going solar and saving \$20 to 30 a month, this does
14 actually cut their savings in half and most customers
15 do finance their system, they don't purchase their
16 systems outright. So that's the first big issue.

17 The other issue is timing and
18 unpredictability. Jonathan talked a little bit about
19 the unpredictability part of this, so I'll start with
20 the timing. The LIPA Board is set to vote on this in
21 just two short weeks, with a start date of January
22 1st. It's really fast. And as you probably know,
23 everything on Long Island moves really slow. The
24 permitting between towns and villages can be three to
25 four months; so this actually means that customers

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2 that signed up to go solar with a set proposal and a
3 set savings plan back in the summertime before this
4 was introduced are going to be hit in January when
5 they get installed with a charge that they're not
6 expecting. So LIPA is going to have hundreds of
7 irate customers that experience this. And it's also
8 going to damage the solar client relationship as well
9 in the future, you know, friends and family members
10 that they would refer if they did have a good
11 experience.

12 We saw this exact thing happen in
13 2017, 2018, when the Net Metering tariff changed at
14 that point. The vote was in December, it went to a
15 first -- it went into effect January 1st, and we had
16 a lot of upset customers that thought they were going
17 to be grandfathered in but were not. So we're going
18 to be seeing the same thing again if this is, in
19 fact, going into effect on January 1st.

20 The other thing that I'd like to
21 mention is the unpredictability of this. The charge
22 is one thing today, but there's nothing -- there's no
23 mechanism to prevent it going up two times, three
24 times in the next few years. There's no grandfather
25 clause. So if someone signs up this year at 89

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1
2 cents, you know, the next year it could be two or
3 three dollars, completely wiping out their savings
4 and even potentially putting them upside down if they
5 go solar. So when clients sign up to go solar, they
6 do it to save money, when we can't guarantee that, it
7 makes the likelihood of someone going solar very
8 small.

9 So I know that the point of this is
10 the cost shift which Danielle addressed, why that
11 doesn't actually make sense in our case, but also to
12 fund clean energy programs. Of course, we support
13 funding clean energy programs, but a lot of this
14 funding is going to go towards EVs and heat pumps,
15 which, while I personally have both of these things
16 and are a big proponent of them when powered by
17 solar, we do need to acknowledge that LIPA is in the
18 business of selling electricity, and these appliances
19 are new sources of electricity.

20 Yeah. So when we are incentivizing
21 these things but they're powered by natural gas
22 plants and the grid, that doesn't do anything to help
23 us reach our goals. But when powered by distributed
24 clean energy distribution, that does, in fact, reach
25 our goals. So we can't disincentivize solar and

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2 incentivize electrification of our grid when we're
3 going to be electrifying these items with natural gas
4 power plants.

5 So I know I'm probably running out
6 of time. So I just wanted to encourage LIPA to
7 acknowledge a benefit for the clean energy and
8 implement policies that promote, not prohibit solar
9 by taxing it. And ratepayers who choose solar,
10 they're already doing their part to invest in clean
11 energy and adding a burden to these people would be
12 counterintuitive to reaching our state and local
13 clean energy goals.

14 This right here, we're at a pivotal
15 moment. We're seeing this nationwide, they don't
16 come back from this. This vote is the moment we
17 choose our trajectory of clean energy in our region
18 for the years to come, and we have very big goals to
19 fill. So thank you for your time.

20 MR. LOCASCIO: Thank you for your
21 comments.

22 We're going to move to
23 Adrienne Esposito, to Paul Hill.

24 Again, we're taking comments on
25 Customer Benefit Contribution. And if anyone that is

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2 signed in as an attendee would like to comment,
3 please make sure that you raise your hand.

4 Adrienne, we're bringing you in
5 now. Good morning, Adrienne.

6 MS. ESPOSITO: Good morning,
7 everyone. My name is Adrienne Esposito. I'm the
8 executive director of Citizens Campaign for the
9 Environment. I'm also here to oppose the solar tax.
10 In short, I don't want to repeat what everyone said.
11 This is a terrible idea.

12 Our organization was one of the
13 organizations that worked really hard and advocated
14 really hard for the Climate Change Protection bill
15 that passed in New York State. And the numbers in
16 that bill, like the achieved 70 percent of our
17 energy, comes from renewables by the year 2030, was a
18 number that was vetted, it was discussed, it was
19 evaluated. We didn't just pull that number out of
20 the air.

21 So but it was based on the
22 conditions and the policies of 2018 and 2019. Now
23 you're changing the game. So instead of
24 incentivizing solar, you're disincentivizing solar.
25 You're penalizing solar customers instead of

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2 incentivizing the use of this renewable technology.
3 You have to understand that will hurt solar
4 deployment. That's kind of common sense.

5 So, you know, we're asking you to
6 go back to the drawing board. I know this is a
7 dilemma for LIPA. You're in the business of selling
8 electricity. But we have to do this in a way that
9 continues to allow the transition to renewables
10 without harming them, without putting up another road
11 barrier.

12 You heard a perfectly good example
13 from Maureen Murphy who said this would cut -- if I
14 had done this, if you had done this while she was
15 putting solar on her house a couple of years ago, it
16 would have disincentivized for the average
17 working-class Long Islander. This is exactly what we
18 need you not to do.

19 So the bottom line is we agree, an
20 independent third-party study for assessing the value
21 of solar but also assessing what this new tax would
22 do on solar deployment on Long Island. And this
23 clearly opens the door for additional taxes; and,
24 frankly, this really just appears to be a scheme for
25 LIPA to financially benefit from solar. That's

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2 really, you know, what it appears to be.

3 So we need to go back to the
4 drawing board, come up with a better plan and be
5 rolling in the same direction. Thank you.

6 MR. LOCASCIO: Thank you, Adrienne,
7 for your comments.

8 Next we're going to go to
9 Paul Hill. Again, on CBC. Paul is the last person
10 we have in the queue to speak on this tariff item.
11 One last chance, anyone that does have an interest in
12 weighing in on this, please raise your hand now.

13 Paul, we're bringing you in right
14 now.

15 Good morning, Paul. You're on
16 mute, and your video is off. Hi, Paul. The floor is
17 yours.

18 MR. HILL: Good morning. My name
19 is Paul Hill. I'm a resident of Babylon, New York.

20 My wife and I installed a Sun Power
21 solar array in spring of 2015. The company that
22 installed the panels said they would provide
23 94 percent of our electric consumption, which they
24 did. Generating and monitoring our energy costs has
25 caused us to become more aware of our usage and

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2 change our behavior. We were able to reduce our
3 electrical consumption without impacting our
4 lifestyle.

5 By 2019, the panels were generating
6 112 percent of our electric consumption. As a
7 result, in 2020 we added seven heat pumps and a slim
8 duct system. That year we used 200 fewer gallons of
9 home heating oil than we did in 2019, and this year
10 we're on track to cut our oil consumption by another
11 100 gallons. This year, we purchased electric lawn
12 equipment, and an electric vehicle.

13 Since installing solar panels, we
14 have offset over 51 tons of carbon dioxide. My wife
15 and I would not have been able to make the changes
16 without the availability of incentives. Even with
17 them, our decision to install rooftop solar system
18 was not easy. We weren't saving much in our cash
19 flow, we had no experience with solar technology, and
20 the installation required us to take on a 15-year
21 loan just as we were approaching retirement.

22 After a lot of handwringing, we
23 felt that we had to put aside our concerns and move
24 forward as an example for the community and to show
25 that changing to solar would truly save people money

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2 in the long run and save the environment at the same
3 time.

4 For homeowners who want to
5 participate in the transition to distributed
6 sustainable energy, solar is by far the easiest and
7 most beneficial way to get started. The main
8 barriers are fear of change and financial
9 uncertainty.

10 Adding a Customer Benefit
11 Contribution will present a huge barrier to average
12 consumers like me who want to participate in the
13 fight against climate change. This proposed charge
14 is an open-ended tax on people for doing the right
15 thing to offset climate change.

16 We should not be adding costs and
17 barriers to sustainable energy participants at this
18 critical time. We should not be adding to the cost
19 of installing solar energy, no matter how small. We
20 should only be providing incentives for new rooftop
21 solar. Thank you.

22 MR. LOCASCIO: Thank you, Paul.

23 So at this time, we have no one
24 signed up to speak on number three. We'll give one
25 last opportunity. If there's anyone in the queue

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2 that would like to speak on Customer Benefit
3 Contribution Charge, please raise your hand now.

4 Okay. Seeing none, we're going to
5 move on to number four, which is the tariff --
6 proposed tariff change on prolonged outage relief.
7 If there's anybody in the queue that would like to
8 speak on prolonged outage relief, please raise your
9 hand now.

10 Okay. Seeing none, the next item,
11 number five, is on any of the miscellaneous cleanup
12 activity that Justin had presented on earlier. If
13 anyone would like to speak on any of the
14 miscellaneous items, please raise your hand now.

15 Okay. We have Fred Harrison.

16 Fred, we're going to bring you in
17 right now. Morning, Fred.

18 MR. HARRISON: Good morning. I
19 hope this is the right time or the right space to
20 make a general comment, and I hope you'll permit me
21 to do so --

22 MR. LOCASCIO: Of course.

23 MR. HARRISON: -- even if it
24 doesn't quite fit that category.

25 So my name is Fred Harrison. I'm a

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2 ratepayer from Merrick.

3 So ratepayers on Long Island are
4 facing very difficult choices, as we all know. There
5 are over 180,000 ratepayers in arrears. Many more
6 shudder at the prospect of rising electric bills.
7 These are among the many serious challenges facing
8 LIPA and its ratepayers. And most of those
9 challenges are financial, that is the reason why in
10 every month that LIPA meetings there are ratepayers
11 talking about full municipalization.

12 At the last Board meeting, we were
13 told that PSEG could receive \$80 million in 2022.
14 That 80 million in fees and profits is about two
15 percent of LIPA's proposed budget for next year. If
16 not for PSEG management costs, it would be less
17 reason for rate increase. It would be less reason to
18 further burden Long Island ratepayers.

19 To say that bills that are
20 projected to decline in 2022, as was mentioned
21 before, because customers will use less electricity,
22 it's like what they've done to my favorite chocolate
23 bars. They keep the price the same as the size is
24 reduced. The path of continual rate increases is not
25 sustainable. LIPA and its staff work very hard at

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2 squeezing costs, that's very clear. PSEG management
3 doesn't share those concerns.

4 LIPA's monthly reports and PSEG
5 management failures have been nonstop since the fall
6 of 2020. The need for so many new contractual
7 metrics and deliverables reveals the fiasco PSEG
8 truly is. Asking us for money that would be
9 well-spent is one thing. Continuing on with payments
10 to PSEG is a very different matter. We need to
11 municipalize the system as quickly as we can.

12 Unfortunately, there is no single
13 budgetary answer to keeping electric rates truly
14 affordable. Not affordable like comparison to our
15 IOU neighbors that have utilities that operate on a
16 profit basis.

17 I was hoping to find a slush fund
18 in the proposed budget that could be cut. There was
19 none. I was hoping to find outrageous salaries to be
20 cut. There were none. In fact, I suspect that there
21 are many LIPA people that are underpaid. In fact,
22 LIPA has many good initiatives in the proposed
23 budget, as well as some questionable ones like the
24 proposed Customer Benefit Contribution.

25 What is missing from the proposed

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budget is a plan to redouble efforts for controlling and reducing electric grids. We look to LIPA and it's staff for its expertise. We need to know from you what exactly needs to be done to ready LIPA for terminating PSEG in 2025 or sooner. What do we need to do to assure ourselves of nonprofit sources of renewable power, that power supply budget that is talked about all the time needs to be dealt with.

What more needs to be done to phase out tax payments and pilots? LIPA has done a very good job on this, but we need to do better to pay 15 percent of our bills in pilots, and taxes need to change. And what do we need to do so that the state and federal funds help finance resiliency measures? Ratepayers alone cannot finance the costs of the contending with climate change, the level of LIPA's capital expenditures cannot be sustained and grown any further.

I hope we share these goals and I'll say that ratepayers are counting upon you. Thank you.

MR. LOCASCIO: Thank you, Fred.

I will mention for the group, we are hosting public comment session on the evening of

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2 December 2nd. There's information on LIPA's website
3 specific to the reform contract with PSEG. If anyone
4 does have an interest in learning more about that, I
5 would encourage you to take a look at our website and
6 welcome you to attend the public comment session on
7 evening of December 2nd.

8 So with that, we have two more
9 tariff items.

10 Number six is proposed changes to
11 LIPA's FOIL regulations. If there is anybody that is
12 attending that would like to speak on that item,
13 please raise your hand now.

14 And then, finally, we will be
15 taking comments on Tamela's presentation on LIPA's
16 annual budget and rate update.

17 So at this time, if there are any
18 attendees that would like to provide comments on our
19 annual budget, I would ask that you raise your hand
20 now.

21 Okay. Seeing none, I will turn it
22 back over to Justin.

23 MR. BELL: Great, thanks everyone.

24 And if there are no further
25 comments, we will now adjourn, and we will go off the

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2 record. So last call for comments.

3 And, again, there is another public
4 hearing this evening at 6:00 if you wish to attend.

5 The same process applies, to register through the
6 website. And as a reminder, we will be taking
7 comments in writing through December 6th.

8 Thanks, everyone, for your time and
9 your input. We've taken all of your comments
10 seriously and will be responding to them in the
11 publicly-available Board memorandum that goes to the
12 LIPA Board.

13 Thanks again, everyone. Take care.
14 We're now adjourned.

15 (Whereupon, at 11:15 a.m. the
16 above matter concluded.)

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C E R T I F I C A T E

STATE OF NEW YORK)
 : SS.:
COUNTY OF RICHMOND)

I, MADELINE TAVANI, a Notary Public for
and within the State of New York, do hereby
certify:

That the above is a correct
transcription of my stenographic notes.

I further certify that I am not related
to any of the parties to this action by
blood or by marriage and that I am in no way
interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set
my hand this 30th day November, 2021.



MADELINE TAVANI

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LONG ISLAND POWER AUTHORITY

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VIRTUAL ZOOM
TARIFF PUBLIC COMMENT SESSION

-----X

November 29, 2021
6:00 P.M.

B e f o r e :

JUSTIN BELL
Vice President of Public
Policy and Regulatory Affairs
LIPA

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 Deputy General Counsel 17

Tamela Monroe
 Chief Financial Officer 22

Tom Locascio
 Director of External Affairs 33

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2 MR. BELL: Good evening and welcome
3 to this public comment session. My name is
4 Justin Bell. I'm here today on behalf of LIPA. We
5 also have presentations today from Tamela Monroe,
6 LIPA's CFO; Jim Miskiewicz, LIPA's general counsel,
7 and we're joined by several other colleagues from
8 LIPA and PSE&G Long Island, in addition to the
9 Department of Public Service staff.

10 The purpose of today's session is
11 to receive public comments on LIPA's proposed 2022
12 budget and a set of rule-making proposals. The
13 proposed budget is available on the main landing page
14 of LIPA's website, and the other proposals are
15 available on our proposed rule-making page. The
16 proposals are incorporated into the record of this
17 hearing today, and the website also includes some
18 fact sheets with answers to frequently asked
19 questions about these proposals.

20 In a moment, I will summarize the
21 proposals, and then I will turn it over to Jim to
22 discuss rule-making related to LIPA's processing of
23 Freedom of Information Requests. Finally, Tamela
24 will give a presentation on the proposed 2022 budget.

25 After the presentations, attendees

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2 who have signed up to speak will be called one at a
3 time. When you're called on, please use the "raise
4 hand" button in Zoom to indicate your presence. If
5 you're joining only by telephone, you will need to
6 press *9 to raise your hand. At that time, we'll
7 unmute you and make you a panelist; and when
8 directed, you can then enable your video, if you
9 choose, and make comments on the record.

10 We'll ask you to please clearly
11 state your name and, if applicable, your organization
12 or affiliation. And if you want to speak but haven't
13 yet signed up, you can visit LIPower.org and click
14 the line for the tariff public sessions, and you can
15 use the "raise hand" feature here in Zoom.

16 So in accordance with state
17 procurement law, I have to give a disclaimer that you
18 please refrain from making endorsements or lobbying
19 for or against specific projects whose proposals are
20 pending or in active procurement process with LIPA or
21 PSEG Long Island. And then as the purpose of today's
22 hearing is to hear from you all, LIPA's staff will
23 not be responding to comments and questions today.
24 Rather, a full transcript of your comments and
25 questions, together with written responses, will be

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2 provided to LIPA's Board and posted publicly on our
3 website for the Board's consideration and for public
4 consumption prior to the next Board meeting when the
5 Board will be voting on these items. Your comments
6 are also provided to the Department of Public Service
7 and to PSEG Long Island staff for their review and
8 consideration.

9 Please note that today's session is
10 being recorded.

11 So in addition to this comment
12 session, we also had another session today. The
13 transcript of that will also be posted publicly, and
14 you may also send written comments to the email
15 address, "tariffchanges," that's all one word,
16 T-A-R-I-F-F, changes at LIpower.org. And these
17 written comments need to be received by December 6th
18 in order to give us time to incorporate those into
19 the Board materials.

