



TARIFF CHANGES

December 14, 2022

PROPOSED TARIFF CHANGES

Interconnection Cost Sharing: Modifying LIPA's interconnection procedures to align with New York State's cost sharing framework

Large Renewable Host Community Benefit Program: Implementing the statewide program enabling annual bill credits for customers located in a Renewable Host Community

Long Island Choice Program: Increasing the "shoppable" portion of the bill and further aligning with the statewide retail choice framework

Prolonged Outage Credits and Reimbursements: Providing \$25 daily bill credits and food and medicine spoilage reimbursements for customers experiencing prolonged outages during widespread outage events

Solar Communities Customer Benefit: Providing bill credits to low and moderate-income customers who participate in the Solar Communities program

Presented by: Justin Bell - Vice President, Public Policy and Regulatory Affairs

INTERCONNECTION COST SHARING

Modifying LIPA's interconnection procedures to align with New York State's cost sharing framework

Old rule: the developer of the interconnection project that triggers a need for a LIPA system modification bears 100 percent of the upgrade cost

New rule: Using a pro-rata concept, a project is responsible only for the distribution hosting capacity assigned to it, as opposed to the entire cost

- Enables utility-initiated *and* market-initiated upgrades



Applies to:

- Only Upgrades in Excess of \$250,000
- Distribution, Sub-Transmission Lines and Underground Upgrades
- Transformer Banks
- Qualifying Substation Upgrades such as $3V_0$ (ground fault overvoltage protection), LTC (load tap changers), etc

LARGE RENEWABLE HOST COMMUNITY BENEFIT

Implementing the statewide program enabling annual bill credits for customers located in a Renewable Host Community

Renewable Host Community: Town in which a new Major Renewable Energy Facility is located

Major Renewable Energy Facility: a solar or wind facility at least 25 megawatts in size that is eligible for Tier 1 RECs from NYSERDA

Annual Benefit:

- \$500/MW for solar and \$1000/MW for wind
- Shared among residential customers in the host community
- Paid in an annual bill credit lasting 10 years



LONG ISLAND CHOICE IMPROVEMENTS

Increasing the “shoppable” portion of the bill and further aligning with the statewide retail choice framework

Separate Merchant Function Charges: Retail Choice customers will no longer be responsible for charges related to power supply procurement, credit, collections, and debt service

Purchase of Receivables: New option for Energy Service Companies (ESCOs) and Community Choice Aggregators (CCAs) that choose the consolidated billing option

- Consolidated billing: ESCOs/CCAs may utilize PSEG Long Island billing system to bill customers
- Purchase of receivables: At the ESCO/CCA option, the utility will purchase customer receivables and handle collections

PROLONGED OUTAGE CREDITS AND REIMBURSEMENTS

Providing \$25 daily bill credits and food and medicine spoilage reimbursements for customers experiencing prolonged outages during widespread outage events

Prolonged outage: Outage lasting 72 hours or more

Widespread outage event: Impacts at least 20,000 customers at once

Credits provided to affected residential customers:

- \$25/day after the third outage day
- Spoiled food reimbursement up to \$235 with itemized list or \$540 with proof of loss
- Spoiled medicine reimbursement with itemized list and proof of loss

Credits provided to affected small business customers:

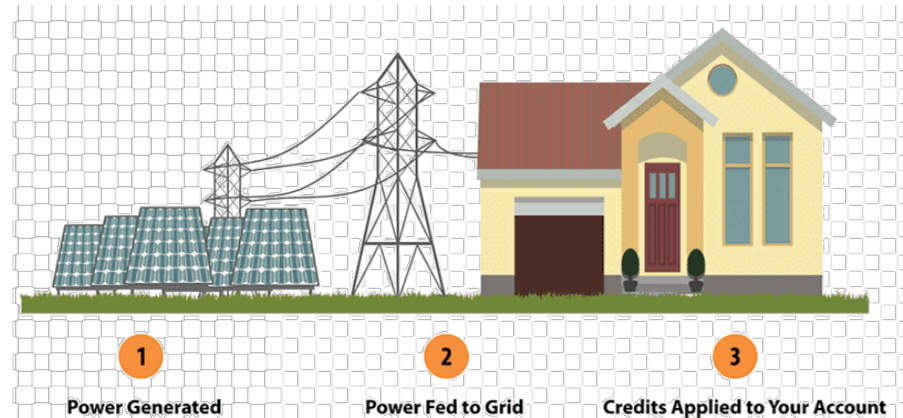
- Spoiled food reimbursement up to \$540 with itemized list and proof of loss

SOLAR COMMUNITIES CUSTOMER BENEFIT

Providing bill credits to low-income customers who participate in the Solar Communities program

What is Solar Communities?

- Solar Communities is a utility-administered community solar option for low-income customers
- Supplied by a LIPA solar feed-in-tariff targeting 25 MW of low cost solar



Who Benefits?

- Any customer enrolled in LIPA's low-income discounts and not already participating in a solar or choice program (e.g., net metering, Long Island Choice, Green Choice, and community distributed generation) is eligible
- Participating customers receive **\$10/month Solar Communities bill credit**
- Participants selected by random lottery from among eligible low-income customers
- Initial participation period: 1 year

PROPOSALS TIMELINE

September 14:	Proposals published for public comment
November 16 and 17:	Public comment sessions
November 28:	Last day for written comments
December 14:	LIPA Board consideration

FOR CONSIDERATION

December 14, 2022

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

Requested Action

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

1. **Interconnection Cost Sharing:** Modifying LIPA's interconnection procedures to align with New York State's cost sharing framework.
2. **Large Renewable Host Community Benefit Program:** Implementing the statewide program enabling annual bill credits for customers located in a Renewable Host Community.
3. **Long Island Choice Program:** Increasing the "shoppable" portion of the bill and further aligning with the statewide retail choice framework.
4. **Prolonged Outage Credits and Reimbursements:** Providing \$25 daily bill credits and food and medicine spoilage reimbursements for customers experiencing prolonged outages during widespread outage events.
5. **Solar Communities Customer Benefit:** Providing bill credits to low and moderate-income customers who participate in the Solar Communities program.

Interconnection Cost Sharing: Background

On October 29, 2020, the Interconnection Policy Working Group ("IPWG"), which is composed of New York electric utilities and other stakeholders, filed a petition with the New York Public Service Commission (the "Commission" or "PSC") seeking an amendment to the Statewide Standardized Interconnection Requirements ("SIR") to add new rules for the sharing of interconnection-enabling upgrade costs.¹ The IPWG Petition proposed to allow Distributed Energy Resource ("DER") project developers to utilize a pro rata concept under which a project pays only for the specific distribution hosting capacity assigned to it, as opposed to the entire cost of the upgrade. The proposal was intended to remove barriers to the interconnection of DERs, consistent with the goals of the Climate Leadership and Community Protection Act ("CLCPA").²

¹ Case 20-E-0543, *Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements* (October 29, 2020) ("IPWG Petition").

² Chapter 106 of the Laws of 2019.

On July 16, 2021, the Commission adopted the IPWG cost-sharing proposal with modifications.³ Although LIPA is not subject to Commission jurisdiction, LIPA Staff believes the statewide approach to cost-sharing has merit, is fair to ratepayers and developers of DERs, and supports the achievement of CLCPA goals.

Interconnection Cost Sharing: Proposed Action

Consistent with the July 2021 Order, LIPA Staff proposes two substantive modifications to the SGIP. The proposed changes are as follows:

- **Cost-Sharing Proposal:** Under the current SGIP, the developer of the interconnection project that triggers a need for a LIPA system modification (“Triggering Project”) bears 100 percent of the upgrade cost. The IPWG proposed to implement a new cost-sharing proposal that would utilize a pro-rata concept under which a project pays only for the specific distribution hosting capacity assigned to it, as opposed to the entire cost of the upgrade. The proposal would apply to two categories of distribution system modifications: (1) Utility-Initiated Upgrades, and (2) Market-Initiated Upgrades.⁴

For Utility-Initiated Upgrades, LIPA would bear the cost of the in-kind replacements, and the participating projects would pay pro rata shares of the costs of the incremental DER-related upgrade. For substation-level Market-Initiated Upgrades, the first project to exceed the capacity rating of the existing equipment and the projects with later queue positions that would also require the upgrade would be charged for the specific distribution hosting capacity associated with their portion of the upgrade. For distribution/sub-transmission line upgrades, the Triggering Project will provide the full cost estimate for the upgrade subject to refund if additional projects use the enabled capacity within ten years.

This proposal is intended to remove the current financial barriers to DER developers, fairly allocate the cost of distribution system upgrades to individual DG/ESS projects and provide cost certainty to Triggering Project and subsequent project developers.

The proposal has one key difference from the statewide framework. Regarding Market-Initiated Upgrades, and for Unsubscribed Capacity in the Capital Project queues, LIPA proposes a ten-year period, as opposed to a five-year period for pro rata reimbursement from later interconnecting projects that benefit from the same qualifying upgrade. A ten-year period will increase the likelihood that those responsible for the increased costs will bear them, in a proportionate manner, and reduces the likelihood of those costs being borne by ratepayers. The DPS supports this modification.

- **Proposed Rules for Combining DG Applications:** Staff proposes to add a new section to the SGIP (Section I.F) that would allow applicants of certain DG projects to combine the

³ *Order Approving Cost-Sharing Mechanism and Making Other Findings* (July 16, 2021), issued in Cases 20-E-0543 and 19-E-0566 (“July 2021 Order”).

⁴ Utility-Initiated Upgrades are those substation transformer bank and proactive zero sequence voltage installations planned by LIPA that could be modified to provide for greater hosting capacity than the replacement-in-kind project that LIPA would otherwise install. Market-Initiated Upgrades are those upgrades identified through the course of the interconnection process triggered by proposed projects.

projects for the purpose of PSEG Long Island’s study and review. This proposal would apply to DG projects with complete applications that are (1) sequential in PSEG Long Island’s queue, (2) located on the same or adjacent parcels, (3) compensated at the same rate, and (4) do not exceed 5 MW. This proposal will streamline the study and review of certain DG projects in PSEG Long Island’s queue.

Staff also proposes various minor changes to the SGIP to further conform the SGIP to the Statewide SIR, as shown in the attached redline.

Interconnection Cost Sharing: Financial Impact

This proposal would have the potential to increase the utility’s contribution to capital projects that are not fully paid for by the interconnection developers. To mitigate the risk to ratepayers, unassigned project costs shall be capped at 2% of a utility’s distribution and sub-transmission electric capital investment budget per fiscal year. In 2022 that cap would be \$11,123,297. A tracking mechanism would be established to monitor the capital dollars and participants will be notified each year of the point at which cost sharing is no longer available due to the cap.

Interconnection Cost Sharing: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Comments on the Interconnection Cost Sharing proposal were received from the New York Solar Energy Industries Association (“NYSEIA”) and are summarized here.

- **First**, NYSEIA recommended that LIPA and PSEG Long Island adopt cost sharing transparency principles and data sharing processes aligned with those recently adopted by the State’s investor-owned utilities and approved by the PSC.
 - **LIPA Staff Response:** LIPA Staff agrees that PSEG Long Island should assess the alignment of its data transparency principles and data sharing processes with those of the State’s investor-owned utilities. Any modifications needed to bring those principles and processes into greater alignment with statewide policy should be presented to the Long Island Interconnection Working Group for its consideration, in collaboration with DPS Staff. Interested stakeholders may also raise proposed modifications for evaluation by the Working Group. PSEG Long Island should also ensure that its data transparency principles and data sharing processes conform with the Policy on Values of Responsiveness and Integrity adopted by the LIPA Board of Trustees and are aligned with the transparency principles being developed in the ongoing transmission planning proceeding in Case 20-E-0197.⁵
- **Second**, NYSEIA recommends that utility-initiated Multi-Value Distribution (“MVD”) upgrades should be expanded to include (1) sub-transmission and distribution lines and (2) upgrades that are constructible within a 36-month time period.

⁵ Available at <https://www.lipower.org/wp-content/uploads/2022/10/Board-Policies-9-2022.pdf>.

- **LIPA Staff Response:** The proposal was designed to be as consistent as possible with the statewide cost sharing framework. Under the statewide framework, utility-initiated MVD upgrades include Bank Upgrades and 3V0 Upgrades that are constructible within 24 months. LIPA Staff is open to other types of upgrades being considered for inclusion in the framework, however, we believe there is value in a uniform statewide approach and recommend that any categorical changes to upgrade eligibility should be considered by the statewide Coordinated Grid Planning Process and the statewide Interconnection Working Group, which has broader participation than the Long Island Interconnection Working Group, including a full panoply of statewide stakeholders and subject matter experts. To the extent there are Long Island-specific considerations, such considerations may be raised in the Long Island Interconnection Working Group. LIPA staff notes that, in addition to the interconnection cost sharing framework, other venues exist for the socialization of costs for T&D upgrades that expand hosting capacity, such as the T&D upgrades proposed in the utility hosting capacity studies and proceedings under the Accelerated Renewable Energy Growth and Community Benefit Act.

- **Third,** NYSEIA recommends that the timeline for funding of Market-Driven upgrades should be extended from 90 days to 180 days of completion of the CESIR study, with a 30% payment to be due as of the original 90-day deadline instead of the full 100%.
 - **LIPA Staff Response:** LIPA Staff is open to consideration of this modification, however, we reiterate that the cost-sharing procedures should be aligned with the statewide framework and that any substantive modifications should receive full consideration by the appropriate stakeholder interconnection working groups. We further advise that special consideration be given to ensuring that Long Island ratepayers are not unduly or unwittingly subject to greater financial exposure than the rest of the State's ratepayers.

- **Fourth,** NYSEIA recommends that PSEG Long Island prepare a review and report on the new cost sharing provisions after one year, including any recommended refinements, for consideration by the Long Island Interconnection Working Group.
 - **LIPA Staff Response:** LIPA Staff agrees and proposes that PSEG Long Island conduct a 1-year review and report for consideration by the working group.

The DPS recommended adoption of the Interconnection Cost Sharing proposal. The DPS also recommended that LIPA and PSEG Long Island develop a proposal in collaboration with Staff to better align with statewide data transparency principles by providing developers access to cost sharing information without undue burden. DPS explained that the approach should be consistent with the process of the NYS IOUs, which would increase its effectiveness at attracting DER development. DPS notes that the Commission has directed DPS Staff to address the need for improved data transparency in the ongoing transmission planning proceeding in Case 20-E-0197 and recommends that LIPA and PSEG Long Island follow that proceeding and consider how the results of that process can be implemented in the service territory. LIPA Staff agrees and incorporates these recommendations herein.

Large Renewable Host Community Benefit Program: Background

The Accelerated Renewable Energy Growth and Community Benefit Act⁶ (the “Act”), effective April 3, 2020, required the Commission to establish a program under which owners (“Renewable Owners”) of Major Renewable Energy Facilities (“MRE Facilities”)⁷ would provide benefits to residential utility customers in communities where MRE Facilities are located (“Renewable Host Communities”).⁸

The Act also provides that LIPA shall establish a program in its service territory to achieve the same objectives as the Commission-regulated utilities in the State.⁹

On February 11, 2021, the Commission issued an *Order Adopting a Host Community Benefit Program*.¹⁰ The Order established a Host Community Benefit Program to be administered by the PSC-regulated electric utilities.¹¹ By this proposal, LIPA proposes to adopt the same program in its service territory.

Large Renewable Host Community Benefit Program: Proposed Action

Program Overview

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. 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. 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.

⁶ 2020 New York State Session Laws Chapter 58, Part JJJ.

⁷ 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.

⁸ 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 NYSEERDA has executed an agreement for the acquisition of environmental attributes related to a solicitation issued by NYSEERDA after April 3, 2020. The Act, § 8.

⁹ Id.

¹⁰ 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”).

¹¹ Order, Ordering Clauses 4 and 7.

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 the 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 arising from 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. 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.

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.

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.

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.

Large Renewable Host Community Benefit Program: Financial Impact

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.

Large Renewable Host Community Benefit Program: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the Large Renewable Host Community Benefit Program.

The DPS recommended adoption of the Large Renewable Host Community Benefit Program.

Long Island Choice Program: Background

The LIPA Board of Trustees originally approved Long Island Choice in May 1998 to offer electric customers the opportunity to choose their supplier of electricity. Long Island Choice is a voluntary program designed to give consumers greater choice in selecting their energy supplier. The program allows electric customers to choose an alternative supplier for the commodity portion of their electric service such as an Energy Services Company (“ESCO”) or Community Choice Aggregator (“CCA”).

The New York Department of Public Service (“DPS”) initiated a stakeholder collaborative proceeding in December 2015 to assess Long Island Choice (“Long Island Choice Proceeding”).¹² DPS’s objective was to investigate potential benefits to Long Island consumers from retain choice and examine what reforms, if any, were needed to achieve them.

On October 16, 2020, DPS issued a notice soliciting comments in the Long Island Choice Proceeding to address the potential benefits of retail competition for the LIPA service territory. Many parties, including PSEG Long Island on behalf of LIPA, participated in stakeholder technical conferences and submitted comments. In its comments, PSEG Long Island included proposed enhancements to the Long Island Choice program and Power Supply Charge, featuring a disaggregation of the Power Supply Charge into a bypassable Market Supply Charge and a non-bypassable Local Supply Charge. Other parties commented on the proposal and participated in technical conferences held on March 4, 2021, March 23, 2021, April 13, 2021, and May 5, 2021 to refine the proposal. The conferences facilitated a healthy conversation among stakeholders on the future of Long Island Choice, including improvements to the way LIPA’s power supply charges are calculated and presented to Long Island Choice customers. DPS filed a whitepaper in October 2021 summarizing and discussing the issues addressed in the technical conferences and recommending that the Board adopt improvements proposed in the Proceeding.

The majority of the recommendations from the Long Island Choice Proceeding were adopted by the LIPA Board on December 15, 2021 and implemented in 2022.¹³ This proposal contains the remaining recommendations not already adopted.

Long Island Choice Program: Proposed Action

¹² See Matter No. 15-02754, In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers, Notice Requesting Comments and Establishing Participatory Process (December 31, 2015).

¹³ <https://www.lipower.org/wp-content/uploads/2021/12/6.-Approval-of-Tariff-Changes-4.pdf>.

The proposed amendments to Long Island Choice will:

- (1) enhance Long Island Choice by implementing a Merchant Function Charge generally consistent with the programs of other electric utilities in New York State; and
- (2) establish the purchase of receivables rate for ESCOs that elect to take part in the Consolidated Bill Option with Purchase of Receivables.

Merchant Function Charge

Staff proposes to implement a Merchant Function Charge for all customers receiving supply from LIPA. The Merchant Function Charge will be bypassable (i.e. waived) for customers who participate in Long Island Choice. This proposal provides greater transparency for LIPA customers into power supply related costs and increases the portion of the customer bill for which Choice customers may obtain services with an alternative supplier such.

The Merchant Function Charge is a mechanism that recovers the following costs associated with providing full requirements service:

- (1) Electricity Supply Procurement: These costs are based on LIPA's budgeted amount for electric supply procurement.
- (2) Electricity Supply Credit and Collection: These costs are based on LIPA's budgeted amount for electric supply credit and collection.
- (3) Electricity Supply Uncollectible Expenses: These costs are based on LIPA's budgeted amount of electric supply uncollectible costs.
- (4) Debt Service on Purchased Power Costs: These costs are based on the budgeted amount of debt service on electric supply.

Currently, these costs are included in LIPA's rates for Delivery Service applicable to all Delivery Service customers, including Long Island Choice participants. The Merchant Function Charge will be calculated based on the costs identified above divided by the budgeted annual (kWh) sales and presented on a Statement that LIPA staff will update annually or as needed due to changes in the underlying budgeted expenses.

Consolidated Bill Option with Purchase of Receivables

In 2021, the LIPA Board approved a Consolidated Bill Option with Purchase of Receivables, making the Long Island Choice program more consistent with the rest of the State's retail choice programs and providing greater convenience for participating customers. This proposal supplements the 2021 proposal by establishing the formula and components to be used in setting the purchase of receivables rate.

The purchase of receivables rate recovers the utility's cost of performing collection services on behalf of ESCOs that elect the Consolidated Bill Option with Purchase of Receivables. This practice is standard among the State's investor-owned utilities and has been approved by the Commission for the regulated utilities. Staff proposes to follow the same procedures governing purchase of

receivables already in place at New York’s investor-owned utilities. The purchase of receivables rate consists of a percentage factor that reflects the likely amount of uncollectible ESCO charges billed by LIPA and the administrative cost for performing the collection services, which is estimated to be approximately 1%.¹⁴ PSEG Long Island, as LIPA’s service provider, will enter into a contract with each ESCO that enrolls in the Consolidated Bill Option with Purchase of Receivables. Under said contract, PSEG Long Island will remit the ESCO charges (less the purchase of receivables factor) to the ESCO and assume full responsibility to recover the revenue from participating customers. As with all collection activity, residential customers will be entitled to the full protections of the Home Energy Fair Practices Act (“HEFPA”). LIPA will adjust the factor annually going forward, based on actual experience, so that the amount remitted to ESCOs tracks LIPA’s actual recovery of those charges on an accurate and up-to-date basis.

The purchase of receivables rate is equal to Electricity Supply Credit and Collection costs, plus the Electricity Supply Uncollectible Expense costs and Debt Service on Purchased Power Costs derived for the Merchant Function Charge, calculated as a percentage of budgeted market supply revenues.

Long Island Choice Program: Financial Impact

Because the purchase of receivables rate is designed to recover the costs associated with offering this option, the proposal will have no financial impact on LIPA and its customers.

Long Island Choice Program: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Comments on the Long Island Choice Program proposal were received from one stakeholder, representing Peak Power LI and Choice Community Power, and are summarized here.

- The commenter supported the concept of the Merchant Function Charge (“MFC”) and Purchase of Receivables option. However, the commenter recommended that costs proposed to be included in the MFC are too narrowly defined and should also include the cost of procuring capacity. The commenter opined that recovery of capacity-related costs from Long Island Choice customers will not enable a competitive supply market to flourish on Long Island.
 - **LIPA Staff Response:** The MFC was developed pursuant to specific recommendations issued by DPS in the Long Island Choice collaborative and is designed to be consistent with the MFCs in effect at the State’s investor-owned utilities, which do not contain capacity costs. In the Long Island Choice collaborative, PSEG Long Island identified each of LIPA’s power supply costs by budget line item and classified each as bypassable or non-bypassable. The Power Supply Charge was unbundled into separate (bypassable) Market Supply Charges and (non-bypassable) Local Supply Charges, and those modifications were adopted by the LIPA Board of Trustees on December 15, 2021. LIPA Staff does not

¹⁴ The percentage amount will be determined based on actual 2023 budget costs for the items identified the proposal section.

recommend re-opening those settled decisions at this time.

The DPS recommends adoption of the Long Island Choice proposal.

Prolonged Outage Credits and Reimbursements: 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 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.

On November 19, 2013, the New York Public Service Commission issued an order setting forth policies regarding prolonged outages applicable to the State's investor-owned utilities.¹⁵ In the 2013 order, the Commission defined a "Prolonged Outage" as an outage resulting from an emergency in which electricity customers are out of service for a continuous period exceeding three days and for which the 16 NYCRR Part 105 regulations governing utility outage preparation and system restoration apply. The Commission ordered that, for any event resulting from an emergency in which electric customers are out of service for a period exceeding three days, the regulated utilities must credit customer charges incurred during the period of the outage.

LIPA adopted conforming changes to its Tariff on December 15, 2021.¹⁶ Pursuant to the 2021 changes, credits for daily service charges will apply for any customer LIPA knows or reasonably believes was out of service for a period exceeding three days, or upon request from any customer that contacts LIPA and credibly claims they experienced an outage of such duration. LIPA will suspend all collection-related activities including terminations of service for non-payment for at least 7 days.

In addition, for outages exceeding three days following an emergency, any residential or non-residential customer who notifies LIPA and provides evidence that their financial circumstances have changed because of the event will have all collection-related activities, including terminations of service for non-payment, suspended for at least 14 days.

In July 2022, the Commission issued an order in Case 22-M-0159 implementing the provisions of Public Service Law § 73, which requires utilities to provide customers with bill credits of \$25 per day and reimbursement for food and medicine reimbursement in the event of a widespread prolonged outage.¹⁷ The July 2022 Order directed the investor-owned utilities in the State to make tariff amendments necessary to implement the terms of Public Service Law § 73.

Prolonged Outage Credits and Reimbursements: Proposed Action

LIPA Staff proposes to modify the Tariff such that, in the event of a Widespread Prolonged

¹⁵ 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 Establishing Policies (November 18, 2013) (the "2013 Order").

¹⁶ <https://www.lipower.org/wp-content/uploads/2022/01/2021-12-15-Approval-of-Tariff-Changes.pdf>

¹⁷ Case 22-M-0159 – Proceeding to Implement Customer Credits and Reimbursements Pursuant to Public Service Law Section 73, Order Implementing Public Service Law Section 73 (July 14, 2022) ("July 2022 Order").

Outage,¹⁸ customers will be provided with bill credits and reimbursement for spoiled food and/or prescription medication on the same terms as customers of the investor-owned utilities.¹⁹

In the event of a Widespread Prolonged Outage, LIPA Staff's proposal would provide: (1) a bill credit of \$25 to eligible residential customers for each calendar day of service outage that occurs after the first three days of the Widespread Prolonged Outage; (2) reimbursement to eligible residential customers, up to \$235, for any food that spoils due to lack of refrigeration resulting from a Widespread Prolonged Outage if the residential customer provides an itemized list, or up to \$540 if the customer provides proof of loss; (3) reimbursement to eligible residential customers, up to the amount of the actual loss, for prescription medications that have spoiled due to lack of refrigeration resulting from a Widespread Prolonged Outage if the residential customer provides an itemized list and proof of loss; and (4) reimbursement to eligible small business customers, up to \$540, for any food that spoils due to lack of refrigeration resulting from a Widespread Prolonged Outage, if the small business customer provides an itemized list and proof of loss.

To receive reimbursement for spoiled food and/or prescription medication, residential and small business customers²⁰ are required to provide LIPA with itemized lists and/or proof of loss within 14 days following the end of the Widespread Prolonged Outage.

Pursuant to Public Service Law § 73 and the July 2022 Order, the regulated investor-owned utilities may petition the Commission for a waiver of the credit/reimbursement requirements and the Commission may grant the waiver if doing so is “fair, reasonable, and in the public interest.”²¹ Because LIPA is not subject to Commission jurisdiction, Staff proposes an alternative approach to apply the same standard: Following a Widespread Prolonged Outage, if LIPA Staff believes waiving the credit/reimbursement provisions is fair, reasonable, and in the public interest, LIPA Staff will request that the DPS issue a recommendation to LIPA. Upon recommendation of the Department of Public Service, LIPA will determine if a waiver of the credit/reimbursement provisions is “fair, reasonable, and in the public interest.”

Prolonged Outage Credits and Reimbursements: Financial Impact

In the event of a Widespread Prolonged Outage that, for example, impacts 100,000 residential customers for an average of four days, the resulting credits would be \$2.5 million for the \$25 credit for the subsequent calendar day of service outage occurring after the initial three days of the outage, and \$23.5 million for reimbursement of \$235 for food spoilage. However, the proposal will have no financial impact on LIPA because the lost revenues will be recovered in the Revenue Decoupling Mechanism (“RDM”). The actual amount of the bill credits applied to affected customers would depend on a number of factors such as: the total number and type of customers affected by the outage, duration of the outage, whether an itemized list or receipts are provided, and whether the loss involves spoiled food or medication.

¹⁸ A Prolonged Outage would occur when a customer experiences an electric power outage for more than three (3) calendar days resulting from a “Major Storm” as defined in 16 NYCRR § 97.1 (c).

¹⁹ A Widespread Prolonged Outage in the July 2022 Order means an electric outage event impacting at least 20,000 customers at the same time and having one or more customers who remain without power for 72 hours or more due to utility-owned equipment unable to provide power.

²⁰ Small business customers are only eligible for reimbursement for spoiled food.

²¹ Public Service Law § 73; July 2022 Order, at 3.

Prolonged Outage Credits and Reimbursements: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments from the public were received on the Prolonged Outage Credits and Reimbursements proposal.

The DPS recommends adoption of the Prolonged Outage Credits and Reimbursements proposal with modifications, which have been incorporated herein. **First**, the DPS recommended that LIPA's waiver of daily service charges for customers experiencing prolonged outages should be expanded to include daily meter charges. **Second**, DPS recommends that qualified customers should automatically receive outages credits within 30 days and be able to apply for reimbursement for spoiled food and medicine in the event of a widespread prolonged outage, unless the utility applies for a waiver. **Third**, the DPS recommended that customers should have the ability to request monetary reimbursement, since customers with low bills (such as LMI or solar customers) could take many months to fully utilize their bill credits. **Fourth**, the DPS recommended that the process for a utility-initiated waiver of the prolonged outage reimbursements should more closely align to the statewide approach, except that any waiver proposed by LIPA staff should be subject to a DPS review and recommendation to the LIPA Board of Trustees. The original proposal included a waiver provision that would have effectively shifted the burden to the DPS to initiate a waiver recommendation, which would have differed from the approach in effect at the rest of the State's major utilities. **Fifth**, the DPS recommended that reimbursements be applied only to customers who have experienced an outage lasting longer than 72 hours. The original proposal would have provided reimbursements to any customer whose sustained outage affected any part of three calendar days. The DPS recommendation better aligns the proposal with the statewide approach and has been adopted in the attached Tariff leaves. **Sixth**, the DPS recommended that PSEG Long Island develop a communication plan regarding prolonged outage credits and reimbursements to be included in its Emergency Response Plan.

LIPA staff agrees with these DPS recommendations and has incorporated them into the proposal. For clarification, we note that customers carrying a credit balance on their account are always entitled to request monetary reimbursement, so this recommendation does not require changes to the proposal. Regarding the waiver provision, we note that the DPS is free to direct any recommendations issued under this provision to either the LIPA Board or the LIPA CEO. Delegation of authority from the LIPA Board to the LIPA CEO will be determined by applicable LIPA Board policies then in effect.

Solar Communities Customer Benefit: 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. LIPA has supported the development of over 67,000 distributed solar projects totaling 851 megawatts

(DC)²² of capacity.

LIPA also strives to expand access to 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.

Like the rest of the State's major electric utilities, LIPA offers third-party administered community solar, where a larger solar facility is built at a host site, and the output of the solar system is distributed to the satellite participants for their benefit. There are currently 12 megawatts of Community Distributed Generation (CDG) projects on Long Island, comprising roughly 1.3% of the 914 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 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.

Solar Communities Customer Benefit: Proposed Action

LIPA Staff proposed 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 maximum allowable number of participants for the Solar Communities Discount Program will depend on the amount of DC capacity that is procured through the FIT.

²² 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.

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.²³ LMI customer enrollments will be awarded through an annual random lottery process, and selected customers will have the opportunity to opt-out of the Solar Communities Discount Program if they choose not to participate.

