

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("LIPA" or the "Authority") Staff proposes to modify LIPA's Tariff for Electric Service (the "Tariff"), effective January 1, 2023, to authorize the distribution of Solar Communities bill credits to eligible low to moderate income ("LMI") customers based on the output of solar photovoltaic renewable resources participating in the Solar Communities Feed-In Tariff ("Solar Communities FIT").

Background:

LIPA has a long history of promoting the expansion of renewable energy resources on Long Island. LIPA began offering net energy metering and other solar incentives nearly two decades ago. Since then, LIPA has supported the development of over 67,000 distributed solar projects totaling 851 megawatts (DC)¹ of capacity.

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

To reach these customers, LIPA offers community solar, where a larger solar facility is built at a host site, and the output of the solar system is distributed to the participants for their benefit. There are currently 12 megawatts of Community Distributed Generation (CDG) projects on Long Island, comprising roughly 1% of the 851 megawatts of completed distributed solar projects on Long Island.

Solar Communities Feed-In Tariff

In May 2020, the LIPA Board of Trustees approved tariff amendments implementing the Solar Communities Feed-In Tariff ("FIT"), effective June 1, 2020. The Solar Communities FIT was designed specifically to: (1) create additional community solar development, (2) enable cost efficiencies by utilizing LIPA's customer acquisition and marketing functions, (3) lower the cost of project financing by offering a stable price for the duration of the project's contract, and (4) provide enhanced energy cost savings opportunities to participating LMI customers. Through the Solar Communities FIT, LIPA solicits bids from eligible solar generation projects and enters into Power Purchase Agreements ("PPA") with successful bidders. Pursuant to the PPAs, LIPA

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

purchases solar photovoltaic electric capacity and energy, ancillary services, and environmental attributes at a fixed price per kWh for a fixed term of 20 years.

The Solar Communities FIT has an enrollment target of 25 MW (DC), which can be increased up to 40 MW (DC) by LIPA at any time. Through the Solar Communities FIT, 17.5 MW (DC) have been awarded. The FIT is now closed for new project applications; however, there are an additional 16 projects representing 15.24 MW (DC) on the waitlist who may be awarded if their bid price is reduced below the awarded bid price cap of \$0.1463/kWh or if any awarded projects drop out.

Proposal:

LIPA Staff is proposing a Solar Communities Discount Program to provide bill credits to eligible LMI customers based on the output of the solar photovoltaic renewable resources participating in the Solar Communities FIT. The amount of eligible participants for the Solar Communities Discount Program will depend on the amount of DC capacity that comes online. As more of the 25 MW of DC capacity comes online, more LMI customers will be eligible for the Solar Communities Discount Program.

LMI Customer Enrollment:

Subject to available quantities of contracted solar resources under the Solar Communities FIT, LMI customers enrolled in Tiers 1-3 of LIPA's Low Income Program will be eligible to participate, except for customers that are receiving renewable credits by other means or programs.² LMI customers receiving the Tier 4 discount will not be eligible to participate.³ LMI customer enrollments will be awarded through an annual random lottery process. Eligible LMI customers will also have the opportunity to opt-out of the Solar Communities Discount Program if they so choose.

The number of participants will be determined in January of each year based on the projection of solar generation to be received from the participating Solar Communities FIT projects. The expected output in kWh of projects that have reached commercial operation will be divided by the average annual LMI customer usage in kWh to determine the number of eligible LMI customers that can participate in the Solar Communities Discount Program. Available solar generation output in kWh will be updated each year as new projects reach commercial operation.

Participants will be selected through the random lottery process administered by LIPA. Once a customer is selected and does not opt-out of the program, that customer is provided a \$10 monthly credit for twelve months (365 days), beginning February 1. Participants will continue to receive the credit for the full year even if their LMI status changes over that period, but the credit cannot be transferred to new service locations. The credit will not be taken away based on

² LMI customers are not eligible if they already participate in the Community Distributed Generation program, the LIPA Green Choice Program, the Long Island Choice Program, Residential Net Metering or Remote Net Metering.

³ The Tier 4 discount applies to customers with Direct Voucher/Guaranteed Payment by a 3rd party social agency.

available kWh in the Solar Communities FIT or a change to a customer's LMI status; however, next year's participant level will be adjusted for any loss of Solar Community FIT generation as the result of a particular project's removal. Going forward, LMI customers that have already participated in the Solar Communities Discount Program will be removed from the lottery pool of LMI customers until all eligible customers have been offered the opportunity to participate.