20 Okay. So now, turning now to slide
21 two, we have tariff proposals covering a range of
22 topics that include LIPA's retail choice program
23 called Long Island Choice, community distributed
24 generation and remote crediting, the Customer Benefit
25 Contribution, suspension of service charges during

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1
2 prolonged outages, and changes to our outdoor
3 lighting tariff to accommodate municipal dark sky
4 ordinances.

5 We also have proposed changes
6 related to FOIL and implementation of the 2022
7 proposed budget and write-up dates, which will be
8 covered in more detail later in the presentation.

9 All these proposals reflect
10 extensive stakeholder feedback, and several
11 originated directly from specific requests made by us
12 and stakeholders. We're grateful for your
13 participation, which helps us improve these programs
14 to better serve you; and we know that these issues
15 are very important to you, and we take your comments
16 to heart.

17 So turning to slide three, we'll
18 cover proposed changes to LIPA's retail choice
19 program called Long Island Choice. These proposed
20 changes represent a major overhaul to that program,
21 and they are the result of a stakeholder
22 collaborative proceeding that was held by the
23 Department of Public Service or DPS and LIPA over the
24 past year. These changes also reflect the outcome of
25 statewide PFC proceedings to reform retail choice and

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2 the marketing practices of Energy Service Companies
3 or ESCOs.

4 The highlights include unbundling
5 of LIPA's power supply charges, which allows ESCOs
6 and community choice aggregators or CCAs to procure
7 resources directly from the wholesale market. This
8 also has the benefit of simplifying the program by
9 eliminating the need for complicated monthly
10 adjustments transactions between LIPA and its retail
11 suppliers.

12 We are also proposing to offer
13 consolidated billing, which allows ESCOs to have
14 their billing handled by PSEG Long Island. This,
15 too, was a request made by stakeholders; and we are
16 proposing to adopt new consumer protections that were
17 developed through the statewide ESCO proceedings.

18 Together, these changes will help
19 make retail choice and CCA available to customers on
20 Long Island and in the Rockaways on the same terms as
21 in the rest of the state and with the same safeguards
22 that are available to other New Yorkers who
23 participate in retail choice programs.

24 On slide four, I will cover the
25 proposed changes to Community Distributed Generation

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2 and remote crediting.

3 Next slide. There we go.

4 So the first two changes shown here
5 are improvements that were requested by various
6 stakeholders in the statewide PSE proceedings, and
7 ordered by the PSE for the investor-owned utilities
8 in New York. And they provide more flexibility for
9 CDG and Value Stack projects.

10 The third item here was a request
11 made by LIPA stakeholders to us and PSEG Long Island
12 to reexamine how we assigned CDG projects into rate
13 codes. And this change will result in some projects
14 being eligible for rate codes with lower fixed
15 charges.

16 We've also extended at
17 stakeholders' request our five site community credit
18 for an additional year or until we reach 100
19 megawatts of CDG in LIPA's service territory, after
20 which time, we're proposing to transition to an
21 equivalently-sized upfront incentive as the rest of
22 the state has already done or is in the progress of
23 doing.

24 As shown on the next slide, slide
25 five, Long Island in the Rockaways are making

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2 incredible progress in deploying clean energy to
3 decarbonize our electric grid. Over 3,500 megawatts
4 of renewable generation and storage are already in
5 service or under procurement to be interconnected
6 through Long Island. That's over 60 percent of
7 LIPA's generation capacity.

8 Focusing on distributed solar in
9 particular, on slid six you can see that Long Island
10 is on pace to exceed our 2025 distributed solar goal
11 within the next few months.

12 As many of you know, the governor
13 recently announced a new distributed solar goal of 10
14 gigawatts for New York. LIPA is, of course,
15 committed to meeting that goal as well.

16 Now let's turn to slide seven. So
17 what are the reasons for this incredible success of
18 distributed solar is a policy called Net Metering,
19 which allows customers with distributed generation of
20 all kinds, not just solar, to bank credits for their
21 monthly generation which are then applied to customer
22 bills for the full retail rate.

23 Now, Net Metering is an effective
24 policy because it's simple and it's easy for
25 customers to understand. It also includes a built-in

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2 subsidy because Net Metering compensates solar
3 electricity at about twice its value to the grid,
4 even after you factor in the environmental and other
5 grid benefits that solar provides.

6 For these reasons, net metering has
7 been a fantastic catalyst for the solar market, which
8 has really taken off over the past decade. But as
9 you see, in LIPA's service territory, as well as
10 other service territories around the country with Net
11 Metering, we started to become, in a sense, victims
12 of our own success. And specifically, the total Net
13 Metering subsidy in LIPA's service territory is
14 expected to reach 59 million in 2022 and will
15 continue to grow as we add more Net Metering
16 generation to the grid.

17 And why does this matter? Well,
18 the reason it matters is because this subsidy
19 represents costs that then get shifted to and picked
20 up by other customers.

21 And if you can turn to the next
22 slide.

23 This is especially important
24 because not all customers have the same ability to
25 take advantage of the Net Metering subsidy. Rooftop

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2 solar is a big investment, and that precludes some
3 people from participating. In fact, we know that
4 from the data 83 percent of rooftop solar adopters in
5 Long Island have incomes that are higher from the
6 median in Nassau and Suffolk County. And our
7 low-income customers are half as likely as other
8 customers to install rooftop solar.

9 So between the size of the Net
10 Metering subsidy and the unequal access of the
11 subsidy, you can see why this begins to create a
12 fairness issue.

13 There are a number of policy
14 responses to this. First and most importantly, LIPA
15 is working hard to expand access to solar to more
16 customers in a number of ways that include the
17 Community Distributed Generation tariffs I discussed
18 earlier.

19 LIPA's Solar Communities Program,
20 which is dedicated exclusively to income-eligible
21 participants, also by partnering with NYSERDA to
22 provide low-interest solar loans and by enabling
23 community choice aggregation and reducing barriers to
24 participation.

25 So I'll note that expanding access

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2 to the benefits of clean energy is not just good
3 policy, it's also now the law in New York. The
4 CLCPA, in other words, the Climate and Leadership
5 Company Community Protection Act requires that a
6 minimum of 35 percent and a target of 40 percent of
7 the benefits of the clean energy transition
8 investments go to disadvantaged communities.

9 In addition to expanding access to
10 solar, the other major policy response here is to
11 ensure that all customers, including Net Metering
12 customers, contribute to essential programs like
13 energy affordability and energy efficiency.

14 The Customer Benefit Contribution,
15 which has already been adopted in the rest of the
16 state and is now being proposed by LIPA, falls into
17 this second category.

18 New York is not the only state
19 taking action to reform Net Metering. Fifteen
20 states, including New York, have already taken steps
21 to address the equity issue and more are in various
22 stage of tackling the issue. This includes other
23 states like New York that have very aggressive
24 decarbonization goals and high levels of solar
25 deployment.

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2 On this slide, you can see some of
3 the actions taken and while they differ in the
4 details, what these actions all have in common is
5 that they attempt to get at this fairness concern
6 that I've discussed.

7 On slide ten, you can see the
8 Customer Benefit Contribution is the solution that
9 was adopted in the rest of New York and is proposed
10 by LIPA. The CBC is a good approach because it
11 leaves Net Metering intact, preserving the simplicity
12 and the customer friendly aspects of that policy that
13 I described earlier.

14 And at the same time, the CBC
15 begins to address a portion of that cost shift that
16 we talked about by ensuring that distributed
17 generation customers with Net Metering will continue
18 to contribute to specific defined sets of customer
19 benefit programs. Specifically, I mean low income
20 customer discounts and energy efficiency and
21 beneficial electrification.

22 On the next slide, slide 11, you
23 can see that the costs of these programs collectively
24 is around 155 million a year and only a portion of
25 that is going to be recovered through the CBC.

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2 That's primarily because the CBC will only apply to
3 new net metered systems that are added after January
4 1st of 2022. And so it's essentially a program
5 that's phased in over 25 years or the lifetime of a
6 typical solar system. And eventually, we will
7 recover some share, approximately a fifth of the cost
8 shift that I discussed earlier.

9 So if you could go to the next
10 slide, please.

11 One of the things we've been
12 focused on and we've heard a lot about from
13 commenters and stakeholders is what impact will this
14 have on customers and on the solar industry. We love
15 our solar installers here in Long Island and it's a
16 very important industry and we understand that this
17 issue is a big concern for them and as it is for us.

18 Looking at LIPA's fixed charges,
19 including the CBC, we are heartened to see that our
20 fixed charges, even with the CBC, will still continue
21 to be lower than the fixed charges of other utilities
22 in New York.

23 If you could go to the next page,
24 please. And so what does this do to a customer's
25 investment in solar? So this chart shows the typical

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2 payback period from a residential customer who adds
3 solar; and, obviously, you want a shorter payback
4 period, so a lower number here is better.

5 The CBC increases LIPA and PSEG's
6 typical payback from about 7.3 years to 7.6 years.
7 So it adds several months to the payback time, but in
8 all, the investment is still equivalent to
9 approximately a ten percent return on investment,
10 that's a seven-and-a-half-year payback time.

11 And I would also note that some of
12 the other utilities upstate, which have less
13 favorable solar markets, receive incentives from
14 NYSERDA called New York Sun. This chart includes the
15 effect of these incentives. So even with those
16 incentives factored in LIPA's payback period,
17 including the CBC, is still among the lowest in the
18 state.

19 If you can go to the next slide,
20 please.

21 So, finally, I will cover a couple
22 of other miscellaneous tariff changes. First, we are
23 in response to stakeholders, we are changing our
24 outdoor area lighting tariff to exempt municipalities
25 who passed dark sky ordinances. We are also

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2 proposing to add provisions to our tariff to give
3 customers relief from service charges during
4 prolonged outages. So a prolonged outage in this
5 definition means an outage caused by a major storm
6 that lasts longer than three days, so those customers
7 would receive credit for the days that they're out of
8 service. We would also suspend collections activity
9 for effected customers.

10 And then, finally, we have a set of
11 miscellaneous tariff changes that are largely to
12 eliminate ambiguity from the tariff. We, in 2020,
13 updated our pole attachment fees, consistent with the
14 rest of the state, and there was some ambiguity in
15 the language as how that applied to municipal
16 streetlights; so we're clarifying here that the lower
17 of the two pole attachment fees, or \$7 approximately,
18 would apply to those attachments.

19 So now we're at the portion of the
20 presentation where I will turn it over to
21 Jim Miskiewicz, LIPA's deputy general counsel.

22 Jim.

23 MR. MISKIEWICZ: Good evening,
24 ladies and gentlemen. Thank you for being with us
25 today on this, and we appreciate your participation

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2 and your input into these important regulatory
3 proposals.

4 I'm going to speak about a proposed
5 amendment to LIPA's Freedom Of Information Law
6 regulations. As many of you know, as a government
7 entity, LIPA is responsible for acting and
8 participating in its operations in the most
9 transparent way possible, and that includes making
10 all records available to the general public, no
11 questions asked, no reasons need to be set forth as
12 to why that information is sought.

13 And at subject, that open policy is
14 subject to only a very few privileged categories
15 which can only be applied in very rare instances, and
16 we're quite proud of our record of providing the
17 public with such information.

18 Nevertheless, our regulations were
19 first promulgated in 1994, and a lot has happened
20 since then. So they do require updating. And also
21 in -- with the passage of time and the use of
22 provisions that actually come from the FOIL statute,
23 not things where we are proposing ad hoc by ourself,
24 but things that the state law provides that were not
25 included in our original promulgation in 1994. So

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2 what are those things?

3 If we can change the -- thank you.

4 So what are those? Well, first of
5 all, we're going to be making some basic housekeeping
6 changes. Correct addresses, phone numbers, et
7 cetera, and also indicating that individuals can and
8 do, in fact, file FOIL requests using our LIPA
9 website and using New York Open FOIL as the portal;
10 and hundreds, literally hundreds of people use that
11 on a day-to-day basis.

12 Yes, you can still come into the
13 office, and with an appointment so that we know that
14 you're coming, and seek inspection or copies of
15 records. But, in fact, individuals can more quickly
16 get the information they're seeking by going on our
17 website and submitting a FOIL that way. So that's
18 one change.

19 The second is some changes in
20 designated person regarding the title of records to
21 the access officer, which is the general counsel of
22 LIPA. And so that has also been updated and changed.
23 There will be new provisions regarding -- by the way,
24 regarding another definition. For the first time in
25 this regulation, make clear that the records are not

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2 only those of the public authority LIPA, but also of
3 our service provider PSEG Long Island, which is
4 actually the custodian of all the records that are
5 generated by the utility. We are making a change to
6 the feed provisions at FOIL.

7 Currently, as of about a week or so
8 ago during the last tally, we have received this year
9 alone a total of more than 440 FOIL requests. The
10 vast majority of them online, some of them by mail.
11 And the overwhelming majority of those have come not
12 from customers or members of the general public, but
13 from commercial entities seeking information that if
14 we were a private entity, an investor-owned utility
15 would only be available either for fee from the
16 utility itself or more likely the utility-locating
17 service or other kind of third-party for-fee
18 institution.

19 We are, therefore, for the first
20 time, using what is permitted under FOIL, which is to
21 collect fees that are associated with the cost of
22 collecting data and preparing records to be sent to
23 those who request them. They will be minor fees,
24 but -- and they will not affect customers seeking
25 their own records. Those will continue to be made

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2 available for free. But commercial entities that are
3 seeking records, that as I say, have been normally
4 available only through payment from utilities and
5 which FOIL under the state law permits us to charge
6 those fees will also now be part of our regulations.

7 We are deleting a provision, and
8 the deletion is -- has to do with a 1994 definition
9 of what constitutes a trade secret, meaning one of
10 those privileges, one of those rare privileges that
11 we may invoke to withhold records.

12 Why are we deleting it? For the
13 simple reason that the statute, FOIL, already defines
14 what a trade secret is. The utility cannot change
15 that definition, and that definition is also
16 supplemented by judicial opinions throughout the
17 state.

18 So the deletion is simply to make
19 clear we are going to follow the law, whatever it is,
20 decided by courts around the state or the highest
21 court of the state, as well as what the statute says
22 constitutes a trade secret. We don't need to define,
23 so we're deleting it.

24 Finally, there will be an update
25 again and more -- this is kind of a housekeeping

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2 administerial update about how to file an appeal and
3 to whom. Under no circumstances will any of this
4 affect the public's right to access information
5 that's not restricted, it does not do really anything
6 but clarify, update, and, we think, in the case of
7 the fees, help defray costs that would be otherwise
8 be borne by our ratepayers when commercial
9 enterprises seek information for free that they would
10 have to pay if they were seeking that information
11 from another utility. And that, in sum and
12 substance, is -- are the changes to the FOIL
13 regulations.

14 At this point, I'll hand it off to
15 the next speaker, which I believe is Tamela Monroe.

16 MS. MONROE: Good evening and thank
17 you for joining us. I'm Tamela Monroe, the CFO of
18 Long Island Power Authority. And the following is
19 the 2022 proposed budget:

20 So the budget is developed to
21 support the Board objectives of serving our
22 customers. They focus on customer satisfaction,
23 reliability and emergency response, renewable energy,
24 and all while keeping our rates comparable to or
25 below our neighboring utilities. On the slide you

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2 can see the targets for each of these objectives.

3 Next slide.

4 With those objectives in mind, and
5 a focus on performance, I'll review the components of
6 the proposed budget. The first area is the revised
7 contract with PSEG Long Island. There will be a
8 separate public comment session on the contract; so I
9 will be going through the details of the contract.
10 But this budget includes updated compensation
11 structure and funding of the evaluation metrics.
12 51 percent or 40 million of the management fee will
13 now be at risk compensation based on the performance
14 and is included in this budget.

15 Next slide.

16 The budget was developed to support
17 the 2022 operations. There are two major components
18 to the budget; the operating expenses and capital
19 investments on the left side of the -- the left side
20 of the slide is the total requested amount for
21 operating expenses which is \$3.9 billion. The
22 largest operating component is the power supply cost.
23 The capital investment requested is on the right side
24 of the screen and is 760 million for 2022. The
25 budget was developed with the Board's financial

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2 guidance and the Board policy debt and access to
3 credit markets.

4 The following slides will provide
5 more detail of the major budget components.

6 So starting with our operating
7 budget. This slide provides the perspective of what
8 has changed from 2021 to 2022. Now, starting on the
9 left side, the first bar is the forecast for 2021.
10 The dark portion of that first bar is the approved
11 2021 budget, which was 3.66 billion. The green
12 portion represents the additional storm restoration
13 cost that we've experienced this year. And the
14 lighter blue part of the bar, which is at the top, is
15 the forecast of the additional power supply costs.
16 We'll discuss both these deviations to the budget
17 later in the presentation. The total forecasted
18 spend in 2021 is 3.98 billion.