The number of participants will be determined in January of each year based on the projection of solar generation to be received from the 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 a random lottery process. A customer that is selected and does not opt-out of the program will receive a \$10 monthly bill credit for twelve months (365 days), beginning February 1. Participants will continue to receive the credit for the full year, notwithstanding changes in their LMI status or the total kWh available through the Solar Communities FIT during the year. The credit cannot be transferred to new service locations. The number of participants in subsequent years will be adjusted based on the amount of generation from Solar Community FIT projects. 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.

Solar Communities Customer Benefit: Financial Impact

As proposed, the Solar Communities Discount Program is expected to provide \$0.36 million²⁴ 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.

Solar Communities Customer Benefit: Stakeholder and DPS Comments

²³ 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. LMI customers receiving the Tier 4 bill discounts will not be eligible to participate because their electric bills are paid directly by third party social service agency vouchers.

²⁴ 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).

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Comments on the Solar Communities Customer Benefit proposal were received from one stakeholder, representing Peak Power LI and Choice Community Power, and are summarized here.

- The commenter recommended that participants in other solar programs, such as third-party administered CDG, should also be eligible for participation in Solar Communities. The commenter observed that, in the Expanded Solar for All proceeding, the PSC directed National Grid to open a similar program to dual participation with third-party CDG. The commenter opined that participants in Solar Communities would be disadvantaged because they would be excluded from simultaneously participating in third-party CDG, which—according to the commenter—would provide customers bill savings up to 20% greater than the savings provided by Solar Communities.
 - **LIPA Staff Response:** The Solar Communities program was designed to increase the total number of low-income customers enrolled in a community solar program, and to do so at a lower cost to non-participants than is possible with third-party CDG. Third-party CDG projects currently do not have enough spots to serve all low-income customers and, unlike Solar Communities, third-party CDG projects generally are not dedicated to serving *only* low-income customers. Nevertheless, LIPA Staff recommends that PSEG Long Island perform a one-year review and report on the Solar Communities program. The report should consider the eligibility modifications recommended by Peak Power LI and Choice Community Power and recommend any enhancements to the program, including enhancements to the dollar amount of the customer bill credits to ensure the credits are comparably sized to third-party CDG programs. The report should consider the extent to which dual participation is consistent with the above objectives of the Solar Communities program, statewide policy, and the LIPA Board’s policies on Customer Value, Affordability and Rate Design, and Clean Energy and Power Supply. In its one-year report, PSEG Long Island should also report on the program’s administrative costs, as recommended by the DPS.

The DPS recommends adoption of the Solar Communities Customer Benefit proposal, including the restriction on dual participation at the inception of the program. DPS observed that this restriction will ensure LMI customers who are not currently served by any distributed solar projects are prioritized for the proposed program. DPS also recommended that LIPA and PSEG Long Island track and report on the program’s administrative costs. LIPA agrees with this recommendation and has incorporated it into the proposal.

Public Comments

LIPA held three public comment sessions on the proposed tariff changes on November 16th and 17th, 2022, and solicited written comments through November 28th. Transcripts of the public comment sessions and a compendium of written comments received are attached as exhibits, and the comments are summarized above, together with responses from LIPA Staff.

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

<u>Exhibit A-1</u>	Resolution Approving Interconnection Cost Sharing
<u>Exhibit A-2</u>	Resolution Approving Large Renewable Host Community Benefit Program
<u>Exhibit A-3</u>	Resolution Approving Long Island Choice Program
<u>Exhibit A-4</u>	Resolution Approving Prolonged Outage Credit and Reimbursements
<u>Exhibit A-5</u>	Resolution Approving Solar Communities Customer Benefit
<u>Exhibit B-1</u>	Interconnection Cost Sharing - Tariff Redline
<u>Exhibit B-2</u>	Large Renewable Host Community Benefit Program - Tariff Redline
<u>Exhibit B-3</u>	Long Island Choice Program - Tariff Redline
<u>Exhibit B-4</u>	Prolonged Outage Credit and Reimbursements - Tariff Redline
<u>Exhibit B-5</u>	Solar Communities Customer Benefit - Tariff Redline
<u>Exhibit C</u>	DPS Letter of Recommendation on Tariff Changes
<u>Exhibit D</u>	Public Comment Session Transcripts
<u>Exhibit E</u>	Compendium of Written Public Comments

APPROVAL OF MODIFICATIONS TO LIPA’S TARIFF RELATED TO INTERCONNECTION COST SHARING

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board’s commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, and encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy; and

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board’s commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA’s share of the clean energy goals of New York’s Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage.; 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, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; 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 14, 2022, public hearings were held on November 16 and November 17, 2022, 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, 2023; 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 14, 2022

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO THE LARGE RENEWABLE HOST COMMUNITY BENEFIT PROGRAM

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, and encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy; and

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage.; 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, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; 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 14, 2022, public hearings were held on November 16 and November 17, 2022, 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, 2023; 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 14, 2022

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

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, and encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy; and

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage.; 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, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; 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 14, 2022, public hearings were held on November 16 and November 17, 2022, 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, 2023; 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 14, 2022

APPROVAL OF MODIFICATIONS TO LIPA’S TARIFF RELATED TO PROLONGED OUTAGE CREDITS AND REIMBURSEMENTS

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board’s commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, and encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy; and

WHEREAS, the Board of Trustees of the Long Island Power Authority (“LIPA”) has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board’s commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA’s share of the clean energy goals of New York’s Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage.; 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, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; 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 14, 2022, public hearings were held on November 16 and November 17, 2022, 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, 2023; 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 14, 2022

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO THE SOLAR COMMUNITIES CUSTOMER BENEFIT PROGRAM

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, and encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy; and

WHEREAS, the Board of Trustees of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act, including those for renewables, offshore wind, distributed solar, and storage.; 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, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; 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 14, 2022, public hearings were held on November 16 and November 17, 2022, 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, 2023; 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 14, 2022

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

- (1) A Residential Micro-Hydroelectric Customer-generator shall be net metered only if the rated capacity of the Micro-Hydroelectric generating equipment is equal to or less than twenty five (25) kilowatts. If the rated capacity of the Micro-Hydroelectric Generating Equipment owned and/or operated by the residential Customer-generator is greater than 25 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy-Back Service.
 - (2) A Residential Customer-generator that combines Solar Electric, Wind Electric, or Micro-Hydroelectric Generating Equipment in a hybrid system shall be net metered only if:
 - (a) The rated capacity of the combined system is equal to or less than twenty five (25) kilowatts, or five hundred (500) kilowatts if a Residential Farm Customer, and
 - (b) The solar portion of the installation meets the eligibility for Residential Solar Electric Generating Equipment and
 - (c) The wind portion of the installation meets the eligibility for Residential Customers or a Residential Farm Customer for the Wind Electric Generating Equipment and
 - (d) The micro-hydroelectric portion of the installation meets the eligibility for Residential Micro-Hydroelectric Generating Equipment.
- b) Non-Residential Net Metering Requirements

- (1) A Non-residential Solar, or Wind, or Farm Waste, or Fuel Cell, or Micro-Hydroelectric Electric Customer-generator shall be net metered if the rated capacity of the Electric Generating Equipment is equal to or less than 5,000 kilowatts. If the rated capacity of the Solar or Wind or Farm Waste, or Fuel Cell, or Micro-Hydroelectric Electric Generating Equipment is greater than the limits specified herein, net metering shall not apply and the Customer-generator may be served under Service Classification 11-Buy-Back service.
- (2) Existing generators sized greater than 2,000 kilowatts and up to 5,000 kilowatts that meet the eligibility criteria above, and are not currently compensated under the Value Stack tariff shall be permitted to opt-in to participate in the VDER tariff and receive Value Stack Compensation.
- (3) To qualify for net metering, the Customer Generator must comply with the requirements of the generating size limits by complying with the following criteria:
 - (a) Each project up to the respective generating size limit must be separately metered and separately interconnected to the utility grid;
 - (b) Each project must be located on a separate site which can be accomplished by a project having a separate deed or a unique Section-Block-Lot (SBL), a separate lease, and a separate metes and bounds description recorded via either a deed or separate memorandum of lease uniquely identifying each project; and,
 - (c) Each project must operate independently of other units.



**~~Smart Grid~~ Small Generator Interconnection Procedures
For Distributed Generators and/or Energy Storage Systems Less than 10 MW Connected in
Parallel with LIPA's Radial Distribution Systems**

Revised ~~January~~ June 14, 20203

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Section I. Application Process

Section I.A. Introduction

The ~~Smart Grid~~ Small Generator Standardized Interconnection Procedures (“SGIP”) for Distributed Generators and/or Energy Storage Systems Less Than 10 MW Connected in Parallel with LIPA’s Radial Distribution Systems, administered by PSEG Long Island, as the service provider and agent for LIPA,¹ provides a framework for processing applications for interconnection to LIPA’s Distribution System for:

- i. Interconnection of new distributed generation (“DG”) facilities with an alternating current (AC) nameplate rating of less than 10 MW (aggregated on the customer side of the point of common coupling (“PCC”));
- ii. Interconnection of new energy storage system (“ESS”) facilities with an AC inverter/converter nameplate rating of less than 10 MW aggregated on the customer side of the PCC that may be stand-alone systems or combined with existing or new DG (“Hybrid Projects”); however, maximum export capacity onto the utility distribution system is capped at an AC nameplate rating or AC inverter/converter nameplate rating of less than 10 MW;
- iii. Modifications to existing distributed generation facilities and/or ESS facilities with a nameplate rating of less than 10 MW (aggregated on the customer side of the PCC) that have been interconnected to the LIPA Distribution System and where an existing contract between the applicant and LIPA is in place;
- iv. For new distributed generation facilities less than 10 MW, interconnection to specific voltage level of the Distribution LIPA System will be determined during the study phase of the application process;
- v. New distributed generation facilities 10 MW and above must connect to LIPA’s transmission system and make application to the New York Independent System Operator (“NYISO”) under its Small Generator Interconnection Procedures (“NYISO SGIP”) or Large Generator Interconnection Procedures (“LGIP”), as applicable;
- vi. PSEG Long Island will use reasonable efforts to adhere to the specific timeline set forth in the SGIP. However, additional time may be needed to conduct research, studies, and other tasks necessary for interconnection of new technologies. Once such a system is successfully interconnected, it will no longer be considered a new technology, and PSEG Long Island will follow the timelines in accordance with this ~~agreement~~SGIP.

If a Distributed Generation or Energy Storage System is neither designed to operate nor operating in parallel with LIPA’s System, such equipment is not subject to these requirements.

The application procedures set forth in Section I are organized to facilitate efficient review of potential interconnections to LIPA’s Distribution System. This document will help ensure that applicants are aware of the technical interconnection requirements and LIPA’s interconnection policies and practices. This SGIP and related procedures will also provide applicants with an understanding of the process and information required to allow PSEG Long Island to review and accept the applicants’ equipment for interconnection in a reasonable and expeditious manner.

¹ This SGIP is an Addendum to, and part of, LIPA’s Tariff for Electric Service. As the service provider for LIPA, PSEG Long Island (as defined herein) administers the SGIP on LIPA’s behalf as its agent.

The application procedures for up to 10 MW distributed generator interconnections to LIPA's Distribution System are detailed in Section I and organized for three categories of generator interconnections. Section I.B addresses application procedures for systems of less than 50 kW as well as inverter-based systems above 50 kW up to 300 KW that have been certified and tested in accordance with UL 1741. Section I.C addresses application procedures for systems above 50 kW up to 5 MW. Section I.D addresses application procedures above 5 MW up to 10 MW. ~~All systems 0-5-10 MW are eligible to use web-based application procedures, which are detailed in Section I.E.H.G.~~

For systems sized between 0-5 MW, the time required to complete the process will reflect the complexity of the proposed project. Projects using previously submitted designs certified per the requirements of Section ~~H.H.7.1.1 and 8.1.1 of PSEG Long Island's -Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA's Distribution System for Preliminary Screening Analysis~~ -will move through the process more quickly, and several steps may be satisfied with an initial application depending on the detail and completeness of the application and supporting documentation submitted by the applicant. Applicants submitting systems utilizing certified equipment, however, are not exempt from providing PSEG Long Island with complete design packages necessary for PSEG Long Island to verify the electrical characteristics of the generator systems, the interconnecting facilities, and the impacts of the applicants' equipment on LIPA's Distribution System.

The application process and the attendant services are offered on a non-discriminatory basis. PSEG Long Island will clearly identify its costs related to the applicants' interconnections, specifically those costs PSEG Long Island would not have incurred but for the applicants' interconnections. PSEG Long Island will keep a log of all applications, milestones met, and justifications for application-specific requirements. The applicants are to be responsible for payment of all costs, as provided for herein.

All interconnections to LIPA's Distribution System are subject to the ~~Smart Grid-SGIP~~Interconnection Requirements set forth in Section II. These requirements detail the technical interconnection requirements and PSEG Long Island interconnection policies and practices. Where specific standards or requirements are applicable to a specific type of system or to a system of a particular kW or MW value, such limitations are noted in the applicable standards.

Currently, LIPA does not allow any interconnection of Distributed Generation in Underground secondary Network Areas of the LIPA ~~D~~istribution ~~S~~system.

All application timelines shall commence the next Business Day following receipt of information from the applicant. For purposes of determining the date of an applicant's payment, when a payment is required, fees paid by wire transfer shall be deemed paid on the day of the transfer, whereas fees paid by check shall be deemed paid on the day the check clears.

Additional technical references and requirements are included in "PSEG Long Island's ~~Smart Grid-Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA's Distribution System~~" document which addresses such matters as the following:

- Voltage Response
- Frequency Response
- Reconnection to LIPA's Distribution System
- Induction Generators
- Inverters
- Minimum Protective Functions

- Metering
- Islanding
- Operating Requirements
- Disconnect Switch
- Power Quality
- Power Factor
- Equipment Certification (new section)
- Verification Testing (new section)
- Preliminary Screening Analysis
- Other technical requirements

All Interconnection Customers must comply with “PSEG Long Island’s ~~Smart Grid~~—Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA’s Distribution System” document, as it may be modified by LIPA from time to time.

All SGIP applicants that are subject to the Business Practices for Distributed Energy Resource Suppliers (“BP-DERS”) that are in non-compliance of the BP-DERS may be subject to the suspension of their application for interconnection to LIPA’s Distribution System.

A glossary of terms used herein is provided in Section III.

Section I.B. Application Process Steps for Systems 50 kW or Less (Expedited/Fast Track Process)

Exception 1: For inverter based systems above 50 kW up to 300 kW, applicants may follow the expedited application process outlined in this ~~S~~section provided that the inverter based system has been certified and tested in accordance with the most recent revision of UL 1741 and its supplement A (SA), and PSEG Long Island has approved the project accordingly. PSEG Long Island has ten (10) Business Days upon receipt of the original application submittal to determine if the application is complete, ~~the~~ project is eligible for the expedited process, and whether it is approved for interconnection if eligible for expedited process. PSEG Long Island shall notify the applicant in writing of its findings upon review of the application. If PSEG Long Island determines that the inverter based system is not eligible for the expedited application process, the applicant can:

1) Proceed with the remaining steps of Section I.C of the SGIP (Systems above 50 kW up to 5 MW);

Exception 2: For non-inverter based systems ~~s~~ 50 kW or less, the applicant should be aware that additional information and review time may be required by PSEG Long Island (refer to Step 3). The applicant must include the items required in Step 5 of ~~the Application Process Steps for Systems above 50 kW up to 5 MW~~ Section I.C in its original application. This exception should not be considered the rule, but used by PSEG Long Island only in justified situations. PSEG Long Island has ten (10) Business Days upon receipt of the original application submittal to determine if the application is complete, project is eligible for expedited process, and whether it is approved for interconnection if eligible for expedited process. PSEG Long Island shall notify the applicant in writing of its findings upon review of the application. If PSEG Long Island determines that the non-inverter based system is not eligible for the expedited application process, the applicant can:

1) Proceed with the remaining steps of Section I.C of the SGIP (Systems above 50 kW up to 5 MW);

STEP 1: Initial Communication from the Potential Applicant

Communication could range from a general inquiry to a completed application.

STEP 2: The Inquiry is reviewed by PSEG Long Island to Determine the Nature of the Project

Technical staff from PSEG Long Island discusses the scope of the interconnection with the potential applicant (either by phone or in person) and provides a copy of the SGIP document and any LIPA specific technical specifications that may apply. A PSEG Long Island representative will be designated to serve as the single point of contact for the applicant (unless PSEG Long Island informs the applicant otherwise) in coordinating the potential applicant's project with PSEG Long Island.

STEP 3: Potential Applicant Files an Application

The potential applicant submits an application package to PSEG Long Island. No application fee is required for systems 50 kW or less.

A complete application package will consist of all items detailed in Appendix F. ~~PSEG Long Island strongly prefers e~~Electronic submission of all documents via Interconnection Online Application Portal ("IOAP") is required, including electronic signatures, whenever possible. PSEG Long Island has ten (10) Business Days upon receipt of the original application submittal to determine if the application is complete, meets the SGIP technical requirements in Section II, and/or approved for interconnection if all other requirements are met. PSEG Long Island shall notify the applicant by email, fax, or other form of written communication. If the application is deemed not complete by PSEG Long Island, PSEG Long Island shall provide an explanation of the deficiencies identified and a list of the additional information required from the applicant. Once it has received the required information, PSEG Long Island shall notify the applicant of the acceptance or rejection of the application within ten (10) Business days. If the applicant fails to submit the additional information requested by PSEG Long Island to address the deficiencies, PSEG Long Island within thirty (30) Business Days following the date of PSEG Long Island's written notification, the application shall be removed from the queue and no further action on the part of PSEG Long Island is required.

If PSEG Long Island accepts the application, the notification of acceptance to the applicant shall include an executed LIPA Standardized Interconnection Contract and the applicant may proceed with the proposed installation. PSEG Long Island shall also indicate in its response to the applicant whether or not it plans to witness the testing and verification process in person.

An application will be placed in PSEG Long Island's interconnection inventory once it is accepted as complete. If the final acceptance as set out in Step 6 below is not completed within twelve (12) months of receipt of such executed copy of the Standardized Interconnection Contract as a result of applicant inactivity or other failure to pursue diligently the timely completion of the interconnection, PSEG Long Island has the right to notify the applicant ~~by email and by~~ U.S. first class mail with delivery receipt confirmation or via email that the applicant's project will be removed from PSEG Long Island's interconnection inventory if the applicant does not respond within thirty (30) Business Days of the issue of such notification and provide a project status update and justification as to why the project should remain in PSEG Long Island's interconnection inventory for an additional period of time.

With respect to an applicant proposing to install a system rated 25 kW or less, that is to be net-metered, if PSEG Long Island determines that it is necessary to install a dedicated transformer(s) or other equipment to protect the safety and adequacy of electric service provided to other customers, the applicant shall be informed of its responsibility for the actual costs for installing the dedicated transformer(s) and other safety

equipment. ~~LIPA's Tariff for Electric Service (the "Tariff")~~ Appendix E specifies the maximum responsibility each applicant shall have with respect to the actual cost of the dedicated transformer(s) and other safety equipment. The applicant will pay the cost estimate as provided in Section I.D.

STEP 4: System Installation

The applicant will install the system according to PSEG Long Island-accepted design and the equipment manufacturer's requirements. If there are substantive design variations from the originally accepted system diagram, a revised system diagram (and other drawings for non-inverter based systems) shall be submitted by the applicant for PSEG Long Island review and acceptance. All inverter based systems will be allowed to interconnect to the LIPA system for a period not to exceed two hours, for the sole purpose of ensuring proper operation of the installed equipment.

For net metered systems, as defined in ~~LIPA's Net Metering Rules, Section H.B.6,~~ any modifications related to existing metering configurations to allow for net metering shall be completed by PSEG Long Island prior to Step 5. PSEG Long Island shall complete the necessary metering changes within ten (10) Business Days of receiving a request from the applicant.

STEP 5: The Applicant's Facility is tested in Accordance with the ~~Smart Grid~~ SGIP

Verification testing will be performed by the applicant in accordance with the written verification test procedure ~~provided by the equipment manufacturer specified in Appendix F.~~ If PSEG Long Island requested to witness the testing and verification process in person as required in Step 3, the applicant shall provide a written letter of notification to PSEG Long Island that the system installation is completed, including any applicable inspections and authorization. After receipt of notification, the verification testing will be conducted within ten (10) Business Days of system installation at a mutually agreeable time, and PSEG Long Island shall be given the opportunity to witness the tests. If PSEG Long Island opts not to witness the test, the applicant will send PSEG Long Island within five (5) days of the test a written notification, certifying that the system has been installed and tested in compliance with the ~~Smart Grid~~ SGIP, ~~the~~ PSEG Long Island-accepted design and the equipment manufacturer's instructions. The applicant's facility will be allowed to commence parallel operation upon satisfactory completion of the tests in Step 5. The applicant must have complied with and must continue to comply with all contractual and technical requirements.

STEP 6: Final Acceptance

Within five (5) Business Days of receiving the written notification of successful test completion from Step 5, PSEG Long Island will issue to the applicant a formal letter of acceptance for interconnection. If the test was not completed successfully, the project must be modified to pass the test, or the project shall be withdrawn from the PSEG Long Island queue. Within five (5) Business Days of the completion of the on-site verification, PSEG Long Island will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the system.

Section I.C. Application Process Steps for Systems above 50 ~~k~~kW up to 5 MW

If, at any point in its review of an application, PSEG Long Island determines that the project may benefit from or require a Qualifying Upgrade (as defined herein), the procedures of Appendix E shall apply.

For inverter based systems above 50 kW up to 300 kW, certified and tested in accordance with the most recent revision of UL 1741, and its supplement A (SA), applicants are encouraged, but not required, to use the expedited application process (Section I.B).

PSEG Long Island has ten (10) Business Days upon receipt of the original application submittal to determine if the application is complete and whether it is eligible for interconnection. PSEG Long Island shall notify the applicant in writing of its findings upon review of the application. If PSEG Long Island determines that the DG system cannot be interconnected or requires additional information be submitted and/or additional review time is needed, the applicant can work with PSEG Long Island on an appropriate timeframe and approval schedule agreeable to both parties.

Currently, LIPA does not allow interconnection of Distributed Generation in Underground secondary Network Areas of the LIPA distribution system.

STEP 1: Initial Communication from the Potential Applicant.

Communication could range from a general inquiry to a completed application.

STEP 2: The Inquiry is reviewed by PSEG Long Island to Determine the Nature of the Project.

Technical staff from PSEG Long Island may discuss the scope of the interconnection with the potential applicant (either by phone or in person) and shall provide a copy of the SGIP and any PSEG Long Island specific technical specifications that may apply. A PSEG Long Island representative shall be designated to serve as the single point of contact for the applicant in coordinating the potential applicant's project with PSEG Long Island. At this time the applicant may also request that a Pre-Application Report (see Appendix D herein) be provided by PSEG Long Island. The applicant shall provide a non-refundable fee of \$750 with its request for completion of the Pre-Application Report. The Pre-Application Report shall be provided to the applicant within ten (10) Business Days of receipt of the form and payment of the fee. The Pre-Application Report will be non-binding and shall only provide the electrical system data and information requested that is readily available to PSEG Long Island. Should the applicant formally apply to interconnect their proposed DG project within fifteen (15) Business Days of receipt of PSEG Long Island's Pre-Application Report, the \$750 will be applied towards the application fee in Step 3.

STEP 3: Potential Applicant Files an Application.

The potential applicant submits an application to PSEG Long Island in the name of the customer. A complete application package will consist of all items detailed in Appendix F. Electronic submission of all documents ~~via the Interconnection Online Application Portal (IOAP) is required.~~ is acceptable, inclusive of electronic signature whenever possible. If a Pre-Application Report has been provided to the customer, and an application is received by PSEG Long Island within fifteen (15) Business Days of the date of issue of the Pre-Application Report, a \$750 credit will be applied towards the application fee. Otherwise, payment of a non-refundable \$750 application fee is required.

PSEG Long Island shall review the application to determine whether it is complete in accordance with Appendix F, and whether any additional information is required from the applicant. PSEG Long Island

shall notify the applicant in writing within ten (10) Business Days following receipt of the application and the application fee. If the application is not complete, PSEG Long Island ~~’s shall provide a detailed explanation of the deficiencies and provide a list of additional information needed to the applicant~~ notification shall specify what is missing from the application and provide a list of additional information needed. PSEG Long Island shall notify the applicant by email, fax, or other form of written communication. PSEG Long Island’s review at this stage is limited to the determination of completeness from an administrative perspective and does not mean the application has also received approval from an engineering perspective. ~~The~~ PSEG Long Island may require supplemental materials and information for purposes of performing a Coordinated Electric System Interconnection Review ~~CESIR~~.

If the applicant fails to submit all items required by Appendix F, or to provide additional information identified by the PSEG Long Island within thirty (30) Business Days following the date of The applicant shall submit to PSEG Long Island all items required by Appendix F, and provide additional information identified by PSEG Long Island. If the applicant has failed to do so within thirty (30) Business Days following the date of PSEG Long Island’s notification, the application shall be deemed withdrawn and no further action on the part of PSEG Long Island is required.

~~If the required documentation is presented in this step, PSEG Long Island may move to Step 4 and perform the required reviews and allow the process to proceed as expeditiously as possible.~~

A completed application shall be placed in the interconnection queue maintained by PSEG Long Island.

If the required documentation is presented in this step, it will allow PSEG Long Island to move to Step 4 and perform the required reviews and allow the process to proceed as expeditiously as possible.

PSEG Long Island will refund any advance payments for services or construction not yet completed should the applicant be removed from PSEG Long Island’s interconnection inventory. If the costs incurred by PSEG Long Island exceed the advance payments made by the applicant prior to removal from the interconnection inventory, the applicant will receive a bill for any balance due to PSEG Long Island.

STEP 4: PSEG Long Island Conducts a Preliminary Review and Develops a Cost Estimate for the Coordinated Electric System Interconnection Review (“CESIR”).

PSEG Long Island shall perform a Preliminary Screening Analysis of the proposed system interconnection utilizing the technical screens ~~A through F~~ detailed in Appendix G. The Preliminary Screening Analysis shall be completed and a written response detailing the results of each screen and the overall outcome of the Preliminary Screening Analysis shall be sent to the applicant within fifteen (15) Business Days of the completion of Step 3. Depending on the results of the Preliminary Screening Analysis and the subsequent choices of the applicant, the following process ~~(es) or processes~~ will apply:

If the Preliminary Screening Analysis ~~detailed in Appendix G~~ finds that the applicant’s proposed system passes all of the relevant technical screens ~~(i.e., screens P1 through P8)~~ and is in compliance with the Interconnection Requirements outlined in Section II, and there are no requirements for Interconnection Facilities or Distribution Upgrades, ~~As such~~ PSEG Long Island will return an executed Standardized Interconnection Contract to the applicant and the applicant may proceed with the interconnection process.

If the Preliminary Screening Analysis finds that the applicant’s proposed system cannot pass all of the relevant technical screens ~~(i.e., screens P1 through P8)~~, PSEG Long Island shall provide the technical reasons, data and analysis supporting the Preliminary Screening Analysis results in writing. The applicant shall notify PSEG Long Island within ten (10) Business Days following such notification whether to (i) proceed to a Preliminary Screening Analysis results meeting, (ii) proceed to Supplemental Screening

Review, (iii) proceed to a full CESIR, or (iv) withdraw the Interconnection Request. ~~-If a cost estimate for the CESIR is not provided with the Preliminary Screening Analysis results, the PSEG Long Island utility shall provide a cost estimate within five (5) Business Days of a request from the applicant. If the applicant opts to proceed to a full CESIR, PSEG Long Island the utility shall provide an invoice for the CESIR fee to the applicant within ten (10) Business Days of receipt of the applicant's notification. The applicant shall have ten (10) Business Days from receipt of the invoice to pay the CESIR fee. If the applicant fails to meet either the notification or the payment deadline, If the applicant fails to notify PSEG Long Island of their decision within thirty (30) Business Days of notification of the Preliminary Analysis results, the Interconnection Request application shall be removed from the queue and no further action on the part of PSEG Long Island is required.~~

- i. If the applicant chooses to proceed to a Preliminary Screening Analysis results meeting and modifications that obviate the need for Supplemental Screening Analysis detailed in Appendix G are identified, and the applicant and PSEG Long Island agree to such modifications, PSEG Long Island shall return a signed and executed Standardized Interconnection Contract within fifteen (15) Business Days of the Preliminary Screening Analysis results meeting if no Interconnection Facilities or Distribution Upgrades are required. The applicant shall notify PSEG Long Island within fifteen (15) Business Days following such notification indicating the intention of the applicant to revise its application as requested and proceed with the interconnection process.

If Interconnection Facilities or Distribution Upgrades are required and agreed to, PSEG Long Island shall provide the applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades within fifteen (15) Business Days of the Preliminary Screening Analysis results meeting. The applicant will pay the cost estimate as provided in Section I.D.

If the applicant chooses to proceed to a Preliminary Screening Analysis results meeting and modifications that obviate the need for Supplemental Analysis are not identified and agreed to, the applicant shall notify PSEG Long Island within ten (10) ~~business~~ Business days ~~Days~~ of the meeting of their intention to (i) proceed to Supplemental Screening Analysis, (ii) proceed to a full CESIR, or (iii) withdraw the Interconnection Request. ~~If the applicant fails to notify PSEG Long Island of their decision within thirty (30) business days, by this deadline~~ the Interconnection Request shall be removed from the queue and no further action on the part of PSEG Long Island is required.

- ii. Applicants that elect to proceed to Supplemental Screening Analysis detailed in Appendix G shall provide a nonrefundable fee of \$2,500 with their response; however, actual costs up to a maximum of \$5,000 will be billable to the applicant upon reconciliation of utility costs as defined in Step 11 or exit from the interconnection queue. PSEG Long Island shall complete the Supplemental Analysis within twenty (20) Business Days, absent extraordinary circumstances, following authorization and receipt of the fee. ~~If the Supplemental Analysis finds that the applicant's proposed system passes all of the relevant technical screens (i.e. screens S1 through S13)~~ and is in compliance with the Interconnection Requirements outlined in Section II, then there are no requirements for Interconnection Facilities or Distribution Upgrades. Thus, PSEG Long Island will return a signed and executed Standardized Interconnection Contract to the applicant within fifteen (15) Business Days of providing the applicant the results of the Supplemental Review and the applicant may proceed with the interconnection process. ~~The applicant will sign and return the contract within fifteen (15) Business Days after receipt from PSEG Long Island and proceed with the interconnection process.~~

If the Supplemental Screening Analysis detailed in Appendix G finds that the applicant's proposed system cannot pass all of the relevant technical screens ~~(i.e., screens S1 through S13)~~, PSEG Long Island shall provide the technical reasons, data, and analysis supporting the Supplemental Screening Analysis results in writing. The applicant shall notify PSEG Long Island within ten (10) Business Days following such notification whether to (i) proceed to a Supplemental Screening Analysis results meeting, (ii) proceed to a full CESIR, or (iii) withdraw the Interconnection Request application. If the applicant fails to notify PSEG Long Island of their decision within thirty (30) Business Days of notification of the Preliminary Analysis results by this deadline, the Interconnection Request application shall be removed from the queue and no further action on the part of PSEG Long Island is required.

