

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("LIPA" or the "Authority") Staff ("Staff") proposes to modify LIPA's Tariff for Electric Service (the "Tariff"), effective January 1, 2023, to implement a Large Renewable Host Community Benefit Program (the "Program"). The Program will provide an annual bill credit to eligible residential electric utility customers in a Renewable Host Community¹ where a Major Renewable Energy Facility ("MRE Facility")² is located for each of the first ten years of such MRE Facility's operation in the Renewable Host Community.

This proposal aligns with the New York State Public Service Commission's (the "Commission" or "PSC") *Order Adopting A Host Community Benefit Program* issued on February 11, 2021 in Case 20-E-0249.³

Background:

The Accelerated Renewable Energy Growth and Community Benefit Act⁴ (the "Act"), effective April 3, 2020, required the Commission to establish a program under which Renewable Owners⁵ would provide benefits to utility customers in Renewable Host Communities where MRE Facilities are located.⁶

The Act explicitly provides that LIPA shall establish a program in its service territory to achieve the same objectives as the Commission-regulated utilities in the State.⁷

On February 11, 2021, the Commission issued the *Order Adopting a Host Community Benefit Program*, which adopted the DPS Proposal with modifications. The Order required PSC-regulated electric utilities to administer the Host Community Benefit Program and submit annual reports by April 1 each calendar year in which the utility administers the Program.⁸

¹ A "Renewable Host Community" is the town(s) or city(ies) within which an MRE Facility or any portion thereof, is located, as identified by the New York State Energy Research and Development Authority ("NYSERDA") and conveyed to LIPA.

² An "MRE Facility" is a renewable energy system, as such term is defined in Public Service Law ("PSL") § 66-p with a nameplate generating capacity of 25 MWs or more, and any co-located system storing energy generated from such a renewable energy system prior to delivering it to the bulk transmission system, including all associated appurtenances to electric plants as defined under PSL § 2, including electric transmission facilities less than ten miles in length or to provide access to load and to integrate such facilities into the state's bulk electric transmission system.

³ Case 20-E-0249, In the Matter of a Renewable Energy Facility Host Community Benefit Program, Order Adopting a Host Community Benefit Program (issued February 11, 2021) (the "Order").

⁴ 2020 New York State Session Laws Chapter 58, Part JJJ.

⁵ A "Renewable Owner" is the owner of an MRE Facility constructed after April 3, 2020 that is proposed to be located in a Renewable Host Community, for which NYSERDA has executed an agreement for the acquisition of environmental attributes related to a solicitation issued by NYSERDA after April 3, 2020.

⁶ The Act, § 8.

⁷ Id.

⁸ Order, Ordering Clauses 4 and 7.

Proposal:

Program Overview

Staff is proposing to implement a Large Renewable Host Community Benefit Program in the LIPA service territory. The Program will provide an annual bill credit to eligible residential electric utility customers with premises located in a Renewable Host Community for each of the first ten years that an MRE Facility operates in that Renewable Host Community.

The Renewable Owner will fund the bill credits by paying LIPA an annual fee (“Program Fee”) of \$500 per megawatt (“MW”) of nameplate capacity for solar generation facilities, and \$1,000 per MW of nameplate capacity for wind generation facilities.⁹ The Program Fee would be provided to LIPA by December 1 of each year for ten years, beginning with the year in which the MRE Facility begins operations.¹⁰ The Program Fee, less an administrative fee of 0.05%, will be distributed by LIPA equally among the residential utility customers within the Renewable Host Community for a period of ten years. In the event more than one MRE Facility is located within the same Renewable Host Community, residential electric utility customers would receive a bill credit for each MRE Facility. The bill credit will be provided on the first electric bill of the calendar year, after all other adjustments have been applied.¹¹

If an MRE Facility is located in one or more Renewable Host Communities served by multiple utilities, LIPA will coordinate with the Renewable Owner and other utilities in advance of December 1 to identify the total number of residential customers owed a bill credit for the particular MRE Facility, and proportion of those customers served by each utility. The Renewable Owner would then transfer the proportional amount of the Program Fee to each utility.

The Program does not apply to generation facilities with nameplate capacity of 25 MW or greater based on contracts with NYSERDA for RECs arising from NYSERDA solicitations issued prior to April 3, 2020.

Identification of Major Renewable Energy Facility

NYSERDA shall provide to LIPA by November 1 of each year, consistent with the Order, a list identifying each MRE Facility in LIPA’s service territory required to pay the Program Fee that year, and the amount of each MRE Facility’s Program Fee.¹² In the event LIPA does not receive the required Program Fee from a Renewable Owner by December 1 of a given year, LIPA shall notify NYSERDA, which will then make all reasonable efforts to cause the Renewable Owner to pay the Program Fee in a timely fashion.¹³

⁹ Order at 23.

¹⁰ Id. at 28.

¹¹ Order at 30.

¹² Id. at 27.

¹³ Id. at 28.