19 Starting with the 2021 approved
20 operating budget, which I just said was 3.66 billion.
21 If you go across the graph, you can see the
22 categories of contrast increases and decreases. The
23 2022 operating budget request is 3.85 billion or an
24 increase of \$189.3 million over the 2021 budget. The
25 next slide provides some details on the largest

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2 changes.

3 The first one we'll look at is
4 power supply costs. Power supply is the cost to
5 purchase or generate electricity for our customers.
6 Commodity prices, including natural gas, have
7 drastically escalated this year. As a result of
8 those higher costs, power supply is the largest cost
9 category increase in the 2022 budget request. The
10 proposed increase in the 2022 cost is \$253.1 million.

11 However, we have a robust hedging
12 program which is expected to save customers
13 \$150 million in 2022. This results in a net increase
14 in the budget of \$103.1 million for power supply.

15 Now, just as a point of
16 perspective, in 2021, the additional expected cost
17 for power supply was 251 million. This included some
18 impact of higher commodity prices but is particularly
19 due to transmission cable outages, resulting in the
20 need to run higher cost on line generation -- on
21 island, sorry, generation in 2021.

22 One of the areas of focus to
23 improve reliability is vegetation management. In
24 2022, the vegetation management program will be
25 expanded by \$14.9 million. The program will include

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1
2 an expanded hazardous tree removal program, removing
3 12,000 hazardous trees, which has increased from the
4 current target of 3,000 per year. It also includes
5 utilizing analytics in planning vegetation management
6 and a new method of tree trimming, which is called
7 trim to sky to improve reliability.

8 Other areas of focus are the
9 performance of metric-based initiatives budgeted at
10 \$7.6 million. These are initiatives that will
11 enhance the tools to manage our assets, procurement
12 and financial oversight to tighten controls and
13 reduce costs and expand customer communication.

14 IT investments are critical to
15 delivering reliable service. The budget included
16 6.9 million to support critical systems, the
17 enhancement of IT performance and processes and the
18 support of separating LIPA's IT systems from PSEG New
19 Jersey's systems.

20 This slide provides a historical
21 look at capital investments. Since 2016, LIPA has
22 invested a record of \$4.9 billion in infrastructure
23 to improve reliability and resiliency of our electric
24 grid. As you can see on the right side of this
25 slide, our investments have provided positive

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2 results.

3 Excuse me.

4 Customer and outage have declined
5 by 34 percent. Momentary interruptions and service
6 declined by 51 percent. And customers with greater
7 than four outages per year has declined by
8 59 percent. As you can see on the chart, we will
9 continue to make system investments in 2022.

10 Now, the second component of the
11 budget is the capital investments. These are
12 investments in equipment and grid improvements to
13 support the delivery of reliable service. In this
14 graph, you can see by category that the 2021
15 investments are in gray, and the 2022 proposed
16 investments are in blue. It's for each category.

17 The total capital budget requested
18 is \$760 million. The most significant change or the
19 increase of 52 million in reliability investments is
20 offset by a decrease of a 56 million in utility 2.0,
21 which was a result of substantially completing the
22 smart meter project in 2021.

23 Now let's look at the bill impact
24 for the average residential customer in 2022. To
25 give you perspective, the average bill in 2020 was

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2 \$169.42. That's on the left side. In 2021, the
3 budgeted average bill was \$163.84. The projected
4 average bill -- actual average bill in 2021 is
5 \$172.82. And we'll talk about the differences in a
6 few minutes.

7 But starting with the 2021
8 projected average bill compared to the budget for
9 2022, on the slide you can see by category what the
10 changes are. Power supply charge will decrease by
11 \$5.89. Delivery charge will increase by \$1.30 and
12 distributed energy resources now are relatively
13 unchanged.

14 And then we will have two
15 categories of increases which we'll address on the
16 following slides.

17 The 2022 budgeted average
18 residential bill is expected to be \$169.28.

19 Now, the first category that was
20 increased is the revenue decoupling mechanism or what
21 we call a RDM which reconciles budgeted sales and
22 actual sales. In the graph, the gray bars represent
23 the budget, and the white bars represent actual
24 usage.

25 You'll notice usage per customer

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2 has decreased from 2018 and was expected to continue
3 to decline through 2020. The average household usage
4 was budgeted at 709 kilowatt hours, and the actual
5 was 781 kilowatt hours in 2020.

6 We reconciled budget to actual each
7 year, and how this works is the higher sales in 2022
8 means we collected more revenue than we expected.
9 Sales were higher, so revenue was higher.

10 The revenue decoupling mechanism is
11 a true-up, so customers pay only the actual cost. So
12 in years when we collect less revenue than budgeted,
13 causing a shortfall, the difference is they collected
14 in the next year. In years where the revenue is
15 higher than expected, we return money to our
16 customers in a bill credit the following year.

17 In 2022, the sales, and therefore
18 the revenue, exceeded the budget. So in 2021, we
19 returned a credit of \$5 per month to customers. In
20 2021, the sales and revenue is also higher than
21 expected. So we will credit the residential customer
22 bills in 2022 by \$3. So the result of the credit was
23 a \$5 credit in 2021, a \$3 credit in 2022 has been
24 included, which creates a \$2 increase in the average
25 bill because of the difference in the credit.

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2 Okay. The last category of
3 increase was the delivery service adjustment which
4 reconciles actual costs to budget for storms, debt
5 payments, interest rates and then collectible
6 expenses of the DSA projected to increase \$1.76 per
7 month. This is primarily due to above-budget storm
8 restoration cost, that was that -- that green bar on
9 one of the first slides.

10 The 2021 storm budget was \$70
11 million, and that's compared to a forecasted spend of
12 \$147 million. The largest cost was the preparation
13 of Tropical Storm Henri, which was projected to be a
14 Category 1 Hurricane with a direct line to Long
15 Island, which didn't materialize.

16 Now we focus on keeping cost as low
17 as possible while delivering reliable service for our
18 customers. Since 2014, the operating budget has been
19 reduced by \$999 million. Which is 26 percent of
20 electric bill or about \$44 per month in a typical
21 residential bill. The list on the screen provides
22 the details with the largest savings in discontinued
23 investments and over-generation, the reform act
24 capping tax growth at 2 percent, and the commodity
25 hedging program that I mentioned earlier. So you can

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2 see the details there of the other smaller ones.

3 This slide provides a perspective
4 of comparing LIPA interest rate or LIPA rate
5 increases to other utilities and inflation -- excuse
6 me -- in 1997 to 2020. Our efforts resulted in the
7 LIPA system average rates increasing less than the
8 rate of inflation and less than the neighboring
9 utilities. You can see that LIPA is the last bar on
10 the right, the green bar, and our increase was less
11 than all of the other comparisons.

12 We continue to -- continue to
13 assist low- and moderate-income customers with bill
14 discounts. This graph provides discounts over the
15 past 8 years. The 2022 budget includes 20.2 million
16 for these discounts.

17 Now, as I mentioned earlier, LIPA
18 is executing the Board's policy of debt and access to
19 credit markets, which has resulted in four credit
20 rating upgrades since 2013. The last rating action
21 by Fitch Ratings changed the outlook from stable to
22 positive. The Board policies enhancing financial
23 targets have led to these improved ratings. And the
24 2022 budget includes an increase of 28 million to
25 meet our principle interest and coverage

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2 requirements.

3 Now, the reason I point out the
4 ratings is that the improved ratings result in LIPA's
5 ability to finance investments in the system at lower
6 interest rates, therefore saving customers money.

7 Now, for more information, just in
8 reference to this earlier, you can go to our website,
9 and you can view our fact sheets on the tariffs, as
10 well as the full budget proposal.

11 Now, as far as next steps, just a
12 reminder, on September 22nd, the proposals were
13 published for public comment. We're holding -- we
14 held a session this morning for public comment and
15 this will be the final one.

16 This next date is important
17 December 6th will be the last day we will take
18 written comments that will be incorporated into the
19 Board briefing materials. So if you have written
20 comments, please give us those so we can include
21 those for the Trustees.

22 December 15th, the Board
23 consideration of both the budget and the tariff
24 proposals. And then if approved, both would go into
25 effect on January 1.

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2 And this last slide we've put into
3 the links for the tariff proposals.

4 So thank you -- thank you very much
5 for your attention, and I'll turn it over to
6 Tom Locascio.

7 MR. LOCASCIO: Thank you, Tamela.

8 I'm Tom Locascio, LIPA's Director
9 of External Affairs, and I will be kicking off the
10 public comment portion of tonight's meeting. I first
11 want to thank everyone that has taken the time out of
12 their evening for us. And the way that we're going
13 to conduct this is there are people logged on that
14 have public comments. We would ask that they raise
15 their hand now. If someone is dialed now, they'll
16 need to dial *9. And what we'll do is we will take
17 people in the order that their hands were raised.

18 So we're going to kick off. We
19 have Legislator Bridget Fleming.

20 Bridget, we're going to move you
21 into the panelist mode right now.

22 Next, after Bridget, just to be
23 prepared, we have Francesca Rheannon and Reid Garton.

24 Legislator Fleming is joining now.

25 LEGISLATOR FLEMING: Hi. Thank you

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2 very much for allowing me to join you. I know you've
3 got a long agenda, so I'll get right to it. I
4 appreciate it.

5 I'm here speaking on the proposed
6 tariff proposals, specifically the Long Island Choice
7 Program and the Customer Benefit Contribution charge,
8 what I call the solar tax. Probably give you a good
9 indication of where I'm headed.

10 So, you know, Long Island is a
11 coastal community. We are increasingly impacted by
12 climate change. We at county government are
13 increasingly conscious of taxpayer costs to
14 unpredictable extreme weather events and its impacts
15 and continues to impact us in property loss, in road
16 repairs, in public safety hazards, even having to
17 change our programs for mitigation of pest
18 infestation. It's upon us now; it's not our
19 grandchildren.

20 Building an inventory of clean
21 energy choices is necessary to protect the taxpayers,
22 to protect the environment and to mitigate the
23 impacts of a changing climate. That colors my
24 comments with regard to the Long Island Choice
25 Program. I fully support the effort underway at DPS

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2 to create a truly competitive retail market, and I
3 certainly appreciate LIPA and PSEG's anticipation in
4 that important effort and the open mind that you have
5 brought to it. And so I support many of the ideas
6 that are emerging; consolidated billing, elimination
7 of switching fees, simplified bills.

8 But to continue to press a
9 non-bypassable supply charge on clean energy
10 customers, to support long-term contracts is
11 misguided, in my view, with regard to our critically
12 important long-term goals with regard to climate
13 change mitigation without a more rigorous
14 alternatives analysis. It is imprudent at this stage
15 to create a disincentive to customers of clean
16 energy.

17 Similarly, the solar tax, the
18 Customer Benefit Contribution charge flies in the
19 face of long-term clean energy goals that are
20 increasingly critical on Long Island. Basically,
21 it's punishing Long Islanders for incremental success
22 far too early, even when we are just very, very short
23 of necessary transition goals to clean energy.

24 With costs of materials rising,
25 with federal tax incentives consistently reduced,

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2 raising revenue without regard to the long-term
3 impact on the conscientious desire of Long Islanders
4 to move to renewable energy in a cost-effective way,
5 is damaging to our long-term clean energy planning.

6 I know you folks have a tough job
7 ahead of you. I would ask that you not move quickly
8 to -- to budget moves that will impact long-term
9 goals of clean energy.

10 I thank you for your attention, and
11 I wish you good fortune in your work. But please
12 support our efforts to support renewable energy
13 incentives. Thank you.

14 MR. LOCASCIO: Thank you,
15 Legislator.

16 So next, we'll be moving in
17 Francesca Rheannon, and then George Povall will be
18 next.

19 MS. RHEANNON: I'm going to unmute
20 myself. Can you hear me now?

21 MR. LOCASCIO: We can hear you.

22 MS. RHEANNON: Okay. I'm going to
23 start my video. Thank you so much for inviting
24 public comments on this critical issue.

25 I am a member of the East Hampton

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2 Energy and Sustainability Advisory Committee, it's a
3 town-appointed advisory board. And I'm speaking as a
4 person, also as member of that Board.

5 We in East Hampton are really
6 trying to bring major transition to clean energy to
7 our community. We have a climate action plan, and we
8 have set 2023 -- 2030 for all -- all power sources,
9 2023 for electricity.

10 To institute this solar tax would
11 really disincentivize our plans in the town to
12 enlarge solar in our community. We already have the
13 highest electric rates in New York State on Long
14 Island. This would set a very bad precedent to
15 basically charge people trying to do to the right
16 thing.

17 What are we supposed to do in East
18 Hampton? Are we supposed to encourage people to go
19 solar, or but then tell them, but if you do go solar,
20 you're going to have to pay an extra tax? I don't
21 think that's going to go over very well in our
22 community.

23 We need to actually tax fossil
24 fuels, not clean energy to pay for the transitions
25 that New York State has -- has set for itself with

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2 the goals of the New York of the CLCPA. We -- there
3 is a proposal for the community investment -- and
4 Climate Investment and Community Act, the CCIA which
5 actually puts the cost of making that transition
6 exactly squarely where it needs to be, and that is by
7 taxing fossil fuel production in New York State, not
8 taxing residential homeowners who are trying to do
9 the right thing by putting solar on their roof by
10 transitioning to solar.

11 Not only that, you talked about the
12 benefits to lower and median income ratepayers. In
13 East Hampton, we have been trying to institute a
14 program of community choice aggregation, CCA. But
15 LIPA, unfortunately, has made it impossible for us to
16 do a CCA here. One of the reasons we wanted to do it
17 was so not only could we increase the clean energy
18 mix of power generation to our -- power supply to our
19 town, but that we could also run programs so that we
20 could give discounts to low- and median-income
21 ratepayers in our area.

22 But we're stymied. LIPA has
23 long-term contracts with fossil fuel companies that
24 are basically impeding our capability of doing
25 competitive bidding on power supply that would allow

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2 us to do community choice aggregation and move ahead
3 with those plans.

4 So I just wanted to close with
5 saying that this is completely going in the opposite
6 direction of where we need to go. We need to
7 incentivize clean energy, disincentivize fossil fuel
8 energy. And I would like to ask LIPA to please get
9 out of the way of our community's ability to move as
10 rapidly as possible to a fully clean energy economy.
11 Thank you.

12 MR. LOCASCIO: Thank you. We
13 appreciate your comments.

14 Next up will be Reid Garton, then
15 George Povall, and then Ryan Madden.

16 As a reminder, if you are attending
17 and you would like to provide comments, we would ask
18 that you raise your hand so we know that you're
19 interested in speaking.

20 Reid, we're going to move you in
21 now.

22 Hi, Reid. How are you? The floor
23 is yours.

24 MR. GARTON: Thank you. My name is
25 Reid Garton. I'm the CEO of NY State Solar. I'm a

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2 board member, along with the vice president for the
3 residential industry of the New York Solar Energy
4 Industry Association.

5 I appreciate your time and
6 consideration of my comments on the CBC this evening.

7 The LIPA Board should be
8 considering compensation for solar customers.
9 However, it should be doing so after independent
10 studies conducted into the value of net-metered solar
11 here.

12 This study should evaluate all of
13 the benefits created for the grid and environment.
14 Implementing a tax on solar before this is conducted
15 is premature. VDER does not take all of these
16 elements into account, nor did the study that was
17 used by DPS to start the CBC proceeding at the state
18 level.

19 As we're -- our petition, which is
20 about to be filed with the -- with the PSC, will
21 reflect a full study is needed. You know, if we look
22 at neighboring territories, for example, the
23 Northeast ISO or the state of Maryland, they have
24 conducted comprehensive studies that were done by
25 independent providers into the value created by

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2 distributed solar. It is net-metered.

3 They looked at the environmental
4 values. They looked at avoided upgrades in the
5 distribution and transmission network. They looked
6 at avoided costs of -- very high cost peaker plants
7 that are created by distributed solar in rather broad
8 territories more recently than the DPS study. Both
9 of these studies found that net-metering solar
10 provided more value than the retail cost to power,
11 more, greater than.

12 In Maryland for 2019, I believe it
13 was -- depending on the utility territory, between 31
14 and 41 cents per kilowatt hours in value created when
15 you looked at the entire universe of what solar does
16 for the environment and for our grid.

17 Their findings, showing that it was
18 actually non-solar customers receiving the benefit,
19 negates the entire premise of a cost shift and the
20 need for a CBC. No comprehensive or independent
21 study has been conducted in this proceeding that
22 factors all of the variables that exist. By ignoring
23 many of the variables, you can, of course, show there
24 is a cost shift. And we feel that that is, you know,
25 an incorrect conclusion.

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2 The LIPA fact sheets state that
3 LIPA will easily exceed its 2025 goals. While that's
4 very important and a fantastic outcome, the much more
5 significant and looming goal under CLCPA is
6 70 percent of electric generation by 2030. We're a
7 long ways from 70 percent of electric generation
8 being renewable. If solar development is slowed, it
9 will be a massive impediment to LIPA having any
10 chance of hitting 70 percent of electric generation
11 by 2030, which is the legislative goal.