~~i.~~ If the applicant chooses to proceed to a Supplemental Screening Analysis results meeting, and modifications that obviate the need for a CESIR are identified, and the applicant and PSEG Long Island agree to such modifications, PSEG Long Island shall return a signed and executed Standardized Interconnection Contract within fifteen (15) Business Days of the Preliminary Supplemental Screening Analysis results meeting if no Interconnection Facilities or Distribution Upgrades are required. The applicant will sign and return the contract within fifteen (15) Business Days after receipt from PSEG Long Island and proceed with the interconnection process.

~~ii.i.~~ If Interconnection Facilities or Distribution Upgrades are required and agreed to, PSEG Long Island shall provide the applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades within fifteen (15) Business Days of the Supplemental Screening Analysis results. The applicant will pay the cost estimate as provided in Section D.

~~iii.ii.~~ If the applicant chooses to proceed to a Supplemental Review results meeting and modifications that obviate the need for a CESIR are not identified and agreed to, the applicant shall notify PSEG Long Island, within ten (10) ~~business Business days Days~~ of the meeting, of the applicant's intention to proceed to a full CESIR or withdraw the application. If the applicant fails to notify PSEG Long Island of applicant's decision within thirty (30) Business Days of notification of the Supplemental Analysis results by this deadline, the application shall be removed from the queue and no further action on the part of PSEG Long Island is required.

~~iv.iii.~~ If the applicant decides to proceed to a CESIR after the and PSEG Long Island are unable to identify or agree to modifications that enable the applicant to pass either the Initial or Supplemental Screening Analysis or if the applicant chooses at any time in the above process to proceed directly to a CESIR, PSEG Long Island shall provide the applicant with a cost estimate of costs associated with the completion of the for the CESIR, if not already provided with preliminary analysis results, within five (5) Business Days of the final notification to a request from the applicant. The applicant shall notify PSEG Long Island within ten (10) business days of receiving this cost estimate of their intention If the applicant opts to proceed to a full CESIR, PSEG Long Island shall provide an invoice for the CESIR fee to the applicant within ten (10) Business Days of receipt of the applicant's notification. The applicant shall have ten (10) Business Days from receipt of the invoice to pay the fee. If the applicant fails to meet the payment deadline, the application shall be removed from the queue and no further action on the part of PSEG Long Island the utility is required and move on to Step 5 or to withdraw their application.

If Interconnection Facilities or Distribution Upgrades are required to interconnect a proposed system that passes the relevant screens, and agreed to, PSEG Long Island shall provide the applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades within fifteen (15) Business Days of the Supplemental Screening Analysis results. The applicant will pay the cost estimate as provided in Section I.D.

An accepted application will be placed in PSEG Long Island's interconnection inventory upon PSEG Long Island's receipt of the Standardized Interconnection Contract executed by the applicant. If the final acceptance as set out in Step 11 below is not completed within twelve (12) months of receipt of such executed copy of the Standardized Interconnection Contract as a result of applicant inactivity, PSEG Long Island has the right to notify the applicant by ~~email and~~ U.S. first class mail with delivery receipt confirmation or via email that the applicant's project will be removed from PSEG Long Island's interconnection inventory if the applicant does not respond within thirty (30) Business Days of the issue of such notification and provide a project status update and justification as to why the project should remain in PSEG Long Island's interconnection inventory for an additional period of time.

STEP 5: Applicant Commits to the Completion of the CESIR

The applicant will indicate his commitment to the CESIR cost estimate by confirming agreement within ten (10) business days of receipt. If the customer declines the agreement, the application will be closed. Prior to commencement of the CESIR, the applicant shall provide the following information to PSEG Long Island:

- ~~i.~~
- ii.i. A complete ~~detailed~~updated interconnection design package, if there have been any changes to the documents submitted with the application;
- ~~iii-ii.~~ ii. Proof of site control and by executing the New York State Standard Site Control Certification Form, provided in Appendix H and Appendix H-1;
- ~~iv.~~ iii. The name and phone number and agent letter of authorization (if appropriate) of the individual(s) responsible for addressing technical and contractual questions regarding the proposed system; ~~and;~~
- ~~v.~~ iv. If applicable, advanced payment of the costs associated with the completion of the CESIR; and

~~The complete detailed interconnection design package shall include:~~

~~Electrical schematic drawings reflecting the complete proposed system design which are easily interpreted and of a quality necessary for a full interconnection. The drawings shall show all electrical components proposed for the installation and their connections to the existing on-site electrical system from that point to the PCC and shall be clearly marked to distinguish between new and existing equipment. For those systems proposed to be interconnected at a system voltage of 1000 volts or greater, the drawings shall be sealed by a NYS licensed Professional Engineer.~~

~~A complete listing of all interconnection devices proposed for use at the PCC. A set of specifications for this equipment shall be provided by the applicant upon request from PSEG Long Island.~~

~~The written verification test procedure provided by the equipment manufacturer, if such procedure is required by this document. For non inverter based systems, testing equipment must be capable of measuring that protection settings operate within the appropriate times and thresholds set forth in Section H.~~

~~Three (3) copies of the following information:~~

~~Proposed three line diagram of the generation system showing the interconnection of major electrical components within the system. Proposed equipment ratings clearly needs to indicate:~~

~~Number, individual ratings, and type of units comprising the above rating;
General high voltage bus configuration and relay functions; and
Proposed generator step-up transformer MVA ratings, impedances, tap settings and winding voltage ratings.~~

~~vi.v.~~ Electrical studies as requested by PSEG Long Island to demonstrate that the design is within acceptable limits, inclusive and limited to the following: system fault, relay coordination, flicker, voltage drop, and harmonics. This shall include all relay, communication, and controller set points.

~~PSEG Long Island The utility may require a three-line diagram for solar photovoltaic (“PV”) and BESS designs proposed on three-phase systems, which shall include detailed information on the wiring configuration at the PCC and an exact representation of the existing utility service.~~

If PSEG Long Island determines that the detailed interconnection design package provided by the applicant is incomplete or otherwise deficient, PSEG Long Island shall notify the applicant within ten (10) Business Days and provide an explanation of the deficiencies identified and a list of what is required by the applicant. Unless otherwise notified by PSEG Long Island, the CESIR review period begins upon confirmed receipt and acceptance of the applicants interconnection design package and associated fees.

If the applicant fails to provide PSEG Long Island authorization to proceed, CESIR fee, and information requested within thirty (30) Business Days of the request, the application shall be removed from the queue and no further action on the part of PSEG Long Island is required.

STEP 6: PSEG Long Island Completes the CESIR

The CESIR will consist of two parts:

- (1) A detailed review and explanation of the impacts to the LIPA utility system associated with the interconnection of the proposed system, and
- (2) A detailed review and explanation of the proposed system’s compliance with the applicable criteria set forth below.

A CESIR will be performed by PSEG Long Island to determine if the proposed generation on the circuit results in any protective coordination, fault current, thermal, voltage, power quality, or equipment stress concerns.

The CESIR shall be completed within sixty (60) Business Days of receipt of the information set forth in Step 5. For systems utilizing type-tested equipment, the time required to complete the CESIR may be reduced. PSEG Long Island shall complete the CESIR within sixty (60) Business Days, absent extraordinary circumstances, following authorization, receipt of the CESIR fee, and complete information set forth in Step 5. If the applicant fails to provide PSEG Long Island authorization to proceed, CESIR fee and information requested within thirty (30) Business Days, the interconnection request shall be removed from the queue and no further action on the part of PSEG Long Island is required.

The applicant and PSEG Long Island may agree to allow up to an additional forty (40) Business Days beyond the time specified above for completion of the CESIR, provided that no other application is adversely impacted

Upon completion of the CESIR, PSEG Long Island will provide the following, in writing, to the applicant:

- (1) LIPA system impacts, if any;

- (2) notification of whether the proposed system meets the applicable criteria considered in the CESIR process;
- (3) if applicable, a description of where the proposed system is not in compliance with these requirements;
- (4) detailed description of reasoning and justification for any system upgrades and associated equipment deemed necessary for interconnection of the project;
- (5) Subject to subsections (a) through (d) below, a good faith, detailed estimate of the total cost of completion of the interconnection of the proposed system and/or a statement of cost responsibility for any system upgrades and associated equipment deemed necessary for interconnection of the project, a dedicated transformer(s) or other required interconnection equipment which is valid for sixty (60) Business Days; and-
- (6) A Qualifying Upgrade Disclosure, if applicable.

This estimate must meet the following requirements:

- (a) with respect to an applicant that is not to be net metered, an estimate shall be provided and shall include the costs associated with any required modifications to the LIPA System, administration, metering, and on-site verification testing;
- (b) with respect to an applicant that is to be net metered, the costs associated with any required modifications to the LIPA System, administration, metering, and on-site verification testing;
- (c) the applicant shall be informed that it is responsible for one-half of such costs; and
- (d) LIPA's Tariff for Electric Service section I(C) sets forth the responsibility each applicant shall have with respect to the actual cost of the dedicated transformer(s) and other safety equipment.

Appendix E sets forth the responsibility each applicant shall have with respect to the actual cost of the system upgrades and equipment necessary for the interconnection of the project. PSEG Long Island cost estimates provided in the CESIR shall be detailed and broken down by specific equipment requirements, material needs, labor, overhead, and any other categories or efforts incorporated in the estimate. Contingencies associated with the cost estimates shall not exceed +/- 2515%.

STEP 7: Applicant Commits to PSEG Long Island Construction of LIPA's System Modifications.

The applicant and PSEG Long Island will execute a standardized contract for interconnection as set forth in Appendix A and the applicant will provide PSEG Long Island with an advance payment of 30% of PSEG Long Island's estimated costs as identified in Step 6 within the time provided in Section I-D. within ninety (90) Business Days of the execution of the contract.

PSEG Long Island is not required to procure any equipment or materials, or perform design and engineering work associated with the project, or begin construction until a 30% deposit payment has been received. Progress payments will be required during construction and any excess over or under recovery unspent funds will be reconciled and invoiced to the Applicant after Step 10. Invoice payments are due within thirty (30) Business Days of receipt.

The applicant shall provide both an updated three-line diagram and site-specific testing procedures within thirty (30) Business Days of making the 30% deposit payment. For applications that do not require system modifications, a three-line diagram and site-specific testing procedure is required within thirty (30) Business Days after executing the Standardized Interconnection Contract.

STEP 8: Project Construction.

The applicant and PSEG Long Island the utility shall collaborate to identify an in-service date and develop a project construction schedule. The applicant will build the facility in accordance with PSEG Long Island–accepted design and the project schedule. PSEG Long Island will commence construction/installation of system modifications and metering requirements as identified through the CESIR in Step 6. LIPA system modifications will vary in construction time depending on the extent of work and equipment required. The schedule for this work is to be discussed and agreed upon with the applicant in Step 6.

STEP 9: The Applicant’s Facility is tested in Accordance with the Standardized Interconnection Requirements.

The verification testing will be performed in accordance with the written test procedures provided in Step ~~5~~ 7 and any site-specific requirements identified by PSEG Long Island in Step 6. The final testing will be conducted within ten (10) Business Days of complete installation at a mutually agreeable time, and PSEG Long Island shall be given the opportunity to witness the tests. If PSEG Long Island opts not to witness the test, the applicant will send PSEG Long Island within five (5) days of the test a written notification, certifying that the system has been installed and tested in compliance with the ~~Smart Grid~~–SGIP, PSEG Long Island–accepted design, and the equipment manufacturer’s instructions.

STEP 10: Interconnection.

The applicant’s facility will be allowed to commence parallel operation upon satisfactory completion of the tests in Step 9. In addition, the applicant must have complied with and must continue to comply with the contractual and technical requirements.

STEP 11: Final Acceptance and PSEG Long Island Cost Reconciliation.

Except as provided in Appendix E, final project costs shall be reconciled pursuant to this section. If PSEG Long Island witnessed the verification testing, then, within ten (10) Business Days of the completion of such testing, PSEG Long Island will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the ~~system~~installed DG system, ESS, or Hybrid Project. If PSEG Long Island did not witness the verification testing, then, within ten (10) Business Days of receiving the written test notification from Step 9, PSEG Long Island will either issue to the applicant a formal letter of acceptance for interconnection, or will request that the applicant and PSEG Long Island set a date and time to witness operation of the installed DG system, ESS or Hybrid Project. This witnessed verification testing must be completed within twenty (20) Business Days after being requested. Within ten (10) Business Days of the completion of any such witnessed testing, PSEG Long Island will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the DG system, ESS or Hybrid Project.

At this time, PSEG Long Island shall prepare and submit to the applicant a final reconciliation statement of its actual costs minus ~~any CESIR or the application fee and construction~~ advance payments made by the applicant. Within twenty (20) Business Days after delivery of the reconciliation statement, the applicant will receive either a bill for any balance due or a reimbursement for overpayment as determined by ~~the utility~~PSEG Long Island’s reconciliation. The applicant may contest the reconciliation with PSEG Long Island~~the utility.~~ If ~~PSEG Long Island’s the utility’s~~ final reconciliation invoice states a balance due from the applicant, unless it is challenged by a formal complaint interposed by the applicant, it shall be paid to PSEG Long Island~~the utility~~ within thirty (30) ~~B~~business ~~d~~Days or PSEG Long Island~~the utility~~ reserves the right to lock the generating system offline. If ~~the utility’s~~PSEG Long Island’s final reconciliation invoice states a reimbursement for overpayment to be paid by PSEG Long Island~~the utility~~, unless the reimbursement amount is challenged by a formal complaint interposed by the applicant, it shall be paid to the applicant.

Section I. D. Payment and Construction Milestones (Projects under 5 MW)

Applicants are responsible for payment of utility system modification cost estimates in accordance with the following rules and deadlines. All project costs will be subject to the provisions of Appendix E, where applicable.

~~The applicant shall pay PSEG Long Island 30% of the estimated costs within ninety (90) Business Days of receiving the cost estimate from PSEG Long Island. The applicant and PSEG Long Island will execute a standardized contract for interconnection and the applicant will provide PSEG Long Island with an advance payment of 30% of PSEG Long Island's estimated costs as identified in Step 6 within ninety (90) Business Days. After receiving such the payment, PSEG Long Island will provide the applicant, a signed executed Standardized Interconnection Agreement, via electronic communication. This will be provided within fifteen (15) Business Days for all projects sized five (5) megawatts and under.~~

~~If the applicant does not make a payment due under this section in the time required, the application shall be removed from the utility PSEG Long Island's interconnection queue with no further action required of PSEG Long Island the utility. PSEG Long Island will refund any advance payments for services or construction not yet completed activities that have not been expended should the applicant be removed from PSEG Long Island's interconnection queue. If the costs incurred by PSEG Long Island exceed the advance payments made by the applicant prior to removal from the interconnection queue, the applicant will receive a bill for any balance due to PSEG Long Island and applicant shall pay PSEG Long Island within thirty (30) Business Days of receipt thereof.~~

⋮

PSEG Long Island is not required to procure any equipment or materials, or perform design and engineering work associated with the project or begin construction until a 30% deposit payment has been received. Progress payments will be required during construction, and any ~~over or under recovery excess~~ will be reconciled and invoiced to the Applicant after interconnection. Invoice payments are due within thirty (30) Business Days of receipt.

If the applicant does not return the signed contract within the time allowed, the application shall be removed from PSEG Long Island's interconnection queue, and no further action on the part of PSEG Long Island is required.

Within thirty (30) Business Days of receiving the ~~first~~ 30% payment, ~~the~~ PSEG Long Island shall provide an initial construction schedule to the applicant (consistent with Appendix K). PSEG Long Island shall commence design work in accordance with its guidance and consider the developer's input on scheduling. If the applicant does not make a payment due under this section in the time required, the application shall be removed from the PSEG Long Island's interconnection queue with no further action required of PSEG Long Island.

If the applicant withdraws or is removed from the interconnection queue at any point after making a payment required under this section, any unspent portions of these payments will be refunded to the applicant consistent with the timelines described in Section I. C, Step 11.

If a local permitting moratorium prevents an applicant from meeting the above timelines, PSEG Long Island may grant affected project applicants an extension. To be granted an extension of the required timelines, the applicant must submit the New York State Standard Moratorium Attestation Form, Appendix I. ~~Upon the applicant's payment of 30% of expected upgrade costs, if applicant has received its CESIR, returned the~~

~~executed Standardized Interconnection Contract, and submitted the Attestation Form to PSEG Long Island.~~
If applicable, any unused portion of the 30% payment shall be refunded if the project does not move forward after receiving an extension.

If the final acceptance as set out in Section I.C, Step 11 is not completed within twelve (12) months of the date the applicant returns the executed ~~New York State Standardized Standardized Interconnection Agreement Contract in Appendix A Contract~~ as a result of applicant inactivity, PSEG Long Island has the right to notify the applicant by email or U.S. first class mail with delivery receipt confirmation that the applicant's project will be removed from the PSEG Long Island's interconnection queue if the applicant does not respond within thirty (30) Business Days of the issue of such notification and provide a project status update and/or justification as to why the project should remain in the PSEG Long Island's interconnection inventory for an additional period of time.

Section I.E. Application Process for Energy Storage Systems

Except as provided in this Section, the rules in Sections I.B and I.C shall apply to applications to: construct new Hybrid Projects; construct new stand-alone storage; add an ESS to an existing DG facility; and change the operating mode of an existing Hybrid Project or stand-alone storage facility. Whether an application will be handled under Section I.B or I.C will be determined by the sum of the AC nameplate ratings of all DG facilities and ESS facilities comprising the proposed Hybrid Project

Step 1: The Application

An applicant proposing a Hybrid Project or stand-alone ESS shall complete and submit Appendix J with Appendix F.

The owner of an existing DG facility may apply to add an ESS by submitting completed Appendix J to PSEG Long Island at any time.

For all projects involving ESS, PSEG Long Island shall review the application and respond within the time frames provided in Section I.B or I.C, as applicable.

Following interconnection of a Hybrid Project or a stand-alone ESS, the ~~owner-applicant~~ may apply to PSEG Long Island to change the operating characteristics of the storage component. To initiate review, the ~~owner-applicant~~ shall submit a completed Appendix J specifying the proposed new operating characteristics to PSEG Long Island.

Step 2: Protection and Control Review

When performing screening analysis and system impact studies associated with ESS, operating characteristics including maximum export and import capacity shall be utilized, except that fault current contribution shall be evaluated based on aggregate AC nameplate rating. PSEG Long Island's technical review shall determine whether the proposed facility, operating per the characteristics identified in the application (Appendix J), can be safely and reliably interconnected to ~~the~~ LIPA's distribution system. The applicant shall pay the costs for the utility's review in advance.

Following the completion of Step 3 in Section I.B., or upon passing the Preliminary or Supplemental Screening Analysis in Step 4 in Section I.C., based on the application and proposed operating parameters, PSEG Long Island will determine if a Protection and Control Review is required. PSEG Long Island will notify the applicant of this determination. The applicant will have thirty (30) Business Days from the notification to pay the nonrefundable fee for the review, which shall be calculated as \$500 plus \$4/kW

capped at \$3,000. PSEG Long Island shall have twenty (20) Business Days to perform the review and provide the results to the applicant, including a description of any modifications to the control systems that PSEG Long Island determines are necessary.

Within ten (10) Business Days of an applicant's request, PSEG Long Island shall discuss the results of the Protection and Control Review. Following the discussion, the applicant will have twenty (20) Business Days to determine whether or not to accept any required modifications to the control system and take the next step in the process as defined in Section I.B or I.C, as applicable, or to withdraw the application.

For all applications relating to ESS, PSEG Long Island's written report of its technical review shall include a completed Attachment I, as defined below, specifying the operating parameters studied for the proposed facility. PSEG Long Island and the applicant shall discuss the listed operating parameters promptly after delivery of the study results to the applicant.

For ESS applications requiring a CESIR, PSEG Long Island will provide the applicant with any additional testing procedures required in connection with the ESS, using the applicant's load management control systems to limit reverse power. PSEG Long Island will provide this information with the CESIR results.

Step 3. Contract and Payment for Utility Construction Costs

An applicant proposing a Hybrid Project, stand-alone storage, or the addition of ESS to an existing DG facility shall execute the Standardized Interconnection Contract for Systems including Energy Storage, and make payment to PSEG Long Island for its estimated construction costs within the time required by Section I.D.

Each contract shall include a completed Attachment I, which shall specify the operating parameters for the interconnected ESS after consultation with the applicant.

An applicant proposing to change the operating characteristics listed in Appendix J for an existing ESS shall sign an amendment to its interconnection agreement and make payment for any utility PSEG Long Island construction costs within the time required by Section I.-D.

Section I. F. Rules for Combining DG Applications

Distributed Generation applications that have been determined to be complete and that meet the following criteria may be combined:

- (a) the applications must be sequential in PSEG Long Island's ~~the utility's~~ queue on both the circuit and substation bus, or non-sequential combined applications may proceed with the lower queue position;
- (b) there can be no non-SGIP applications in ~~the utility~~ PSEG Long Island's queue between the applications that propose to aggregate;
- (c) the proposed projects must be located on the same or adjacent parcels;
- (d) both applications must be compensated at the same rate and; and
- (a)(e) the size of the combined projects may not exceed an AC nameplate rating of 5 MW.-

If none of the applications has reached the deadline for payment of 30% of the estimated PSEG Long Island ~~utility~~ construction costs necessary for its interconnection, the applicant(s) may ask ~~the utility~~ PSEG Long Island to perform a technical review of the applications as a combined project. The applicant(s) shall submit its request in writing to PSEG Long Island, ~~which the utility.~~ ~~The utility shall cease any ongoing work on the individual applications and notify the applicant(s) within ten (10) Business Days of any~~

~~additional information that is needed to perform the requested analysis and of the fee that will be charged. PSEG Long IslandThe utility shall apply any unspent study fees related to the individual applications to the charge for the new study. The applicant(s) shall pay the fee and provide the information sought by the utilityPSEG Long Island within ten (10) Business Days of the notification. The construction cost payment due dates for the applications that are proposed to combine will be suspended until a new due date is established pursuant to this Section.~~

~~If any of the applications proposed to be combined has made a payment for estimated PSEG Long Islandutility construction costs, the applicant(s) may still submit a request to study them as a combined project as provided above. Any additional payment due dates associated with the applications shall be suspended until a new due date is established. PSEG Long IslandThe utility shall cease work on the individual applications and shall cancel any procurements that the applicant(s) agree should be cancelled. The applicant(s) shall bear any cost associated with such cancellations. PSEG Long IslandThe utility shall notify the applicant(s) of any information that is needed to perform the requested analysis and of the fee that will be charged for the study within ten (10) Business Days of receiving the request. The applicant(s) shall pay the fee and provide the information sought by the utilityPSEG Long Island within ten (10) Business Days of the notification.~~

~~The utilityPSEG Long Island shall have sixty (60) Business Days from receipt of the fee and the project information to perform the technical review of the combined applications. The utilityPSEG Long Island's report of the results shall provide the information specified in Step 6 of Section I.-C to the applicant(s). The applicant(s) may: (1) proceed to construct the combined project; (2) resume the interconnection of the separate applications; or (3) withdraw one or more of the applications. If the applicant(s) selects option (1), payment for the estimated PSEG Long Islandutility construction costs shall be due sixty (60) Business Days after receipt of the results of the technical review. If the applicant(s) selects either option (2) or (3), payment of the construction cost associated with the applications that are to continue to interconnect shall be due within the same time period. If the applicant(s) does not meet these deadlines, the applications shall be deemed withdrawn with no further action required by PSEG Long Island.the utility~~

Section I. ~~GF~~. Application Process (Study Process) Steps for Systems above 5 MW and less than 10 MW

Applicability:

- i. The Study Process shall be used by an Interconnection Customer proposing to interconnect or modify its Small Generator with LIPA's Distribution System, if the Small Generator, upon interconnection or after modification, is above 5 MW and less than 10 MW.² The Interconnection Studies conducted under these procedures shall consist of analyses designed to identify the

² ~~New distributed generation facilities 10 MW and above must connect to LIPA's transmission system and comply with the NYISO Small Generator Interconnection Procedures (SGIP) or Large Generator Interconnection Procedures (LGIP), as applicable. This would include the following requirements:
An Interconnection Customer who requests an interconnection to the LIPA Transmission System must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the NYISO. The NYISO will send a copy to the Connecting Transmission Owner.
NYISO will determine whether they will direct the study process or allow the Connecting Transmission Owner to conduct the process:
a. If NYISO allows the Connecting Transmission Owner to conduct the process the following requirements shall apply.~~

Interconnection Facilities and Upgrades required for the reliable interconnection of the Small Generator to the LIPA Distribution System. These Interconnection Studies will be performed in accordance with Applicable Reliability Standards.

- ii. The study process shall determine the appropriate distribution voltage level for the interconnection of the new distributed generation facilities.

STEP 1: Initial Communication from the Potential Applicant.

Communication could range from a general inquiry to a completed application.

STEP 2: The Inquiry is reviewed by PSEG Long Island to Determine the Nature of the Project.

Technical staff from PSEG Long Island discusses the scope of the interconnection with the potential applicant (either by phone, [email](#) or in person) to determine what specific information and documents (such as an application, contract, technical requirements, specifications, listing of qualified type- tested equipment/systems, application fee information, applicable rate schedules, and metering requirements) will be provided to the potential applicant. The preliminary technical feasibility of the project at the proposed location may also be discussed at this time. All such information and a copy of the standardized interconnection requirements must be sent to the applicant within three (3) Business Days following the initial communication from the potential applicant, unless the potential applicant indicates otherwise. A PSEG Long Island representative will be designated to serve as the single point of contact for the applicant (unless PSEG Long Island informs the applicant otherwise) in coordinating the potential applicant's project with PSEG Long Island.

STEP 3: Potential Applicant Files an Application.

The potential applicant submits an application to PSEG Long Island. The submittal must include the completed standard Interconnection Request application form, including a copy of equipment certification to UL 1741 as applicable, a three line diagram specific to the proposed system, a letter of authorization (if applicant is agent for the customer), and payment of a non-refundable \$750 application fee. Within five (5) Business Days of receiving the application, PSEG Long Island will notify the applicant of receipt and whether the application has been completed adequately. It is in the best interest of the applicant to provide PSEG Long Island with all pertinent technical information as early as possible in the process. If the required documentation is presented in this step, it will allow PSEG Long Island to perform the required reviews and allow the process to proceed as expeditiously as possible.

STEP 4: Scoping Meeting

4.1 A scoping meeting will be held within ten (10) Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. PSEG Long Island and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

4.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether PSEG Long Island should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, PSEG Long Island shall provide the Interconnection Customer, as soon as possible, but not later than five (5) Business Days after the scoping meeting, a feasibility study agreement (Appendix [F+P1](#)) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

4.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within fifteen (15) Business Days. If the Parties agree not to perform a feasibility study, PSEG Long Island shall provide the Interconnection Customer, no later than five (5)

Business Days after the scoping meeting, a system impact study agreement (Appendix ~~G+Q1~~) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

STEP 5: Feasibility Study

5.1 The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generator.

5.2 A deposit of the lesser of fifty (50%) percent of the good faith estimated feasibility study costs or earnest money of \$10,000 is required from the Interconnection Customer.

5.3 The scope of and cost responsibilities for the feasibility study are described in Appendix ~~PIF~~.

5.4 If the feasibility study shows no potential for adverse system impacts, PSEG Long Island shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, PSEG Long Island shall send the Interconnection Customer an executable interconnection agreement within five (5) Business Days.

5.5 If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

STEP 6: System Impact Study

6.1 A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generator were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.

6.2 If no transmission system impact study is required, but potential electric power distribution system adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. PSEG Long Island shall send the Interconnection Customer a distribution system impact study agreement (~~Appendix Q1~~) within fifteen (15) Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.

6.3 In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five (5) Business Days following transmittal of the study report, PSEG Long Island shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.

6.4 If a transmission system impact study is not required, but electric power distribution system adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, PSEG Long Island shall send the Interconnection Customer a distribution system impact study agreement.

6.5 If the feasibility study shows no potential for transmission system or distribution system adverse system impacts, PSEG Long Island shall send the Interconnection Customer either a facilities study

agreement (Appendix ~~HRR1~~), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.

6.6 In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within thirty (30) Business Days.

6.7 A deposit of the good faith estimated costs for each system impact study will be required from the Interconnection Customer.

6.8 The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.

STEP 7: Facilities Study

7.1 Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five (5) Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.

7.2 In order to remain under consideration for interconnection, or, as appropriate, in PSEG Long Island's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within thirty (30) Business Days.

7.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).

7.3.1 PSEG Long Island shall determine whether the interconnection impacts the New York Transmission System and requires System Upgrade Facilities.

7.3.2 The Interconnection Customer shall be responsible for the cost of any System Upgrade Facilities only if PSEG Long Island, based on an Interconnection Study, determines (i) that System Upgrade Facilities are necessary to accommodate the Interconnection Request, ~~and (ii) that the electrical contribution of the project to the need for those System Upgrade Facilities is greater than the *de minimis* impacts defined in Section IV.G.6.f of Attachment S to the NYISO OATT. Such Interconnection Study shall be of sufficient detail and scope to assure that these determinations can be made. If both determinations are made, then the Small Generator shall be evaluated as a member of the next NYISO Class Year, and the Interconnection Customer's cost responsibility shall be determined in accordance with the NYISO's Attachment S procedures.~~

If the Interconnection Customer elects Capacity Resource Interconnection Service, and its Small Generator is larger than ~~2-5~~ MW, it will be evaluated, by the NYISO, as a member of the next Class Year to determine the Interconnection Customer's responsibility for System Deliverability Upgrades in accordance ~~with Attachment S to the~~ with the NYISO OATT interconnection process.

~~7.3.3—If the determination is made that an Interconnection Customer's project must be included in the NYISO Class Year, that interconnection customer shall be entitled to expedite its interconnection process in accordance with sections 3.5.3.3 and 3.5.3.4 of the NYISO Small Generator Interconnection Procedures.~~

~~7.3.4 If PSEG Long Island determines that the interconnection impacts the New York Transmission System, PSEG Long Island shall notify the NYISO within five (5) Business Days of such determination.~~

7.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. PSEG Long Island may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and PSEG Long Island may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by PSEG Long Island, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, PSEG Long Island shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

7.5 A deposit of the good faith estimated costs for the facilities study will be required from the Interconnection Customer.

7.6 The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.

7.7 Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, PSEG Long Island shall provide the Interconnection Customer an executable interconnection agreement within five (5) Business Days.