Annual Bill Credits

Through the Program, LIPA will provide annual bill credits to eligible residential electric utility customers for the first ten years that a MRE Facility operates, beginning in the first calendar year immediately following when the MRE Facility becomes operational.¹⁴ The bill credits will be applied to a residential electric utility customer's first bill of the calendar year beginning in the year after the MRE Facility becomes operational. For example, if the MRE Facility becomes operational in August 2022, the Renewable Owner will transfer the first annual Program Fee to LIPA by December 1, 2022, and customers will receive the bill credit on the first bill of 2023.

As mentioned above, the Renewable Owner is required to transfer the annual Program Fee by December 1 of each year. If an MRE Facility becomes operational in December of a given year, the Renewable Owner will pay the first annual Program Fee during the next calendar year.¹⁵ To facilitate administration of the bill credits, no portion of the credit will be prorated. Should an MRE Facility be operational on or before December 1, the Renewable Owner will transfer the applicable Program Fee to LIPA. Therefore, the bill credit will be evenly applied for each of the ten years for each MRE Facility.¹⁶

Calculation of Credit

The calculation of the individual customer bill credits will be determined by dividing the dollar amount of any MRE Facility Program Fees, less any administrative fees, by the number of eligible customers in the Renewable Host Community. In the event an MRE Facility is sited in multiple towns or cities, the bill credit will be applied equally to residential electric utility customers in each of the towns or cities within which the MRE Facility is sited.¹⁷

The bill credit will appear on the first electric bill of the calendar year for residential electric utility customers within the Renewable Host Community in which the MRE Facility is located, after all other adjustments have been applied. Any amount of the credit in excess of a customer's balance on that first bill will roll over and be applied to the subsequent month's bill, after all other adjustments have been made, until the bill credit has been depleted.¹⁸

If a customer discontinues service while a credit remains, LIPA shall provide that amount to the customer as it would any remaining credit balance. In the instance of new or changing occupants of a residence in a Renewable Host Community, the customer on record as of the first billing period of the calendar year will be entitled to the full bill credit for that year. If there is an account transfer, the bill credit will stay with the customer or will be disbursed to the customer if they leave LIPA's service territory. For the applicable residence, the new customer would begin receiving the bill credit in the next bill credit implementation cycle and would not receive a proration of the bill credit for that Program year.¹⁹

¹⁴ Id. at 20.

¹⁵ Id. at 23.

¹⁶ Id.

¹⁷ Id. at 19.

¹⁸ Id. at 30.

¹⁹ Id.

At the end of the calendar year, a review of any discrepancies between the number of eligible customers and the amount of bill credits issued will be performed. Any discrepancy will be reconciled in the following year's credit calculation.

Program Reporting

The Order required that PSC-regulated utilities maintain a record of:

- MRE Facilities actively providing benefits under the Program in its service territory;
- Monies received from each such MRE Facility;
- The amount of the individual bill credit provided related to each such MRE Facility;
- The number of customers who receive the bill credit associated with each MRE Facility; and
- The costs incurred to administer the Program.

LIPA (or its service provider) would provide this information to DPS in an annual report by April 1 for the prior calendar year, for each year in which LIPA administered the program for at least one MRE Facility. On March 10, 2022, DPS Staff issued guidance on the necessary content and process elements for annual reporting associated with the Program.²⁰ Pursuant to the Guidance, the annual report will be comprised of three sections: 1) an Implementation Summary; 2) an appendix detailing each MRE Facility and the bill credits provided to customers; and 3) an appendix detailing implementation costs of the Program.²¹

Financial Impacts:

The financial impact to LIPA and its non-participating ratepayers is expected to be immaterial, as program implementation and administration are inherently manual processes that can be handled by existing staff, and the bill credits are to be funded by third party developers.

Affected Tariff Leaves:

Revised Leaves: 1

Original Leaf: 38D, 38E and 38F

Summary of Proposed Changes:

Staff is proposing to implement a Host Community Benefit Program in the LIPA service territory. The Program will provide an annual bill credit to residential electric utility customers with premises located in a Renewable Host Community for each of the first ten years that an MRE Facility operates in that Renewable Host Community.

²⁰ Case 20-E-0249, Host Community Benefit Program Annual Report Guidance (March 10, 2021).

²¹ For the appendices, the Guidance included Excel templates for the utilities to use.

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I. General Information (continued):**C. General Terms and Conditions (continued):****23. Host Community Benefit Program****a) Program Description**

- (1) The Host Community Benefit Program ("HCB Program") provides an annual electric bill credit to eligible residential customers located within the town(s) or city(ies) where a Major Renewable Energy Facility ("MRE Facility") is physically located ("Renewable Host Community"). The Authority will disperse the annual credit after receipt of the annual fee from the Renewable Owner of the MRE Facility ("Program Fee") as described herein.

b) Definitions

Renewable Host Community is any town or city within which an MRE Facility or any portion thereof, is located, as identified by the New York State Energy Research and Development Authority ("NYSERDA") and conveyed to the Authority.