12 Other state entities recognize that
13 the CBC is going to hurt continued deployment of
14 solar. That's why NYSERDA's is increasing (technical
15 difficulties) for upstate solar customers. No such
16 incentive or response exists on Long Island.

17 It's also important to bear in mind
18 when evaluating the proposed CBC, that most customers
19 finance the purchase of their solar systems.
20 Particularly, LMI customers, who we would love to
21 have more and more of them adopt solar. In the first
22 few years, the savings from a solar system are often
23 250 to \$400 per year. The CBC for our average
24 customer in Long Island would be \$150 a year, wiping
25 out most of the incentive for them to go solar.

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2 Evaluating this based on a payback
3 period completely misses the point since the majority
4 of customers finance their system. They don't pay
5 cash on it and look at a payback period. They look
6 at the monthly payment with solar and they look at
7 the monthly without solar. If you wipe out most of
8 the savings, you'll eliminate most of that incentive.

9 A further impediment that the CB
10 creates is that the charge will be updated annually.
11 People make a long-term investment, whether it's by
12 taking out a loan or paying cash, because they can
13 understand what the system will produce. They can
14 understand what credit they're receiving for it and
15 they're comfortable with that as a result.

16 Creating a charge that will likely
17 be increased year after year is a problem, and it
18 will deter people from going solar in addition to
19 wiping out, you know, the majority of their savings.

20 In conclusion, there's no need to
21 rush this decision. We're having this comment on
22 November 29th, the meeting is December 15th, and it's
23 proposed to go into effect on January 1st, that's
24 significantly too fast. There should be a study, we
25 should evaluate it, the way that the Northeast ISO

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2 and the Maryland PFC did. Look at all of the
3 benefits, not just the part that's captured by VDER
4 and a decision should be rendered based on that, when
5 all of the information is out there available.

6 I appreciate the opportunity to
7 comment, and I hope you take my comments into
8 consideration.

9 MR. LOCASCIO: Thank you, Reid.

10 Next up, we have George Povall and
11 Ryan Madden then Lynn Arthur. Those are all the
12 participants that have indicated they would like to
13 speak. If I did not call your name and you would
14 like to speak, please raise your hand.

15 George, we're going to move you in
16 now.

17 MR. POVALL: Hi, everybody. This
18 is George Povall, executive director of All Our
19 Energy.

20 Thank you so much for having this
21 proceeding tonight, and I came to just say a few
22 quick words, following up a lot of the things that
23 Reid had just said. You know, basically, this
24 Orwellian-titled Customer Benefit Contribution charge
25 literally charges solar homes for cleanly,

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2 efficiently, and most importantly, very affordably
3 servicing the grid with clean energy that we all need
4 to have and that we're not getting enough through
5 other means.

6 This solar tax is really
7 shortsighted, and it really raises a very tiny amount
8 in the grand scheme of things while punishing a very
9 small minority of people who are actually giving our
10 grid a lot more benefits than they're being credited
11 with.

12 So I do agree with a lot of what
13 Reid said about the VDER being a basic problem. VDER
14 is two steps ahead of itself. There should be time
15 of use and there should smart meter and then a VDER,
16 VDER would make more sense. But right now, it really
17 just punishes rather than enables the benefits that
18 are being received.

19 So as executive director of All Our
20 Energy, I just want to say that we oppose this
21 charge, and it is a solar tax. We just don't need
22 it. We need to be moving to more solar. Thank you
23 very much. And I'll see you Thursday.

24 MR. LOCASCIO: Thank you, George.
25 So next up is Ryan Madden.

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2 Ryan, we're promoting you in now.

3 MR. MADDEN: Hey, good evening,
4 everyone. My name is Ryan Madden. I'm the
5 sustainability organizer with the Long Island
6 Progressive Coalition, which is a grassroots
7 community based organization founded in 1979.

8 We fight for structural change at
9 the local, state and national levels to attain racial
10 justice, build community wealth and realize a just
11 transition to a 100 percent renewable energy future.

12 We also helped pass the Climate
13 Leadership and Community Protection Act in 2019 and
14 have since been committed to ensuring its equitable
15 implementation.

16 All of our work is aimed towards
17 tackling the structural issues at the root of
18 problems, which is why its hard to comment on certain
19 aspects of these tariffs, like the proposed rate
20 increase, when we know not all options have been
21 pursued to get rid of excess costs.

22 We know that LIPA can save nearly
23 \$1 billion over the next decade through
24 municipalization, which could go to things like
25 lowering utility rates, especially for low income

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2 households, seniors and small businesses.

3 I know that, as mentioned at the
4 last Board meeting, to kind of truncate those
5 (indecipherable) that PSE&G could receive \$80 million
6 in 2022, which is about 2 percent of LIPA's proposed
7 budget for next year. So if not for those management
8 costs, we would be having a different conversation
9 here.

10 And I know while some of those is
11 separate, when we look at it as a structural level,
12 it's hard for us to decouple these things; so I
13 wanted to use the space to just note that in a larger
14 conversation as things progress moving forward.

15 The second is around other
16 potential rate-saving opportunities that I'm not sure
17 have been explored and I'm genuinely just curious
18 about and want to make a comment on in order to
19 further explain around the implication or for further
20 discussion around the implications of rates if Long
21 Island pursued generating its own renewable energy
22 assets.

23 I know the Power Authority is
24 empowered to do such things and has stakes in other
25 renewable -- generating assets but not on -- on --

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2 and not on Long Island and not renewable. Renewable
3 is like solar and wind.

4 So knowing that, like -- the power
5 supply is a result of 40 percent of ratepayer money
6 or approximately 1.5 billion going for such supply
7 agreements with companies like National Grid that are
8 guaranteed a rate of return on investments, I would
9 be really curious for an explanation of what it would
10 look for a nonprofit public power entity to pursue
11 renewable generation and its implications revenue
12 generation and potential rates that wouldn't be going
13 to for-profit entities that are currently benefiting
14 from arrangements, including in the renewable energy
15 sector.

16 And just to support some of the
17 comments that were previously made about the solar
18 tax, and I know it's -- you know, trying to adjust a
19 series of complicated tradeoffs; but it sounds like
20 it could -- maybe in terms of, you know, contributing
21 to the customer benefit programs. That may be best
22 to remedy elsewhere and that there's a call for a
23 kind of slowing down that decision, looking at
24 another set of analyses for the trade-offs of impacts
25 and benefits.

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2 And, again, in terms of exploration
3 of things of, you know, perhaps tier pricing for any
4 higher energy users with, you know, higher incomes
5 rather than this particular measure, that seems again
6 publicly facing an impact of what people are
7 communicating to be a punishment for early adopters
8 of early renewable energy. So all of this is also
9 couched in a hope and an ongoing desire that we've
10 communicated through multiple LIPA Board meetings and
11 proceedings for better public engagements.

12 I'm an organizer, and turnout is
13 one of the things that is really important when we're
14 talking about events, demonstrations, you know, calls
15 to action; and I know that there's a relatively small
16 pooling of people and attends these events and I'm
17 curious about the type of engagement that happens in
18 order to promote and publicize some of these
19 proceedings.

20 I know during the options analysis,
21 a lot of the people that turned out were the result
22 of the work that us and our partners did in
23 communicating with the public, but you all have
24 access to ratepayers in a way that we don't and offer
25 an ongoing conversation about what it could look like

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2 to engage people, because as we continue to make this
3 transition, it's going to be vitally important that
4 stakeholder engagement happens in a different way.
5 And we'd love to be a partner in helping to figure
6 that out.

7 So I appreciate all the work that
8 has been done up to date and the incredible amount of
9 juggling that you all do with the multifaceted nature
10 of the system and just invite ongoing dialogue with
11 new stakeholders as we continue to make those
12 decisions. So thank you for your time.

13 MR. LOCASCIO: Great. Thank you,
14 Ryan. We appreciate your comments.

15 And then our final speaker, unless
16 there are others that have not raised their hand,
17 will be Lynn Arthur.

18 One final reminder, this will be
19 our last call, if you do have an interest in speaking
20 this evening, please raise your hand or if you're
21 dialed in, dial *9.

22 Lynn, we're moving you in to a
23 panelist now.

24 MS. ARTHUR: Cool.

25 MR. LOCASCIO: The floor is yours,

1 LIPA HEARING 11-29-2021

2 Lynn.

3 MS. ARTHUR: Thank you and good
4 evening.

5 So yes, I'm Lynn Arthur, executive
6 director of Peak Power Long Island , which is a 501CR
7 located in Southampton. I'm also a volunteer on the
8 Sustainable Southampton's Green Advisory Community.
9 And for the last three years my role has been to work
10 towards the first renewable CCA on Long Island.

11 Peak Power is a subcontractor to
12 Joule Community Power, performing education and
13 outreach concerning CCA to approximately 40,000
14 households in Southampton. And these tariff
15 revisions are key to making CCA a success, like it is
16 it in New York's six electric investor-owned
17 utilities. So my comments are specific to tariff
18 Leaf 34 and 168.

19 So Tariff Leaf 34 offers the most
20 immediate potential for the Long Island market. We
21 strongly support the institution of the community
22 adder. This financial support for project developers
23 who distribute credits to mostly small customers will
24 drive clean development and resilience on the island
25 and will go mostly towards solar development, kudos.

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2 A bit of detail intended as
3 support: To prevent any market uncertainty around
4 specific value for distributed solar development, a
5 decision should be made now about extending the
6 community credit, implementing the community adder or
7 a combination of both, instead of waiting, as has
8 been proposed.

9 Staff continues to suggest that
10 LIPA PSEG LI should align practices and policies as
11 closely as possible with New York's investor-owned
12 utilities. To this end, the investor-owned utilities
13 began to address volume metric net crediting in June
14 of 2021. LIPA PSEG Long Island should comport with
15 staff's requests and even take a leadership role in
16 the state by implementing the required billing
17 upgrades by mid-2022. And by upgrading -- and
18 updating, rather, their net crediting manual and net
19 crediting agreement to accommodate volume metric net
20 crediting.

21 Developments related to Leaf 168
22 are time-sensitive. If, and only if, the statewide
23 policy continues to require municipalities to include
24 electric supply in any community choice aggregation
25 program, in order to exercise municipal authority

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2 with respect to opting residents into community solar
3 credits.

4 The local supply charge is
5 currently defined as all costs contained in the power
6 supply charge that are not recoverable through the
7 market supply charge. These components should be
8 explicitly listed because residents must pay them,
9 whether they are receiving supply from a competitive
10 supplier or from LIPA itself. Listing these charges
11 will allow for a better assessment as to whether the
12 current proposal would put Long Island choice
13 customers in the position of paying certain charges
14 twice.

15 Staff in its white paper Long
16 Island Choice Program, proposes that LIPA include a
17 merchant function charge. That charge is not in
18 LIPA's proposed tariff update, and we believe it
19 would be valuable to include it. So that customers
20 served ESCOs are not charged by LIPA for functions
21 that ESCOs would generally provide.

22 So in closing, I just want to say
23 I'm grateful for the effort. I've participated in
24 all these work groups and various meetings and been
25 reading up on everything that comes out on these

1 LIPA HEARING 11-29-2021
2 topics. I'm so grateful for the opportunity to offer
3 comment, and I hope you take my comments into
4 consideration. Thank you.

5 MR. LOCASCIO: Thank you, Lynn. We
6 certainly appreciate your taking the time to come out
7 tonight, and we certainly will take your comments
8 into consideration.

9 So with that, we have no other
10 speakers in the queue. We'll give one last
11 opportunity because there are several attendees that
12 have not raised their hand. If you are interested in
13 speaking, please raise your hand now.

14 Okay. I think that concludes the
15 public comment portion.

16 Justin, and I will turn it back
17 over to you.

18 MR. BELL: Great. Thank you, Tom.

19 So with that, I will just give a
20 final reminder that comments may also be submitted in
21 writing, and we'd ask that you email those to
22 tariffchanges@LIpower.org. That's "tariffchanges,"
23 one word, "@LIpower.org." And we would appreciate
24 getting those by December 6th.

25 And, again, thank you all for your

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time tonight and your participation. We really do take your comments very seriously and know that these are important issues for all of you. And I appreciate your feedback and your time.

So thanks, everyone. And we will now adjourn the meeting, and we will go off the record.

(Whereupon, at 7:11 p.m., the above matter concluded.)

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LIPA HEARING 11-29-2021
C E R T I F I C A T E

STATE OF NEW YORK)
 : SS.:
COUNTY OF RICHMOND)

I, MADELINE TAVANI, a Notary Public for
and within the State of New York, do hereby
certify:

That the above is a correct
transcription of my stenographic notes.

I further certify that I am not related
to any of the parties to this action by
blood or by marriage and that I am in no way
interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set
my hand this 1st day December, 2021.



MADELINE TAVANI

From: [Alastair Hawker](#)
To: [Tariff Changes](#)
Cc: Bridget.Fleming@suffolkcountyny.gov
Subject: Distributed Residential Renewable Energy Tax - aka CBC Charges
Date: Saturday, December 4, 2021 10:29:55 PM

Dear LIPA Board of Trustees,

I am deeply disappointed to learn that you are planning to charge extra to Long Island residents who install renewable energy solutions at their homes.

This is in contrast with the “important civic responsibility” of a publicly owned, non profit entity. This action is the exact opposite of what should be happening. The residents of Long Island will greatly benefit from reduced pollution, efforts to fight against devastating climate change, and the resilience of distributed energy production. You are attempting to disincentivize this. It is spiteful and negligent to the long term interests of Long Island residents and the environment.

I appreciate that there is an enormous grid infrastructure to maintain. However, there are other, smarter, ways to fund that in a more equitable manner, allowing for the right incentives to remain in place, and encouraging the adoption of renewable energy production at residences up and down the island.

My suggestion is that grid fees are charged to all customers as a fixed cost for being connected (regardless of consumption), in proportion to the maximum amount of electricity they could potentially consume (e.g. large houses with a larger electrical system would pay more for access to the grid than small houses). Then consumption is charged separately per kWh as normal, as well as credited for contribution under net metering.

In summary:

- a) Long Island is especially sensitive to the impacts of climate change
- b) NYS has very aggressive CLCPA goals for reducing utility carbon emissions
- c) 2019 PSEGLI energy was 86% fossil fuel-based, with commensurate carbon emissions and air pollution.
- d) Adding additional residential solar electricity systems to the PSEGLI grid, both reduces PSEGLI carbon emissions, and the amount of energy that PSEGLI has to deliver (making it easier for PSEGLI to achieve CLCPA goals).
- e) CBC charges discourage residential solar installations by reducing solar savings. The reduced savings (on outright purchases) extends simple payback period and (on financed purchases) reduces or eliminates the initial cashflow positivity of solar.

In the urgent interest of protecting the environment from potentially irreversible effects of climate change, we ask that the PSEGLI CBC be shelved and that the existing PSEGLI residential net-metering policies remain in place going forward.

Please reconsider.

Yours sincerely,

Alastair Hawker

152 Division Street,
Sag Harbor, NY 11963

152 Division Street,
Sag Harbor, NY 11963

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From: [Anshul Gupta](#)
To: [Tariff Changes](#)
Cc: Bridget.Fleming@suffolkcountynv.gov; EngleS@nyassembly.gov
Subject: LIPA "Customer benefit contribution" charge
Date: Monday, December 6, 2021 11:11:44 PM

My name is Anshul Gupta, and I am a researcher with IBM.

I am writing to strongly urge you to reject the proposed LIPA "Customer benefit contribution" charge for net metering customers in Long Island.

These charges, which are being swiftly and surreptitiously forwarded by LIPA will not only discourage Long Island's transition to clean energy and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act, but are also extremely short-sighted.

First, they hurt the very rate-payers who LIPA claims to benefit from the so-called "customer benefit contribution" because we all know that DERs reduce demand and help reduce electricity prices, particularly during high-demand summer days. So these charges fail to recognize the true value of DER's to the grid and to the non-net-metering customers.

Secondly, in the long run, DERs have the potential to actually benefit the utilities by making more efficient and profitable use of their generation and transmission resources. Please refer to the detailed research and analysis on this topic in https://static1.squarespace.com/static/5f4637895cfc8d77860d0dbc/t/615e30a72c76f14999d159a5/1633562811272/VCF-National-Modeling_final.pdf

While I encourage you to study the full report, you can find a summary here:

<https://static1.squarespace.com/static/5f4637895cfc8d77860d0dbc/t/615e18345561b315e72c2746/1633556547814/Modeling+80%25+Clean+Electricity+by+2030+-+Summary.pdf>

The scenario of belated recognition of the true value of DERs is playing out right now in Hawaii, a state with a high early penetration of rooftop solar. In 2017, disincentivising rooftop solar gutted the flourishing solar industry on Oahu. Now, the regulators are realizing that they have no path to 100% carbon-free electricity without rooftop solar and are reinstating incentives to encourage new rooftop solar installations.