STEP 8: Applicant Commits to PSEG Long Island Construction of LIPA's System Modifications.

~~The applicant shall pay PSEG Long Island 30% of the estimated costs within ninety (90) Business Days of receiving the cost estimate as identified in Step 7 from PSEG Long Island. After receiving the payment, PSEG Long Island will provide the applicant a signed executed Standardized Interconnection Agreement, via Agreement via electronic communication. The applicant and PSEG Long Island will execute an interconnection agreement as set forth in Appendix M, and the applicant will provide PSEG Long Island with an advance payment for PSEG Long Island's estimated costs as identified in Step 6 within 90 business days of execution of the Interconnection Agreement of both parties (estimated costs will be reconciled with actual costs in Step 11).~~

STEP 9: Project Construction.

The applicant will build the facility in accordance with PSEG Long Island-accepted design. PSEG Long Island will commence construction/installation of system modifications and metering requirements as identified in Step ~~67~~. LIPA system modifications will vary in construction time depending on the extent of work and equipment required. The schedule for this work is to be discussed and agreed upon with the applicant in Step ~~76~~.

STEP 10: The Applicant's Facility is tested in Accordance with the Standardized Interconnection Requirements.

The verification testing will be performed in accordance with the written test procedure provided in Step 5 and any site-specific requirements identified by PSEG Long Island in Step 6. The final testing will be

conducted within ten (10) Business Days of complete installation at a mutually agreeable time, and PSEG Long Island shall be given the opportunity to witness the tests. If PSEG Long Island opts not to witness the test, the applicant will send PSEG Long Island within five (5) days of the test a written notification, certifying that the system has been installed and tested in compliance with the ~~Smart Grid~~ SGIP, PSEG Long Island-accepted design, and the equipment manufacturer's instructions.

STEP 11: Interconnection.

The applicant's facility will be allowed to commence parallel operation upon satisfactory completion of the tests in Step 10. In addition, the applicant must have complied with and must continue to comply with the contractual and technical requirements.

STEP 12: Final Acceptance and PSEG Long Island Cost Reconciliation.

If PSEG Long Island witnessed the verification testing, then, within ten (10) Business Days of the test, PSEG Long Island will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the system. If PSEG Long Island did not witness the verification testing, then, within ten (10) Business Days of receiving the written test notification from Step 9, PSEG Long Island will either issue to the applicant a formal letter of acceptance for interconnection, or will request that the applicant and PSEG Long Island set a date and time for an on-site verification and witness operation of the system. This joint on-site verification must be completed within twenty (20) Business Days after being requested. Within ten (10) Business Days of the completion of the on-site verification, PSEG Long Island will issue to the applicant either a formal letter of acceptance for interconnection or a detailed explanation of the deficiencies in the system. PSEG Long Island will reconcile its actual costs related to the applicant's project against the ~~application fee and advance~~ payments made by the applicant. The applicant will receive either a bill for any balance due or a reimbursement for overpayment as determined by PSEG Long Island's reconciliation after PSEG LI finishes the final reconciliation process.

Section I. ~~HG~~. Web-Based Standard Interconnection Application and Information (If available)

PSEG Long Island shall implement and maintain a web-based system to provide customers and contractors current information regarding the status of their ~~Smart Grid~~ SGIP application process. The system shall be customer specific and post the current status of the ~~Smart Grid~~ SGIP process. At a minimum the following content shall be provided:

- (1) The applicant's name and project/application identification number.
- (2) Description of the project, including at a minimum, the project's type (energy source), size, metering, and location.
- (3) SGIP project application status, including all the steps completed and to be completed, along with corresponding completion/deadline dates associated with each step.
 - a. If the next action is to be taken by PSEG Long Island, the expected date that action will be completed.
 - b. If the next action is to be taken by the applicant, what exactly is required and a contact for more information.
- (4) Information regarding any outstanding information request made by PSEG Long Island of the applicant, and
- (5) The status of all amounts paid and/or due to PSEG Long Island by the applicant.

Access shall be available for the customer and their contractor, such that both can access the information. The web site must be, however, secure and private from unauthorized access.

The PSEG Long Island web site shall also provide the ability for applicants to submit their application for interconnection via the web. The web based application process will be consistent with ~~Appendix B of this Smart Grid Small Generator Interconnection Procedures for Distributed Resources less than 10 MW Connected in Parallel with LIPA Distribution Systems (“Smart Grid SGIP”)~~the SGIP and will include the ability to attach associated documentation or drawings associated with each project. Electronic signatures will be accepted by PSEG Long Island on associated documentation for this process. ~~Section II. Interconnection Requirements~~

Section I. ~~JHH~~. Modifications

Applicants may propose a Modification at any time by submitting a request to PSEG Long Island through ~~the~~ PSEG Long Island’s on-line application portal and/or via email. Submission of such a request will not suspend any deadlines applicable to the pending application. PSEG Long Island will review the request to determine whether the proposed Modification is a Material Modification and provide its determination to the applicant within ten (10) Business Days, unless PSEG Long Island first notifies the applicant that additional information is needed to make the evaluation. In that case, PSEG Long Island will have ten (10) Business Days from receipt of the additional information to determine whether the proposed Modification is a Material Modification.

A Material Modification to a project will require a new application, a new queue position, and removal of the original application if the applicant elects to move forward with the modification (if not yet interconnected).

~~PSEG Long Island~~LIPA reserves the right to make the final determination as to whether a proposed change is a Material Modification under its SGIP.

When making the materiality determination, PSEG Long Island will consider the ~~PSEG Long Island~~ posted Guidance Document on DER Material Modifications Guidance, as it may be modified by ~~PSEG Long Island~~LIPA from time to time, and will provide the applicant with a written explanation of its finding. At the applicant’s request, PSEG Long Island will meet with the applicant to discuss the materiality determination. The document can be found at the following link:

<https://www.psegliny.com/aboutpseglongisland/ratesandtariffs/sgip>

A Modification that is not determined to be material may still require evaluation and acceptance by ~~PSEG Long Island~~LIPA through the process described below. The applicant is obligated to pay any necessary study costs of the evaluation. PSEG Long Island will notify the applicant of any additional funding and/or information that may be required to evaluate the Modification within five (5) Business Days of providing the materiality determination. The applicant shall have ten (10) Business Days to provide any requested information and pay the associated fees or choose to remain with the original interconnection application with associated uninterrupted timeline.

For Projects under 5 Megawatts:

- If the proposed change is not a Material Modification, and is proposed prior to the start of a CESIR, PSEG Long Island will study the modified project in the CESIR process.

- If the proposed change is not a Material Modification and is proposed following the start of a CESIR but no later than forty (40) Business Days after the start date, PSEG Long Island may have an additional forty (40) Business Days to complete the CESIR incorporating the change.
- If the proposed change is not a Material Modification and is proposed at a later date, or after completion of a CESIR, the change may necessitate further study and will require mutual agreement between LIPA and the applicant. PSEG Long Island retains the right to determine the extent of evaluation necessary but will endeavor to complete any necessary study within a timeframe no longer than a standard CESIR. The applicant will be responsible for any costs related to the change.

For Projects 5 Megawatts and larger:

- If the proposed change is not a Material Modification, and is proposed prior to the start a scoping meeting, PSEG Long Island will complete the study on the modified project.
- If the proposed change is not a Material Modification and is proposed at a later date, or after completion of all studies, the change may necessitate further study and will require mutual agreement between LIPA and the applicant. PSEG Long Island retains the right to determine the extent of evaluation necessary but will endeavor to complete any necessary study within a timeframe no longer than a standard study time frame. The applicant will be responsible for any costs related to the change.

Section II. Interconnection Requirements

Section II.A. Provisions that Apply to All Interconnection Requests

All interconnection requests made pursuant to these Procedures shall be subject to the following terms:

- 1.—**Compliance with Deadlines**—: PSEG Long Island shall make reasonable efforts to meet all time frames provided in these procedures unless PSEG Long Island and the Interconnection Customer agree to a different schedule. If PSEG Long Island cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.
2. **Meter Installation**: Any metering necessitated by the use of the Small Generator shall be installed at the Interconnection Customer's expense in accordance with PSEG Long Island's specifications.
- 3.—**Queue Position**—: PSEG Long Island shall maintain a single queue for requests to interconnect to LIPA's Distribution System by a Small Generator. PSEG Long Island shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. At PSEG Long Island's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.
- 4.—**Withdrawal of Application**—: The applicant may withdraw its application at any time by written notice of such withdrawal to PSEG Long Island. Such withdrawal will not relieve the applicant from any costs incurred by PSEG Long Island to process the application up to the time of withdrawal.
- 5.—**Effect of Modification to Machine Data or Equipment Configuration**—: Any modification to machine data or equipment configuration or to the interconnection site of the Small Generator not agreed to in writing by PSEG Long Island and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.
- 7.—**Infrastructure Security**—: Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. PSEG Long Island complies with the recommendations offered by the President's Critical Infrastructure Protection Board (established by Executive Order 13231 of October 16, 2001) and best practice recommendations from the electric reliability authority. All small generators interconnecting to LIPA's facilities shall meet applicable standards for electric system infrastructure and operational security, including physical, operational and security practices.

In addition to any other requirements set forth in the SGIP regarding confidential information, Interconnection Customer shall comply with PSEG Long Island's requirements, as they may change from time to time, for protecting and maintaining the

confidentiality of Critical Energy Infrastructure Information, as defined in 18 CFR Section 388.113, as it may be amended from time to time, and execute such Non-Disclosure Agreements as may be required by PSEG Long Island.

7. **NYISO Matters:**

- a. PSEG Long Island shall notify the NYISO of all interconnection requests over 2 MW that are determined to have an impact on the New York Transmission System and require System Upgrade Facilities as determined pursuant to Section II of these procedures.
- b. A new Small Generator whose output may be sold into the wholesale energy, capacity and ancillary services markets operated by the ~~NYISO~~~~New York Independent System Operator~~ must make an election as to whether it will interconnect on a minimum interconnection basis pursuant to Energy Resource Interconnection Service or whether it will elect Capacity Resource Interconnection Service and satisfy the NYISO Deliverability Interconnection Standard.
- c. PSEG Long Island shall notify the NYISO of all interconnection requests electing Capacity Resource Interconnection Service and coordinate with the NYISO regarding necessary studies, procedures and standards applicable to such request.

8. ~~Site Control:~~ Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- a. Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generator;
- b. An option to purchase or acquire a leasehold site for such purpose; or
- c. Exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

9. ~~Disputes:~~ The Parties agree to use their commercially reasonable efforts to settle promptly any disputes or claims arising out of or relating to this ~~Smart Grid~~ SGIP through negotiation conducted in good faith between executives having authority to reach such a settlement. Either Party, may, by written notice to the other Party, refer any such dispute or claim for advice or resolution to mediation by a suitable mediator. The mediator shall be chosen by the mutual agreement of the Parties. If the Parties are unable to agree on a mediator each Party shall designate a qualified mediator who, together with the mediator designated by the other, shall choose a single mediator for the particular dispute or claim. If the mediator chosen is unable, within thirty (30) days of such referral to reach a determination, then either party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

- a. Unless otherwise agreed to in writing or prohibited by applicable law, the Parties shall continue to provide service, honor all commitments under these procedures, and continue to make payments in accordance with these procedures during the course of any dispute resolution under this Article and during the pendency of any action at law or in equity relating hereto.

- b. Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

Upon execution of a contract for interconnection between the Interconnection Customer and PSEG Long Island as set forth in Appendices A and ~~J-M~~ (as applicable), the dispute resolution terms of such contract shall govern all disputes between the parties to the interconnection contract.

~~II.10.~~ Confidentiality

a. Claim of Confidentiality

- i. In connection with the application procedures and interconnection review requirements under Sections I and II, the Parties may exchange information that is deemed to be confidential whether such information is provided in written, oral, electronic or other format (“Confidential Information”). The Party disclosing such Confidential Information is referred to herein as the “Disclosing Party” and the Party receiving such Confidential Information is referred to herein as the “Receiving Party.” The Disclosing Party shall mark all written Confidential Information as “Confidential,” “Proprietary” or the like and in the case of Confidential Information that is communicated orally, the Disclosing Party shall within thirty (30) days follow up such communication with a writing addressed to the Receiving Party generally describing such information and identifying it as Confidential Information. The Parties acknowledge that all information disclosed by the Interconnection Customer in connection with costs, pricing or operation of the Small Generator shall be treated as Confidential Information whether or not such information is marked or identified as Confidential Information. PSEG Long Island shall not disclose such Confidential Information without Interconnection Customer’s written consent, which may be withheld in Interconnection Customer’s sole discretion, unless PSEG Long Island is otherwise required by law to make such disclosure.
- ii. The Receiving Party shall protect the Confidential Information from disclosure to third parties consistent with the provisions of this Section II.A.10 and subject to applicable law, provided however, a Receiving Party may disclose Confidential Information (a) to its Affiliates, Lenders, employees, agents or representatives of such Receiving Party, where such Affiliate, Lender, employee, agent or representative expressly agrees to be bound by the terms of this Section II.A.10 and provided further that the Receiving Party shall be liable for any breach by its Affiliates, Lenders, employees, agents or representatives, or (b) if the Receiving Party is PSEG Long Island, the Receiving Party may disclose Confidential Information to the extent required by the cost-allocation procedures detailed in Appendix E. -
- iii. It is further understood and agreed that money damages would not be sufficient remedy for any breach of this Section II.A.10, and that if a Party breaches this Section II.A.10, the Party disclosing Confidential Information to such breaching Party shall be entitled to specific performance and injunctive and other equitable relief as a remedy for any such breach. The breaching Party agrees to waive any requirement for the posting of a bond in connection with any such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Section

II.A.10 but shall be in addition to all other remedies available at law or equity. In the event of any legal action based upon or arising out of this Section II.A.10, the prevailing Party in such action shall be entitled to recover reasonable attorney's fees and costs from the other Party.

- b. Compliance with Law. If either Party is required by law to disclose Confidential Information of the other Party (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demands, regulation, statute or otherwise), the Party required to make such disclosure will (i) notify the other Party and provide the other Party the opportunity to review the Confidential Information, and (ii) provide the other Party the opportunity to seek a protective order or other appropriate remedy. In the event that a protective order or other remedy is not obtained or is not pursued within a reasonable period of time, the Party required to make disclosure or such Party's representatives will furnish only that portion of the Confidential Information that it is legally required to disclose and the Party required to make disclosure will request that confidential treatment be accorded the Confidential Information by relevant third parties.
- c. Compliance with the Freedom of Information Law. If PSEG Long Island is requested by a third party to disclose Confidential Information pursuant to the Freedom of Information Law ("FOIL"), PSEG Long Island will (i) notify Generator of the request and provide Generator the opportunity to review the Confidential Information; (ii) provide Generator the opportunity to provide information regarding the need for confidential treatment; (iii) evaluate the third party's request for disclosure and Generator's request for confidential treatment; and (iv) determine if the Confidential Information is subject to disclosure under FOIL. If PSEG Long Island determines that the Confidential Information is subject to disclosure, it will provide prompt written notice of such determination to Generator so that Generator may seek a protective order or other appropriate remedy. If Generator does not obtain a protective order or no formal proceeding has been initiated by Generator within a reasonable period of time after PSEG Long Island provides notice to Generator of its intent to make public the Confidential Information, then PSEG Long Island may disclose such information with no liability or further obligation to Generator.
- d. Treatment of Otherwise Publicly Available Documents. Notwithstanding anything to the contrary in this Article, neither Party shall be required to hold confidential any information that (i) becomes publicly available other than through disclosure by the Receiving Party; (ii) is independently developed by the Receiving Party; or (iii) becomes available to the Receiving Party without restriction from a third party, provided that such third party is not bound by a confidentiality agreement with the Disclosing Party or its representatives. Should any person or entity seek to legally compel a Receiving Party (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demands, regulation, statute or otherwise) to disclose any Confidential Information, the Receiving Party will provide the Disclosing Party prompt written notice so that the Disclosing Party may seek a protective order or other appropriate remedy. In the event that a protective order or other remedy is not obtained, the Receiving Party or the Receiving Party's representative will furnish only that portion of the Confidential Information that it is legally required to disclose and the Receiving Party will request that confidential treatment be accorded the Confidential Information by relevant third parties.
- e. Term of Confidentiality. The obligations set forth in this Article shall survive expiration or termination of this Agreement.

- 12.11. **Application of Industry Electrical Standards.** Where the interconnection requirements set forth in Sections I and II refer to an industry electrical standard, including standards adopted or promulgated by Underwriters Laboratories (UL), the Institute of Electrical and Electronics Engineers (IEEE) and American National Standards Institute (ANSI) the applicable standard will be the version of that designated standard that is in effect on the date upon which the Interconnection Customer submits, and PSEG Long Island receives, a completed application for interconnection with PSEG Long Island's Distribution System.
- 13.12. **Standard Contract Terms.** Standard contract terms have been established for the contract for interconnection of a Small Generator between 0 kW and 5 MW set forth in Appendix A and the interconnection agreement for a Small Generators sized more than 5 MW and less than 10 MW set forth in Appendix M. The contract for interconnection is a standard form that will be executed by PSEG Long Island and the Interconnection Customer in the form set forth in Appendix A and only supplemented as noted within such form with information specific to the Small Generator and Interconnection Customer.

With respect to the execution of an interconnection agreement for a Small Generator more than 5 MW and less than 10 MW as set forth in Appendix M, any technical standards and requirements set forth in such agreement shall not be modified to be inconsistent with requirements of Sections I and II herein. With respect to all other terms of the interconnection agreement, modifications of such non-technical terms shall be limited to those necessary to reflect any specific circumstances of the proposed Small Generator (such as the status of the Interconnection Customer as a governmental entity). PSEG Long Island reserves all rights and is under no obligation to accept requests for modification of the standard contract terms set forth in Appendix A or M.

The obligations under the Appendix A (Long Island Lighting Company D/B/A LIPA Standardized Contract for Interconnection of Distributed Generation and/or Energy Storage Equipment with Capacity of 5 MW or Less Connected in Parallel with the LIPA Distribution Systems), shall be binding on any successor owner of the Unit. If the Unit is sold LIPA may require the new Unit owner to sign an amended agreement.

Section II.B. Design Requirements

Common

The generator-owner shall provide appropriate protection and control equipment, including a protective device that utilizes an automatic disconnect device that will disconnect the generation in the event that the portion of the LIPA System that serves the generator is de-energized for any reason or for a fault in the generator-owner's system. The generator-owner's protection and control equipment shall be capable of automatically disconnecting the generation upon detection of an islanding condition and upon detection of a LIPA system fault.

The type and size of the generation facility is based on electrical generator nameplate data (AC output).

The generator-owner's protection and control scheme shall be designed to ensure that the generation remains in operation when the frequency and voltage of the LIPA System is within the limits specified by the required operating ranges. Upon request from PSEG Long Island, the generator-owner shall provide documentation detailing compliance with the requirements set forth in this document.

The specific design of the protection, control and grounding schemes will depend on the size and characteristics of the generator-owner's generation, as well the generator-owner's load level, in addition to the characteristics of the particular portion of LIPA's system where the generator- owner is interconnecting.

The generator-owner shall have, as a minimum, an automatic disconnect device(s) sized to meet all applicable local, state, and federal codes and operated by over and under voltage and over and under frequency protection. For three-phase installations, the over and under voltage function should be included for each phase and the over and under frequency protection on at least one phase. All phases of a generator or inverter interface shall disconnect for voltage or frequency trip conditions sensed by the protective devices. Voltage protection shall be wired phase to ground for single phase installations and for applications using wye grounded-wye grounded service transformers.

The settings ~~below are listed for~~ for single-phase and three-phase applications using wye grounded-wye grounded service transformers or wye grounded-wye grounded isolation transformers are listed in PSEG Long Island's -Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA's Distribution System.- For applications using other transformer connections, a site-specific review will be conducted by PSEG Long Island ~~and the revised settings identified in Step 6 of the Application Process.~~

The requirements set forth in this document are intended to be consistent with those contained in IEEE STD 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems. The requirements in IEEE STD 1547 above and beyond those contained in this document shall be followed.

Please refer to PSEG Long Island's ~~Smart Grid~~ Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA's Distribution System ~~-for~~ technical requirements for interconnection of DG in parallel with LIPA's Distribution System. Applicant shall comply with PSEG Long Island's ~~Smart Grid~~ Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA's Distribution System document, as it may be modified by LIPA from time to time. The document can be found at the following link:

<https://www.psegliny.com/aboutpseglongisland/ratesandtariffs/sgip>

Interconnection Inventory

PSEG Long Island periodically provides information to the NYS Department of Public Service regarding PSEG Long Island's SGIP inventory.

Section III. Glossary of Terms

Affected System: An electric system, other than LIPA's Transmission System, that may be affected by the proposed interconnection.

Applicable Reliability Standards: The applicable criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations as well as the reliability criteria, requirements and guidelines adopted by PSEG Long Island and/or LIPA.

Automatic Disconnect Device: An electronic or mechanical switch used to isolate a circuit or piece of equipment from a source of power without the need for human intervention.

Battery Energy Storage System (“BESS”): A commercially-available mechanical, electrical, or electro-chemical means to store and release electrical energy, using battery chemistries for grid-scale applications (e.g., lithium-ion), and its associated electrical inversion device and control functions that may stand-alone or be paired with a distributed generator at a point of common coupling. BESS’s shall comply with all ESS rules and requirements, unless otherwise specifically accepted.

Business Day: Monday through Friday, excluding PSEG Long Island holidays.

Capacity Resource Interconnection Service: The service provided to interconnect generating facilities in accordance with the NYISO Deliverability Interconnection Standard; as such term is defined and set forth in Attachment S of the NYISO OATT, in order to qualify such generator to be an installed capacity supplier to the NYISO wholesale capacity markets.

Capital Investment Plan (“CIP”): ~~the plan described in Appendix E? LIPA system upgrades that are identified in LIPA’s annual capital plan. Relevant upgrade information will be made available to authorized applicants subject to appropriate information security/confidentiality procedures.~~

Cease to Energize: Cessation of energy flow capability

Coordinated Electric System Interconnection Review (“CESIR”): Any studies performed by PSEG Long Island to ensure that the safety and reliability of the electric grid with respect to the interconnection of distributed generation as discussed in this document.

~~**Customer-Generator:** A LIPA customer who owns or operates electric generating equipment located and used at the customer’s premises, and/or the customer’s agent.~~

Dedicated Transformer: A transformer with a secondary winding that serves only one customer.

Developer: The applicant or the contractor identified in Appendix F as the agent for the customer. A single developer includes all legal entities associated or affiliated with a given company (“Affiliates”) where Affiliates means any person controlling, controlled by, or under common control with, any other person; where “control” shall mean the ownership of, with right to vote, 50 percent or more of the outstanding voting securities, equity, membership interests, or equivalent, of such person.

Direct Transfer Trip: Remote operation of a circuit breaker by means of a communication channel.

Disconnect (verb): To isolate a circuit or equipment from a source of power. If isolation is accomplished with a solid-state device, "Disconnect" shall mean to cease the transfer of power.

Disconnect Switch: A mechanical device used for isolating a circuit or equipment from a source of power.

Distributed Energy Resources (“DER”): Energy sources that consist of distributed generation facilities or energy storage systems or any combination thereof.

Distributed Generation (“DG”): Generation facilities and Energy Storage Systems supplementing on-site load or non-centralized electric power production facilities interconnected at the distribution side of an electric power system.

Distribution System: LIPA's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage

transmission networks which transport bulk power over longer distances. Voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades: The additions, modifications, and upgrades to LIPA's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generator and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Draw-out Type Circuit Breaker: Circuit breakers that are disconnected by physically separating, or racking, the breaker assembly away from the switchgear bus.

Electric Power System (“EPS”): Refers to LIPA’s electric power system used to provide transmission and/or distribution services to its customers.

Energy Storage System (“ESS”): A commercially-available mechanical, electrical or electro-chemical means to store and release electrical energy, and its associated electrical inversion device and control functions that may stand-alone or be paired with a distributed generator at a point of common coupling.

Energy Resource Interconnection Service: The service provided to interconnect generating facilities on a minimum interconnection standard basis which enables the delivery of energy and ancillary services from the Small Generator into the NYISO wholesale markets.

Farm Waste, Net Meter, Farm Applicant: A farm applicant who is proposing to install a farm waste anaerobic digester generating system, not to exceed 1 MW, at a farm, per the requirements of LIPA Tariff for Electric Service.

Force Majeure Event: "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: terrorism, acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this procedure, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this procedure, other than the obligation to make payments then due or becoming due under this procedure, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible.

Fuel Cell, Net Meter, Residential Applicant: A residential applicant who is proposing to install a fuel cell electric generating system located and used at the applicant's premises, not to exceed a combined rated capacity of not more than 10 kW, per the requirements of LIPA Tariff for Electric Service.

Fuel Cell, Net Meter, Non-Residential Applicant: A non-residential applicant who is proposing to install a fuel cell electric generating system located and used at the applicant's premises, not to exceed a combined rated capacity of not more than 2 MW, per the requirements of LIPA Tariff for Electric Service.

Generator-Owner: An applicant to operate on-site power generation equipment in parallel with the LIPA grid per the requirements of this document.

Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the State of New York during the term of this Agreement, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish the desired results at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to delineate acceptable practices, methods or acts generally accepted by a significant portion of the electric utility industry operating in the State of New York.

Hosting Capacity: The amount of distributed energy that can be interconnected without requiring electric infrastructure upgrades or adversely affecting power quality or reliability under current configurations.

Hybrid Project: A facility that operates, or is planned to operate, as a distributed generator paired with an energy storage system at a point of common coupling.

Interconnection Customer: The owner of the Unit or any entity that proposes to interconnect with LIPA's Distribution System.

Interconnection Facilities: The equipment and facilities on LIPA's system necessary to permit operation of the Unit in parallel with LIPA's system.

Interconnection Request: The Interconnection Customer's request, in accordance with the ~~Smart Grid~~ SGIP, to interconnect a new Small Generator, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generator that is interconnected with LIPA's Transmission System.

Interconnection Study: The procedure for studying an Interconnection Request that includes CESIR study, Feasibility Study, System Impact Study, and/or Facilities Study.

Islanding: A condition in which a portion of the LIPA System that contains both load and distributed generation is isolated from the remainder of the LIPA System. (Adopted from IEEE 929.)

LIPA System: The electric transmission and distribution system owned by LIPA and operated by PSEG Long Island ~~Electric Utility SERVCO~~ and consisting of all real and personal property, equipment, machinery, tools and materials, and other similar items relating to the transmission and distribution of electricity to PSEG Long Island's customers.

LIPA Transmission System: The facilities and equipment owned by LIPA, and operated by PSEG Long Island ~~Electric Utility SERVCO~~ that are used to provide transmission service.

Material Modification: A Modification to a facility that may have adverse impacts on subsequently queued applications in the interconnection queue, or any Modification described below (regardless of impact to a queued project):

1. A change in the physical location of the DER such that the Property Owner Consent Form or Site Control Certification Form as required by the SGIP is no longer valid.
2. A change in the PCC to a location on a different line segment or different distribution feeder for projects interconnecting to LIPA's Ssystem.
3. An increase in the nameplate kVA or kW rating of the originally proposed distributed generation facility or energy storage system of more than 2%.
4. ~~An additional distributed generation or energy storage system (other than the 2% increase in nameplate in item 3 above) not disclosed in the original application, where a separate and distinct distributed generation facility or energy storage system already exists behind the same proposed PCC. This would include existing non-disclosed distributed generation or energy storage systems or a request for additional distributed generation or energy storage systems at the project site.~~

~~**Maximum Export:** The maximum export capacity of an Energy Storage System to the distribution grid at the PCC communicated by the Applicant and studied as such by the utility PSEG Long Island per its ~~their~~ review of the impacts on the LIPA ~~utility S~~system based on the operating characteristic of the Energy Storage System.~~

~~**Maximum Import:** The maximum import capacity of an Energy Storage System from the distribution grid at the PCC communicated by the Applicant and studied as such by the utility PSEG Long Island per its ~~their~~ review of the impacts on the LIPA ~~utility S~~system based on the operating characteristic of the Energy Storage System.~~

~~**Mobilization Threshold:** The minimum percentage of a Qualifying Upgrade cost that must be funded by Participating Projects to trigger the utility to begin the construction process for the Qualifying Upgrade.~~

Micro-Combined Heat and Power, Net Meter, Residential Applicant: A residential applicant who is proposing to install a micro-combined heat and power (Micro-CHP) generating system located and used at the applicant's premises, not to exceed 10 kW, per the requirements of LIPA Tariff for Electric Service.

Micro-Hydroelectric, Net Meter, Residential Applicant: A residential applicant who is proposing to install a micro-hydroelectric generating equipment located and used at the applicant's premises, not to exceed 25 kW, per the requirement of LIPA Tariff for Electric Service.

Micro-Hydroelectric, Net Meter, Non-Residential Applicant: A non-residential applicant who is proposing to install a micro-hydroelectric generating equipment located and used at the applicant's premises, not to exceed 2 MW, per the requirement of LIPA Tariff for Electric Service.

~~**Mobilization Threshold:** The minimum percentage of a Qualifying Upgrade cost that must be funded by Participating Projects to trigger PSEG Long Island to begin the construction process for the Qualifying Upgrade.~~

Modification: A change to the ownership, equipment, equipment ratings, equipment configuration, or operating characteristics* of the facility, or to schedules* associated with the facility as described in the application.

**NOTE: Modifications that alter operating characteristics or schedules may be deemed material. Please consult PSEG Long Island for review and resolution.*

Multi-Value Distribution (“MVD”): ~~A transformer bank installation or replacement identified by~~ ement identified by the utility PSEG Long Island in its the Capital Investment Plan- as a Multi-Value Distribution project.

Net Metering Rules: ~~LIPA’s Tariff for Electric Service in Tariff leaves 34A through 34H, and all other provisions of the LIPA Tariff for Electric Service also that apply to net metering.~~

New York State Transmission System: New York State Transmission System shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

Participating Project: A Triggering Project or a Sharing Project that benefits from and shares costs of a Qualifying Upgrade. A Participating Project must be greater than 50 kW AC nameplate rating in size but no greater than 5 MW AC nameplate rating. Where Participating Projects are projects all proposed by the same developer, within a six-month period, such projects must be greater than 50 kW AC nameplate rating in aggregate.

PSEG Long Island: Long Island Electric Utility Service LLC, a wholly owned subsidiary of PSEG Long Island LLC, acting as agent for LIPA. PSEG Long Island is also referred to in this SGIP as “T&D Manager. PSEG Long Island LLC, acting through its subsidiary, Long Island Electric Utility Service LLC. PSEG Long Island is also referred to in this SGIP as “T&D Manager.”

PSEG Long Network Upgrades: Additions, modifications, and upgrades to LIPA's Transmission System required at or beyond the point at which the Small Generator interconnects with LIPA’s Distribution System. Network Upgrades do not include Distribution Upgrades.