Financial Impacts:

As proposed, the Solar Communities Discount Program is expected to provide \$0.36 million⁴ in bill credits for up to 3,000 LMI customers when the program is fully subscribed. At full solar development, the Solar Communities Discount Program will provide an estimated \$0.48 million in savings relative to procuring the same quantity of community distributed generation through the VDER Tariff. The estimated annual administrative cost of the Solar Communities Discount Program is \$0.3 million. The Solar Communities Discount Program totals an estimated \$0.2 million per year ($\$0.36 - \$0.48 + \0.3) to expand access to solar generation to low income customers.

Affected Tariff Leaves:

New Tariff Leaves: 182V and 182W

Summary of Proposed Changes:

Staff is proposing to implement the Solar Communities Discount Program, which will distribute bill credits for solar generation to eligible LMI customers selected annually through a random lottery process, to be supplied from the output of solar generation resources participating in the Solar Communities FIT.

⁴ This number was derived by multiplying the projected number of eligible customers (3,000) by \$10 (the amount of the monthly credit) by 12 (12 months).

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:
(continued):**N. Solar Communities Discount Program****1. Purpose**

The purpose of the Solar Communities Discount Program is to provide bill credits to certain Qualifying Low Income Customer derived from the output of the Solar Communities Feed-in Tariff. The credits provided through the Solar Communities Discount Program ("Solar Communities Discount Program Credits") will be allocated to a group of customers selected each year based on a random lottery process. The number of customers that can participate in the Solar Communities Discount Program will reflect the output of the solar generation projects participating in the Solar Communities Feed-in Tariff. The Solar Communities Discount Program Credits will be applied monthly to each eligible customer's bill for a period of twelve months.

2. Applicability

Customers will be selected to participate in the Solar Communities Discount Program through a random lottery conducted as follows:

- a) All Qualifying Low Income Customers (defined on Leaf 38B) as of January 10th in each year are eligible to be in the Lottery Pool for the Solar Communities Discount Program, except:
 - (1) Qualifying Low Income Customers that are part of the CDG program, Green Choice Program or Long Island Choice Program customer;
 - (2) Residential Net Metering Customers or Remote Net Metering Satellite Customers;
 - (3) Qualifying Low Income Customers that have previously participated in the Solar Communities Discount Program, until all other Qualifying Low Income customers have been offered the opportunity to participate; and
 - (4) Qualifying Low Income Customers receiving the Tier 4 discount.
- b) The number of customers selected through the random lottery process to participate in the Solar Communities Discount Program will be determined by LIPA in January of each year and will be based on a forecast of the kWh that will be produced by solar generation projects participating in the Solar Communities Feed-in Tariff for the calendar year divided by a forecast of the average annual usage of Low Income Discount Program customers.
- c) LIPA will use a computer-based random number generation program to create randomly-assigned priority numbers to each account number that is in the Lottery Pool. The priority numbers will then be sorted from lowest to highest value, with the lowest values placed at the top of the list. The annual group of participants would then be taken in order from the top of the list.
- d) Participants selected through the random lottery process may choose to opt-out of the Solar Communities Discount Program.
- e) The Solar Communities Discount Program participants that have not opted-out will be assigned on an annual basis and will remain in the Solar Communities Discount Program for one year (365 days) starting on February 1 (the "Program Year").

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

N. Low Income Community Distributed Generation Credit (continued)

- f) Once selected, Solar Communities Discount Program participants do not need to maintain their Qualifying Low Income Customers status to continue to receive the Solar Communities Discount Program Credit for the remainder of that Program Year at that billing location.
 - g) Solar Communities Discount Program Credits are not transferable to new locations if the participant closes the account at the initially designated account location.
3. Calculation of Solar Communities Discount Program Credit
- a) The Solar Communities Discount Program Credit will be \$0.33 per day multiplied by the number of days in the current billing period that fall between February 1st and January 31st of that Program Year.
 - b) The Solar Communities Discount Program Credit is applied to a customer's bill after application of the Low Income Program Discount.
 - c) The Solar Communities Discount Program Credit will not be adjusted by other Adjustments to Rates and Charges specified in Section VII of this Tariff.
 - d) If the total Solar Communities Discount Program Credit identified in N.3.a) for the current billing period exceeds a customer's charges for the entire billing period, including the Power Supply Charge, the current billing period's Solar Communities Discount Program Credit will equal the total bill for that period.
 - e) Solar Communities Discount Program Credits will be fixed for the Program Year at the projected values and will not be reduced because of any reduction in output from solar generation projects participating in the Solar Communities Feed-in Tariff.
4. Posting the Solar Communities Discount Program Credit to Customers' Bills

The Solar Communities Discount Program Credit will be posted as an additional credit in the summary section of the customer's bill and will not be associated with the calculation of any other billing determinants.