So please save Long Island these whiplash policies and recognize that DERs need to grow in tandem with utility-scale renewables. The two are mutually beneficial, especially when DERs are paired with storage, which is inevitable with the falling costs of battery storage.

Sincerely,

Dr. Anshul Gupta

PS: This letter is solely based on my personal views and does not reflect the opinions and beliefs of IBM or its affiliates.

--

Principal Research Staff Member
IBM T.J. Watson Research Center, 1101 Kitchawan Road, Yorktown Heights, NY 10598, USA
Tel: +1-914-945-1450; Fax: +1-914-945-3434; Email: anshul@us.ibm.com

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From: [Arianna Gutierrez](#)
To: [Tariff Changes](#)
Subject: Opposition to LIPA Proposed Tax
Date: Friday, December 10, 2021 8:02:48 AM

Dear Sir or Madam,

My name is Arianna Gutierrez.

As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,

Arianna Gutierrez
Roosevelt Island Resident - Zip 10044

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From: [Biddle Duke](#)
To: [Tariff Changes](#)
Subject: Customer Benefit Solar Charge comment
Date: Wednesday, December 1, 2021 12:29:01 PM

Dear LIPA board and management,

The Customer Benefit Solar Charge is bad policy and sends entirely the wrong message to LIPA/PSEG customers. Raise the Delivery and Service Charges, instead. Let me explain.

I am a solar/net meter customer and a member of the East Hampton Town Energy and Sustainability Committee.

I totally understand that LIPA needs money to maintain, improve and protect the grid even as it loses higher-paying customers to solar and net metering. I understand that as a solar/net metering customer I am using your grid as a de facto battery and that I am drawing power from your grid when my solar system is not generating power. That is why I pay some \$13 a month in Delivery and Systems Charges. I further understand that the \$13 a month solar customers pay doesn't cover our share of the costs of grid maintenance, improvement, and protection, as you have outlined in extensive documents.

So, what to do?

LIPA needs additional revenues, and at the same time you want to encourage sustainable energy and don't want to deter customers from generating their own sustainable power. These two things seem at cross purposes. But they are not.

In many cases new taxes and fees are levied on behaviors and choices we as a society wish to limit or eliminate. To wit: taxes on alcohol, tobacco, gasoline. We also as a society try to direct good behaviors with fees and financial benefits: HOV lanes and subsidies for solar, wind, and fuel efficient transportation. Among many others.

In this case, the message that LIPA will send by imposing a totally new "Solar Charge" on new solar/net metering customers is "we don't like solar; don't go with solar." This flies in the face of the efforts of every community in your huge service area that is trying to deal with the effects of climate change by switching entirely to renewable energy. This goes against all the efforts of municipal and community leaders who are swimming hard to get their fellow citizens to understand that we are in a climate emergency and we need to change our behaviors now in a huge way.

I realize that standing in the way of those efforts is not your intention, but that is clearly your message with a new solar fee. No matter how you pitch it, how many words you use to sell this new "Customer Benefit Solar Charge" the message is anti-solar. Don't do it.

Instead, raise the Delivery and Systems Charges. And, don't peg the charge on the size of the system, increasing the cost with bigger systems, as you seem to be proposing with the Customer Benefit Solar Charge. That, too, is absolutely counter productive and wrong headed. Why? Because you actually want people to build the biggest possible solar (and other renewable energy) systems. A fee that increases according to the size of the system disincentivizes that.

More solar on the grid is good for everyone, including LIPA. What's more, it doesn't cost you more in grid costs to handle that additional power, so why charge more? That would be dumb, dumb, dumb.

Instead, charge the same amount to everyone. The message, then, is: "You want to build solar, use us to net meter, and use the grid? Great, here's what it's going to cost, whether you build a 5KWH system or a 20KWH system. And this is why."

Solar/net meter users understand that Delivery and System Charges pay for the grid they need. Their alternative is to buy huge, costly battery systems, which most do not want to do. But it is a choice, and you are offering it. But don't add another fee or tax.

Look at the model of Hawaii and other states where utilities are driving to strike a balance between driving more customers to develop solar and also providing the grid that makes that transition possible: higher delivery fees.

Please rethink and be smarter about this, and do not move forward with the Solar Charge concept.

Biddle Duke
(802) 793-0410
www.biddleduke.com

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December 6, 2021

Attention: LIPA Board of Trustees

RE: LIPA's proposed modifications to its Tariff for Electric Service, effective January 1, 2022

Dear Trustees:

Borrego appreciates the opportunity to provide feedback on the Long Island Power Authority's proposed modifications to its Tariff for Electric Service.

Borrego is a leading developer, EPC and O&M provider for distributed and large-scale renewable energy projects throughout the United States, but especially in New York including Long Island. Borrego has been developing and installing solar and storage in the state for almost ten years. In that time, it has developed and/or installed more solar in the state than any other renewable developer. Borrego is currently developing over 50 MW of community solar projects in Long Island.

As the Board is aware, NYSERDA and the Department of Public Service (DPS) Staff will be publishing a new Distributed Generation Solar "Roadmap" imminently. The Roadmap is expected to include content that could factor heavily into the Board's decisions on LIPA's proposed tariff. Namely, a new state DG solar goal and compensation structure. Given that NYSERDA/DPS did not publish the Roadmap prior to LIPA's comment deadline, Borrego urges LIPA to extend the comment deadline and delay the Board's final decisions until the Roadmap has been published and stakeholders have had sufficient time to write comments informed by the Roadmap's proposals. The subsequent paragraphs highlight Borrego's most important feedback on LIPA's proposed changes in the absence of an extension, but Borrego would appreciate more time to provide a more detailed, exhaustive comment informed by the Roadmap.

Borrego applauds LIPA's current community solar efforts, especially the Community Credit. The Community Credit has been instrumental in driving community solar development on Long Island. Borrego recognizes that LIPA has an opportunity to support a greater number of megawatts of community solar by transitioning to an upfront Community Adder, but as LIPA's proposal rightly outlines, the success of a Community Adder depends on a lot of factors. The Adder value is the obvious one, but the complexities of project economics make calculating and comparing the project value of a per kilowatt hour Credit to an upfront per watt Adder non-trivial. Before LIPA finalizes a new Community Adder program, Borrego encourages LIPA to propose a specific Community Adder value, publish details on how LIPA derived that value, and provide



additional stakeholder opportunities to provide feedback on this information. A robust and transparent stakeholder process will lead to a more successful transition.

Another critical factor in the success of LIPA's future Community Adder program is continuity. Continuity in this case means the Community Adder program is in place before the Community Credit ends and developers know the details of the Community Adder program well in advance of the transition. Borrego is concerned that LIPA's proposed approach to transition to an upfront Community Adder when the earlier of LIPA reaches 100 MW of Community Credit projects or the end of 2022 could lead to an unnecessary and consequential market disruption. Predicting exactly when LIPA will achieve 100 MW of Community Credit projects is impossible. If that happens earlier than expected and before the Community Adder is in place, at some point in the resulting gap, projects could be lost and developers may be forced to leave the market. Admittedly, Borrego is better positioned to weather this kind of storm, but many smaller developers are not. Community solar is a proven model for creating jobs, driving local investments, and adding MWs of clean energy in the state. With aggressive CLCPA goals still on the horizon and a new DG goal to be announced any day, now is not the time for an avoidable pause in that momentum. To ensure the level of certainty and continuity required for the market to continue to thrive, Borrego recommends that LIPA abandon the "earlier of" approach and instead extend the Community Credit to the end of 2022 definitively and finalize the Community Adder program, after a stakeholder process, by mid-year 2022.

In closing, Borrego wants to reiterate its appreciation for an opportunity to provide feedback in this important proceeding and LIPA's continued recognition and support of the renewable energy industry. Borrego welcomes additional opportunities to work with LIPA on this matter and any other in which Borrego's input can be helpful.

Sincerely,
Sam Jasinski, Director of Policy and Business Development

Borrego
30 Century Hill Dr., Suite 301
Latham, NY 12110

From: [Cheryl Frank](#)
To: [Tariff Changes](#)
Subject: Concern about the CBC
Date: Tuesday, November 30, 2021 5:10:14 PM

I write to express my opposition to the Customer Benefit Contribution (CBC) charge proposed by the Long Island Power Authority (LIPA). The CBC functions as a tax on solar customers and thus reduces the incentive for homeowners to install solar energy. The CBC as currently conceived would impede growth of the Long Island solar industry, reduce local clean energy job opportunities, and make it even more difficult for New York to achieve its Climate Leadership and Community Protection Act decarbonization targets.

I maintain the following position about the CBC:

* The imposition of the CBC at the levels approved will materially degrade annual savings for financed residential solar systems on Long Island, be a headwind to the adoption of residential solar, and undermine New York's realization of its CLCPA-mandated goals and the new state-wide goal of 10 GW of distributed solar by 2030.

* Annual residential solar deployments on Long Island have already declined by 37 percent from 2016 to 2019, and the addition of the CBC will only further impede the growth of solar.

* I believe that the customers that would be subject to the CBC are already making significant personal financial investments in support of New York's clean energy goals. It would be unfair to require them to pay public benefit charges for programs designed to meet these goals.

*I believe that the CBC will likely dissuade home-owners from adopting solar. I recommend that LIPA table the implementation of the CBC before the January 1, 2022 date of effect. We respect LIPA's desire to continue to invest in the grid and their public benefit programs, but we must find a way to do so without hindering our attempt to comply with the state solar goals.

Thank you for your consideration.

Sincerely,
Rev. Cheryl Frank
President, Colorbrightongreen.org
Chair, ABCRGR Creation Collaborative
Chair, Greece Baptist Church Sustainability Team

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From: [David Pedersen](#)
To: [Tariff Changes](#)
Subject: tariff changes
Date: Tuesday, November 30, 2021 8:51:31 AM

While the use of solar generated electricity is to be encouraged, I feel that those who choose to remain connected to the grid should pay a fair share of the cost of maintaining that grid. I also feel that they need to help pay off any loans and the cost of taxes paid to communities as a result of the closure of generating facilities. These costs were incurred by those rate payers before they installed their solar systems. They need to pay their fair share.

David Pedersen
Nesconset, NY 11767

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From: [Deepa Prasad](#)
To: [Tariff Changes](#)
Subject: LIPA Proposed Tax on Solar and other Renewables
Date: Monday, December 6, 2021 11:44:03 AM

Hello,

My name is Deepa Prasad. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Expanding use of renewables is essential not only to meet our state's climate goals, but also to protect the health of all New Yorkers. Anything that delays or inhibits the transition to clean energy, like this tax, is bad policy.

Sincerely,
Deepa Prasad

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From: [Dieter von Lehsten](#)
To: [Tariff Changes](#)
Subject: Solar Tax
Date: Sunday, December 5, 2021 11:53:05 PM

Dear LIPA Board of Trustees,

I am very concerned that LIPA is proceeding at high speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

We are already the 3rd highest rate payers for electricity in the Nation and urgently need low cost renewable energy!!

Considering that:

- a) Long Island is especially sensitive to the impacts of climate change
- b) NYS has very aggressive CLCPA goals for reducing utility carbon emissions
- c) 2019 PSEGLI energy was 86% fossil fuel-based, with commensurate carbon emissions and air pollution.
- d) Adding additional residential solar electricity systems to the PSEGLI grid, both reduces PSEGLI carbon emissions, and the amount of energy that PSEGLI has to deliver (making it easier for PSEGLI to achieve CLCPA goals).
- e) CBC charges discourage residential solar installations by reducing solar savings. The reduced savings (on outright purchases) extends simple payback period and (on financed purchases) reduces or eliminates the initial cashflow positivity of solar.

In the urgent interest of protecting the environment from potentially irreversible effects of climate change, we ask that the PSEGLI CBC be shelved and that the existing PSEGLI residential net-metering policies remain in place going forward.

Best regards,

Dieter von Lehsten
8 Wolf Swamp Lane
Southampton, NY 11968

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From: [Darr Reilly](#)
To: [Tariff Changes](#)
Cc: [Darr Reilly](#); [M Michael Michael Reilly](#)
Subject: No solar tax!!!!!! Please forward too!!
Date: Tuesday, November 30, 2021 5:28:09 PM

My name is Dorothy Reilly. As a resident of Southampton. I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution”, or solar tax, on ratepayers. LIPA ratepayers already have the highest electric rates in New York State.

Instead of taxing rate payers for doing the right thing, we need to tax fossil fuels, not clean energy, to pay for solar. Please do not institute this backward-looking tax.

Sincerely,
Dorothy Reilly
279 Edge of Woods Road Southampton

'...that if you do follow your bliss you put yourself on a kind of track that has been there all the while, waiting for you ,and the life that you ought to be living is the one you are living. When you can see that, you begin to meet people who are in your field of bliss, and they open doors to you. I say, follow your bliss and don't be afraid, and doors will open where you didn't know they were going to be." Joseph Campbell

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From: [NED TRUDEAU](#)
To: [Tariff Changes](#)
Subject: Tax on renewables
Date: Monday, December 6, 2021 3:36:27 PM

My name is Edward Trudeau. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Edward Trudeau

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From: [erosie2](#)
To: [Tariff Changes](#)
Subject: Tariff Changes
Date: Sunday, December 5, 2021 8:09:07 PM

I am very distressed to learn that LIPA is proceeding quickly to institute a tax on customers who install residential renewable energy (such as solar) for their homes. I believe this will discourage our ability to transition to clean energy on Long Island and make it virtually impossible to reach the goals of the New York Climate Leadership and Community Protection Act.

By proceeding with this hastily made decision without sufficient public input, LIPA will in effect stymie much-needed innovation if we are to mitigate climate change.

LIPA, if you care about our collective future, do not allow this tax to go through.

Sincerely, Eileen Rosenberg

Sent from my iPhone

Eileen Rosenberg
C: 917-270-0333
H: 212-787-4642

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From: [Srejoyce](#)
To: [Tariff Changes](#)
Subject: LIPA
Date: Sunday, December 5, 2021 1:05:52 PM

My name is **Eleanor Joyce**. As a Climate Reality leader in New York State **and a promoter of the Laudato Si Action Platform**, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Eleanor Joyce

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From: [Eric Booth](#)
To: [Tariff Changes](#)
Subject: Reject LIPA's Customer Benefit Contribution
Date: Sunday, December 5, 2021 10:29:38 AM

My name is **Eric Miller**. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. This will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Eric Miller

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From: [Eve Morgenstern](#)
To: [Tariff Changes](#)
Subject: re: community benefits contribution charge
Date: Monday, December 6, 2021 5:30:33 PM

Hello -

My name is Eve Morgenstern.

As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,

Eve

--

<http://www.evemorgenstern.com>
646-285-5937

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From: [Jackie DeMarco](#)
To: [Tariff Changes](#)
Subject: Solar Tax
Date: Monday, December 6, 2021 6:42:41 PM

My name is Jackie DeMarco. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,

Jackie DeMarco

Sent from my iPhone

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From: [James ODowd](#)
To: [Tariff Changes](#)
Subject: People who do the right thing should not be penalized!
Date: Sunday, December 5, 2021 10:28:03 PM

My name is James O'Dowd. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
James O'Dowd

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From: [Janet Van Sickle](#)
To: [Tariff Changes](#)
Subject: Customer Benefit Charge
Date: Tuesday, December 7, 2021 9:50:00 AM

To Whom It May Concern:

I am writing to protest the proposed charge on It is wrong headed to consider DERs a benefit only to those who install renewable alternatives to fossil fuel energy. The entire community benefits from these installations, which are done at the expense of the individual. LIPA also realizes additional savings when peak energy demand is met by DERs, thereby making additional power distribution lines and peaker plants unnecessary.

The State of New York has declared the intention of going to renewable energy. Those who respond to this call for non-polluting renewable energy should not be taxed with a CBC.

Janet Van Sickle
Montauk, NY
janivsic@gmail.com

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From: [John Gebhards](#)
To: [Tariff Changes](#)
Subject: Stop LIPA proposed "solar tax"
Date: Sunday, December 5, 2021 11:35:21 AM

At this time of Climate Crisis, delays to expanding our solar and other renewables are unacceptable. Any slowdown, such as this tax, will make it difficult to reach the mandated goals of the NY Climate Leadership and Community Protection Act.

Please stop LIPA's proposed tax on solar and other renewable energy or at the least slow the process so that its impact on the transition to renewable energy on Long Island can be assessed.

Thank you for this opportunity to testify,
John Gebhards

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From: [joni friedman](#)
To: [Tariff Changes](#)
Subject: Tax on renewable energy
Date: Monday, December 6, 2021 8:06:59 AM

I am a resident of New Suffolk.

I am trying to get energy costs down.

We have many situations that are holding us back from using solar. Taxing renewable energy is an outrage.

Joni Friedman

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From: [Josephine DeVincenzi](#)
To: [Tariff Changes](#)
Cc: [MARYANN EDDY](#); [Dorothy Reilly](#)
Subject: Solar tax of LIPA
Date: Friday, December 3, 2021 8:54:58 PM

As a resident of Sag Harbor I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution”, or solar tax, on ratepayers. LIPA ratepayers already have the highest electric rates in New York State.