~~**New York State Transmission System:** New York State Transmission System shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.~~

Party or Parties means LIPA and Customer individually or jointly. T&D Manager is not a party to the agreements referenced in this SGIP, and is executing and administering such agreements on behalf of LIPA as LIPA’s agent.

~~**Maximum Export:** The maximum export capacity of an Energy Storage System to the distribution grid at the Point of Common Coupling communicated by the Applicant and studied as such by PSEG Long Island per their review of the impacts on LIPA’s system based on the operating characteristic of the Energy Storage System.~~

~~**Maximum Import:** The maximum import capacity of an Energy Storage System from the distribution grid at the Point of Common Coupling communicated by the Applicant and studied as such by PSEG Long Island per their review of the impacts on LIPA’s system based on the operating characteristic of the Energy Storage System.~~

Point of Common Coupling (“PCC”): The point at which the interconnection between the electric utility and the customer interface occurs. Typically, this is the customer side of PSEG Long Island revenue meter.

Point of Interconnection: The point where the Interconnection Facilities connect with LIPA's Distribution System, which shall include the Point of Common Coupling.

Preliminary Review: A review of the generator-owner’s proposed system capacity, location on the LIPA System, system characteristics, and general system regulation to determine if the interconnection is viable.

Protective Device: A device that continuously monitors a designated parameter related to the operation of the generation system that operates if preset limits are exceeded

~~**Proactive 3V0:** A PSEG Long Island utility-initiated upgrade where PSEG Long Island the utility installs 3V0 prior to any applicant payment and collects pro rata payments from interconnecting projects that utilize the upgrade.~~

~~**PSEG Long Island Net Metering Rules:** LIPA’s Tariff for Electric Service in Tariff leaves 34A through 34H, and all other provisions of the LIPA Tariff for Electric Service also apply.~~

~~**Queue Position:** The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, which is established based upon the date and time of receipt of the valid Interconnection Request by PSEG Long Island.~~

~~**Qualifying Upgrade:** System modifications which result in an increase to the Hosting Capacity of LIPA the utility’s Distribution System beyond that required to interconnect a Triggering Project that can be shared by multiple Distributed Generation/Energy Storage System projects and whose costs where the upgrade cost is are greater than \$250,000.~~

~~**Qualifying Upgrade Disclosure:** An exhibit to the CESIR presenting the use case and specifics of a Qualifying Upgrade, including the technology option(s) considered to address the electric system impacts and total estimated Qualifying Upgrade cost and increase in Hosting Capacity as well as the resulting capacity increase in shared cost expressed in kW.~~

~~**Queue Position:** The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, which is established based upon the date and time of receipt of the valid Interconnection Request by PSEG Long Island.~~

Remote Net Metering: Remote Net Metering allows certain types of customers and/or distributed generation technology (see tables in Section II) the option to apply excess generation credits from the customer’s generator to certain other meters on property that is owned or leased by the same customer and located within the service territory of the same utility to which the customer-generator’s net energy meters are interconnected and within the same load zone.

Required Operating Range: The range of magnitudes of LIPA system voltage or frequency where the generator-owner’s equipment, if operating, is required to remain in operation for the purposes of compliance with UL 1741. Excursions outside these ranges must result in the automatic disconnection of the generation within the prescribed time limits.

Safety Equipment: Includes dedicated transformers or equipment and facilities to protect the safety and adequacy of electric service provided to other customers.

Sharing Project: A project that benefits from and contributes to the cost of a Qualifying Upgrade holding an interconnection queue position after the Triggering Project.

Solar, Net Meter, Residential Applicant: A residential applicant who is proposing to install a photovoltaic generating system, not to exceed 25 kW, in an owner occupied residence per the requirements of LIPA Tariff for Electric Service.

Solar, Net Meter, Non-Residential Applicant: A non-residential applicant who is proposing to install a solar generating system located and used at the applicant's premises, not to exceed 2 MW, pursuant to LIPA Tariff for Electric Service

Small Generator: Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities. Small Generator means the distributed generation facilities and Energy Storage System approved by the T&D Manager with a nameplate capacity of 5 MW or less located on the Interconnection Customer's premises at the time T&D Manager approves such generator for operation in parallel with LIPA's system.

Stand-Alone Storage: An energy storage system that is solely connected to a point of common coupling and not paired with a distributed generator.

Study Process: The procedure for evaluating an Interconnection Request that includes the Scoping Meeting, Feasibility Study, System Impact Study, and Facilities Study.

System Upgrade Facilities: In the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO interconnection standards.

Triggering Project: The application in the queue at a given substation or feeder whose proposed interconnection triggers the need for a Qualifying Upgrade.

Unit: The distributed generation facilities and Energy Storage System approved by the T&D Manager with a nameplate capacity of less than 10 MW located on the Interconnection Customer's premises at the time T&D Manager approves such Unit for operation in parallel with LIPA's system. This Agreement relates only to such Unit, but a new agreement shall not be required if the Interconnection Customer makes physical alterations to the Unit that do not result in an increase in its nameplate capacity. The nameplate generating and energy storage capacity of the Unit shall not exceed 10 MW in aggregate.

Upgrades: The required additions and modifications to LIPA's Distribution System or Transmission System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities, ~~Network Upgrades~~ or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Utility Grade Relay: A relay that is constructed to comply with, as a minimum, the most current version of the following standards for non-nuclear facilities:

<u>Standard</u>	<u>Conditions Covered</u>
<u>ANSI/IEEEC37.90</u>	Usual Service Condition Ratings Current and Voltage Maximum design for all relay AC and DC auxiliary relays Make and carry ratings for tripping contacts Tripping contacts duty cycle Dielectric tests by manufacturer Dielectric tests by user
<u>ANSI/IEEE C37.90.1</u>	Surge Withstand Capability (SWC) Fast Transient Test
<u>IEEE C37.90.2</u>	Radio Frequency Interference
<u>IEEE C37.98</u>	Seismic Testing (fragility) of Protective and Auxiliary Relays
<u>Standard</u>	<u>Conditions Covered</u>
<u>ANSI C37.2</u>	Electric Power System Device Function Numbers
<u>IEC 255-21-1</u>	Vibration
<u>IEC 2555-22-2</u>	Electrostatic Discharge
<u>IEC 25 5-5</u>	Insulation (Impulse Voltage Withstand)

Verification Test: A test performed upon initial installation and repeated periodically to determine that there is continued acceptable performance.

Wind, Net Meter, Residential Applicant: A residential applicant who is proposing to install a wind electric generating system, not to exceed a combined rated capacity of 25 kW, located and used at the applicant's primary residence, per the requirements of LIPA Tariff for Electric Service.

Wind, Net Meter, Non-Residential Applicant: A non-residential applicant who is proposing to install a wind electric generating system located and used at the applicant's premises, not to exceed 2 MW, pursuant to LIPA Tariff for Electric Service.

Wind, Net Meter, Farm Applicant: A farm applicant who is proposing to install a wind electric generating system, not to exceed a combined rated capacity of 500 kW, located and used at the applicant's primary residence, per the requirements of LIPA Tariff for Electric Service.

APPENDIX A

Appendix A- Standardized Interconnection Contract For Systems 5MW Or Less

**LONG ISLAND LIGHTING COMPANY D/B/A LIPA
STANDARDIZED CONTRACT
FOR INTERCONNECTION OF DISTRIBUTED GENERATION AND/OR ENERGY STORAGE
EQUIPMENTS
SYSTEMS
WITH CAPACITY OF 5 MW OR LESS
CONNECTED IN PARALLEL WITH THE LIPA DISTRIBUTION SYSTEMS**

Customer Information:

Name:

Address:

Telephone:

Fax:

Email:

Installation Address (if different):

Unit Application/PAM No.

Utility Information:

Name: Long Island Electric Utility Servco LLC
("T&D Manager") ~~as~~ acting as agent for and
on behalf of **LONG ISLAND LIGHTING
COMPANY d/b/a LIPA ("LIPA")**

Address: 175 E. Old Country Road, E.O.B
Hicksville, NY 11801

Telephone: (516) 949-7004

Email: PSEG-LI-PAMInterconnect@pseg.com

Account Number: _____

APPENDIX A

DEFINITIONS

~~“Dedicated Facilities” means the equipment and facilities on LIPA’s system necessary to permit operation of the Unit in parallel with LIPA’s system.~~

“Delivery Service” means the services LIPA may provide to deliver capacity or energy generated or stored by the Interconnection Customer to a buyer to a delivery point(s), including related ancillary services.

“Energy Storage System” (“ESS”) means a commercially-available mechanical, electrical or electro-chemical means to store and release electrical energy, and its associated electrical inversion device and control functions that may be stand-alone or ~~be~~ paired with a distributed generator at a point of common coupling.

“Interconnection Customer” means the owner of the Unit or any entity that proposes to interconnect with LIPA’s Distribution System.

~~“Interconnection Facilities” means the equipment and facilities on LIPA’s system necessary to permit operation of the Unit in parallel with LIPA’s system.~~

“Material Modification” means a Modification to a Unit that may have adverse impacts on the LIPA’s system, LIPA customers, other projects, or applications in the interconnection queue.

“Modification” means a change to the ownership, equipment, equipment ratings, equipment configuration, or operating conditions of the Unit.

“Net energy metering” means the use of a net energy meter to measure, during the billing period applicable to a customer-generator, the net amount of electricity supplied by an electric corporation and provided to the corporation by a customer-generator. ~~PSEG Long Island~~ T&D Manager shall install an AMI smart meter for Net Metering customer-generator.

“Premises” means the real property where the Unit is located.

~~“Smart Meter” means advanced metering infrastructure (AMI). For additional information~~ information, refer to <https://www.psegliny.com/myaccount/serviceandrates/mysmartenergy/smartmeter> <https://www.psegliny.com/page.cfm/SMART>

“Party” or “Parties” means LIPA and Interconnection Customer either individually or ~~jointly~~ collectively.

~~“Smart Grid-SGIP” means the PSEG Long Island Smart Grid~~ Smart Grid Small Generator Interconnection Procedures For Distributed Generators and Energy Storage Systems Less than 10 MW Connected in Parallel with LIPA’s ~~Radial~~ Radial Distribution System which are applicable to new and modifications to existing distributed generation units with a nameplate capacity less than 10 MW connected in parallel with the LIPA distribution system, posted at <https://www.psegliny.com/files.cfm/SGIP.pdf>.

~~“T&D Manager,” also referred to herein as “PSEG Long Island,” means PSEG Long Island LLC through its operating subsidiary, Long Island Electric Utility Service LLC, which has managerial responsibility for the day-to-day the operational maintenance of, and capital~~

APPENDIX A

~~investment to, the electric transmission and distribution system owned by LIPA as of January 1, 2014, pursuant to that Amended Restated Operations Services Agreement, dated as of December 31, 2013, as amended from time to time (the “OSA”) or any other similar agreement or arrangement, or any successor or assignee thereof providing certain operation, maintenance and other services to LIPA.~~

“T&D Manager” also referred to herein as “PSEG Long Island,” means Long Island Electric Utility Servco LLC, a wholly owned subsidiary of PSEG Long Island LLC, which has managerial responsibility for the day-to-day operational maintenance of, and capital investment to, the electric transmission and distribution system owned by LIPA as of January 1, 2014, pursuant to that Amended Restated Operations Services Agreement, dated as of December 31, 2013, as amended and restated by the Second Amended and Restated Operations Services Agreement (“OSA”) dated as of December 15, 2021, that became effective on April 1, 2022, or any successor or assignee thereof providing certain operation, maintenance and other services to LIPA. T&D Manager administers this Agreement on LIPA’s behalf as its agent.

“Unit” means the distributed generation, stand-alone ESS, or combined generation and ESS facilities ~~and Energy Storage System~~ approved by the T&D Manager with a nameplate capacity of 5 MW or less located on the Interconnection Customer’s premises at the time T&D Manager approves such Unit for operation in parallel with LIPA’s system. This Agreement relates only to such Unit, but a new agreement shall not be required if the Interconnection Customer makes physical alterations to the Unit that do not result in an increase in its nameplate capacity. The nameplate generating ~~and energy storage capacity or inverter/converter rating~~ of the Unit shall not exceed 5 MW in aggregate.

I. TERM AND TERMINATION

1.1 Term: This Agreement shall become effective when executed by both Parties and shall continue in effect until terminated.

1.2 Termination: This Agreement may be terminated as follows:

- a. The Interconnection Customer may terminate this Agreement at any time, by giving T&D Manager and LIPA sixty (60) days' written notice.
- b. Failure by the Interconnection Customer to seek final acceptance by T&D Manager within twelve (12) months after completion of T&D Manager’s construction process described in the ~~Smart Grid~~ SGIP shall automatically terminate this Agreement.
- c. Either Party may, by giving the other Party at least sixty (60) days' prior written notice, terminate this Agreement in the event that the other Party is in default of any of the material terms and conditions of this Agreement. The terminating Party shall specify in the notice the basis for the termination and shall provide a reasonable opportunity to cure the default.
- d. LIPA may, by giving the Interconnection Customer at least sixty (60) days' prior written notice, terminate this Agreement for cause. The Interconnection Customer's non-compliance with any modification to the ~~Smart Grid~~ SGIP, unless the Interconnection Customer's installation is "grandfathered," shall constitute good cause.

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1.3 Disconnection and Survival of Obligations: Upon termination of this Agreement the Unit will be disconnected from LIPA's system. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

1.4 Suspension: This Agreement will be suspended during any period in which the Interconnection Customer is not eligible for delivery service from LIPA.

II. SCOPE OF AGREEMENT

2.1 Scope of Agreement: This Agreement relates solely to the conditions under which LIPA and the Interconnection Customer agree that the Unit may be interconnected to and operated in parallel with LIPA's system.

2.2 Electricity Not Covered: Neither LIPA nor T&D Manager shall have any duty under this Agreement to account for, pay for, deliver, or return in kind any electricity produced by the Facility and delivered into LIPA's system unless the system is net metered pursuant to LIPA's Net Metering Rules.

III. INSTALLATION, OPERATION AND MAINTENANCE OF UNIT

3.1 Compliance with ~~Smart Grid~~ SGIP: Subject to the provisions of this Agreement, T&D Manager shall be required to interconnect the Unit to LIPA's system, for purposes of parallel operation, if T&D Manager accepts the Unit as in compliance with the ~~Smart Grid~~-SGIP. The Interconnection Customer shall have a continuing obligation to maintain and operate the Unit in compliance with the ~~Smart Grid~~-SGIP.

3.2 Observation of the Unit - Construction Phase: T&D Manager may, in its discretion and upon reasonable notice, conduct reasonable on-site verifications during the construction of the Unit. Whenever the T&D Manager chooses to exercise its right to perform observations herein it shall specify to the Interconnection Customer its reasons for its decision to perform the observation. For purposes of this paragraph and paragraphs 3.3 through 3.5, the term "on-site verification" shall not include testing of the Unit, and verification tests shall not be required except as provided in paragraphs 3.3 and 3.4.

3.3 Observation of the Unit - Ten-day Period: T&D Manager may conduct on-site verifications of the Unit and observe the execution of verification testing within a reasonable period of time, not exceeding ten (10) Business Days after system installation. The Interconnection Customer's ~~facility~~Unit will be allowed to commence parallel operation upon satisfactory completion of the verification test. The Interconnection Customer must have complied with and must continue to comply with all contractual and technical requirements.

3.4 Observation of the Unit - Post-Ten-day Period: If T&D Manager does not perform an on-site verification of the Unit and observe the execution of verification testing within the ten-day period, the Interconnection Customer will send T&D Manager within five (5) days of the verification testing a written notification certifying that the Unit has been installed and tested in compliance with the SGIP, T&D Manager-accepted design and the equipment manufacturer's instructions. The Interconnection Customer may begin to produce energy upon satisfactory completion of the verification test. After receiving the verification test notification, T&D Manager, on behalf of LIPA will either issue to the Interconnection Customer a formal letter of acceptance for interconnection, or may request that the Interconnection Customer and T&D Manager set a date and time to conduct an on-site verification of the Unit and make reasonable inquiries of the Interconnection Customer, but only for purposes of determining whether the verification tests were properly performed. The Interconnection Customer shall

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not be required to perform the verification tests a second time, unless irregularities appear in the verification test report or there are other objective indications that the tests were not properly performed in the first instance.

3.5 Observation of the Unit - Operations: T&D Manager may conduct on-site verification of the operations of the Unit after it commences operations if T&D Manager has a reasonable basis for doing so based on its responsibility to provide continuous and reliable utility service or as authorized by the provisions of LIPA's Retail Electric Tariff relating to the verification of such installations generally.

3.6 Costs of ~~Dedicated~~ Interconnection Facilities: During the term of this Agreement, T&D Manager shall design, construct and install the ~~Dedicated~~ Interconnection Facilities. The Interconnection Customer shall be responsible for paying the incremental capital cost of such ~~Dedicated~~ Interconnection Facilities attributable to the Interconnection Customer's Unit. Except as set forth in the "Operating Instructions" for the Unit, all costs associated with the operation and maintenance of the ~~Dedicated~~ Interconnection Facilities after the Unit first produces energy shall be the responsibility of LIPA.

3.7 Modifications to the Unit: The Interconnection Customer may request a Modification at any time after commencement of parallel operation. T&D Manager shall evaluate the request and determine whether the proposed change is a Material Modification in accordance with the rules for requesting changes to applications in the SGIP. A Material Modification will be studied pursuant to the procedures in the SGIP for new applications. In the case of a non-material modification that is accepted by T&D Manager, the Parties will execute an amendment to this Agreement describing the Unit changes that have been approved.

IV. DISCONNECTION OF THE UNIT

4.1 Emergency Disconnection: T&D Manager may disconnect the Unit, without prior notice to the Interconnection Customer (a) to eliminate conditions that constitute a potential hazard to Company personnel or the general public; (b) if pre-emergency or emergency conditions exist on the LIPA System; (c) if T&D Manager observes a hazardous condition relating to the Unit in an inspection; or (d) if the Interconnection Customer has tampered with any protective device. T&D Manager shall notify the Interconnection Customer of the emergency if circumstances ~~permit~~ permit. The Interconnection Customer shall notify T&D Manager promptly when it becomes aware of an emergency condition that affects the Unit that may reasonably be expected to affect the LIPA system.

4.2 Non-Emergency Disconnection: T&D Manager may disconnect the Unit, after notice to the responsible party has been provided and a reasonable time to correct, consistent with the conditions, has elapsed, if (a) the Interconnection Customer has failed to make available records of verification tests and maintenance of his protective devices; (b) the Unit system interferes with Company equipment or equipment belonging to other customers of LIPA; (c) the Unit adversely affects the quality of service of adjoining customers or (d) the Energy Storage System does not operate in compliance with the operating parameters and limits described in Appendix J of the SGIP- except as set forth in the "Operating Instructions" for the Unit.

4.3 Disconnection by Interconnection Customer: The Interconnection Customer may disconnect the Unit at any time.

4.4 LIPA Obligation to Cure Adverse Effect: If, after the Interconnection Customer meets all interconnection requirements, the operations of LIPA are adversely affecting the performance of the Unit or the Interconnection Customer's premises, T&D Manager shall immediately take appropriate action to eliminate the adverse effect. If T&D Manager determines that LIPA needs to upgrade or reconfigure its

APPENDIX A

system the Interconnection Customer will not be responsible for the cost of new or additional equipment beyond the point of common coupling between the Interconnection Customer and LIPA.

V. ACCESS

5.1 Access to Premises: T&D Manager shall have access to the disconnect switch of the Unit at all times. At reasonable hours and upon reasonable notice consistent with Section III of this Agreement, or at any time without notice in the event of an emergency (as defined in paragraph 4.1), T&D Manager and LIPA shall have access to the Premises.

5.2 Company and Interconnection Customer Representatives: T&D Manager shall designate, and shall provide to the Interconnection Customer, the name and telephone number of a representative or representatives who can be reached at all times to allow the Interconnection Customer to report an emergency and obtain the assistance of T&D Manager. For the purpose of allowing access to the premises, the Interconnection Customer shall provide T&D Manager with the name and telephone number of a person who is responsible for providing access to the Premises.

5.3 Company Right to Access Company-Owned Facilities and Equipment: If necessary for the purposes of this Agreement, the Interconnection Customer shall allow LIPA or T&D Manager access to LIPA's equipment and facilities located on the Premises. To the extent that the Interconnection Customer does not own all or any part of the property on which LIPA is required to locate its equipment or facilities to serve the Interconnection Customer under this Agreement, the Interconnection Customer shall secure and provide in favor of LIPA or T&D Manager the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

VI. DISPUTE RESOLUTION

6.1 Good Faith Resolution of Disputes: Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.

6.2 Mediation: If a dispute arises under this Agreement, and if it cannot be resolved by the Parties within ten (10) Business Days after written notice of the dispute, the parties agree to submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in New York State, in accordance with the then current CPR Institute for Dispute Resolution Mediation Procedure. The Parties agree to participate in good faith in the mediation for a period of up to ninety (90) days.

6.3 Escrow: If there are amounts in dispute of more than two thousand dollars (\$2,000), the Customer shall either place such disputed amounts into an independent escrow account pending final resolution of the dispute in question, or provide to LIPA an appropriate irrevocable standby letter of credit in lieu thereof; provided however, that an Interconnection Customer that is an agency or instrumentality of the Federal government, or an agency or instrumentality of the New York State government, shall not be required to place such disputed amounts into escrow if the establishment of such an escrow would be inconsistent with applicable Federal or State law or regulations.

VII. INSURANCE

7.1 Recommendation for Insurance: The Interconnection Customer is not required to provide general liability insurance coverage as part of this Agreement, the ~~Smart Grid~~ SGIP, or any other LIPA requirement. Due to the risk of incurring damages however, LIPA recommends that every distributed generation customer protect itself with insurance.

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7.2 Effect: The inability of LIPA to require the Interconnection Customer to provide general liability insurance coverage for operation of the Unit is not a waiver of any rights LIPA may have to pursue remedies at law against the Interconnection Customer to recover damages.

7.3 With respect to an Interconnection Customer who owns and/or operates solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind, or Hybrid Electric Generating Equipment (as these terms are defined in the LIPA Tariff), T&D Manager may require the Interconnection Customer to:

- (i) Comply with additional safety or performance standards in addition to those specified in ~~LIPA's "Smart Grid Small Generator Interconnection Procedures"~~ the SGIP;
- (ii) Perform or pay for additional tests;
- (iii) Purchase additional liability insurance when the total rated generating capacity of the electric generating equipment that provides electricity to LIPA through the same local feeder line exceeds twenty (20%) of the rated capacity of the total feeder line.

VIII. MISCELLANEOUS PROVISIONS

8.1 Beneficiaries: This Agreement is intended solely for the benefit of the parties hereto, and if a party is an agent, its principal. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any other person. T&D Manager is not a party to this Agreement, and is executing and administering this agreement on behalf of LIPA as LIPA's agent. T&D Manager shall have all rights of a Party hereunder with respect to accuracy of information, Force Majeure, limitations of liability, indemnification, and disclaimers of warranty.

8.2 Severability: If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion or provision shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

8.3 Entire Agreement: This Agreement constitutes the entire Agreement between the parties and supersedes all prior agreements or understandings, whether verbal or written.

8.4 Waiver: No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. In the event that any agreement or covenant herein shall be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

8.5 Applicable Law: This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to any choice of law provisions. However, if the Interconnection Customer is an agency or instrumentality of the United States Government, this Agreement shall be governed by the applicable laws of the United States of America and, to the extent that there is no applicable or controlling federal law, the laws of the State of New York, without regard to conflicts of law principles.

8.6 Amendments: This Agreement shall not be amended unless the amendment is in writing and signed by T&D Manager on behalf of LIPA and the Interconnection Customer.

8.7 Force Majeure: For purposes of this Agreement. "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to

APPENDIX A

prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: terrorism, acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible.

8.8 Assignment to Corporate Party: At any time during the term, the Interconnection Customer may assign this Agreement to a corporation or other entity with limited liability, provided that the Interconnection Customer obtains the consent of T&D Manager on behalf of LIPA. Such consent will not be withheld unless T&D Manager on behalf of LIPA can demonstrate that the corporate entity is not reasonably capable of performing the obligations of the assigning Interconnection Customer under this Agreement.

8.9 Assignment to Individuals: At any time during the term, an Interconnection Customer may assign this Agreement to another person, other than a corporation or other entity with limited liability, provided that the assignee is the owner, lessee, or is otherwise responsible for the Unit. The obligations under the Appendix A (Long Island Lighting Company D/B/A LIPA Standardized Contract for Interconnection of Distributed Generation and/or Energy Storage Equipment with Capacity of 5 MW or Less Connected in Parallel with the LIPA Distribution Systems), shall be binding on any successor owner of the Unit. If the Unit is sold LIPA may require the new Unit owner to sign an amended agreement.

8.10 Permits and Approvals: Interconnection Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction and for the operation of the Unit during the term of this Agreement.

8.11 Limitation of Liability: Neither by inspection, if any, or non-rejection, nor in any other way, does LIPA or T&D Manager give any warranty, express or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Interconnection Customer or leased by the Interconnection Customer from third parties, including without limitation the Unit and any structures, equipment, wires, appliances or devices appurtenant thereto.

8.12 Additional Requirements: Additional interconnection requirements relating to the Unit and associated facilities are set forth in Exhibit A of this Agreement.

APPENDIX A

ACCEPTED AND AGREED:

**Long Island Electric Utility Service LLC
acting as agent of and on behalf of
Long Island Lighting Company d/b/a LIPA**

[Customer]

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Print)

Name: _____
(Print)

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX A

EXHIBIT A

ADDITIONAL INTERCONNECTION REQUIREMENTS

APPENDIX B

Appendix B - Standardized Application For Inverter Based Systems

**LONG ISLAND LIGHTING COMPANY D/B/A LIPA
STANDARIZED APPLICATION
FOR
INTERCONNECTION OF INVERTER BASED DISTRIBUTED GENERATION AND ENERGY
STORAGE EQUIPMENT
IN PARALLEL WITH THE LIPA DISTRIBUTION SYSTEM**

CHECK IF: Standard SGIP Project or Feed in Tariff Project

Customer:

Name: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

LIPA Account Number: _____

Installation Address (Street, City, State, ZIP): _____

Applicant Organization: _____

Applicant Contact: _____ Title: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Agent (if any): _____

Agent Organization: _____

Agent Contact: _____ Title: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Consulting Engineer or Contractor:

Organization: _____

Contact: _____ Title: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Estimated In-Service Date: _____

Electric Service: Indicate if Existing or New Service

Capacity: _____ Amperes _____ Voltage: _____ Volts Service Character: () Single Phase ()

Three Phase Secondary 3 Phase Transformer Connection () Wye () Delta

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Location of Protective Interface Equipment on Property: (include address if different from customer address) _____

Solar Panel Information:

Panel Manufacturer: _____

Model No. _____ Version No. _____

Panel Power Rating: _____ kW (DC)

Quantity of Panels: _____

Total Rated Output: _____ kW (DC)

Energy Storage System Information:

Manufacturer: _____

Model No: _____

Total rating KW (AC): _____

Total Rating KWH : _____

Inverter Information:

Manufacturer: _____ / _____ / _____

Model No: _____ / _____ / _____

Inverter Rating kW (AC): _____ / _____ / _____

Quantity of Inverters _____ / _____ / _____

Total Rating of All Inverters kW (AC): _____

System Total Output _____ kW AC (System Total Output should be Total Rating of All Inverters)

Type: Forced Commutated Line Commutated

Utility Interactive Stand Alone

System Type Tested (Total System): Yes No; attach product literature

Ramp Rate: _____

Method of Grounding: Grounded Ungrounded

Interconnection Voltage: Volts

Applicable Attachments:

Detailed One Line Diagram attached Yes

If applicable, NRTL/UL 1741 Certification attached: Yes

APPENDIX B

If applicable:

Step Up Transformer Winding Configuration::

Delta Wye Wye Grounded

Other existing DG such as emergency generators, other renewable technologies, microturbines, hydro, fuel cells, battery storage, etc:

Yes No

(If yes, provide information about existing generation on separate sheet and include detail on one-line diagram.)

SIGNATURE TITLE DATE _____ CUSTOMER/AGENT

APPENDIX C

Appendix C - Standardized Application For Non-Inverter Based Systems

**LONG ISLAND LIGHTING COMPANY D/B/A LIPA
STANDARIZED APPLICATION
FOR INTERCONNECTION OF NON-INVERTER BASED DISTRIBUTED GENERATION
EQUIPMENT
IN PARALLEL WITH THE LIPA DISTRIBUTION SYSTEM**

CHECK IF: Standard SGIP Project or Feed in Tariff Project

Customer:

Name: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

LIPA Account Number: _____ **Installation Address** (Street, City,

State, ZIP): _____ **Applicant Organization:** _____

Applicant Contact: _____ Title: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Agent (if any):

Agent Organization: _____

Agent Contact: _____ **Title:** _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Consulting Engineer or Contractor:

Organization: _____

Contact: _____ Title: _____

Address (Street, City, State, ZIP): _____

Phone: (_____) _____ Fax: (_____) _____ Email: _____

Estimated In-Service Date: _____

Electric Service: Indicate if Existing _____ **or New Service** _____

Capacity: _____ Amperes _____ Voltage: _____ Volts Service Character: () Single Phase () Three Phase Secondary 3 Phase Transformer Connection () Wye () Delta

Location of Protective Interface Equipment on Property: (include address if different from customer address) _____

APPENDIX C

Energy Producing Equipment Information:

Manufacturer:

Model No.:

Version No.:

() Synchronous () Induction () Other (Define) _____

Rating: _____ kW Rating: _____ kVA

Rated Output: _____ VA Rated Voltage: _____ Volts

Rated Frequency: _____ Hz Rated Speed: _____ RPM

Efficiency: _____ % Power Factor: _____ %

Rated Current: _____ Amps Locked Rotor Current: _____ Amps

Synchronous Speed: _____ RPM Winding Connection: _____

Min. Operating Freq. /Time: _____

Generator Connection: () Delta () Wye () Wye Grounded

System Tested to UL 1741 (most current version) (Total System):

() Yes () No If no, attach product literature.

Equipment Tested to UL 1741 (most current version) (i.e., Protection System):

() Yes () No

If no, attach product literature.