Renewable Owner is the owner of an MRE facility constructed after April 3, 2020 and for which NYSERDA has executed an agreement for the acquisition of environmental attributes related to a solicitation issued by NYSERDA after April 3, 2020.

Major Renewable Energy Facility is a renewable energy system, as such term is defined in PSL Section 66-p, with a nameplate generating capacity of 25 MWs or more, and any co-located system storing energy generated from such a renewable energy system prior to delivering it to the bulk transmission system, including all associated appurtenances to electric plants as defined under PSL Section 2, including electric transmission facilities less than ten miles in length or to provide access to load and to integrate such facilities into the state's bulk electric transmission system.

c) Program Eligibility

- (1) A customer that takes service under Service Classification No. 1 shall be eligible to receive an annual bill credit as described in Section e) below.
- (2) The residential customer must reside within the Renewable Host Community where the MRE Facility is located in order to receive the annual bill credit. Eligible customers will be identified by their addresses in the Host Community.
- (3) Any residential customer who notifies the Authority that they have not received a credit and can provide satisfactory proof to the Authority that they were a residential customer of the Authority in a Renewable Host Community as of January 1 of the credit year, will be provided the credit for that year.

d) Program Fee

- (1) NYSERDA will notify the Authority, by November 1 of each year, of MRE Facilities that are expected to be operational the following year and required to pay the Program Fee, and the amount of each MRE Facility's Program Fee. The Authority will invoice the Renewable Owner for the upcoming credit year's Program Fee, and annually thereafter for subsequent credit year payments.

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

- (2) Renewable Owners shall fund the bill credits provided to the eligible residential customers by paying an annual Program Fee of \$500 per MW nameplate capacity for solar generation facilities and \$1,000 per MW nameplate capacity for wind generation facilities.
- (3) The annual Program Fee will be based on the generator nameplate capacity of the MRE Facility. Storage system facilities that may be attached to the MRE Facility shall not be included in the calculation of the annual Program Fee.
- (4) The Program Fee shall be paid to the Authority by December 1 of each year for ten years, beginning with the year in which the MRE Facility begins operations.
- (5) The Renewable Owner shall identify the MRE Facility associated with the Program Fee, and the town(s) and/or city(ies) within which the MRE Facility is sited.
- (6) The HCB Program does not apply to renewable generation facilities with capacity of 25 MW or greater based on contracts with NYSERDA for RECs arising from NYSERDA solicitations issued prior to April 3, 2020.

e) Bill Credit

- (1) The Authority shall provide annual bill credits to eligible residential customers located in a Renewable Host Community equal to the Program Fee paid by the Renewable Owner, less an administrative fee of 0.05%, divided by the eligible residential customer for the upcoming credit year.
- (2) The Authority shall identify the residential customers located in the Renewable Host Community and their accounts. The Authority will disburse the bill credit on an applicable residential customer's first electric bill of the following calendar year.
- (3) The Authority shall provide the annual bill credit for ten years for each MRE Facility, beginning in the first calendar year after the MRE Facility becomes operational.
- (4) The annual bill credit shall be applied equally to residential customers located within the Renewable Host Community.
- (5) If more than one MRE Facility is located within the same Renewable Host Community, residential customers in such Renewable Host Community will receive a credit for each MRE Facility.
- (6) The annual bill credit shall be provided on the later of: (1) the first electric bill of the calendar year; or (2) the first electric bill as soon as practicable after the receipt of the annual payment by the Authority from the MRE Facility.
- (7) The annual bill credit shall be applied to an eligible customer's bill after all other adjustments have been made.

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

- (8) If there are any remaining bill credits after applying the annual bill credit to the customer's first billing period, the remaining credit shall be applied to subsequent months' bills, after all other adjustments, until the bill credit is exhausted.
- (9) Any remaining bill credits at the end of a calendar year shall be allowed to roll over to the subsequent year.
- (10) If a customer discontinues service and there is a remaining credit balance on the account, the Authority shall provide the amount of any remaining credit balance by check. The credit balance will not accrue interest.
- (11) If there is a new residential customer that moves in to an eligible residence, the customer of record as of the first billing period of the calendar year will be entitled to the full annual bill credit for the calendar year. The bill credit shall stay with the customer of record as of the first billing period of the calendar year in the case of an account transfer or will be disbursed to that customer in the event the customer discontinues service as described above.
 - (a) For the eligible residence, the new customer shall begin receiving the bill credit in the next annual bill credit implementation cycle and will not receive a proration of the bill credit for that HCB Program year.
- (12) If an MRE Facility is located in one or more Renewable Host Communities served by multiple utilities, the Authority will coordinate with the other utility to ensure each eligible customer receives the same bill credit amount for such MRE Facility in total.
- (13) The costs shall be tracked separately and reconciled with revenues collected for the HCB Program on an annual basis. Any over/under disbursement of the credits compared to the payments available will be included in the next year's credit calculation.