Instead of taxing rate payers for doing the right thing, we need to tax fossil fuels, not clean energy, to pay for solar. Switching to clean, renewable sources of energy must be encouraged not discouraged. Please do not institute this backward-looking tax.

Sincerely,
Josephine DeVincenzi, Ed.D.
Member, SHV Environmental Advisory Committee

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From: [Mike Gordon](#)
To: [Tariff Changes](#)
Subject: Comments
Date: Monday, December 6, 2021 6:12:08 PM

Commentary to the Long Island Power Authority Board of Directors

12/6/2021

To the Board,

Thank you for the opportunity to comment on proposed tariff changes for 2022. Joule Assets, operating as Joule Community Power, is a Community Choice Aggregation (CCA) Administrator who represents the Town of Southampton on Long Island, for CCA-related procurements as well as 39 other municipalities throughout the state of New York. These municipalities contain well over 300,000 households. While these comments are our own, our perspective is that of representative of municipalities—we succeed as a firm entirely in proportion to how our clients succeed. We earn and grow more in relation to how well our municipalities achieve their objectives: consumer experience, consumer price assurance, solar and other local renewable power constructed, resilience resources, dollars saved, grants won, tax benefits deployed to economic development impact.

It is our mission to support the clean generation and energy efficiency industries in a manner that educates and empowers consumers as decision-makers.

In our view, that mission is completely aligned with LIPA's in today's political and environmental climate. The CCA movement is one to constructively execute consumer clout. We secure prices and we gain and retain the trust of consumers. In doing so, CCAs have reduced the cost of customer acquisition for Community Distributed Generation developers, allowing more generation to be built. The competitive supply market is 3 million MWhs cleaner, through Tier 2 REC purchases, than it was when CCAs were first launched in the state in 2016. Consumer-oriented contracts protect members from the behavior of a few bad actors, in the free electricity market. Resilience is served by the expansion of dynamic demand-side management that is being introduced to the mass market by CCA Administrators.

To-date achievements represent nowhere near the potential of municipal authority through the CCA construct. We are hopeful that the LIPA Board, those that appoint that board and the executive team at the Authority will clearly see that municipal authority can be utilized to

successfully and cost-effectively transform the market to the benefit of all parties.

With that in mind, we offer our very brief thoughts on LIPA's intended tariff revisions:

Developments related to tariff **Leaf 34** offer the most immediate potential for the Long Island market:

- We strongly support the institution of the Community Adder. This financial support for project developers who distribute credits to mostly small consumers, will drive clean development and resilience on the Island and will go mostly toward solar development —kudos. A bit of detail intended as support: to prevent any market uncertainty around specific value for distributed solar development, a decision should be made now about extending the Community Credit, implementing the Community Adder or a combination of both, instead of waiting as has been proposed.
- Department of Public Service Staff continue to suggest that LIPA/PSEG-LI should align practices and policies as closely as possible with NY's investor-owned utilities. To this end the Investor Owned Utilities began to address “volumetric net-crediting” (this is one unified bill for net-metered local generation, such as Community solar projects) in June of 2021. LIPA/PSEG-LI could comport with Staff's request and even take a leadership role in the state by implementing required billing upgrades by mid-2022 and by updating their Net-Crediting Manual and Net-Crediting Agreement to accommodate volumetric net-crediting. This is a customer experience upgrade, entirely in-line with the ethic of the Long Island Power Authority that values customer experience quite highly.
- One tariff that would be helpful to implement, is missing in LIPA's 2022 plans: in Case 0224 the Commission has requested that utilities work with CCAs to provide data to enable programs, in advance of a formal tariff. Two New York utilities have been doing so, with respect to the provision of necessary data to deploy CCA to distribute Community Distributed Generation (generally community solar) credits. Were LIPA to follow suit, it would be comporting with best practices that are consistent with Commission orders in Case 0224. However, nothing stops the Authority from going further and adopting a tariff that formalizes the terms of this cooperation as corporate policy.

Developments related to **Leaf 168** are time-sensitive, **if and only if** the statewide policy continues to require municipalities to include electricity supply in any Community Choice Aggregation program, in order to exercise municipal authority with respect to opting residents into community solar credits.

The "Local Supply Charge" is currently defined as "all costs contained in the Power Supply Charge that are not recoverable through the Market Supply Charge." These components

should be explicitly listed because residents must pay them, whether they are receiving supply from a competitive supplier or from LIPA itself. Listing the charges will allow for a better assessment as to whether the current proposal would put LI Choice customers in the position of paying certain charges twice.

Better clarity with respect to the PSA contracts would inform in this regard as well. We assess that LIPA consumers pay roughly \$800 million per year for PSA and PPA contracts that are non-bypassable costs for Long Island consumers. How much of the contract value is specifically for the provision of energy and capacity for Long Island consumers? If ESCOs who represent Long Island Choice customers are required to buy 100% of their on-island capacity (unclear to us from the tariff filings, whether this is still the intent of the Authority) and 100% of their electrons from the open market, why would they also be required to pay for capacity and energy that is only serving bundled customers?

It remains unclear whether the tariff changes and additions that LIPA has proposed will allow consumers to access the benefits of competitive electricity supply markets, with the protection of CCAs. We will certainly find out when we issue an electricity supply bid, in the wake of the 2022 tariff changes—will we even receive bids, much less viable bids, from market suppliers? If we do the market will thrive, and LIPA customers will thrive, even if the market is not perfectly designed. We look forward to building the best electricity market possible, and to reporting on its outcome.

Again, thanks for the opportunity to submit our perspectives on the changes in line for 2022. We look forward to an ever more constructive and productive working relationship with you and your team.

Respectfully Submitted

Mike Gordon
Chief Strategy Officer
Joule Assets, Inc. operating as Joule Community Power

www.jouleassets.com

Cellular: 914.282.7000

mgordon@jouleassets.com

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From: [Julie Brinkmann](#)
To: [Tariff Changes](#)
Subject: Kindly reject proposed LIPA tax on renewables
Date: Monday, December 6, 2021 10:26:15 PM

My name is Julie Brinkmann. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,

Julie Brinkmann

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From: [Kate Plumb](#)
To: [Tariff Changes](#)
Subject: Proposed CBC tax on residential solar panel ratepayers
Date: Wednesday, December 1, 2021 9:09:15 AM

As a resident of Sag Harbor I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution", or solar tax, on ratepayers. LIPA ratepayers already have the highest electric rates in New York State.

Instead of taxing rate payers for doing the right thing, we need to tax fossil fuels, not clean energy, to pay for solar. Please do not institute this backward-looking tax.

There are other benefits to utilities from solar installations: the rate of load increase reductions, resulting in an increased opportunity for the utility to delay system expansions. This is especially relevant here, because LIPA has been planning huge costly grid expansions--\$150 million worth--to deal with peak power issues.

On a more egalitarian note, Germany, which has a lot of solar adoption -- one of the highest in the world -- imposes grid fees on everyone. This would at least not disincentivize the adoption of solar energy and would spread the costs wider, so they could be lower for each ratepayer.

Sincerely,

kate plumb
kateplumb23@gmail.com

Member Sag Harbor Village Environmental Committee
CREW participant
Coordinator East Hampton Farmers Market LLC

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From: [Kathryn Kassner](#)
To: [Tariff Changes](#)
Subject: LIPA tax on renewables
Date: Sunday, December 5, 2021 3:49:33 PM

My name is Kathryn Kassner. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Kathryn Kassner

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From: [kathy_malone](#)
To: [Tariff Changes](#)
Subject: Solar Panels Good, Solar Tax Bad
Date: Friday, December 3, 2021 4:13:13 PM

Dear LIPA,

Please do not go forward with the solar tax ("Customer Benefit Charge") proposed by Con Edison which would menace the further adaptation of solar installation across the state starting Jan 1st.

This tax amounts to a \$7-\$10 a month increase in a homeowner's overall electric bill which would significantly reduce one of the most alluring benefits (besides saving the planet) which is that going solar saves you money!

Another reason why this tax should be delayed or halted is that the proposed tax was formulated BEFORE the CLCPA and that we will not be able to meet our mandated climate goals with a tax on solar installation. Never mind that once Con Edison bakes in a solar tax it's impossible to reverse that because they will have changed their whole metering system and could pave the way to ratcheting up the tax in the future.

That's why we are calling upon you to use your power to halt or at least delay this counterproductive Solar Tax so the State of NY can meet its climate laws and reach its 10 Gigawatt solar goal, and continue to lead the nation in meeting our climate targets as set forth by New York state and the President.

Thank you,

Kathy Malone

Brooklyn, NY

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From: [Krae Van Sickle](#)
To: [Tariff Changes](#)
Cc: Bridget.Fleming@suffolkcountyny.gov
Subject: PROPOSED LIPA TAX ON RENEWABLES
Date: Thursday, December 2, 2021 3:43:53 PM
Attachments: [11-15-2021 Letter from Assemblyman Englebright to LIPA Board of Trustees\[4\].pdf](#)

To LIPA Trustees:

I strongly object to LIPA imposing a “community benefits contribution charge” (AKA solar tax) which is a tax on all renewables. This would be ill-conceived, hasty and irresponsible.

LIPA needs to act on behalf of its ratepayers not PSEGLI.

- This proposal ignores that renewable energy and DER when properly designed and integrated on the T&D system can offer significant grid services that can reduce costs for utilities
- It contradicts numerous efforts and laws that seek to increase renewable energy and is therefore regressive
- It will obviously result in lower adoption and penetration of solar and DER which we desperately need more of, not less

There are other, better ways to pay for grid maintenance but these require proper and integrated grid design for DER, a forward looking policy approach, accurate accounting and transparency. Right now these are not being pursued adequately and, as Steve Englebright’s letter (attached) points out, are not qualities seemingly possessed by LIPA. This tax is not the way to fix the issues LIPA faces in assuring a functioning grid.

Krae Van Sickle
[516-769-7877](tel:516-769-7877)

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From: [Kyrin Pollock](#)
To: [Tariff Changes](#)
Subject: LIPA Opposition
Date: Monday, December 6, 2021 5:23:51 PM

Hello,

My name is Kyrin Pollock. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Kyrin Pollock

Kyrin Pollock
Cornell University
Master's in Systems Engineering '19
(315) 481-8828
kp493@cornell.edu

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From: [Lisa Gavales](#)
To: [Tariff Changes](#)
Subject: Against LIPA's proposed solar tax
Date: Tuesday, November 30, 2021 9:30:40 PM

Call it what you will, LIPA's new plan is a tax on solar. I am very concerned that LIPA is planning to institute a tax on customers who install residential renewable energy, such as solar, for their homes.

This will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Community Protection Act.

The fact that this decision is slated for December, without adequate input from the public or the solar power industry, is unnecessarily quick.

The tax is going to apply to all home installation of any type of renewable energy, including solar, wind, hydro, etc. I'm sure this will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Thank you.
Lisa Connors

"I'd rather die on my feet than live on my knees." - Stephane Charbonnier

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From: [Lisa King](#)
To: [Tariff Changes](#)
Subject: CBC tax
Date: Tuesday, November 30, 2021 8:21:38 AM

Dear LIPA,

I am against Con Edison's tax (CBC) on new solar installations starting January 1st, 2022 because it will discourage people from investing in solar for their homes and businesses and we will be unable to meet our new climate laws in the CLCPA.

Sincerely,
Lisa King
19 Brouwer Lane
Rockville Centre, NY 11570

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From: [Mara Davi Gaines](#)
To: [Tariff Changes](#)
Subject: Concerns about LIPA "customer benefit contribution"
Date: Monday, December 6, 2021 9:06:37 AM

To Whom it May Concern,

My name is Mara Davi Gaines. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Mara Davi Gaines

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From: margauxk@aol.com
To: [Tariff Changes](#)
Subject: solar energy charges
Date: Monday, December 6, 2021 11:06:58 AM

Dear Sir or Madame,

What makes you think you get a guaranteed income? Get with the re-newable program. Charge the consumers for what they consume, not the people that create solar energy and sell it back to you. This is absurd. Solar and renewables are the future and should be encouraged by every means, not arbitrarily penalized.

Figure out another way of making money.

Sincerely,

Margaret King

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From: [Marianne Krasny](#)
To: [Tariff Changes](#)
Subject: Stop the tariff charges for renewables
Date: Sunday, December 5, 2021 11:47:46 AM

My name is Marianne Krsny. As a Climate Reality leader and member of Elders Climate Action in New York State, I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution” charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely, Marianne Krasny

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From: [Mary Ann Eddy](#)
To: [Tariff Changes](#)
Subject: Nix the Solar Tax
Date: Tuesday, November 30, 2021 5:49:15 PM

As a resident of Sag Harbor I am writing to ask you to please reject the proposed LIPA “Customer benefit contribution”, or solar tax, on ratepayers. LIPA ratepayers already have the highest electric rates in New York State.

Instead of taxing rate payers for doing the right thing, we need to tax fossil fuels, not clean energy, to pay for solar. Please do not institute this backward-looking tax.

Sincerely,
Mary Ann Eddy
Chair, SHV Harbor Committee
Member, SHV Environmental Advisory Committee

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From: [Michael Jaffe](#)
To: [Tariff Changes](#)
Subject: LIPA solar tax
Date: Sunday, December 5, 2021 6:57:26 PM

I oppose the proposed solar tax. It's exactly what should not be done.

Michael Jaffe

Sag Harbor

Sent from my iPhone

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From: [Myrna Davis](#)
To: [Tariff Changes](#)
Subject: Tax on renewables
Date: Monday, December 6, 2021 12:25:41 AM

Terrible idea. The company will appear—and well may be—punitive and backward looking.

Get with the program. Encourage and support adopters of solar, and other constructive energy initiatives. Don't be short-sighted and greedy. The former will pay off in the long run.

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STEVEN ENGLEBRIGHT
4th Assembly District
Suffolk County

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIRMAN
Committee on Environmental Conservation

COMMITTEES
Energy
Higher Education
Rules
Science and Technology

November 15, 2021

LIPA Board of Trustees
333 Earl Ovington Blvd.
Uniondale, NY 11553

LIPA is proposing a Customer Benefit Contribution (CBC) Charge on residential and small commercial customers installing new solar photovoltaic, land-based wind, small hydroelectric, micro combined heat and power, fuel cell and farm digester installations after January 1, 2022.

With each passing day it becomes increasingly apparent that climate change is the most important issue facing current and future generations. The 2019 passage of the Climate Leadership and Community Protection Act (CLCPA) marked the State's commitment to addressing this issue with some of the most aggressive climate goals in the nation. However, those goals will not be achieved without intense efforts. The CBC essentially amounts to a tax on renewables, sends a message contrary to the CLCPA and serves as a disincentive for renewable installation. The potential downside of such charges is recognized in almost every other area of the State as evidenced by NYSERDA's NY-SUN incentive increases. However, that incentive increase would not currently be available to LIPA customers, meaning Long Island renewable owners would just literally be stuck with the bill. LIPA's CBC Fact Sheet indicates that bill would be an estimated \$60 per year and result in a decrease of estimated savings of almost 10%.

In addition to the problematic justification of the CBC, the proposal also has specific flaws. LIPA cites the PSC order, Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff Filings with Modifications, Issued and effective August 13, 2021*, which requires Investor-Owned Utilities (IOUs) to impose such a fee as precedent; however, municipal utilities such as LIPA are not subject to the PSC order.

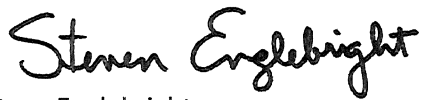
The LIPA CBC tariff documentation states that it "aligns" with the PSC order; however, the specifics of the PSC order are not included. Other than a passing mention in LIPA's CBC Fact Sheet that the fee will be 89 cents per kW, it is not clear how the fee will be calculated. Perhaps most problematic is the absence of PSC's \$1.34 per kW cap. As proposed, the LIPA tariff does not appear to have such a cap. This problem is exacerbated by the language indicating that the programs to be funded from CBC monies include "other costs as recommended by the Department of Public Service and approved by the LIPA Board of Trustees." As a result it is not readily apparent what, if any, checks are in place to ensure that CBC doesn't become an unlimited slush fund. The absence of any clear indication of how funds will be apportioned only lends credibility to this possibility.

Page 2

It is unclear why a new fee proposal is appropriate to be undertaken outside of a traditional ratemaking process. It certainly will result in increased rates and revenues. LIPA's CBC Fact Sheet indicates that the amount of revenue collected will increase to \$815,000 in 2023. While LIPA always has an obligation to be transparent, increasing ratepayer charges outside of an official rate-making process imposes an even higher burden. As proposed the CBC Charge doesn't come close to meeting the standard.

I urge you to withdraw this myopic proposal that represents nothing more than a renewable tax and instead focus on increasing renewable generation to better facilitate Long Island's local energy reliability and meet the increasing challenges posed by climate change.

Very truly yours,

A handwritten signature in black ink that reads "Steven Englebright". The signature is written in a cursive, slightly slanted style.