Three Line Diagram attached: () Yes

Verification Test Plan attached: () Yes

If applicable, Certification to UL 1741 attached: () Yes

System total size _____kW AC

For Synchronous Machines

Submit copies of the Saturation Curve and the Vee Curve

() Salient () Non-Salient

Torque: _____ lb-ft Rated RPM: _____

Field Amperes: _____ at rated generator voltage and current and _____ % PF over-excited

Type of Exciter: _____

Output Power of Exciter: _____

Type of Voltage Regulator: _____

Direct-axis Synchronous Reactance (Xd): _____ ohms

Direct-axis Transient Reactance (X'd) : _____ ohms

Direct-axis Sub-transient Reactance (X'd): _____ ohms

For Induction Machines:

APPENDIX C

Rotor Resistance (Rr): _____ ohms Exciting Current : _____ Amps

Rotor Reactance (Xr): _____ ohms Reactive Power Required: _____

Magnetizing Reactance (Xm): _____ ohms , _____ VARs (No Load)

Stator Resistance (Rs): _____ ohms , _____ VARs (Full Load)

Stator Reactance (Xs): _____ ohms

Short Circuit Reactance (X''d) : _____ ohms,

Phases: () Single Phase () Three Phase

Frame Size: _____ Design Letter: _____

Temp. Rise: _____ °C

Step Up Transformer Winding Configuration:

Wye-Wye Wye-Delta Delta-Wye

Other existing DG such as emergency generators, other renewable technologies, microturbines, hydro, fuel cells, battery storage, etc:

Yes No

(If yes, provide information about existing generation on separate sheet and include detail on one-line diagram.)

Signature:

CUSTOMER/AGENT SIGNATURE

TITLE

DATE

APPENDIX D

Appendix D -Pre-Application Report

PRE-APPLICATION REPORT FOR THE CONNECTION OF PARALLEL GENERATION EQUIPMENT TO LIPA’S DISTRIBUTION SYSTEM

DG Project Information: (Provided to Utility by Applicant)
Customer name
Location of Project: (Address and/or GPS Coordinates)
DG technology type
DG fuel source / configuration
Proposed project size in kW (AC)
Date of Pre-Application Request
Pre-Application Report: (Provided to Applicant by Utility – 10 Business Days)
Operating voltage of closest distribution line
Phasing at site
Approximate distance to 3-Phase (if only 1 or 2 phases nearby)
Circuit capacity (MW)
Fault current availability, if readily obtained
Circuit peak load for the previous calendar year
Circuit minimum load for the previous calendar year
Approximate distance (miles) between serving substation and project site
Number of substation banks
Total substation bank capacity (MW)
Total substation peak load (MW)
Aggregate existing distributed generation on the circuit (kW)
Aggregate queued distributed generation on the circuit (kW)

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Appendix E -~~Costs~~

COST SHARING FOR SYSTEM MODIFICATIONS & COST RESPONSIBILITY FOR DEDICATED TRANSFORMER(S) AND OTHER SAFETY EQUIPMENT FOR ~~NET-METERED CUSTOMERS~~INTERCONNECTIONNET METERED CUSTOMERS

Net Metered Customers

~~Customer Cost Responsibility~~Eligibility for Net Metered Customers will be per the applicable net metering provisions of the LIPA Tariff for Electric Service. ~~Such costs can include the total costs for upgrades to ensure the adequacy of the transmission and/or distribution system which would not have been necessary but for the interconnection of the DG resource.~~

Cost Sharing for Qualifying Upgrades

The following cost sharing provisions are applicable only to Net Metered DER facilities that are greater than 50 kW AC but no greater than 5 MW AC nameplate rating in size.

The cost-sharing provisions herein apply to two categories of system modifications: Utility-Initiated Upgrades and Market-Initiated Upgrades, as defined below, both which utilize a pro rata approach whereby the applicant pays only for the specific distribution hosting capacity assigned to its project for these types of system modifications. A pro rata approach consists of taking the estimated cost of an upgrade and dividing that cost by the total increased Hosting Capacity created by the upgrade, thereby creating a dollar per kW cost which will then be multiplied by an individual project's AC nameplate rating in kW to determine the applicant's pro rata cost share. The rules specified in Section I. Application Process will continue to govern applicants' cost obligations with respect to all other system modifications.

1. Utility-Initiated Upgrades

~~A. The category of Utility-Initiated Upgrades consists of substation transformer bank ("bank") installations or replacements and proactive zero sequence voltage ("3V0") installations. Each utilityPSEG Long Island shall identify its proposed Utility-Initiated Upgrades in its annual Capital Investment Plan ("CIP"). Each year, when the CIP is filed with LIPA, PSEG Long Island the utility will publish a link to the CIP on its website and a list of those substations included in the CIP that are eligible for cost sharing hereunder as Utility-Initiated Upgrades where PSEG Long Islandthe utility plans to complete engineering within the next twenty-four (24) months. PSEG Long IslandThe utility will describe the scope of the upgrade to be performed at each such substation by providing planned design/construction schedules and funding estimates required to accommodate additional DG/ESS interconnections. Relevant upgrade information will be made available to authorized applicants subject to appropriate information security/confidentiality procedures. After the established application deadline, as defined below, PSEG Long Islandthe utility shall determine a pro rata cost per kW for the upgrade at each relevant substation.~~

A. Bank Upgrades (Proposed Multi-value Distribution Projects)

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In the course of its planning process, at the time when PSEG Long Islandthe utility identifies the need to install or replace a bank due to asset condition, reliability, safety, resiliency, or capacity requirements, PSEG Long Islandthe utility shall consider options for designing the new bank equipment to create greater DG/ESS Hosting Capacity than the baseline installation would create. If the bank can be upgraded to increase Hosting Capacity while solving a pre-existing asset condition, reliability, safety, resiliency, or capacity issue, and if there is market interest that indicates DG/ESS growth above the capacity of the baseline equipment, PSEG Long Islandthe utility will identify the enhanced installation or replacement in the next published CIP as a Multi-value Distribution (“MVD”) project. PSEG Long IslandThe utility LIPA will fund the cost of the baseline project. Participating Projects will fund the difference between the baseline and the MVD project cost.

If PSEG Long Islandthe utility determines, in its sole discretion, that there is sufficient time in the CIP project schedule (where “sufficient time” is baseline project specific and includes baseline projects where final design and engineering is not complete and prior to procurement) to allow additional DG/ESS developers to submit interconnection applications, PSEG Long Islandthe utility will publish a deadline for such applications on its system data portal with the link to the CIP. The utility notice will describe the baseline installation to be performed and the corresponding design/construction plan for the proposed baseline project. Within thirty (30) Business Days after the application deadline, PSEG Long Islandthe utility will calculate a cost per kW¹ for the upgrade for each project with an approved application to participate in the MVD Project Study and will provide that information and an invoice for MVD Project Study costs to each relevant applicant. Applicants will have 10 Business Days to pay their share of the study costs to LIPA; applicants who make this payment on time will be considered Participating Projects. Once Participating Projects commit to participate in the MVD Project Study, which requires the payment of their respective MVD Project Study cost share, Participating Projects will also be subject to CESIR payment timelines for project specific non-shared costs as per Section I.-D. PSEG Long IslandThe utility will start the MVD Project Study and Participating Project CESIRs once the fall MVD Project Study and CESIR payments are received. If Participating Projects do not meet payment timelines and are withdrawn from the queue, ⁵ the pro rata cost per kW remains the same for remaining Participating Projects, and PSEG Long Islandthe Utility will have discretion on whether 100% of the required ~~enough~~ funding will be is collected from the Participating Projects to justify proceeding with the MVD project study. PSEG Long IslandThe utility will have one hundred (100) Business Days to complete both the MVD Project Study and each Participating Project’s CESIR.

The MVD Project Study result will include an indication of the incremental project equipment, Hosting Capacity enabled, preliminary milestone schedule, and revised cost per kW required to interconnect Participating Projects as part of the proposed MVD project. If the MVD Project Study indicates that the aggregate Participating Project capacity exceeds the capacity of the MVD project, the capacity will be assigned by interconnection queue position. After the MVD Project Study results are provided to the Participating Projects, for those Participating Projects where the MVD Study confirms available increased Hosting Capacity, a non-refundable full MVD Qualifying Upgrade payment for the shared costs of proceeding with the MVD project will be due within ninety (90) Business Days from each of the Participating Projects that want to proceed. If projects are withdrawn from the queue such that additional Participating Projects in queue can now benefit from Hosting Capacity created by the Qualifying Upgrade, PSEG Long Islandthe utility will send invoices to additional Participating Projects where the MVD project can now meet their Hosting Capacity needs. Applicants who receive an invoice under this provision shall pay the invoice within 30 Business Days or be withdrawn from the queue.

Based on the number of DG/ESS applicants that pay the non-refundable MVD Qualifying Upgrade payment and the CIP project schedule, PSEG Long Islandthe utility will have the discretion to

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~~move ahead with the MVD project. -If PSEG Long Islandthe utility determines it will not proceed with the MVD project, it will provide notice of its decision and rationale to Participating Projects within fifteen (15) Business Days of receipt of the MVD Qualifying Upgrade payment and will refund those payments via the utility cost reconciliation process per Section 1.-C. No MVD Qualifying Upgrade payments will be refunded to Participating Projects that are withdrawn from the queue after making such payments until/unless a subsequent project(s) take their place by making MVD Qualifying Payments that equal or exceed the MVD Qualifying Payments received from those withdrawing Participating Projects.~~

B. Proactive 3V0 Upgrades

~~The CIP will identify relevant information regarding substations at which PSEG Long Islandthe utility plans to install 3V0 upgrades.~~

~~Following availability of PSEG Long Islandthe utility's filing of the CIP, as describeddescribed above in Section 1 of this Appendix, additional applicants may apply for interconnection at the identified substations. The utilityPSEG Long Island will accept applications at a substation designated for a 3V0 upgrade up to the maximum capacity available at the site for reliable and safe operation. PSEG Long IslandThe utility will have the discretion to proceed where 3V0 upgrades are feasible. Payments will be due in accordance with CESIR payment timelines as per Section 1-D.~~

2. Market-Initiated Upgrades

~~This section addresses cost-sharing for Qualifying Upgrades identified in the course of the interconnection application process.~~

A. Process for Market-Initiated Upgrades

~~Whenever PSEG Long Islandthe utility determines that a substation Qualifying Upgrade is required to interconnect a Triggering Project, PSEG Long Islandthe utility will promptly discuss its finding with the applicant. If the applicant decides to continue with the application, then in addition to the CESIR process outlined in Section I-C, PSEG Long Islandthe utility will proceed with a more detailed study to develop a cost estimate and initial construction schedule for the Qualifying Upgrade. PSEG Long IslandThe utility will determine the Qualifying Upgrade Cost and the net increase in Hosting Capacity that would result from the construction of that modification. PSEG Long IslandThe utility shall have up to forty (40) Business Days to conduct the additional study to assess the Qualifying Upgrade and complete the CESIR. PSEG Long IslandThe utility will present the Qualifying Upgrade use case and supporting details in the Qualifying Upgrade Disclosure, which will include the following items:~~

- ~~1. The technology option(s) considered to address the electric system impacts;~~
- ~~2. The Qualifying Upgrade selected by PSEG Long Islandthe utility;~~
- ~~3. The estimated Qualifying Upgrade Cost and increase in Hosting Capacity;~~
- ~~4. The estimated Capacity Increase Shared Cost (per kW AC); and~~
- ~~5. A Preliminary Milestone schedule for the Qualifying Upgrade.~~

~~PSEG Long IslandThe utility will also publish the Qualifying Upgrade Disclosure with the next monthly update to PSEG Long Islandthe utility's system data portal after the CESIR is delivered to the Triggering Project applicant.Relevant Qualifying Upgrade Disclosure information will be made available to authorized applicants subject to appropriate information security/confidentiality procedures.~~

~~The CESIR will assign the Triggering Project and any Sharing Project its Qualifying Upgrade Charge. Each applicant shall pay the Qualifying Upgrade Charge ninety (90) Business Days following the CESIR delivery, and 30% of the project specific costs in accordance with the requirements of Section~~

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1.-D. PSEG Long Island shall not proceed to construction until sufficient funds from the Triggering and Sharing Project(s) are collected for a Qualifying Upgrade installation in accordance with Utility Mobilization Thresholds section C below. No Qualifying Upgrade Charge payments will be refunded to Participating Projects that are withdrawn from the queue after making the such payments until/unless a subsequent project(s) take their place by making Qualifying Upgrade Charge payments that equal or exceed the Qualifying Upgrade Charge payments made by the withdrawing Participating Projects.

For Qualifying Upgrades that are distribution/sub-transmission line PSEG Long Island~~the utility~~ shall charge the Triggering Project the full cost estimate for the Qualifying Upgrade as established in the CESIR. Actual costs shall be reconciled and invoiced upon completion of the Qualifying Upgrade and paid by or refunded to the applicant.~~Payments shall be made in accordance with the requirements of Section I.-D.~~ At the time the Triggering Project applicant makes its first payment, PSEG Long Island~~the utility~~ shall designate the upgrade as a “DG/ESS Encumbered Line.” Construction of the upgrade shall begin once ~~the utility~~PSEG Long Island has received full payment of the cost estimate. Any Sharing Project(s) above 50 kW AC that later proceeds to CESIR will be charged its pro rata share of the Qualifying Upgrade. ~~The utility~~PSEG Long Island will calculate the pro rata share based on the capacity of the DG/ESS project and footage used. After ten years from the first project interconnection, or when the Triggering Project’s contribution after reimbursement becomes less than \$100,000, whichever occurs first, the line will no longer be considered a “DG/ESS Encumbered Line.” No payments shall be refunded to a Sharing Project(s) after making full payment until a subsequent project(s) takes their place by making their full payment.

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B. Project Profiles to Be Considered in Site Selection and Eligible for the Market-Initiated DG/ESS Upgrade Mechanism

Participating Projects must be greater than 50 kW AC nameplate rating in size, or Participating Projects proposed by the same developer, within a six-month period, must be greater than 50 kW AC nameplate rating in aggregate.

The table below, “Market-Initiated Cost Sharing 2.0 Mechanisms”, provides a breakdown of Triggering and Sharing project cost responsibilities, Mobilization Threshold, and Refundability/Reconciliation of the various Market-Initiated Qualifying Upgrade mechanisms.

Market-Initiated Cost Sharing 2.0 Mechanisms

<u>Market-Initiated Qualifying Upgrade</u>	<u>CESIR Cost Responsibility</u>		<u>Mobilization Threshold</u>	<u>Refundability and Reconciliation</u>
	<u>Triggering Project</u>	<u>Sharing Project</u>		
<u>Distribution and Sub-Transmission Lines and Underground Secondary Network Upgrades</u>	<u>100% of Qualifying Upgrade Cost</u>	<u>Pro-Rata Share based on kW Capacity and Footage</u>	<u>Upon payment of 100% of Qualifying Upgrade Cost by Triggering Project</u>	<p><u>Qualifying Upgrade Costs are non--refundable for the Triggering Project until a Sharing Project provides payment such that the utility PSEG Long Island has receipt of 100% of Qualifying Upgrade Cost.</u></p> <p><u>Upon receipt of additional payments by Sharing Projects PSEG Long Island the utility shall reconcile with the Triggering Project based on a calculated estimated pro-rata share. Remaining reconciliation for Qualifying Upgrade Cost to occur pursuant to Section I.-C of the SGIPR.</u></p>
<u>Transformer Bank</u>	<u>Pro-Rata Share of</u>	<u>Pro-Rata Share of</u>	<u>Upon payment of 75% of</u>	

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	<u>Qualifying Upgrade Cost based on kW Capacity</u>	<u>Qualifying Upgrade Cost based on kW Capacity</u>	<u>Qualifying Upgrade Cost by Triggering Project and Sharing Project(s)</u>	<u>Qualifying Upgrade Costs are non-refundable until another Sharing Project provides payment such that the utilityPSEG Long Island has received payments equal to the pro-rata share of the Qualifying Upgrade.</u> <u>Remaining reconciliation for Qualifying Upgrade Cost to occur pursuant to Section I.-C of the SGIP.</u>
<u>Other Qualifying Substation Upgrades</u>	<u>Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity</u>	<u>Pro-Rata Share of Qualifying Upgrade Cost based on kW Capacity</u>	<u>Upon payment of 25% of Qualifying Upgrade Cost by Triggering Project and Sharing Project(s)</u>	<u>Qualifying Upgrade Costs are non- refundable until another Sharing Project provides payment such that the utilityPSEG Long Island has received payments equal to the pro-rata share of the Qualifying Upgrade.</u> <u>Remaining reconciliation for Qualifying Upgrade Costs to occur pursuant to Section I.-C of the SGIP.</u>

C. Utility Mobilization Thresholds

PSEG Long Island~~The utility~~ shall proceed to construct a Qualifying Upgrade, other than a distribution/sub- transmission line upgrade or underground secondary network upgrade, once it has collected sufficient funds from the Triggering and Sharing Project(s) in accordance with the following:

1. For all substation upgrades other than a transformer installation/upgrade, ~~the utility~~PSEG Long Island shall proceed once Participating Project payments total at least 25% of the estimated Qualifying Upgrade Cost.
2. For a substation transformer installation/upgrade and associated work, construction shall begin once payments made by Participating Projects equal at least 75% of the estimated Qualifying Upgrade Cost. If the 75% threshold is not collected within twelve (12) months of an applicant paying its full construction contribution, then the applicant may request a refund, which ~~the utility~~PSEG Long Island shall process within sixty (60) Business Days of the request.
3. If Triggering Project and Sharing Project(s) Hosting Capacity needs are below the minimum subscription threshold, the Triggering Project, or the Triggering Project and any Sharing Project(s), may agree to fund shares beyond their capacity needs so that the minimum subscription threshold criterion is met.

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4. To mitigate the risk to utility customers, unrecovered costs shall be capped at 2% of a utility PSEG Long Island's distribution/sub-transmission electric capital investment budget per fiscal year, after which any Qualifying Upgrades would require full (100%) funding from Triggering Projects and Sharing Projects prior to utility PSEG Long Island mobilization for such projects' construction work.

3. Capital Project Queues

The utility PSEG Long Island will create a Capital Project Queue at the substation or feeder level for each Utility-Initiated Upgrade and Market-Initiated Upgrade identified under these rules where utility construction will take longer than twenty-four (24) months. The utility PSEG Long Island will note on its Hosting Capacity map that the station/feeder is impacted by the Capital Project Queue due to future work.

Applications pending at the time a Capital Project Queue is created will be placed into the queue if the applicant consents. New applications will be placed into a Capital Project Queue following the Preliminary Screening Analysis. The payment timelines in Section 1.-D will be suspended for applications assigned to a Capital Project Queue, except as provided otherwise in this Section.

When the upgrade for a given substation is within eighteen (18) months of the expected completion date, applications will be removed from in the Capital Project Queue and will advance through the remaining -SGIP steps based on their original application completion date. Any project that was placed in the Capital Project Queue after the CESIR was complete will need to go through the CESIR process again due to potential changes to the LIP utility's electric power system, unless the utility PSEG Long Island determines that a restudy is not needed.

4. Unsubscribed Capacity

PSEG Long Island Utilities will continue to collect contributions from Participating Projects up to ten (10) years after a Qualifying Upgrade is placed in service, or all available Hosting Capacity from a Qualifying Upgrade is used, whichever occurs first.

If the Triggering Project and initial Sharing Project(s) have met the minimum threshold to begin the upgrade, but the available Hosting Capacity has not been completely filled and thus utility customers contribute to the unassigned costs, then any additional Sharing Projects that use available Hosting Capacity up to ten (10) years after the upgraded asset is placed in service will be required to fund their pro rata share prior to interconnection, and utility customers shall receive the benefit provided by those additional Sharing Project(s). At the time additional Sharing Project(s) provide contributions for Qualifying Upgrades under this scenario, the following utility customer protections shall apply:

- i. For Qualifying Upgrades that are in service but NOT included in base rates, PSEG Long Island the utility shall pay for this using debt and recover those costs in Debt Service.

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PSEG Long Island LIPA

PSEG Long Island LIPA PSEG Long Island LIPA's If the additional Hosting Capacity needs of the Triggering Project and initial Sharing Project(s) are below the minimum subscription threshold, and the Triggering Project and initial Sharing Project(s) (if any), agree to fund shares beyond their capacity needs so that the minimum subscription threshold criterion is met, then the Triggering Project and initial Sharing Project(s) have provided contributions in excess of the Capacity Increase Shared Cost rate multiplied by their respective Hosting Capacity. Under this scenario the cost of unsubscribed capacity is being borne by the Triggering Project, previously paid Sharing Project(s) (if any), and utility customers.

Additional Sharing Projects that connect to the upgraded station/feeder will be required to contribute such that the Triggering Project, initial Sharing Project(s) (if any), and additional Sharing Projects have provided funding at an equal dollar per kW of Hosting Capacity. Triggering Projects and previously paid Participating Projects are to be provided refunds (from PSEG Long Island the utility LIPA) as a result of the additional contribution of Sharing Project(s). Refunds shall be provided to the Triggering Project and previously paid Sharing Project(s) until the Participating Projects have provided funding at a level that is equivalent to their Capacity Increase Shared Cost multiplied by their respective Hosting Capacity level. If additional Sharing Projects provide funding, the PSEG Long Island utility customer protections described in Scenario above (sections 4.i) shall apply.

5. Cost Reimbursement

The Utility PSEG Long Island will reimburse Participating Projects for the costs of Qualifying Upgrades in advance of upon completion of the final project cost reconciliation process established in section 1.C, Step 11 of the SGIP, as provided in this section. These reimbursements will be based on the cost estimates provided by PSEG Long Island the utility.

For upgrades involving the DG Encumbered Line mechanism, Triggering Projects and previously paid Sharing Projects shall be reimbursed by the utility PSEG Long Island when later Sharing Projects make their full payments, with contributions to be calculated based on project size and footage utilized. Once the Triggering Project and Sharing Project(s) have paid 100% of their respective payments, PSEG Long Island the utility will reimburse Sharing Projects' estimated costs to the Triggering Project within sixty (60) Business Days. When the final PSEG Long Island utility costs for all participating projects on a

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DG Encumbered Line are known, both the Triggering Project and any Sharing Projects will be billed or refunded by the utility PSEG Long Island as provided in the SGIP.

When any Triggering Project or Sharing Projects pay more than their pro rata cost shares in order to reach a mobilization threshold, as provided in section 42D above, payments from additional Sharing Projects received after the mobilization threshold is reached will be first applied to the Triggering Project and initial Sharing Project(s) that paid more than their pro rata cost share, until the Triggering Project and Sharing Projects' contributions are equal to the pro rata share of each project based on capacity needs. When the final costs are known, the Triggering Project and Sharing Projects will be billed or refunded based on the actual cost.

APPENDIX F

Appendix F -Application Checklist

Completed standard application form	✓
Signed copy of the standard contract	✓
Letter of authorization, signed by the Customer, to provide for the contractor to act as the customer’s agent, if necessary	✓
<u>If requesting a new service, a site plan drawing with the proposed interconnection point identified by a Google Earth, Bing Maps, or similar satellite image. For those projects interconnected on existing services, account number, meter numbers, photos of existing service entrance equipment (existing metering facilities, and switchgear-ete) and a site plan drawing shall be provided. The drawings shall show all electrical components proposed for the installation and their connections to the existing on-site electrical system from that point to the PCC, and shall be clearly marked to distinguish between new and existing equipment.</u> <u>If requesting a new service, a site plan with the proposed interconnection point identified by a Google Earth, Bing Maps or similar satellite image. For those projects on existing services, account and meter numbers shall be provided</u>	✓
<u>Proof of Site Control and if applicable New York State Standardized Acknowledgement of Property Owner Consent Form or Site Control Certification Form– Refer to Appendix H and Appendix H-1-for form.</u>	✓
Description/Narrative of the project and site proposed. If multiple DG systems are being proposed at the same site/location, this information needs to be identified and explained in detail	✓
DG technology type	✓
DG fuel source / configuration	✓
Proposed project size in AC kW	✓
Project is <u>subject to Solar Communities Feed-in Tariff</u> , net metered, remote, or community net metered	✓
Metering configuration	✓
Copy of the certificate of compliance referencing UL 1741. <u>If proposing power-limited equipment, provide additional generic letter by manufacturer detailing output range in which inverter model(s) were tested and certified to UL 1741.</u>	✓
Copy of the manufacturer’s <u>product data sheet for the interface equipment. For custom equipment (e.g., transformer, disconnect, or recloser), copy of the manufacturer’s product brochure.</u> data sheet for the interface equipment	✓
Copy of the manufacturer’s verification test procedures, if required	✓
<u>For systems 50 kW or less, provide a copy of the manufacturer's verification test procedures.</u>	✓
System Diagram—A three line diagram for designs proposed on three phase systems, including detailed information on the wiring configuration at the PCC and an exact representation of existing utility service. One line diagrams shall be acceptable for single phase installations <u>System Diagram - For solar PV and BESS applications – a single-line drawing that meets the requirements of this Appendix. For all other types of applications – a three-line diagram that meets the requirements of this Appendix.</u>	✓
<u>Single-line and three-line diagrams must include the following:</u>	

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- | | |
|---|--|
| <ol style="list-style-type: none">1. <u>Number, individual ratings, connection configurations, and type of all major electrical components such as generating units, step-up transformers, auxiliary transformers, grounding transformers, neutral reactors, and switches/disconnects of the proposed interconnection, including the required protection devices (instrument transformer configuration and polarity if applicable) and circuit breakers.</u>2. <u>Proposed inverter protection settings (and relay equipment settings if applicable).</u>3. <u>Proposed generator step-up transformer MVA ratings, impedances, tap settings, neutral connections, winding configurations, and voltage ratings.</u>4. <u>For those systems proposed to be interconnected at a system voltage of 1,000 volts or greater, the drawings shall be sealed by a NYS licensed Professional Engineer.</u>4. <u>Control system designs, phase sequencing, differential relay settings, ground connections, and metering transformer connections</u> | |
|---|--|

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APPENDIX F

Appendix G – Screening Analysis

~~Preliminary Screening Analysis~~ PRELIMINARY SCREENING ANALYSIS

Please refer to PSEG Long Island’s ~~Smart Grid~~ Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA’s Distribution System for Preliminary DER Interconnection Screening. ~~Analysis~~. -The document can be found at the following link:

<https://www.psegliny.com/aboutpseglongisland/ratesandtariffs/sgip>

SUPPLEMENTAL SCREENING ANALYSIS

Please refer to PSEG Long Island’s ~~Smart Grid~~ Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA’s Distribution System for Supplemental DER Interconnection Screening. ~~Analysis~~. -The document can be found at the following link:

<https://www.psegliny.com/aboutpseglongisland/ratesandtariffs/sgip>

APPENDIX H

Appendix H – Property Owner Consent Form

New York State Standardized Acknowledgment of Property Owner Consent Form

Project Name:

Location (Installation address):

Project/PAM Number (if available):

(Note: This Acknowledgment is to be signed by the owner of the property where the proposed distributed generation facility and interconnection will be placed, when the owner or operator of the proposed distributed generation facility is not also the owner of the property, and the property owner’s electric facilities will not be involved in the interconnection of the distributed generation facility. Property Owner shall attached a copy of Tax Bill/Deed/Lease/Agreement/Other as evidence with this form)

This Acknowledgment is executed by _____, (the “Property Owner”; as used herein the term shall include the Property Owner’s successors in interest to the Property), as owner of the real property situated in the City/Town of _____, _____ County, New York, known as _____ [street address] (the “Property”), at the request of _____ [name of Developer] (the “Developer”; as used herein the term shall include the Developer’s successors and assigns).

This Acknowledgment does not grant or convey any interest in the Property to the Developer.

1. The Property Owner certifies as of the date indicated below that the Property Owner is working exclusively with the Developer on a proposal to install a distributed generation facility (the “Facility”) on the Property.

OR

2. The Property Owner certifies as of the date indicated below that the Developer has executed with the Property Owner one of the following: a signed option agreement to lease or purchase the Property, an executed Property lease, or an executed purchase agreement for the Property granting the Developer a right to use the Property for purposes of installing the Facility.

Property Owner:

Developer/Applicant:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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Appendix H-1— Site Control Certification Form

Appendix H-1 Site Control Certification Form

PSEG Long Island
Manager of Power Asset Management
175 E Old Country Road
Hicksville, New York 11801

Re:	<u>DEVELOPER</u>	<u>[name]</u>
		<u>[contact information]</u>
	<u>PROJECT</u>	<u>[PAM ID number]</u>
	<u>PROPERTY</u>	<u>[street address]</u>
		<u>[municipality/county]</u>
		<u>[city/town and zip code]</u>

_____ (the “Property Owner”) is the owner of the above- referenced property (the “Property”).

_____ (the “Developer”) is the developer of the project identified above.

The Property Owner and the Developer have entered into an agreement authorizing the Developer to use the Property for the purpose of constructing and operating a distributed generation facility. The type of agreement that is in place is indicated below by a check mark.

	<u>Signed option agreement to lease or purchase the Property</u>
	<u>Executed lease agreement for the Property</u>
	<u>Executed agreement to purchase the Property</u>
	<u>License or other agreement granting exclusive right to use the Property for purposes of constructing and operating the distributed generation facility</u>

Property Owner and Developer entered into the agreement on or about _____ (MM/DD/YYYY)

Terms of Agreement (including options to extend) _____ (MM/DD/YYYY)

<u>Property Owner</u>	<u>Developer</u>
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

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Date: _____ Date: _____

APPENDIX JH

Appendix I – Moratorium Attestation Form

New York State Standard Moratorium Attestation Form

PSEG Long Island
 Manager of Power Asset Management
 175 E Old Country Road
 Hicksville, New York 11801

Re:	DEVELOPER	[name]
		[contact information]
	PROJECT	[Project/PAM number]
	PROPERTY	[street address]
		[municipality/county]
		[city/town and zip code]

_____ [DEVELOPER NAME] hereby attests that it will notify the
 interconnecting utility identified above of the date that the moratorium on solar development in
 _____ [MUNICIPALITY NAME] is lifted.

By signing below, Developer confirms that this attestation is true and correct.

By: _____

Printed Name: _____

Title: _____

| **APPENDIX JH**

APPENDIX JH

Appendix J – Energy Storage System (ESS) Application Requirements

Energy Storage System (ESS) Application Requirements / System Operating Characteristics / Market Participation

Application Requirements:

- a. Provide a general overview / description and associated scope of work for the proposed project. Is the new ESS project associated with a new or existing DG facility?
- b. Identify whether this is a Stand-Alone or Hybrid ESS proposal or a change to the operating characteristics of an existing system. If Hybrid ESS, please select the configuration option:
 1. Hybrid Option A - ESS is charged exclusively by the DG
 2. Hybrid Option B - ESS will not export to the grid, only DG will.
 - a. Hybrid Option C - ESS may charge/discharge unrestricted, but grid consumption by ESS is netted out of grid exports¹.
 3. Hybrid Option D - ESS may charge/discharge unrestricted, but any consumption on the account is netted out of grid exports
 4. N/A - not Value Stack
- c. Market participation²
 1. Compensated under the LIPA Electric Service Tariff? If yes, please specify. Identify any associated use case stacking (*i.e.*, parallel standby, net meter, VDER, import only, export only, peak shaving, generator firming, demand response, etc.) if applicable.
 2. NYISO markets? If yes, has the NYISO process been initiated? Please specify which anticipated NYISO market(s).
 3. As part of an NWA? If yes, please specify which associated NWA.
 4. Program or market not listed? If yes, please describe.
- d. Indicate whether the ESS and DG system inverter(s)/converter(s) are DC-coupled or AC-coupled and provide the following:
 1. DER Nameplate Ratings:
 - i. Storage inverter rating (kW) for AC-coupled or stand-alone systems;
 - ii. DG inverter rating (kW) for AC-coupled systems (if DG present); or

¹ ESS may have restricted charge/discharge to be defined in Question 2e

² Market participation information is non-binding but may be used to verify operating characteristics and metering configuration. Participation in NYISO markets and NWA programs may influence the technical study.

