LIPA Board of Trustees Briefing

Carrie Meek Gallagher, Nick Forst, Sean Walters

December 14, 2022
AGENDA

• Recent Updates
• Utility 2.0 & EEBEDR Recommendation
• Metrics Recommendation
• LIPA Tariff Change Recommendations
• Management Audit Update
RECENT UPDATES

▪ DPS last addressed the LIPA Board July 2022.

▪ Recent Recommendations:
Recommendations – Utility 2.0 and EEBEDR Plan
Utility 2.0 2022 Overview

- PSEG LI proposes 3 new programs in the 2022 Update.
- 8 Active Programs - 7 projects with Recommended funding & 1 not proceeding.

IEDR (Integrated Energy Data Resource)
- Aims to implement a statewide platform that allows stakeholders to utilize customer and system data consistent with a Commission Order in Case 20-M-0082.
- Recommendation: Approve

Residential Storage System Incentive
- Program to provide Incentive funding for residential storage paired with new or existing solar.
- Continues existing NYSERDA Program which will end in mid-2023 when funding is depleted.
- Recommendation: Approve with adjustment

Storage & EV Hosting Capacity Maps
- Develop Hosting Capacity Maps for Storage and EV Charging to supplement existing Solar Maps.
- 1 Year Initiative
- Aligns PSEG LI & LIPA with the Joint Utilities which completed EV HCMs and implemented Storage Hosting Capacity Maps this year.
- Recommendation: Approve
EEBEDR Recommendations

**All Electric Homes**

**DPS Recommends:**
- PSEG LI should continue to share insights from the implementation of the program with the other electric utilities in NYS.

**Dynamic Load Management Programs**

**DPS Recommends:**
- PSEG LI/LIPA must develop and file DLM program BCAs consistent with the Commission’s BCA Framework Order and file as part of DLM Program annual reports in Case 14-E-0423.

**Residential Low-Income Programs**

**DPS Recommends:**
- LIPA and PSEG LI continue to provide adequate reporting of spending and energy related metrics to comply with CLCPA guidelines.
- LIPA and PSEG LI anticipate the need to separately track energy savings and associated DAC benefits tied to the RGGI Grant funding they receive from NYSERDA.
- LIPA and PSEG LI plan to ensure that 35-40% of total and incremental funding of EEBEDR programs be earmarked towards DACs as defined by the Climate Action Council.

**Home Comfort Plus (LMI)**

**DPS Recommends:**
- PSEG LI should continually monitor unit costs as the heat pump market transforms to ensure that incentives for LMI customers are not being inflated compared to market rate projects.
Recommendations -
2023 Metrics
PSEG LI Metrics 2023

- **Metrics Set by LIPA and DPS** through an annual process whereby DPS issues recommended metrics to be voted on by the LIPA Board; timing aligns with Budget Development Schedule.

- **Greater Accountability Tied to All Areas of Management Services** through 93 Performance Metrics in the areas of T&D, Customer Service, Information Technology, Business Services, Power Supply & Clean Energy Programs.

- **Greater Risk for Underperformance** the Reformed OSA puts $21 million* of PSEG LI’s annual compensation at risk; including enhanced gating and default metric consequences.

* Indexed for the Consumer Price Index, with an adjustment for 2022 of $1.025 Million.
Metrics Recommendation

- Staff has reviewed LIPA's Final Metrics Proposal and recommends:
  - Adoption of seventy-three (73) of the ninety-nine (99) proposed metrics;
  - Modification of twenty (20) metrics with adjustments to target levels and/or certain exclusion criteria; and
  - Rejection of six (6) metrics in LIPA’s Final Metrics Proposal.
Recommendations – LIPA's Proposed Tariff Changes
December 2022 LIPA Tariff Proposals

**Six Proposals in total:**

1. Modify the rate design of Service Classification No. 2-MRP Large General and Industrial Service with Multiple Rate Periods (2-MRP) as part of LIPA’s annual Budget and Rate Update filing;
2. Modify SGIP to implement an interconnection cost-sharing framework;
3. Implement a Large Renewable Host Community Benefit program;
4. LI Choice: new Merchant Function Charge (MFC) and Purchase of Receivables w/ Consolidated Billing Option;
5. Prolonged Outage/ Food & Medicine Reimbursement consistent with the terms of Public Service Law (PSL) § 73; and
6. Provide a monthly bill credit for Low-to-Moderate Income (LMI) customers through the Solar Communities Feed-in Tariff.

- DPS Staff recommends adoption of all proposals, however, Staff has specific recommendations to modify LIPA’s proposals for SGIP interconnection cost-sharing framework, and prolonged outage reimbursement program.

- LIPA SAPA’d Tariff Changes in September 2022, and held Public Hearings on Nov. 17

- LIPA received public comments up to Nov. 28. NYSEIA provided comments on the SGIP proposal, which are addressed in DPS Staff’s recommendations.
Widespread Prolonged Outage

LIPA’s Proposal

▪ Provide a $25 credit to residential customers for each subsequent calendar day of service outage that occurs beyond the first three calendar days of the Widespread Prolonged Outage.

▪ Reimburse residential customers for spoiled food and prescription medicine similar to the requirement of PSL §73.

▪ Reimburse small business customers up to $540 for spoiled food similar to the requirement of PSL §73.

▪ Customers must provide LIPA with itemized lists and/or proof of loss within 14 days of the end of the outage, then LIPA will reimburse customers within forty-four days after the widespread prolonged outage has ended.

▪ Instead of a waiver provision, LIPA’s CEO will determine whether to issue the credits upon the recommendation of DPS.

▪ Remove all daily meter charges from its widespread prolonged outage credits' calculation.

Staff Recommendations

▪ Provide customers with a $25 credit for each full 24-hour outage period beyond the initial 72-hour outage.

▪ Allow qualified customers to automatically receive outage credits and apply for reimbursement of spoiled food and medication.

▪ Notify customers that they may request monetary reimbursement if the credits leave them with a credit on their bill.

▪ LIPA shall provide reimbursements to eligible customers within 30 days of receipt of the application for reimbursement.

▪ Amend its proposed waiver provision to align with the waiver provision contained in PSL §73:
  • DPS will review LIPA’s waiver proposal and issue its recommendation(s) to LIPA BOT; and
  • LIPA shall provide adequate justification that demonstrates why customers shall not receive these benefits.

▪ LIPA shall file a detailed communication plan with DPS and include it in its subsequent Emergency Response Plan filing.

▪ Provide eligible customers with a credit for their daily meter charge for each day they are without service.
LIPA/PSEG LI Management Audit – Matter 21-00618
Matter 21-00618: Management and Operations Audit of LIPA and PSEG LI (MOA)

- **Update on MOA**
  - Two Public Statement Hearings were held on October 3rd, 2022.
  - 205 initial Data Requests sent to LIPA and PSEG LI by NorthStar on October 5th, 2022.
  - Interviews began the week of November 29th, 2022.
  - 40+ Interviews held by NorthStar.
  - Interviews attended by DPS staff - in person and virtual.

- **Next Steps**
  - Ongoing Data Requests and Interview Requests from NorthStar.
  - Draft work plan due by NorthStar to DPS staff on January 30th, 2023.
Questions?