Steve Englebright



CHARLES D. LAVINE
Assemblyman 13th District

CHAIR
Judiciary Committee

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

COMMITTEES
Codes
Ethics & Guidance
Rules
Insurance

November 30, 2021

Via Email: tfalcone@lipower.org

Thomas Falcone
Chief Executive Officer
Long Island Power Authority

Re: Solar Taxes & FOIL Requests

Dear Mr. Falcone:

I am surprised and disappointed that LIPA wants to impose so-called 'customer benefit contributions' on solar customers. It is entirely unreasonable, and therefore unfair, to punish good citizens who want to harness and utilize the sun as an energy source. As the COVID pandemic has impacted the economy, people who chose solar to protect the environment and save money will be forced to pay a 'solar tax.' This will harm solar customers and discourage those considering solar as an energy and cost-saving alternative. With more awareness than ever before about the need to protect the environment, why enact a policy that will inhibit people from doing so?

I question, as well, the new rules governing Freedom of Information Law requests. With ambiguity involving potential fees and the need for customers to set up in-person appointments to make FOIL requests, the process is inconvenient and will be more expensive.

These proposals are anti-consumer and anti-environment.

I strongly urge that they be abandoned.

Thank you for your consideration respecting this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles D. Lavine".

Charles Lavine

CHAIRMAN
CONSUMER PROTECTION

COMMITTEES

BANKS
FINANCE
HEALTH
INTERNET AND TECHNOLOGY
JUDICIARY
LOCAL GOVERNMENT

NEW YORK
STATE
SENATE



KEVIN THOMAS
SENATOR, 6TH DISTRICT

ALBANY OFFICE:
ROOM 947
LEGISLATIVE OFFICE BUILDING
ALBANY, NY 12247
OFFICE: 518-455-3260
FAX: 518-426-6783

DISTRICT OFFICE:
990 STEWART AVENUE, SUITE LL45A
GARDEN CITY, NY 11530
OFFICE: 516-739-1700
FAX: 516-747-7430

email:
thomas@nysenate.gov

October 26, 2021

Thomas Falcone
Chief Executive Officer
Long Island Power Authority
333 Earle Ovington Boulevard
Uniondale, New York 11553

Re: Customer Benefit Charge

Dear Mr. Falcone,

We write to express our opposition to the Customer Benefit Contribution (CBC) charge proposed by the Long Island Power Authority (LIPA). The CBC functions as a tax on solar customers and thus reduces the incentive for homeowners to install solar energy. The CBC as currently conceived would impede growth of the Long Island solar industry, reduce local clean energy job opportunities, and make it even more difficult for New York to achieve its Climate Leadership and Community Protection Act decarbonization targets.

We maintain the following positions about the CBC:

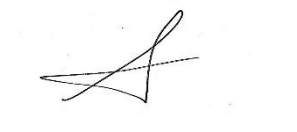
- The imposition of the CBC at the levels approved will materially degrade annual savings for financed residential solar systems on Long Island, be a headwind to the adoption of residential solar, and undermine New York's realization of its CLCPA-mandated goals and the new state-wide goal of 10 GW of distributed solar by 2030.
- Annual residential solar deployments on Long Island have already declined by 37 percent from 2016 to 2019, and the addition of the CBC will only further impede the growth of solar.
- We believe that the customers that would be subject to the CBC are already making significant personal financial investments in support of New York's clean energy goals. It would be unfair to require them to pay public benefit charges for programs designed to meet these goals.

We believe that the CBC will likely dissuade home-owners from adopting solar. We recommend that LIPA table the implementation of the CBC before the January 1, 2022 date of effect. We

respect LIPA's desire to continue to invest in the grid and their public benefit programs, but we must find a way to do so without hindering our attempt to comply with the state solar goals.

Thank you for your consideration.

Sincerely,



Kevin Thomas
Senator, 6th District



James F. Gaughran
Senator, 5th District



Anna M. Kaplan
Senator, 7th District



John E. Brooks
Senator, 8th District



Todd Kaminsky
Senator, 9th District

CC: Mark Fischl, Vice Chair of the Board of Trustees, Long Island Power Authority
Daniel Eichhorn, President and COO, PSEG-Long Island
Rory Christian, Chair and CEO, New York State Public Service Commission
Doreen Harris, President and CEO, NYSERDA
David Sandbank, Director of Distributed Energy Resources, NYSERDA

**New York Solar Energy Industries Association and Long Island Solar and Storage Alliance
Comments to the Long Island Power Authority**

**Regarding the Proposal Concerning Modifications to LIPA's Tariff for Electric Service,
implementing a Customer Benefit Charge**

Dated: November 30, 2021

1) Introduction

The New York Solar Energy Industries Association (NYSEIA) and the Long Island Solar and Storage Alliance (LISSA) appreciate the opportunity to submit comments on the Long Island Power Authority's (LIPA) latest Proposal Concerning Modifications to LIPA's Tariff for Electric Service, proposing the implementation of a Customer Benefit Charge (CBC). NYSEIA continues to advocate for the expansion of solar energy and storage throughout New York State (NYS), and has their eyes on Long Island and LIPA, as Long Island represents over 30% of the installed distributed solar power capacity in NYS, as of September 2021¹. We appreciate the willingness of LIPA Staff and the Board of Trustees to fully consider the implications of the CBC on New York's ability to meet the ambitious Reforming the Energy Vision (REV) 2030 goals, Climate Leadership and Community Protection Act (CLCPA) goal to install 6 gigawatts (GW) of distributed solar by 2025, and now the new state goal of installing 10 GW of distributed solar by 2030. Electric rate design must balance many competing objectives from numerous stakeholders, and the CBC is no exception to this rule.

2) Detailed Comments

a. Lack of Large-Scale Cost Shift

NYSEIA rejects LIPA's underlying premise used to support the imposition of fixed charges on solar customers. LIPA's proposal is based on correcting a perceived "cost shift" from solar customers to non-adopters. The study published by the Department of Public Service which

¹ Using DPS SIR inventory data to calculate, LIPA territory has 32.44% of the state's DG solar, at 431.32 MW-AC. <https://www3.dps.ny.gov/W/PSCWeb.nsf/All/286D2C179E9A5A8385257FBF003F1F7E>

underpinned the CBC proposal did not consider many of the benefits of solar. This improper valuation of solar resulted in the perception of a “cost shift,” but this does not exist and an independent study outlining all of the values of residential solar would reflect that. Additionally, solar customers account for approximately 4% of the total electric customers in LIPA territory; therefore, any potential “cost shift” is not significant.

b. Lack of Accounting and Analysis of Benefits of Distributed Generation

The alleged “cost shift” cannot be considered without also considering the numerous benefits that distributed generation provides to the grid, which are fundamentally different from embedded utility costs. There are a number of cost shifts in electric utility ratemaking. Residential solar provides indirect and direct benefits such as reduced grid costs, lower energy bills, local job creation and a positive local economic impact, resiliency, and innovation. In a 2018 report from the Maryland PSC, depending on the utility, the value of behind the meter solar ranged from \$0.31 to \$0.41 per kWh². Additionally, the New England ISO commissioned a study indicating the value of behind the meter solar to be \$0.21 to \$0.37 per kWh in 2019³. Neither reports indicated any sort of cost shift on to non-solar ratepayers. The benefit of a decrease in local air pollution results in fewer respiratory illnesses and conditions, and improved public health. Residential solar installations also contribute to avoided transmission costs and avoided capacity and demand response costs when paired with energy storage.

Utility planning models, used in determining electric rates, do not account for high-resolution climate and weather data, local or state policy, nor transmission and distribution costs⁴. As climate policies and regulations are implemented and changed, as energy burdens expand, and as the climate crisis continues to worsen, utility planning models and thus electric rates must adapt and change with the other variables. By including the full benefits of solar, along with policy priorities, climate data, transmission and distribution costs, and temporal granularity, a clearer and more accurate representation of the value of distributed generation would be reached.

² <http://www.psc.state.md.us/wp-content/uploads/MD-Costs-and-Benefits-of-Solar-Draft-for-stakeholder-review.pdf>

³ https://www.synapse-energy.com/sites/default/files/Solar_Savings_in_New_England_20-082.pdf

⁴

https://static1.squarespace.com/static/5f4637895cfc8d77860d0dbc/t/6182f2b509e96f17ae288258/1635971770373/NY+Local+Solar+Roadmap+Briefing+v2.pdf?mc_cid=986676ea66&mc_eid=3b35819e3e

The high value of distributed generation, and distributed solar, should negate the idea of the “cost shift,” as solar customers are in fact taking a proactive step to decarbonize the grid, support the state’s energy goals, and combat climate change. In 2021, the average New Yorker will spend upwards of \$26,500 to install a 10-kW PV system on their home, making a significant investment that non-solar ratepayers do not contribute to⁵. Solar customers should not be financially penalized, via the CBC, for having a PV system installed on their home.

c. Injury to Solar Economics and Future Adoption

At the proposed rate of \$0.90/kW per month, with an assumed 10 kW solar-system, residential solar customers will be paying an additional \$108 per year for the CBC. This significantly degrades residential customer savings, and reduces the value proposition for adopting solar. For financed systems, which make up over 80% of residential sales, Year 1 savings is the critical metric used by customers when deciding to go solar. Year 1 savings for LIPA customers will decline by 50% due to this charge⁶.

Residential solar deployments on Long Island have already been declining, by 46% from 2016 to 2020 and 37% from 2016 to 2019. An additional charge would only further depress solar deployment, and stifle job creation in the solar industry. The experience of other states that have adopted similar fixed charges serves as a cautionary tale. For example, Nevada’s residential solar market collapsed⁷ after levying a fixed charge in 2016 and is only just starting to recover⁸, three years after the charge was overturned⁹.

d. Composition of the Customer Benefit Charge

The CBC includes costs associated with the Low Income program, Utility Energy Efficiency and Electrification programs, and a portion of LIPA’s renewable power costs. The customers that would be subjected to the CBC are already making significant financial investments in support of New York’s clean energy goals, and it is indefensible to require them

⁵ <https://www.consumeraffairs.com/solar-energy/how-much-do-solar-panels-cost.html>

⁶ <https://www.nyseia.org/policydocuments/mass-market-CBC-charge-fact-sheet>

⁷ <https://www.theguardian.com/environment/2016/jan/13/solar-panel-energy-power-company-nevada>

⁸ <https://www.seia.org/state-solar-policy/nevada-solar>

⁹ <https://lasvegassun.com/news/2017/jun/09/return-of-net-metering-expected-to-boost-rooftop/>

to also pay public benefit charges for programs designed to meet these goals. If residential solar customers are to incur a CBC charge, the charge should only include costs related to the Low Income program.

e. Annual Update to the CBC Means Significant Uncertainty for Customer Savings

When ratepayers make the decision to go solar, developers map out projected savings, electric bill costs, and energy produced by the system for prospective customers. The unpredictability of the CBC due to its uncapped predicted annual increase makes projecting these savings for customers impossible, thus making marketing and selling systems extremely difficult. With any uncertainties in costs and savings, customers often will not proceed with installing a solar system. Considering the scale of financial investment needed to install solar, a decrease in the customer's immediate return on their investment due to the CBC, paired with unknown CBC costs in the future, will cause purchases of solar systems to dramatically fall.

Grandfathering a customer into the current NEM program at the time of the interconnection application would avoid this uncertainty. Specifically, we suggest using Step 4 of the Small Generator Interconnection Procedures (SGIP) Application Process instead of Steps 5 and 6.

f. Risk to New York State's CLCPA Goals and new 2030 10 GW Minimum DG Solar Goal

The CBC undermines the realization of New York's legislatively mandated targets for distributed solar, electric sector decarbonization, and economywide GHG emissions reductions as set by the 2019 CLCPA, and the new state goal of 10 GW of distributed solar by 2030. With a monthly charge that is essentially a solar tax, potential customers are disincentivized from adopting solar, making it more difficult to meet the state-wide goals. The implementation of the CBC also comes at a time when there are neither residential or non-residential incentives for solar on Long Island through NY-Sun (which expired in 2016 and 2019, respectively). These incentives were able to bolster solar on Long Island, and in other regions where provided. Residential solar installations on Long Island have decreased since the expiration of the incentives, and the CBC will only further lower the number of installations. Additionally, the

residential solar incentives for ConEdison and Upstate New York are nearing a close, creating a situation where the state-wide solar goals could become unattainable. LIPA can allow Long Island to continue being the heart of residential solar in the state, and a leader in meeting the state-wide solar goals by voting against the CBC for solar customers.

g. Preserving the Integrity of the Public Process

The proposed timeline for the modifications to the LIPA Tariff, including the implementation of the CBC, is entirely too short and does not uphold the purpose and integrity of the public comment process. Public comments are to be given at the public testimony in late November, and submitted via written comments by December 6, 2021. The LIPA Board of Trustees are to vote on the proposed rate of \$0.90/kW per month at their meeting on December 15, 2021, only nine days after written comments are received. The proposed rate would then go into effect on January 1, 2022, leaving only a two week period between the Board vote and the charge going into effect. This means that solar customers who purchased their systems between Summer 2021 and December 2021, but have their systems installed on or after January 1, 2022, will still incur this charge. It is extremely likely that this will result in significant backlash and anger from these solar customers towards both solar developers and installers, as well as LIPA and PSEG-LI for the lack of clarity and extremely short notice.

The NYS Public Service Commission (PSC) has specific marketing requirements for DER that stress the importance of using correct utility rates and figures at the time of sale. The PSC's Uniform Business Practices for Distributed Energy Resource Suppliers (UBP DERS) requires the following¹⁰:

“[solar installers/developers must] Not make false or misleading representations including misrepresenting rates or savings offered by the DER supplier;

“[solar installers/developers must] Use reasonable efforts to provide accurate and timely information about services and products. Such information will include information about rates;

10

[https://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/eab5a735e908b9fe8525822f0050a299/\\$FILE/UBP%20DERS.pdf](https://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/eab5a735e908b9fe8525822f0050a299/$FILE/UBP%20DERS.pdf)

“When marketing materials or information conveyed to mass market customers or potential mass market customers includes savings estimates, CDG and mass market on-site DG providers must include, in addition to any other forecasts used, a forecast using the following baseline: **a three-year average** of actual historical utility rates for the three most recent calendar years for which data is available, for the customer’s actual utility and service class. The provider may choose to apply an assumed escalation rate of up to 3% per year to this baseline in generating a forecast; if the provider does so, it must disclose the escalation rate used. The forecast generated must estimate savings for the same potential contract term as any other forecast provided. This forecast must be presented with similar prominence to other forecasts and all forecasts must be appropriately labeled to permit customers to understand their source.”

LIPA’s timeline for this proposal and implementation make complying with the UBP DERS impossible. For this reason, we recommend that any change in tariff which impacts customers needs at minimum six months to three years, per the PSC UBP DERS requirement, between a Board of Trustees vote and implementation.

3) Conclusion

NYSEIA and LISSA appreciate the opportunity to provide comments in response to Long Island Power Authority’s (LIPA) latest Proposal Concerning Modifications to LIPA’s Tariff for Electric Service, proposing the implementation of a Customer Benefit Charge. We look forward to working with LIPA to implement our recommendations as we work to transition New York to a cleaner, carbon-free future. Please contact Dan Hendrick, Board President of NYSEIA, with any questions about this submission.

Respectfully submitted,

/s/

Zachary Dufresne

Executive Director, New York Solar Energy Industries Association (NYSEIA)

zack@nyseia.org

Tara McDermott

Chair, Long Island Solar and Storage Alliance (LISSA)

Director of Customer Experience and Stakeholder Relations, EmPower Solar

tmcdermott@empower-solar.com

From: [Pamela Masaki](#)
To: [Tariff Changes](#)
Subject: Proposed LIPA Community Benefits Contribution Charge
Date: Monday, December 6, 2021 9:36:10 AM

My name is Pamela Masaki. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,

Pamela Masaki

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From: [phil boeding](mailto:phil.boeding)
To: [Tariff Changes](#)
Cc: Bridget.Fleming@suffolkcountyny.gov
Subject: PSEGLI CBC
Date: Monday, December 6, 2021 2:07:37 PM

Dear LIPA Board of Trustees,

Considering that:

- a) Long Island is especially sensitive to the impacts of climate change
- b) NYS has very aggressive CLCPA goals for reducing utility carbon emissions
- c) 2019 PSEGLI energy was 86% fossil fuel-based, with commensurate carbon emissions and air pollution.
- d) Adding additional residential solar electricity systems to the PSEGLI grid, both reduces PSEGLI carbon emissions, and the amount of energy that PSEGLI has to deliver (making it easier for PSEGLI to achieve CLCPA goals).
- e) CBC charges discourage residential solar installations by reducing solar savings. The reduced savings (on outright purchases) extends simple payback period and (on financed purchases) reduces or eliminates the initial cashflow positivity of solar.

In the urgent interest of protecting the environment from potentially irreversible effects of climate change, we ask that the PSEGLI CBC be shelved and that the existing PSEGLI residential net-metering policies remain in place going forward.