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iii. DG + ESS inverter rating (kW) for DC-coupled systems.

2. Storage capacity (kWh)³

- e. Provide specification data/rating sheets for both the AC and/or DC components including the manufacturer, model, and nameplate ratings (kW) of the inverter(s)/converters(s) and controllers for the ESS and/or DG system, and capacity of ESS unit(s) (kWh).
- f. Indicate the type of Energy Storage (ES) technology to be used. For example, NaS, Dry Cell, PB-acid, Li-ion, vanadium flow, etc.
- g. Will the proposed project provide both real power and reactive power (PQ injection)?
- h. Will the proposed project provide reactive power control, either via volt/VAR mod or specific power factor?
- i. Indicate whether the interconnected inverters inverter(s)/converter(s) is/are compliant to the latest versions of the following additional standards. If partially compliant to subsections of the latest standards, please list those subsections:
 1. IEEE 1547a-2018
 2. UL 1741 and its supplement SA
- j. List the system's maximum import in kW AC, including any equipment and ancillary loads (i.e., HVAC) to be installed to facilitate the ESS installation.
- k. Indicate desired ramp rates in kW/second during charging and discharging (worst case will be assumed if not provided). Please attach a charge and discharge data/curve.
- l. Is the ESS symmetrical or asymmetrical (e.g., charge magnitude equivalent to discharge magnitude)? Provide proposed inverter(s) power factor operating range and anticipated operational setpoints⁴ in the context of the expected two-quadrant or four-quadrant operation
- m. Indicate the maximum potential change in power magnitude expressed in equipment limitations such as per-second, minute, hour, or day and kW or % of kW as applicable.
- n. Indicate any specific operational limitations that will be imposed (e.g., will not charge or discharge across PCC between 2-7 pm on weekdays; ESS will not charge at any time that would increase customers peak demand, etc.). Charge/discharge at any time (24 hours) will be assumed by LIPA if not provided.
- o. Provide a summary of protection and control scheme functionality and provide details of any integrated protection of control schematics and default settings within controllers.
- p. Submit control schemes, electrical configurations, and sufficient details for PSEG Long Island to review and confirm acceptance of proposal. Detail any integrated control scheme(s) that are included in the interconnected inverter(s)/converters including a sequence of operations for expected events, energy flows, or power restrictions. For example, provide details if the ESS can be charged only through the DG input, or if the ESS can be switched to be charged from the line input, or if a control scheme is proposed to prohibit power flow directionality or peak values. Provide details on grounding of the interconnected ESS and/or DG system to meet LIPA's effective grounding requirements.
- q. Provide short circuit current capabilities and harmonic output from the hybrid ESS project or stand-alone ESS.

³ Kilowatt hour rating values are typically not utilized for impact review outside of a utility performance requirement under and NWA solution. However, kWh is required for utility reporting and is a mandatory date field.

⁴ Final setpoints are subject to change per utility's direction

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- r. If the intended use case for the ESS includes behind-the-meter backup services, please provide a description and documentation illustrating how the entire system disconnects from the LIPA System during an outage (e.g., mechanical or electronic, coordination, etc.).

Optional Questions:

Questions in this section are not required for a complete application, although any responses provided may support PSEG Long Island's decision to review the project performance in a manner that could result in less impact to the customer interconnection.

- a. Indicate whether the interconnected inverters inverter(s)/converter(s) is/are compliant to the latest versions of the following additional standards. If partially compliant to subsections of the latest standards, please list those subsections: a. SunSpec Common Smart Inverter Profile (CSIP) v2.103-15-2018
- b. Any other recognized standard or practice. Indicate the maximum frequency of change in operating modes (*i.e.*, charging to discharging and vice-versa) that will be allowed based upon control system configurations.
- c. Provide details on standard communication as follows:
 - a. Hardware interfaces that are available, *e.g.*, TCP/IP, serial, etc.
 - b. Protocols that are available, *e.g.*, MODBUS, DNP-3, 2030.5, etc.
 - c. Data models that are available, *e.g.*, 61850-90-7, SunSpec, MESA, 2030.5, OpenADR, etc.
- d. Provide details on whether the inverter(s)/converter(s) have any intrinsic grid support functions, such as autonomous or interactive voltage and frequency support. If so, please describe these functions and default settings.

APPENDIX K

Appendix K – Project Construction Schedule

Applicant Name:

Project/PAM Number:

Developer:

*This Interconnection schedule depends upon receipt of funds along with notification to proceed, executed Interconnection Agreement, weather, equipment delivery, public opposition to right-of-way and timely Customer design submittals. Close coordination is required to sequence construction and planned interruption events. As a result, any final schedule requires mutual agreement and would be subject to change.

Milestone	Estimated Time Duration to Completion (Weeks)	Responsible Party
30 % Payment		Interconnection Customer
Administrative Setup		PSEG Long Island
Customer Submittals One Line and Three Line Diagrams Stamped Site Plans		Interconnection Customer
Review of drawings, shop drawings and Relay Setting		PSEG Long Island
Design Queue		PSEG Long Island
Permitting/Easements		PSEG Long Island
Upgrade Design – Line/POI/Substation Design		PSEG Long Island: Complete design to the point of material ordering
Progress Payment**		Interconnection Customer
Scheduling/Procurement		PSEG Long Island
Construction – Line/POI/Substation		PSEG Long Island / <u>Interconnection customer</u>
Verification Test Coordination Customer Witness Testing Energization/Permission to Operate		PSEG Long Island / <u>Interconnection customer</u> <i>Customer submittals required to be <u>approved to schedule test</u></i>
Total Project Duration		PSEG Long Island /Interconnection Customer

- a. **The sequence of Milestone schedule might change for Non-CESIR projects.

APPENDIX L

Appendix L – Small Generator Certificate Of Completion

Is the Small Generator unit owner-installed? Yes _____ No _____

Installed System Total Output: _____ kW DC and _____ kW AC

Installed Energy Storage Total Output: _____ kW AC and _____ kWh

Interconnection Customer: _____

Contact Person: _____

Address: _____

Location of the Small Generator (if different from above):

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by LIPA: _____

Application PAM ID number: _____

Inspection:

The Small Generator has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

**APPENDIX M
INTERCONNECTION AGREEMENT
FOR A SYSTEM
GREATER THAN 5 MW AND LESS THAN 10 MW**

**Appendix M - Interconnection Agreement For A System
Greater Than 5 MW And Less Than 10 MW**

**INTERCONNECTION AGREEMENT
FOR A SYSTEM
GREATER THAN 5 MW AND LESS THAN 10 MW
AT [ADDRESS]**

BETWEEN

LONG ISLAND LIGHTING COMPANY D/B/A LIPA

AND

[PARTY NAME]

APPENDIX M
INTERCONNECTION AGREEMENT
FOR A SYSTEM
GREATER THAN 5 MW AND LESS THAN 10 MW

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FOR A SYSTEM
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APPENDIX M
INTERCONNECTION AGREEMENT
FOR A SYSTEM
GREATER THAN 5 MW AND LESS THAN 10 MW

THIS INTERCONNECTION AGREEMENT (this “Agreement”) is made and entered into this ___ day of _____, _____ by and between Long Island Lighting Company doing business as LIPA (“LIPA”), a corporation organized under the laws of the State of New York and a wholly-owned subsidiary of Long Island Power Authority (“Authority”) which is a corporate municipality and political subdivision of the State of New York, each with its headquarters at 333 Earle Ovington Boulevard, Uniondale, New York 11553 and [PARTY NAME] organized under the laws of the State of [_____] (“Generator”), with its offices at [PARTY ADDRESS]. LIPA and Generator may be jointly referred to in this Agreement as the “Parties,” or individually as a “Party.” T&D Manager is not a party to this Agreement and is executing this Agreement solely on behalf of and as agent for LIPA.

WHEREAS, LIPA owns electric facilities and is engaged in the generation, transmission, distribution, and sale of electric energy in the State of New York; and

WHEREAS, T&D Manager is LIPA’s agent, will administer this Agreement and shall be LIPA’s representative in all matters related to this Agreement, including all attached exhibits as applicable; and

WHEREAS, Generator intends to construct, own, operate, and maintain (or cause to be constructed, operated, and maintained) an electric power generation facility (the “Plant”) to be located at [ADDRESS]; and

WHEREAS, Generator desires to interconnect the Plant with LIPA’s System; and

WHEREAS, LIPA desires to interconnect LIPA’s System with the Plant;

NOW THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby covenant, promise, and agree as follows:

ARTICLE 1
CONSTRUCTION AND DEFINITIONS

1.1 Construction. Any references herein to this Agreement, or to any other agreement, shall include any exhibits, attachments, and addenda hereto and amendments thereto, as the same may be amended from time to time.

1.2 Definitions. Any term used in this Agreement and not defined herein shall have the meaning customarily attributed to such term by the electric utility industry in the State of New York. When used with initial capitalization, unless otherwise defined herein, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below:

“**Affiliate**” means any other entity directly or indirectly controlling or controlled by or under direct or indirect common control of a specified party. For purposes of this definition, “control” means the power to direct the management and policies of such entity or specified party, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. A voting interest of ten percent (10%) or more shall create a rebuttable presumption of control. The Parties acknowledge that the T&D Manager shall not be construed to be an Affiliate of LIPA as such term is defined and used herein.

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“**Agreement**” shall have the meaning identified in the Preamble and shall include all exhibits, schedules, appendices, and other attachments hereto and amendments thereto that may be made from time to time pursuant to the terms of this Agreement.

“**Arbitrators**” shall have the meaning set forth in Section 10.4 of this Agreement.

“**Authority**” shall have the meaning set forth in the Preamble, including its successors and assigns as permitted hereunder.

“**Business Day**” means any day on which the Federal Reserve Member Banks in New York City are open for business, and shall extend from 8:00 a.m. until 5:00 p.m. local time for each Party’s principal place of business.

“**Commercial Operation Date**” means the date on which the Plant has successfully completed its Performance Test and all tests required in accordance with NYISO procedures to provide Output in the corresponding NYISO markets in accordance with the applicable rules promulgated by the NYISO, and is available and capable of delivering Output pursuant to the terms of this Agreement.

“**Confidential Information**” shall have the meaning set forth in Section 15.1 of this Agreement.

“**Cure Plan**” shall have the meaning set forth in Section 9.2(b)(ii) of this Agreement.

“**Date of Initial Interconnection**” means the date on which the Plant is first electrically interconnected to LIPA’s System, which is intended to occur on or before [DATE].

“**Demarcation Point**” means the point of electrical interconnection between Generator’s Interconnection Facilities and LIPA’s Interconnection Facilities, located at [ADDRESS], as set forth in Exhibit A hereto.

“**Disclosing Party**” shall have the meaning set forth in Section 15.1 of this Agreement.

“**Energy Storage System**” means a commercially-available mechanical, electrical or electro-chemical means to store and release electrical energy, and its associated electrical inversion device and control functions that may stand-alone or be paired with a distributed generator at a point of common coupling.

“**Environmental Law**” means all former and current federal, state, local, and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives or orders (including consent orders) and Environmental Permits, in each case, relating to pollution or protection of the environment or natural resources, including laws relating to Releases or threatened Releases, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, arrangement for disposal, transport, recycling or handling of Hazardous Substances.

“**Environmental Permits**” means the permits, licenses, consents, approvals and other governmental authorizations, with respect to Environmental Laws relating primarily to the operation of the Plant.

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“**Event of Default**” shall have the meaning set forth in Section 9.1 of this Agreement.

“**FERC**” means the Federal Energy Regulatory Commission or any successor agency thereto.

“**FOIL**” shall have the meaning set forth in Section 15.3 of this Agreement.

“**Force Majeure Event**” shall have the meaning set forth in Article 12 of this Agreement.

“**Generator**” shall have the meaning set forth in the Preamble, including its successors and assigns as permitted hereunder. Generator means the distributed generation facilities and Energy Storage System approved by the T&D Manager with a nameplate capacity of less than 10 MW located on the Interconnection Customer’s premises at the time T&D Manager approves such generator for operation in parallel with LIPA’s system. This Agreement relates only to such generator. The nameplate generating and energy storage capacity shall not exceed 10 MW in aggregate.

“**Generator’s Interconnection Facilities**” means all facilities and equipment identified on Exhibit A, that are located between the Plant and the Demarcation Point, including any modification, addition, upgrades or replacement of such facilities and equipment, necessary to Interconnect the Plant with LIPA’s System. Generator’s Interconnection Facilities are sole use facilities.

“**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the State of New York during the term of this Agreement, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish the desired results at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to delineate acceptable practices, methods or acts generally accepted by a significant portion of the electric utility industry operating in the State of New York.

“**Hazardous Substance**” means (i) any petrochemical or petroleum products, crude oil or any fraction thereof, ash, radioactive materials, radon gas, asbestos in any form, urea formaldehyde foam insulation or polychlorinated biphenyls, (ii) any chemicals, materials, substances or wastes defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “contaminants” or “pollutants” or words of similar meaning and regulatory affect contained in any Environmental Law or (iii) any other chemical, material, substance or waste which is prohibited, limited or regulated by any Environmental Law.

“**Indemnified Party**” shall have the meaning set forth in Section 11.1 of this Agreement.

“**Indemnifying Party**” shall have the meaning set forth in Section 11.1 of this Agreement.

“**Interconnection**” means the electrical interconnection of the Plant with LIPA’s System.

“**Interconnection Customer**” means the owner of the Generator or any entity that proposes to interconnect with LIPA’s Distribution System.

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“**Interconnection Facilities**” means Generator’s Interconnection Facilities, if any, and LIPA’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Plant and the Point of Attachment, including any modifications, additions, upgrades or replacements that are necessary to physically and electrically interconnect the Plant to LIPA’s System. Interconnection Facilities are sole use facilities and shall not include additions, modifications or upgrades to LIPA’s System.

“**Interest Rate**” shall have the meaning set forth in Section 3.4 of this Agreement.

“**Lenders**” means any Person, or agent or trustee of such Person, who provides financing for the Plant.

“**LIPA**” shall have the meaning set forth in the Preamble, including its successors and assigns as permitted hereunder.

“**LIPA’s System**” means the electric transmission and distribution system owned by LIPA and consisting of all real and personal property, equipment, machinery, tools and materials, and other similar items relating to the transmission and distribution of electricity to LIPA’s customers.

“**LIPA’s Interconnection Facilities**” means all facilities and equipment identified on Exhibit A, that are located between the Demarcation Point and the Point of Attachment, including any modifications, additions, upgrades or replacements of such facilities and equipment. LIPA’s Interconnection Facilities are sole use facilities and shall not include additions, modifications or upgrades to LIPA’s System.

“**Material Modification**” means a Modification to a Unit that may have adverse impacts on the LIPA’s system, LIPA customers, other projects, or applications in the interconnection queue.

“**Metering Devices**” means all meters, metering equipment, data processing equipment, and associated equipment used to measure, record or transmit data relating to the provision and transmission of Output from LIPA’s System to customers pursuant to the terms of this Agreement.

“**Modification**” means a change to the ownership, equipment, equipment ratings, equipment configuration, or operating conditions of the Unit.

“**NYCA**” means the New York Control Area.

“**NYISO**” means the New York Independent System Operator or any successor thereto that administers the wholesale electricity markets in the State of New York substantially as a whole, including without limitation, any regional transmission organization so authorized by the FERC.

“**Other Party Group**” shall have the meaning set forth in Section 11.10. (e) of this Agreement.

“**Output**” means collectively, the capacity, energy, and ancillary services produced by the Plant.

“**Party**” or “**Parties**” shall have the meaning set forth in the Preamble, together with any successor or assign, as permitted hereunder, of either.

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“**Plant**” shall have the meaning set forth in the Recitals, including the balance of plant equipment, fuel handling facilities, step-up transformer(s), output breakers, and necessary generation and transmission lines to connect to the Demarcation Point, and associated protective equipment.

“**Performance Test**” means the performance tests as more fully described in Exhibit J (D) hereto.

“**Point of Attachment**” means the point, as set forth in Exhibit J (A), where the Interconnection Facilities connect to LIPA’s System.

“**Project Site**” means that parcel of land where the Plant is located and described in the attached Appendix A; and located in [ADDRESS].

“**Receiving Party**” shall have the meaning set forth in Section 15.1(a) of this Agreement.

“**Records**” shall have the meaning set forth in Section 16.3 of this Agreement.

“**Release**” means any actual or threatened release, spill, emission, emptying, escape, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment or within any building, structure, facility or fixture.

“**RTO**” means any regional transmission organization/independent transmission operator or organization, which is approved by the FERC pursuant to FERC Order No. 2000.

“**Statute**” shall have the meaning set forth in Section 16.3 of this Agreement.

“**Summer Season**” means, after the Commercial Operation Date, each of the periods from June 1 through September 30 of any year during the term of this Agreement.

“**System Emergency**” means the existence of a physical or operational condition or the occurrence of an event which, at the time of such occurrence or event that: (i) in the judgment of the Party making the claim, is imminently likely to endanger life or property, or (ii) in the case of LIPA, impairs or will imminently impair the safety and/or reliability of LIPA’s System or LIPA’s Interconnection Facilities, or (iii) in the case of Generator, impairs or will imminently impair the safety and/or reliability of the Plant or Generator’s Interconnection Facilities. System restoration and black start are part of a System Emergency, provided that Generator is not obligated to possess black start capability.

“**System Pre-Emergency**” means the existence of a physical or operational condition or the occurrence of an event which, at the time of such occurrence or event, could reasonably be expected, if permitted to continue, to lead to a System Emergency.

“**T&D Manager**” means ~~PSEG Long Island LLC through its operating subsidiary Long Island Electric Utility Service LLC, which has managerial responsibility for the day-to-day operation and maintenance of, and capital investment to, the electric transmission and distribution system owned by LIPA, pursuant to that Amended and Restated Operations Services Agreement, dated as of December 31, 2013, as amended from time to time (the “OSA”) or any~~

APPENDIX M
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FOR A SYSTEM
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~~other similar agreement or arrangement or any successor or assignee thereof providing certain operational, maintenance and other services to LIPA.~~

“T&D Manager” also referred to herein as “PSEG Long Island,” means Long Island Electric Utility Servco LLC, a wholly owned subsidiary of PSEG Long Island LLC, which has managerial responsibility for the day-to-day operational maintenance of, and capital investment to, the electric transmission and distribution system owned by LIPA as of January 1, 2014, pursuant to that Amended Restated Operations Services Agreement, dated as of December 31, 2013, as amended and restated by the Second Amended and Restated Operations Services Agreement (“OSA”) dated as of December 15, 2021, that became effective on April 1, 2022, or any successor or assignee thereof providing certain operation, maintenance and other services to LIPA. T&D Manager administers this Agreement on LIPA’s behalf as its agent.

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ARTICLE 2
TERM

This Agreement shall become effective (the “Effective Date”) upon execution by both Parties, and shall remain in full force and effect, subject to termination as provided herein, for a period of ten (10) years from the Effective Date or such other longer period as the Generator may request and shall be automatically renewed for each successive one-year period thereafter. Generator shall have the right to cease operation of the Plant and terminate this agreement upon thirty (30) days’ notice to LIPA. Either Party may terminate this Agreement in accordance with Article 9.

ARTICLE 3
BILLING AND PAYMENT

3.1. Billing Procedures. Within twenty (20) Business Days after the first (1st) day of each month, each Party shall prepare an invoice for any outstanding and due costs, fees or other payments owed it by the other Party pursuant to this Agreement or otherwise subject to reimbursement by Generator. Each invoice shall delineate the month in which such costs or services were incurred or provided, shall fully describe the costs or services incurred or rendered, and shall be itemized to reflect the incurrence of such costs and the provision of such services. Each Party shall pay the undisputed invoiced amount, if any, to the other Party on or before the thirtieth (30) day following receipt of the other Party’s invoice. Payment of invoices by either Party shall not relieve the paying Party from any responsibilities or obligations it has under this Agreement, nor shall it constitute a waiver of any claims arising hereunder nor shall it prejudice either Party’s right to question the correctness of such billing.

3.2 Billing Payment Addresses

- i. T&D Manager:
PSEG Long Island
Power Asset Management (PAM)
175 East Old Country Road
Hicksville, New York 11801
Attention: Manager, PSEG Long Island Power Asset Management

With a copy to LIPA:
Long Island Power Authority
333 Earle Ovington Boulevard, Suite 403
Uniondale, New York 11553
Attention: Vice President of Power Markets

- ii. Generator:
[NAME]
[ADDRESS]
Attention:
Fax: _____

or such other and different addresses as may be designated in writing by the Parties.

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3.3 Billing Disputes.

- (a) Notice. A Party receiving any invoice from the other Party shall examine same to ensure that it has been calculated correctly, and shall promptly notify the billing Party of any errors therein which the receiving Party in good faith believes have been made, along with the facts providing the basis for such belief. The billing Party will promptly review such complaint and reply to the specific claims made by the receiving Party.
- (b) Dispute Resolution. If the Parties are unable to settle the contested portion of any invoice, such dispute shall be settled in accordance with Article 10.
- (c) Obligation to Pay Uncontested Amounts. The existence of a dispute with regard to any payment due shall not relieve the indebted Party of any obligation to timely pay any uncontested amounts due under this Agreement or from fulfilling any other obligation under this Agreement.
- (d) Payment of Disputed Amounts. Upon resolution of a dispute in respect to any disputed amount, a party shall pay interest on any unpaid amount determined to be owed to the other party from the date due under the original invoice until date of payment. Such interest shall be computed at the effective interest rate as established by Section 2880 of the Public Authorities Law of the State of New York, and any successor thereto (the "Interest Rate").
- (e) Deadline for Disputing Amounts. Except in instances where it is demonstrated that fraud hindered the discovery of billing errors, any claims for adjustments must be made within two (2) years of when the invoice was issued.

3.4 Interest. If either Party fails to make any payment required by this Agreement when due, including contested portions of invoices, or if due to an incorrect invoice issued by a Party, the other Party may request an overpayment requiring a refund by the billing Party, such amount due shall bear interest at the Interest Rate for each day from the due date of the payment or the date on which the overpayment was made until the date of payment. Payments mailed on or before the due date shall not be charged interest for the period of mailing. If the due date of any payment falls on a Sunday or legal holiday, the next Business Day shall be the last day on which payment can be made without interest charges being assessed.

3.5 Survival. The provisions of this Article 3 shall survive termination, expiration, cancellation, suspension, or completion of this Agreement to the extent necessary to allow for final billing and payment.

ARTICLE 4
REGULATORY APPROVALS

4.1 Generator shall be responsible for obtaining and maintaining the effectiveness of all necessary governmental permits required for Generator to construct, operate maintain and replace Generator's Interconnection Facilities. LIPA shall be responsible for obtaining and maintaining the

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effectiveness of all necessary governmental permits required for LIPA to construct, operate, maintain, and replace LIPA's Interconnection Facilities.

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ARTICLE 5
SALE OF ELECTRICITY

There shall be no sale of electricity to LIPA under this Agreement.

ARTICLE 6
INSTALLATION, OPERATION, AND MAINTENANCE
OF THE INTERCONNECTION FACILITIES

6.1 LIPA shall interconnect the Plant with LIPA's System at the Point of Attachment, permit the Plant to operate in parallel with LIPA's System, and shall provide all services reasonably necessary to achieve these purposes.

6.2 Generator shall be responsible, for (a) all costs of designing, engineering, procuring, constructing, installing, commissioning, testing, operating, maintaining, and replacing the Generator's Interconnection Facilities and for providing data acquisition and control interfaces to permit the safe and reliable operation of the Interconnection Facilities in accordance with Good Utility Practice and the NYISO Tariff and Rules, and (b) all costs of designing, engineering, procuring, constructing, installing, commissioning, testing, operating, maintaining, and replacing LIPA's Interconnection Facilities. An estimate of the initial cost of LIPA's Interconnection Facilities is set forth in Exhibit E. Generator shall reimburse LIPA for all costs of designing, engineering, procuring, constructing, installing, commissioning, testing, and replacing LIPA's Interconnection Facilities. Generator shall reimburse LIPA on a monthly basis for maintenance costs of the Interconnection Facilities in accordance with the applicable Service Classification tariff in LIPA's retail electric tariff (presently Service Classification No.11). LIPA, through its T&D Manager, will invoice Generator for the foregoing costs.

6.3 Generator shall design, engineer, procure, construct, install, commission, test, operate, maintain, and replace Generator's Interconnection Facilities in conformance with: (a) the design specifications, construction standards, performance requirements, and operating standards specified in Appendices B, C, and D to this Agreement; (b) the testing procedures for the Generator's Interconnection Facilities, specified in Exhibit D to this Agreement; (c) all applicable laws, rules and regulations of federal, state and local governmental authorities that have jurisdiction over Generator with respect to the Generator's Interconnection Facilities; (d) Good Utility Practice.

6.4 Generator shall design, engineer, procure, construct, install, commission, test, operate, and maintain the Plant in accordance with: (a) the design specifications, construction standards, performance requirements, and operating standards specified in Appendices B, C, and D to this Agreement; (b) the testing procedures for the Plant, specified in Exhibit D to this Agreement; (c) all applicable laws, rules and regulations of federal, state, and local governmental authorities that have jurisdiction over Generator with respect to the Plant; and (d) Good Utility Practice.

6.5 Prior to the Date of Initial Interconnection, the Parties shall jointly develop detailed testing procedures for the Interconnection Facilities, to the extent any such procedures are not adequately specified as part of the applicable NYISO Tariff and Rules or within Exhibit D.

6.6 Prior to the date of Initial Interconnection, the Parties shall also jointly develop a detailed set of coordinated operating instructions. The operating instructions shall be developed in accordance

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with this Agreement and any other binding agreement between the Parties in effect during operation of the Plant.

6.7 If applicable, LIPA shall undertake design of and performance of verification studies for the Plant.

6.8 In order for LIPA to make a timely assessment of Generator's compliance with the requirements of Section 6.4 of this Agreement, prior to the Date of Initial Interconnection, Generator will submit to LIPA for LIPA's review, engineering drawings of the Plant, including detailed one-line functional relaying drawings, three-line alternate current ("AC") schematics, and all AC and direct current control schematics associated with the Plant. Such engineering drawings shall be of sufficient scope and detail to permit LIPA to reasonably assess Generator's compliance with the design requirements of Section 6.4 of this Agreement. Generator will send final engineering drawings to LIPA at least one (1) month prior to the Date of Initial Interconnection. LIPA shall provide written approval of the final engineering drawings promptly after Generator's submission to LIPA and prior to the Date of Initial Interconnection, which written approval shall not be unreasonably withheld or delayed. The Plant shall not be interconnected with LIPA's System until the Generator's Interconnection Facilities and the Plant have been approved by the New York Board of Fire Underwriters (or other similar body having jurisdiction).

6.9 Generator shall have the right to install its own meters at the Plant and shall maintain them according to Good Utility Practice. Prior to the Commercial Operation Date, Generator shall install, to specifications provided by LIPA and at Generator's expense, adequate metering and communications equipment as described in Appendices A and B. Generator shall pay the monthly charges associated with such communication channel(s).

6.10 Except as otherwise provided herein, each Party shall maintain its equipment and facilities and perform its maintenance obligations that could reasonably be expected to affect the operations of the other Party, according to Good Utility Practice. Unless the Parties mutually agree to a different arrangement, neither Party shall be responsible for performing the maintenance of the other Party's equipment, regardless of the location of said equipment.

6.11 Each Party may request, pursuant to Good Utility Practice, that the other Party test, calibrate, verify or validate its telemetering, data acquisition, protective relay equipment, control equipment or systems, or any other equipment or software pursuant to Good Utility Practice or for the purpose of troubleshooting problems on interconnected facilities, consistent with the other Party's obligation to maintain its electric generation equipment and facilities.. In the event that such testing reveals that no problems exist with the equipment or systems in question, the Party requesting such testing shall be responsible for all costs and expenses related to the requested test(s). Each Party shall be responsible for all costs to test, calibrate, verify or validate its own equipment or software at intervals required by NYISO or any successor RTO. Each Party shall supply the Party requesting the test, at no cost to such Party, with copies of the resulting inspection reports, installation and maintenance documents, test and calibration records, verification and validations of the telemetering, data acquisition, protective relay, or other equipment or software.

6.12 From time to time, modifications may be required of the Interconnection Facilities due to, but not limited to, general usage, unforeseen damage, operating requirements of the Plant, or operating requirements of LIPA's System. When such modifications are required, the Parties will jointly determine

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the reason for the modification. Generator shall be responsible for all costs associated with modifications to the Interconnection Facilities that are required to accommodate the interconnection of Generator's Plant. Any modifications to the Interconnection Facilities during the term of this Agreement must conform to the requirements of Exhibit B to this Agreement. If deemed to be a Material Modification, the modification will be studied pursuant to the procedures in the SGIP for new applications.

ARTICLE 7
ISOLATION RIGHTS

7.1 LIPA shall be responsible for installing such equipment or control system as determined by LIPA to allow for the disconnection of the Plant from LIPA's System. LIPA shall at all times during the term of this Agreement have access to the disconnect switch as indicated in Exhibit A to this Agreement, to electrically isolate the Plant from LIPA's System pursuant to Section 7.4.

7.2 LIPA shall design, operate, and maintain LIPA's Interconnection Facilities so such equipment or control system automatically disconnects the Plant from LIPA's System in the event of: (a) the occurrence of a fault on that portion of LIPA's System serving the Plant, in accordance with the requirements specified in this Agreement; (b) de-energization of the portion of LIPA's System that interconnects with the Plant; (c) an equipment failure or other condition occurring in the Interconnection Facilities or the Plant which creates or contributes to a System Emergency or System Pre-Emergency.

7.3 LIPA shall design, operate and maintain LIPA's Interconnection Facilities to fail in an open position, so that the Plant and LIPA's System will disconnect if there is any failure of a disconnect device on the Interconnection Facilities.

7.4 LIPA shall give advance notice to Generator of the need for disconnection of the Plant from LIPA's System, and coordinate with Generator on any such disconnection of the Plant, provided however, that LIPA may, in accordance with Good Utility Practice, disconnect the Plant without prior notice to Generator and maintain such disconnection if:

- (a) failing to disconnect the Plant from LIPA's System would create or contribute to a System Emergency or System Pre-Emergency;
- (b) immediate maintenance operations are required on LIPA's System to prevent a System Emergency or System Pre-Emergency; or
- (c) isolation is required to facilitate restoration of system outages or for safety considerations.