Respectfully,
Phillip Boeding
11 Bayview Road
Sag Harbor, NY 11963

--
phil boeding
201.207.7225

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Sally Courtright](#)
To: [Tariff Changes](#)
Subject: Customer Benefit Contribution
Date: Sunday, December 5, 2021 5:24:16 PM

My name is Sally Courtright. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installations of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely, Sally Courtright

PS I so enjoy my solar panels which run my electricity, heats my water and power my cars. I pay no tax!

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From: [Sara Gordon](#)
To: [Tariff Changes](#)
Subject: DO NOT impose a deterrent to adoption of distributed renewable energy generation
Date: Monday, December 6, 2021 9:42:28 AM

It's a totally unacceptable method of addressing your revenue shortfall. How ON THIS ONE EARTH, our only home, can you consider new policies that will without a doubt deter homeowners who are considering installing solar photovoltaic systems on homes?

It is particularly inequitable to middle- and lower-income households, for whom every penny counts; you are proposing an UNJUST, inequitable policy.

This is the opposite of what you should be doing as we careen toward global tipping points. Get your heads on straight and find another way to balance your bottom line. How about reduced subsidies and increased tariffs on polluting fossil fuels????

With great ire and frustration at your backward initiative,

Sara Gordon
Member, American Institute of Certified Planners

--

Sara Gordon, AICP
Planning and Conservation Consulting
PO Box 1107
Shelter Island Heights, New York, 11965
c: [631.488.5509](tel:631.488.5509)
e: sara.gordon.planning@gmail.com

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Sarah Alford](#)
To: [Tariff Changes](#)
Subject: Objection to plan to tax renewable energy
Date: Monday, December 6, 2021 10:50:47 AM

To whom it may concern,

The idea of taxing homeowners who have paid to install renewable energy resources that reduce the strain on an aging infrastructure is illogical. They reduce the burden and need to enhance the need for additional plants, as energy demands increase and existing infrastructure ages. There must be a better plan.

Sincerely,
Sarah Alford

Sarah Alford
tel. 917-561-1351
sarah.k.alford@gmail.com

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Sarah Orleans Reed](#)
To: [Tariff Changes](#)
Subject: Cancel the CBC charge for solar
Date: Monday, November 29, 2021 12:24:16 PM

Dear LIPA,

I am writing to you today with the hope that you will use your power to delay or better yet, HALT the solar tax ("Customer Benefit Charge") which would menace the further adaptation of solar installation across the state starting Jan 1st.

This tax amounts to a \$7-\$10 a month increase in a homeowners overall electric bill which would significantly reduce one of the most alluring benefits (besides saving the planet), which is that going solar saves you money!

Another reason why this tax should be delayed or halted is that the proposed tax was formulated BEFORE the CLCPA and that we will not be able to meet our mandated climate goals with a tax on solar installation.

That's why we are calling upon you to use your power to halt or at least delay this counterproductive Solar Tax so the State of NY can meet its climate laws in the CLCPA and continue to lead the nation in meeting our climate targets as set forth by New York state and the President.

Thank you,

Sarah Orleans Reed
sarah.o.reed@gmail.com
+1 215 850 2448

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Scott Spicer](#)
To: [Tariff Changes](#)
Subject: Reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.
Date: Sunday, December 5, 2021 1:49:49 PM

My name is Scott Spicer, As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely,
Scott Spicer

Sent from [Mail](#) for Windows

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Sheila Peiffer](#)
To: [Tariff Changes](#)
Subject: Tariff on solar panels
Date: Monday, December 6, 2021 5:57:48 AM

Stop the double speak! The "community benefits contribution charge" is a tax on those who are trying to avert disaster by installing solar panels.

We are all charged with helping to reduced carbon emissions by 50% by 2030 - solar is one of the best ways to do this.

This tax on renewable energy is absurd and does not take into account all the benefits that renewables bring to our community.

Please do not allow this tariff!!

Sheila and Steven Peiffer
56 Hildreth Street
Southampton, NY 11968

LIPA IT WARNING: This email came from an external source. THINK before you open attachments or click on links and NEVER provide IDs or passwords.

From: [Tim Guinee](#)
To: [Tariff Changes](#)
Subject: Community Benefits Contribution Charge
Date: Sunday, December 5, 2021 5:52:12 AM

My name is Tim Guinee. As a Climate Reality leader in New York State, I am writing to ask you to please reject the proposed LIPA "Customer benefit contribution" charge, or tax on renewables, to ratepayers.

I am very concerned that LIPA is proceeding at warp speed to institute a tax on customers who install residential renewable energy, such as solar, for their homes. I fear this will discourage our transition to clean energy on Long Island and will make it difficult to reach the goals of the NY Climate Leadership and Community Protection Act. The decision is slated for December, without adequate input from the public or the solar power industry. The tax applies to all home installation of any type of renewable energy, including solar, wind, hydro, etc. This will stymie innovation in the renewable energy space--something we need if we are to mitigate climate change and transition to a clean energy economy.

Sincerely, Tim Guinee

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Town of Brookhaven Long Island

Edward P. Romaine, Supervisor

December 3, 2021

Mr. Thomas Falcone, CEO
Long Island Power Authority
333 Earle Ovington Boulevard
Uniondale, NY, 11553

Dear Mr. Falcone,

Please accept this letter as my formal opposition to the newly proposed LIPA rule changes that include a “solar tax”, and the contract revisions with PSEG Long Island. I was unable to participate with Thursday’s virtual meeting at 6:00 p.m., as I had a conflict, that being a Town of Brookhaven Town Board Meeting.

In this time of climate concerns and the readily acknowledged need to control greenhouse gases by pursuing alternative energy solutions, to impose a “solar tax” on consumers who want to install rooftop solar on their homes is patently unfair. The collection of a \$5 to \$10 dollar tax categorized as a “customer benefit contribution,” scheduled to commence January 1, 2022, from new solar customers to pay for programs that solar customers with smaller electric bills generally are not subject to, is clearly a revenue raising device, and punish those customers who seek alternative energy solutions.

The solar industry has suffered from roll backs of government-funded solar subsidies to assist homeowners with solar installations. As New York State tries to increase green energy initiatives, it is counterintuitive for LIPA to impose a tax on those consumers trying to defray utility costs, and “do the right thing” reducing carbon-based energy production.

Recent steps taken by LIPA and PSEG and the lack of support and cooperation on its part to help develop alternative energy projects within the Town, do not indicate a willingness to comply with State directives to take steps to reduce greenhouse gases and carbon-based energy production.

For example, a solar developer who hopes to utilize a 40-acre parcel on a portion of the capped area at the Town’s landfill to install a solar array field was recently advised the cost of such a project to pay PSEG would be approximately \$4 million - nearly twice the budgeted amount and nearly four times higher than a previous project completed on the north shore of Suffolk County.

The Town has gone so far as offering available space at the landfill for PSEG to erect a substation for potential alternative energy projects being advanced within the immediate area to advance the goal of transforming the landfill into an Alternative Energy Park. However, this offer was never accepted.

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It would appear once again LIPA and PSEG-LI have positioned themselves in a way to devalue those that take the risk and invest in a solar energy system for their home.

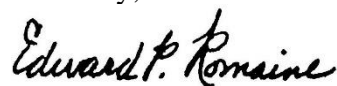
LIPA routinely states that the solar adopters do not pay their fair share towards the maintenance of the antiquated grid. In fairness, every one of the 1.1 million ratepayers pay a connection charge of \$12-\$16 per month whether they've taken the solar plunge or not. Again, it is patently unfair that a homeowner who has invested their hard-earned dollars to reduce their electric bill, reduce their dependency on fossil fuel and help protect the environment should pay more. When a homeowner re-insulates and changes windows to reduce heating and AC bills, it is analogous to requiring the homeowner to pay such a surcharge to the oil and gas company. Credit should be given for the reduction in demand on purchasing power or building power plants. The utility companies should be incentivizing distributed generation.

The argument that LI has a robust solar industry is routinely used. In reality, Long Island has not seen any rebate dollars in over 5 years when most solar has been deployed. Most solar systems today are financed and between the increased costs in labor, lower tax credits, inflation in equipment and financing fees (95% of systems are 100% financed) the average payback on a solar installation is 15 years up from 7 years in 2010. Solar sales have slowed by 40% over the last few years yet LIPA still touts how we've met our state mandated goals. When the average savings is \$ 30- \$40 a month, taxing solar adopters another \$ 10 a month for no REAL benefit makes no sense. The industry will suffer instead of growing at a time when we should be accelerating.

The reality is solar has taken a second seat to wind initiatives and LIPA has now lost 60,000 customers to rooftop solar. They will do what they can to slow the solar industry when it should be celebrating with the developers and homeowners for doing the right thing. It would appear that LIPA is adopting anti-solar policies, which run contrary to New York State and environmentally sound policies.

Finally, what happens upstate and in markets controlled by the PSC should have no effect on Long Island. Ratepayers own our grid.

Sincerely,



Edward P. Romaine
Town Supervisor

New York State Department of State, Division of Consumer Protection

Utility Intervention Unit Comments on Long Island Power Authority's Proposed Customer Benefit Contribution Charges

Summary and Introduction

The Utility Intervention Unit (“UIU”) of the New York State Department of State’s Division of Consumer Protection submits these comments in response to the Long Island Power Authority’s (“LIPA” or the “Authority”) proposal to modify its tariff for Electric Service effective January 1, 2022, to implement a Customer Benefit Contribution (“CBC”) charge for all mass market customers who interconnect on-site Distributed Energy Resources (“DERs”) using Net Energy Metering (“NEM”) eligible technology on or after January 1, 2022.¹ The proposed monthly CBC charge per service class and technology size is intended to align with New York State Public Service Commission (the “Commission” or “PSC”) orders and guidance in Case Number 15-E-0751 for the State’s investor-owned utilities.²

UIU is an office of the Division of Consumer Protection within the New York State Department of State and has the statutory responsibility to represent the interests of consumers in utility proceedings. In representing those interests, UIU is particularly mindful of and focused on issues of equity, which is also a primary focus of the Climate Leadership and Community Protection Act (“CLCPA”). As such, UIU supports the Authority’s proposal to assign a monthly CBC charge to customers using Net Energy Metering eligible technologies, because it is necessary to achieve consistency among utilities statewide and equity among all residential customers, especially low-income customers. The CBC charge corrects a cost shift onto non-participating ratepayers and ensures equitable contribution to the Authority’s public benefit programs, including the low-income discount program. UIU recommends that LIPA’s CBC monthly charge per rate class and technology be updated annually and re-evaluated as new policy decisions are implemented, to ensure the charges are reasonable and consistent with the public interest.

Background

In 2017, under the guidance of the Reforming the Energy Vision (“REV”) proceeding, the Commission issued the Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters, to transition away from NEM to the VDER Phase One NEM Tariff.³ Shortly after, the Commission issued a notice to address mass market

¹ See N.Y.S. Register, at 15–16 (Sept. 22, 2021).

² New York regulated investor-owned utilities include: Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Inc., and Rochester Gas and Electric Corporation.

³ Cases 15-E-0751 et al., 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, at 13 (issued Mar. 9, 2017).

rate design issues in the Rate Design Working Group.⁴ The Commission subsequently directed DPS Staff to initiate a stakeholder process for transitioning mass market NEM customers to an alternative rate structure and discuss, among other issues, impacts on customers who are non-participants. In 2019, DPS Staff filed a Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff, which identified potential cost shifts among the various mass market rate designs and avoided contributions to public benefits programs.⁵ The Staff Whitepaper also proposed a mass market Phase One NEM Successor bridge tariff that would add a CBC charge to the already existing Phase One NEM.⁶

In 2020, the Commission stated that the CBC charge would be instrumental in this transition, by making an important first step to acknowledging that “NEM customers avoid contributing to [public benefit] programs at the same level as non-participating customers, but nevertheless directly and indirectly derive benefits from the programs.”⁷ As part of that order, the Commission directed all of the investor-owned regulated utilities to develop draft tariff leaves for a separate CBC surcharge calculated on a dollar per kW DC installed per month basis, which would be updated annually to recover public benefit program costs.⁸ On August 13, 2021, the Commission approved the CBC charge applicable to mass market customers who enroll in net metering on or after January 1, 2022.⁹

UIU Supports the CBC Charge as Equitable

UIU strongly urges the adoption of LIPA’s CBC charge proposal and, to continue balancing interests and ensure equity, advocates that the CBC charge be updated annually and reevaluated as new policy decisions are implemented. UIU was active on this pressing issue within the context of the statewide VDER proceeding this past Spring.¹⁰ In those comments, UIU supported the proposed CBC charge applicable to mass market solar customers, and further supported additional actions to protect consumer interests, including modifications to the statewide CBC charge when new ratepayer-supported, qualifying programs are adopted, and robust outreach on the applicability and fluctuation of the CBC charge so that customers can make financial decisions that are as informed as possible.

⁴ Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources, Notice Regarding Working Group Process and Filings, at 14 (issued July 21, 2017).

⁵ Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources, Staff Whitepaper on Rate Design for Mass Market Net Metering Successor Tariff, at 2–3 (filed Dec. 9, 2019).

⁶ *Id.* at 23.

⁷ Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources, Order Establishing Net Metering Successor Tariff, at 14 (issued July 16, 2020).

⁸ *Id.* at 26, and 30–31.

⁹ Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources, Order Adopting Net Metering Successor Tariff Filings with Modifications (issued Aug. 13, 2021).

¹⁰ Cases 15-E-0751 et al., In the Matter of the Value of Distributed Energy Resources, UIU Comments on Customer Benefit Contribution Charges, at 1 (filed June 15, 2021) (“UIU is generally supportive of the proposed CBC charge, even though the charge will be modest when compared to the cost-shift demonstrated in the Department of Public Service Staff’s (‘Staff’) whitepaper necessary to support the adoption of PV solar.”) (hereinafter “UIU Comments”).

The proposed CBC charge presents a critical issue of equity among residential customers within the LIPA territory—particularly low-income customers. The CBC charge collects funds from residential and other service classes to support public benefit programs, including energy efficiency, heat and transportation electrification, grid-scale renewable energy, and low-income bill discount programs. Importantly, low-income customers who receive the benefit of the low-income discount program also contribute to the public benefit programs at the same time. Burdening these vulnerable customers with the cost foregone by an exempt subgroup of residential customers—those who install DERs behind-the-meter—is inequitable and should not be continued. In addition, and according to LIPA Staff, low-income customers are less likely to install behind-the-meter DERs, further disadvantaging these customers.¹¹ UIU further notes that LIPA’s proposed CBC charges are consistent with the charges adopted by the Public Service Commission for the state’s investor-owned utilities, and that LIPA’s CBC charge is projected to be the lowest of the major electric utilities in New York at a rate of \$0.89 per kW.¹²

Importantly, the CLCPA addresses equity during the State’s transition to renewable energy, in relation to clean energy jobs, affordable solutions, and promoting fairness to alleviate any disproportionate burdens, including cost burdens.¹³ As such, solutions to the disparity in customer access to DERs will be further addressed pursuant to the CLCPA. The current cost allocation of these programs, however, is creating an imbalance that also needs to be corrected, as addressed with LIPA’s proposal.

Finally, it is important to encourage new markets. As a general rule, however, it is equally important to establish clear expectations about the need for such markets to transition away from state-supported economic incentives. As UIU stated in its June 2021 comment in the statewide proceeding, it is incumbent upon DER providers who rely on these benefits to adequately plan for and communicate the likelihood of the transition away from market supports to their customers, as well as, in this instance, the expectation that CBC charges can fluctuate.¹⁴ Market benefits that overrun their course shift market risk away from vendors and onto both participating and nonparticipating customers. Participating customers are likely to develop a false expectation of continued benefits and make misinformed decisions, and nonparticipating customers will be burdened with resulting cost shifts, as in this instance. While UIU advocates strongly for customer benefits, and sees the value of state-supported economic incentives that encourage new markets, UIU is equally concerned with the shift of market risk onto customers that result from benefits that have outrun their due course.

¹¹ LIPA, Customer Benefit Contribution Fact Sheet, at 7, available at <https://www.flipsnack.com/lipower/lipa-cbc-charge-fact-sheet/full-view.html> (“On Long Island, 83% of rooftop solar customers have incomes greater than the county household median income and 70% have incomes greater than 120% of the county median income Low-income customers are half as likely to install rooftop solar as other customers.”).

¹² *Id.* at 2. Equivalent to a 7% reduction in the lifetime savings from a typical solar system and a payback time of a solar project from 7.3 years to 7.6 years. *Id.* at 3.

¹³ Chapter 106 of the Laws of 2019.

¹⁴ UIU Comments, at 3.

Conclusion

UIU appreciates the opportunity to comment on the CBC charge proposal. For the reasons stated above, and to ensure equity among LIPA's residential customers, UIU urges the LIPA Board to adopt the CBC charge and ensure that the CBC charge be updated annually.

Respectfully submitted,

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