7.5 Whenever LIPA disconnects the Plant without prior notice to Generator, LIPA shall provide immediate oral notice, to be followed by written notice to Generator within one (1) day of such disconnection, which oral and written notice shall provide the reason, and, if possible, the expected duration of such disconnection.

7.6 LIPA may also request Generator to disconnect the Plant to perform non- immediate maintenance operations on LIPA's System that (a) are consistent with Good Utility Practice, including disconnecting the Plant in order to interconnect another generator to LIPA's System, and (b) require the Plant to be disconnected in order for LIPA to perform such maintenance on LIPA's System, provided that

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a minimum of twenty-four (24) hours of advance notice and an estimate of the duration of such disconnection are provided to Generator by LIPA. To the extent possible, LIPA will schedule all such maintenance operations of LIPA's System and LIPA's Interconnection Facilities at times that are mutually convenient for LIPA and Generator and in accordance with Good Utility Practice and taking into consideration Generator's schedule of planned outages.

7.7 Following any LIPA disconnection of the Plant, reconnection shall occur when:

- (a) all existing System Emergency or System Pre-Emergency conditions have been corrected; or
- (b) in the case of maintenance required on LIPA's System, such maintenance has been completed; and
- (c) it is safe to do so in accordance with Good Utility Practice.

7.8 Generator shall give advance notice to LIPA of the need for disconnection of the Plant from LIPA's System (other than regularly planned disconnections as required under LIPA Tariff SC-13), and coordinate with LIPA on any such disconnection of the Plant, provided however, that Generator may disconnect the Plant without prior notice to LIPA and maintain such disconnection if:

- (a) failing to disconnect the Plant from LIPA's System would create or contribute to a System Emergency or System Pre-Emergency;
- (b) immediate maintenance operations are required to prevent a System Emergency or System Pre-Emergency; or
- (c) isolation is required for safety considerations.

7.9 Whenever Generator disconnects the Plant without prior notice to LIPA, Generator shall inform LIPA as quickly as possible of the time, reason, and, if possible, the expected duration of such disconnection.

7.10 Following any Generator disconnection of the Plant, reconnection shall occur when:

- (a) all existing System Emergency or System Pre-Emergency conditions have been corrected; or
- (b) in the case of maintenance, such maintenance has been completed; and
- (c) it is safe to do so in accordance with Good Utility Practice.

ARTICLE 8
INSPECTION AND ACCESS RIGHTS

8.1 Generator shall provide LIPA with access to the Interconnection Facilities located on the Project Site at reasonable times, including weekends, and upon reasonable prior notice. The notice condition does not apply in the case of a System Emergency, and LIPA shall at all times during the term

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of this Agreement have access to the disconnect switch, as indicated in Exhibit A to this Agreement, to electrically isolate the Plant from LIPA's System pursuant to Article 7.

8.2. While at the Project Site, all representatives of LIPA shall observe such safety precautions as may be required by law or by Generator, and shall conduct themselves in a manner that is consistent with Good Utility Practice and that will not interfere with the operation of the Plant or the Generator's Interconnection Facilities.

8.3 Neither Party shall construct any facilities or structures or engage in any activities that will interfere with the rights granted to the other Party under this Agreement or rights-of-way, licenses, or easements secured by and/or for the other Party.

8.4 The access rights granted hereunder shall be effective for the term of this Agreement and shall neither be revoked, nor shall either Party take any action that would impede, restrict, diminish, or terminate the rights of access or use granted by such access rights.

8.5 Each Party shall have the right to inspect or observe, at its own expense, the maintenance activities, equipment tests, installation, construction, or other modifications to the other Party's Interconnection Facilities and associated telecommunication facilities, as the case may be, which may reasonably be expected to adversely affect the observing Party's operations or liability. The Party desiring to inspect or observe shall notify the other Party in accordance with the notification procedures set forth in Article 13 of this Agreement. If the Party inspecting the equipment, systems, or facilities observes any deficiency or defects that may be reasonably be expected to adversely affect the operations of the observing Party's system or facilities, the observing Party shall notify the other Party, and the other Party shall make any corrections necessitated by Good Utility Practice

8.6 Subject to the provisions of Section 11.1, each Party shall be solely responsible for and shall assume all liability for the safety and supervision of its own employees, agents, representatives, and subcontractors. All work performed by either Party that reasonably could be expected to affect the operations of the other Party shall be performed in accordance with all applicable laws, rules, and regulations pertaining to the safety of persons or property, including, without limitation, compliance with the safety regulations and standards adopted under the Occupational Safety and Health Act of 1970, as amended from time to time, the National Electrical Safety Code, as amended from time to time, and Good Utility Practice.

ARTICLE 9
EVENTS OF DEFAULT; TERMINATION

9.1 Event of Default. The occurrence of one or more of the following events so long as the same is continuing shall constitute an "Event of Default" under this Agreement:

- (a) Failure by either Party to substantially perform any material obligation under this Agreement, and which failure continues for a period of forty-five (45) days after notice thereof has been received by such Party from the non-defaulting Party; or

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- (b) Failure by either Party to pay any undisputed amount due under this Agreement which continues for a period of thirty (30) days after notice of such non-payment is delivered to the defaulting Party; or
- (c) The dissolution or liquidation of a Party or the issuance of any order, judgment or decree by a court of competent jurisdiction under the bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction whether now or hereafter in effect adjudicating a Party bankrupt or insolvent or otherwise granting relief under any such law; or
- (d) A Party petitions or applies to any tribunal for, or consents to the appointment of or taking possession by, a receiver, liquidator, custodian, trustee or similar official of such Party or of a substantial part of the assets of such Party; or any such petition or application is filed or any such proceedings are commenced against a Party and such Party by any act indicates its approval thereof, consent thereto or acquiescence therein or such petition or application remains undismissed for sixty (60) days; or
- (e) A Party makes a general assignment for the benefit of its creditors or makes an admission in writing that it is unable to pay its debts generally as they become due; or
- (f) The revocation or loss of any license, permit, or other governmental approval (i) materially affecting Generator's ability to operate the Plant or Generator's Interconnection Facilities, or (ii) materially affecting LIPA's ability to operate LIPA's Interconnection Facilities, provided that but for Generator's or LIPA's negligence, as the case may be, no such revocation or loss of such license, permit or other governmental approval would have ensued.

9.2 Notice and Opportunity to Cure Event of Default. Upon actual discovery of an Event of Default, a Party claiming the occurrence of such Event of Default must promptly provide the alleged defaulting Party with a Notice of Default and the defaulting Party shall have, in the case of failure to pay any undisputed amount, thirty (30) days and, in other defaults, forty-five (45) days to complete one of the following:

- (a) cure the Event of Default; or
- (b) if such default reasonably requires additional time to cure then such defaulting Party will, from the date such Party receives the Notice of Default, have (i) such longer time as is reasonable under the circumstances, not to exceed the greater of one hundred and eighty (180) days or to the mid-point of the next Summer Season to complete such cure or (ii) if the defaulting Party provides a commercially reasonable cure plan acceptable to the other Party that requires more time than provided in Section 9.2 above ("Cure Plan"), then the defaulting Party shall be extended such additional time provided for in the Cure Plan to cure the Event of Default and the other Party shall have no right to terminate this Agreement, provided that the defaulting Party diligently pursues such Cure Plan; or
- (c) undertake dispute resolution pursuant to Article 10.

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9.3 Dispute of Claim of Event of Default. If, within thirty (30) days of the service of a Notice of Default pursuant to Section 9.2, the Party alleged to be in default disputes in writing that an Event of Default has occurred, either Party may seek resolution of such dispute pursuant to the terms of Article 10, and this Agreement shall not be terminated by the Party claiming the occurrence of the Event of Default prior to such resolution of such dispute pursuant to the procedures of Article 10.

9.4 Remedies. This Agreement may be terminated by the non-defaulting Party effective immediately upon the non-defaulting Party providing written notice to the defaulting Party of termination if: (a) the defaulting Party or its Lenders fail to cure the Event of Default within the cure periods provided under Section 9.2 and any action for dispute resolution under Article 10 with respect to the alleged Event of Default has been completed and not determined favorably to the allegedly defaulting party; or (b) through the dispute resolution process under Article 10, it is determined that an Event of Default has occurred and the defaulting Party, pursuant to terms of this Agreement has not cured or diligently endeavored to cure, the default, as the case may be. Upon termination, the non-defaulting Party shall be entitled to such damages as are available at law and equity, subject to Article 11 hereof. The termination of this Agreement under this Section 9.4 shall not discharge either Party from any obligations, which may have accrued under this Agreement prior to such termination.

ARTICLE 10
DISPUTE RESOLUTION

10.1 Any dispute arising out of, or relating to, this Agreement, with the exception of termination pursuant to Section 9.4 or a breach of a Party's indemnity obligations under Article 11 or a Party's obligations under Article 15 of this Agreement, shall be subject to the dispute resolution procedures specified in this Article 10 which shall constitute the sole and exclusive procedures for the resolution of such disputes.

10.2 The Parties agree to use commercially reasonable efforts to settle promptly any disputes or claims arising out of or relating to this Agreement through negotiation conducted in good faith between executives of the Parties having authority to reach such a settlement. Either Party may by written notice to the other Party, refer any such dispute or claim for advice or resolution to mediation by a suitable mediator. The mediator shall be chosen by the mutual agreement of the Parties. If the Parties are unable to agree on a mediator, each Party shall designate a qualified mediator who, together with the mediator designated by the other, shall choose a single mediator for the particular dispute or claim. If the mediator chosen is unable, within thirty (30) days of such referral to reach a determination that is acceptable to the Parties, the matter shall be referred to arbitration as set forth below. All negotiation and mediation discussions pursuant to this Section 10.2 shall be confidential, subject to applicable law, and shall be treated as compromise and settlement negotiations for purposes of Federal Rule of Evidence 408 and applicable state rules of evidence.

10.3 Except for claims for temporary injunctive relief under Section 10.5, neither Party shall bring any action at law or in equity to enforce, interpret, or remedy any breach or default of this Agreement without first complying with the provisions of this Article 10; provided however, that if the Arbitrators (as defined below) fail to issue a decision within one hundred eighty (180) days after the commencement of arbitration under Section 10.4, then either Party may bring any action at law or in equity to seek enforcement, interpretation or remedy of any breach of this Agreement.

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10.4 Any dispute subject to resolution under this Article 10, which has not been resolved by discussion or mediation within thirty (30) days from the date that either negotiations or mediation shall have commenced and which is not subject to the FERC's jurisdiction shall be settled by arbitration before three (3) independent and impartial arbitrators (the "Arbitrators") in accordance with the then current commercial arbitration rules of the American Arbitration Association, except to the extent that such rules are inconsistent with any provision of this Agreement, in which case the provisions of this Agreement shall be followed, and except that the arbitration under this Agreement shall not be administered by the American Arbitration Association without the express agreement of the Parties. The Arbitrators shall be (i) independent of the Parties and disinterested in the outcome of the dispute, (ii) persons otherwise experts in the electric utility industry, including bulk power markets and transmission systems, and (iii) qualified in the subject area of the issue in dispute. The Parties shall choose the Arbitrators within thirty (30) days, with each Party choosing one Arbitrator and those two Arbitrators choosing the third Arbitrator. Judgment on the award rendered by the Arbitrators may be entered in any court in the State of New York having jurisdiction thereof. If either Party refuses to participate in good faith in the negotiations or mediation proceedings described in Section 10.2, the other Party may initiate arbitration at any time after such refusal without waiting for the expiration of the applicable time period. Except as provided in Section 10.5 relating to provisional remedies, the Arbitrators shall decide all aspects of any dispute brought to them including attorney disqualification and the timeliness of the making of any claim.

10.5 Either Party may, without prejudice to any negotiation, mediation or arbitration procedures, proceed in the courts of the State of New York to obtain provisional judicial relief if, in such Party's sole discretion, such action is necessary to protect public safety, avoid imminent irreparable harm, provide uninterrupted electrical and other services, or preserve the status quo pending the conclusion of any dispute resolution procedures employed by the Parties or pendency of any action at law or in equity. Except for temporary injunctive relief under this Section, neither Party shall bring any action at law or in equity to enforce, interpret, or remedy any breach or default of this Agreement without first complying with the provisions of this Article; provided, however, that if the Arbitrators fail to issue a decision within one hundred eighty (180) days after the commencement of arbitration under Section 10.3, then either Party may bring any action at law or in equity to seek enforcement, interpretation or remedy of any breach of this Agreement.

10.6 The Arbitrators shall have no authority to award damages excluded under Article 11 or any other damages aside from the prevailing Party's actual, direct damages plus interest at the Interest Rate for each day commencing on the date such damages were incurred through date of payment. The Arbitrators shall not have the authority to make any ruling, finding, or award that does not conform to the terms and conditions of this Agreement. The Arbitrators' award shall be in writing and shall set forth the factual and legal bases for the award. The Parties to the arbitration shall each bear their own litigation expenses for the arbitration and shall evenly divide the common costs of the arbitration.

10.7 Unless otherwise agreed to in writing or prohibited by applicable law, the Parties shall continue to provide service, honor all commitments under this Agreement, and continue to make payments in accordance with this Agreement during the course of any dispute resolution under this Article and during the pendency of any action at law or in equity or any arbitration proceeding relating hereto.

10.8 All applicable statutes of limitation and defenses based upon the passage of time and similar contractual limitations shall be tolled while the procedures specified in this Article 10 are pending.

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The Parties will take such action, if any, required to effectuate such tolling. Without prejudice to the procedures specified in this Article 10, a Party may file a complaint for statute of limitations purposes, if in its sole judgment such action may be necessary to preserve its claims or defenses. Despite such action, the Parties will continue to participate in good faith in the procedures specified in this Article 10.

10.9 The Arbitrators shall have the discretion to order a pre-hearing exchange of information by the Parties, including, without limitation, the production of requested documents, the exchange of summaries of testimony of proposed witnesses, and the examination of the Parties by deposition. The Parties hereby agree to produce all such information as ordered by the Arbitrators and shall certify that they have provided all applicable information and that such information was true, accurate and complete

10.10 The site of any arbitration brought pursuant to this Agreement shall be in a location in Nassau County, New York County or Suffolk County as is mutually agreed to by the Parties.

ARTICLE 11
INDEMNITY, LIMITATION OF LIABILITY; INSURANCE

11.1 Indemnity. Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold the other Party and T&D Manager (the “Indemnified Party”) harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demands, suits, recoveries, costs and expenses, court costs, attorneys’ fees, and all other obligations by or to third parties, arising out of or resulting from (a) the Indemnifying Party’s performance of its obligations, or its actions or inactions, under this Agreement, except as expressly provided otherwise herein, (b) the Indemnified Party’s actions or inactions in performing obligations on behalf of the Indemnifying Party in accordance with this Agreement, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party or (c) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any Hazardous Substance.

11.2 Indemnified Party. If an Indemnified Party is entitled to indemnification under this Article 11 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this Article 11, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

11.3 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 11, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual loss, net of any insurance or other recovery, except that any insurance carrier shall be subrogated to the Indemnified Party’s interest to the extent of any insurance recovery paid to the Indemnified Party.

11.4 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article 11 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party’s indemnification obligation unless and to the extent that such failure or delay is materially prejudicial to the Indemnifying Party.

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11.5 Except as stated below, the Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

11.6 The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

11.7 LIPA Equipment Design and Review. Notwithstanding any other provisions of this Agreement, neither LIPA or T&D Manager, or their officers, trustees, employees, and agents nor those of their parents shall be liable to Generator, or its contractors or subcontractors, for any claims, costs, expenses, losses, lawsuits, judgments, attorney's fees or damages arising out of LIPA's or T&D Manager's equipment design and review, except for instances arising out of LIPA's failure to act in accordance with Good Utility Practice, gross negligence or willful misconduct. Generator shall indemnify and hold LIPA and T&D Manager, and their officers, trustees, employees, and agents, harmless from any claims, costs, expenses, losses, damages or judgments made against LIPA and/or T&D Manager or incurred by any of Generator's contractors or subcontractors except for instances arising out of LIPA's failure to act in accordance with Good Utility Practice, gross negligence or willful misconduct. This indemnification and hold harmless obligation shall be separate from and independent of any other obligations of Generator to indemnify and hold harmless LIPA and its officers, directors, employees, and agents.

11.8 Consequential Damages. Except for indemnity and defense of action obligations set forth in this Article 11, in no event shall either Party or T&D Manager be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages (including attorney's fees or litigation costs), including but not limited to loss of profit, revenue or opportunity, loss of the use of equipment or facilities, cost of capital, cost of temporary or substitute equipment, facilities, services or replacement power, down time costs; and claims of customers of either Party, connected with, or resulting from, performance or non-performance of this Agreement or any action undertaken in connection with, or related to this Agreement, including, without limitation, any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty or strict liability.

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11.9 Survival. Each Party's indemnification and defense of action obligations under this Article for acts or occurrences prior to the expiration, termination, completion, suspension or cancellation of this Agreement shall continue in full force and effect regardless of whether this Agreement expires, terminates, or is suspended, completed or canceled. Except as noted above, such obligations shall not be limited in any way by any limitation on insurance, by the amount or types of damages, or by any compensation or benefits payable by the Parties under workers' compensation acts, disability benefits acts or other employee acts, or otherwise.

11.10 Insurance. Prior to the commencement of this Agreement, Certificates of Insurance from Generator and LIPA and / or all of Generator's and LIPA's contractors / subcontractors that perform activities on the Project Site relative to this Agreement, shall be furnished to Generator and LIPA, as the case may be. Each Party shall, at its own expense, maintain in force throughout the term of this Agreement, and until released by the other Party, the following minimum insurance coverage, with insurers authorized to do business in the State of New York. The generator must have added T&D Manager, LIPA, and the Authority as additional insureds under the following coverages:

- (a) Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Attachment is located.
- (b) Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of one million dollars (\$1,000,000.00) per occurrence/one million dollars (\$1,000,000.00) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- (c) Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of one million dollars (\$1,000,000.00) per occurrence for bodily injury, including death, and property damage.
- (d) Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of twenty million dollars (\$20,000,000.00) per occurrence/twenty million dollars (\$20,000,000.00) aggregate.
- (e) The Commercial General Liability Insurance, Comprehensive Automobile Insurance, and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. For LIPA, Other Party Group shall include the Authority and T&D Manager and its affiliates. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) days advance written notice to the Other Party

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Group prior to anniversary date of cancellation or any material change in coverage or condition. Insurance as specified herein must be maintained at all times during the life of this Agreement. Each Party shall provide the other Party with renewal certificates if said insurance policies are to expire prior to the expiration or termination of this Agreement. Said certificates must be provided within ten (10) days after the renewal date. Insurance as specified herein must be maintained at all times throughout the term of this Agreement.

- (f) The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one (1) insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- (g) The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and Excess Public Liability Insurance policies shall be on an occurrence basis.
- (h) The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.
- (i) Within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.
- (j) Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of this Article 11 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of this Article 11. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under this Article 11. In the event that a Party is permitted to self-insure pursuant to this Article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in this Article 11.
- (k) The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

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ARTICLE 12
FORCE MAJEURE

12.1 The term “Force Majeure Event” as used herein means those acts, omissions or circumstances which are outside of the affected Party’s control and which could not be reasonably anticipated or avoided in accordance with Good Utility Practice, including without limitation any act of God, strikes or other labor disputes, acts of the public enemy, accidents, war (declared or otherwise), invasion, civil disturbance, riots, fires, storms, flood, ice, earthquakes, explosions, or action or inaction of a Governmental Authority (other than LIPA) that precludes the construction, interconnection or operation of the Plant. A Force Majeure Event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

12.2 If a Force Majeure Event causes either Party to be rendered wholly or partly unable to perform its obligations under this Agreement, except for the obligation to make payments under this Agreement when due, that Party shall be excused from performance or liability for damages to the other Party solely to the extent and during such period such Party’s performance is affected.

12.3 Any Party claiming Force Majeure shall: (i) provide prompt oral notice followed by written notice to the other Party within three (3) Business Days of such Force Majeure Event giving a detailed written explanation of the event and estimate of its expected duration and probable effect on the performance of that Party’s obligations hereunder, and (ii) use due diligence in accordance with Good Utility Practice to continue to perform its obligations under this Agreement to the extent unaffected by the Force Majeure Event and to remove promptly the condition that prevents performance and to mitigate the effects of the same, except that settlement of any strike or labor dispute shall be in the sole judgment of the affected Party.

12.4 No obligations of either Party which arose before the occurrence of the Force Majeure Event causing the suspension of performance are excused as a result of the occurrence.

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ARTICLE 13
NOTICES

All notices shall be in writing and shall be deemed sufficiently given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, hand-delivered, sent by facsimile transmission (confirmed in writing) or sent by recognized overnight courier service, addressed as follows:

To LIPA:

PSEG Long Island
333 Earle Ovington Boulevard, Suite 403
Uniondale, New York 11553
Attention: Vice President of T&D Operations

With a copy to:

Long Island Power Authority
333 Earle Ovington Boulevard, Suite 403
Uniondale, New York 11553
Attention: General Counsel
Fax: (516) 222-9137

To T&D Manager:

PSEG Long Island
Power Asset Management (PAM)
175 East Old Country Road
Hicksville, New York 11801
Attention: Manager, Power Asset Management

To Generator:

[NAME]
[ADDRESS]
Attention: [NAME AND TITLE]
Fax: _____

or such other and different addresses as may be designated in writing by the Parties.

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ARTICLE 14
ASSIGNMENT OR TRANSFER

Neither this Agreement nor any rights or obligations hereunder may be assigned or transferred, by either Party without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed; provided that this Agreement may be assigned to an Affiliate with the understanding that no such assignment shall relieve the assigning Party from its obligations hereunder; and further provided that the restrictions on assignment contained in this Article shall not in any way prevent either Party from pledging, mortgaging or assigning its rights hereunder as security for its indebtedness.) Except as otherwise provided in this Article, a Party shall only consent to an assignment by the assigning Party if, in the non-assigning Party's reasonable judgment, the assignee is fully capable of performing all of the assigning Party's obligations under this Agreement and possesses the technical capability, experience, and financial capability to perform in the manner required. At least thirty (30) days prior to the effective date of the proposed assignment, the assigning Party shall deliver to the non-assigning Party an assignment and assumption agreement, duly executed, in which the assignee unconditionally assumes all of its assignor's obligations to the non-assigning Party and agrees to be bound by all of the terms and conditions of this Agreement, and whereby the assignee makes certain additional representations and warranties as appropriate for assignee as contained in this Section. Any purported assignment of this Agreement not in accordance with this Article shall be of no force and effect. Provided however, that a proposed assignment, notice of which is provided less than thirty (30) days prior to its proposed effective date shall be effective thirty (30) days following such notice.

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ARTICLE 15
CONFIDENTIALITY

15.1 Claim of Confidentiality.

- (a) In connection with this Agreement, the Parties and T&D Manager may exchange information that is deemed to be confidential whether such information is provided in written, oral, electronic or other format (“Confidential Information”). The Party disclosing such Confidential Information is referred to herein as the “Disclosing Party” and the Party receiving such Confidential Information is referred to herein as the “Receiving Party.” The Disclosing Party shall mark all written Confidential Information as “Confidential,” “Proprietary” or the like and in the case of Confidential Information that is communicated orally, the Disclosing Party shall within thirty (30) days’ follow up such communication with a writing addressed to the Receiving Party generally describing the information and identifying it as Confidential Information. The Parties acknowledge that all information disclosed by Generator in connection with costs, pricing or operation of the Plant shall be treated as Confidential Information whether or not such information is marked or identified as Confidential Information. LIPA shall not disclose such Confidential Information without Generator’s written consent, which may be withheld in Generator’s sole discretion, unless LIPA is otherwise required by law to make such disclosure.
- (b) The Receiving Party shall protect the Confidential Information from disclosure to third parties consistent with the provisions of this Article 15 and subject to applicable law, provided however, a Receiving Party may disclose Confidential Information to its Affiliates, Lenders, employees, agents or representatives of such Receiving Party, where such Affiliate, Lender, employee, agent or representative expressly agrees to be bound by the terms of this Article 15 and provided further that the Receiving Party shall be liable for any breach by its Affiliates, Lenders, employees, agents or representatives.
- (c) It is further understood and agreed that money damages would not be sufficient remedy for any breach of this Article 15, and that if a Party breaches this Article 15, the Party disclosing Confidential Information to such breaching Party shall be entitled to specific performance and injunctive and other equitable relief as a remedy for any such breach. The breaching Party agrees to waive any requirement for the posting of a bond in connection with any such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Article 15 but shall be in addition to all other remedies available at law or equity. In the event of any legal action based upon or arising out of this Article 15, the prevailing Party in such action shall be entitled to recover reasonable attorney’s fees and costs from the other Party.

15.2 Compliance with Law. If either Party is required by law to disclose Confidential Information of the other Party (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demands, regulation, statute or otherwise), the Party required to make such disclosure will (i) notify the other Party and provide the other Party the opportunity to review the Confidential Information, and (ii) provide the other Party the opportunity to seek a protective order or other appropriate remedy. In the event that a protective order or other remedy is not obtained or is not

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pursued within a reasonable period of time, the Party required to make disclosure or such Party's representatives will furnish only that portion of the Confidential Information that it is legally required to disclose and the Party required to make disclosure will request that confidential treatment be accorded the Confidential Information by relevant third parties.

15.3 Compliance with the Freedom of Information Law. If LIPA is requested by a third party to disclose Confidential Information pursuant to the Freedom of Information Law ("FOIL"), LIPA will (i) notify Generator of the request and provide Generator the opportunity to review the Confidential Information; (ii) provide Generator the opportunity to provide information regarding the need for confidential treatment; (iii) evaluate the third party's request for disclosure and Generator's request for confidential treatment; and (iv) determine if the Confidential Information is subject to disclosure under FOIL. If LIPA determines that the Confidential Information is subject to disclosure, it will provide prompt written notice of such determination to Generator so that Generator may seek a protective order or other appropriate remedy. If Generator does not obtain a protective order or no formal proceeding has been initiated by Generator within a reasonable period of time after LIPA provides notice to Generator of its intent to make public the Confidential Information, then LIPA may disclose such information with no liability or further obligation to Generator.

15.4 Treatment of Otherwise Publicly Available Documents. Notwithstanding anything to the contrary in this Article, neither Party shall be required to hold confidential any information that (i) becomes publicly available other than through disclosure by the Receiving Party; (ii) is independently developed by the Receiving Party; or (iii) becomes available to the Receiving Party without restriction from a third party, provided that such third party is not bound by a confidentiality agreement with the Disclosing Party or its representatives. Should any person or entity seek to legally compel a Receiving Party (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demands, regulation, statute or otherwise) to disclose any Confidential Information, the Receiving Party will provide the Disclosing Party prompt written notice so that the Disclosing Party may seek a protective order or other appropriate remedy. In the event that a protective order or other remedy is not obtained, the Receiving Party or the Receiving Party's representative will furnish only that portion of the Confidential Information that it is legally required to disclose and the Receiving Party will request that confidential treatment be accorded the Confidential Information by relevant third parties.

15.5 Term of Confidentiality. The obligations set forth in this Article shall survive expiration or termination of this Agreement for a period of two years after expiration or termination of this Agreement.

ARTICLE 16
MISCELLANEOUS

16.1 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.

16.2 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and which together shall constitute one and the same instrument.

16.3 Records. Each Party shall establish and maintain complete and accurate books, records, documents, accounts, and other evidence directly pertinent to performance under this Agreement

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(hereinafter, collectively, the “Records”). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The New York State Comptroller, the New York State Attorney General, and any other person or entity authorized to conduct an examination, as well as the New York State agency or agencies involved in this Agreement, shall have access to the Records during normal business hours at Generator’s or LIPA’s offices, as the case may be, within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the state, for the term specified above for the purposes of inspection, auditing, and copying. LIPA shall take reasonable steps to protect from public disclosure any of the Records that are exempt from disclosure under Section 87 of the Public Officers Law (the “Statute”), provided that: (i) Generator shall timely inform LIPA, in writing, that said Records should not be disclosed; (ii) said Records shall be sufficiently identified; and (iii) designation of said Records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, Generator’s or LIPA’s right to discovery in any pending or future litigation.

16.4 Amendments. This Agreement may not be amended, changed, modified or altered except in writing and signed by the Parties.

16.5 Severability. If any article, phrase, provision, or portion of this Agreement is, for any reason, held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, phrase, provision or portion so adjudged shall be deemed separate, distinct, and independent, and only deemed invalid in that particular instance, and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated, rendered illegal, unenforceable, or otherwise affected by such adjudication.

16.6 Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

16.7 Survival. Provisions of this Agreement which by their nature would survive termination or expiration of the Agreement shall survive. Without limitation of the preceding sentence, applicable provisions of this Agreement shall continue in effect after expiration or termination of this Agreement as specifically provided herein and to the extent necessary to provide for final billings, billing adjustments, and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

16.8 Dispute Resolution. Any disputes arising under this Agreement shall be resolved in accordance with the procedures established in Article 10 of this Agreement.

16.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York notwithstanding its conflict of laws provisions.

16.10 Waiver. No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. If any agreement or covenant herein shall be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

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16.11 Taxes. The Parties shall use reasonable efforts to administer this Agreement and implement the provisions thereof in accordance with their intent to minimize taxes.

16.12 Non-interference. Each Party agrees that it will not construct any facilities or structures at the Project Site or engage in any activity at the Project Site that will materially interfere with the rights granted to the other Party under this Agreement.

16.13 Further Assurances. Each of the Parties hereto shall execute and deliver any and all additional documents or instruments (including easements and other rights in land), in recordable form, and provide other assurances, obtain any additional permits, licenses, and approvals required, and shall do any and all acts and things reasonably necessary, to carry out the intent of the Parties hereto and to confirm the continued effectiveness of this Agreement.

16.14 Headings. The headings used for the articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement.

16.15 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any prior or contemporaneous undertakings, commitments, or agreements, oral or written, as to its subject matter. This Agreement may be modified or amended only by an instrument in writing signed by authorized representatives of the Parties on or after the date hereof.

[Signature pages to follow on next page]

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

**LONG ISLAND ELECTRIC UTILITY SERVCO LLC
Acting as agent for and behalf of
LONG ISLAND LIGHTING COMPANY d/b/a LIPA**

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

[PARTY NAME]

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

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EXHIBIT A
SYSTEM ONE-LINE / POINT OF ATTACHMENT
AND INTERCONNECTION AND INTERCONNECTION
FACILITIES / DEMARCATION POINTS

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**EXHIBIT B
INTERCONNECTION AND METERING REQUIREMENTS**

Interconnection Procedures and Requirements

The Interconnection Facilities shall be subject to the interconnection standards provided in the “~~Smart Grid~~-Small Generator Interconnection Procedures For Distributed Generators and Energy Storage Systems Less than 10 MW Connected in Parallel with LIPA’s Radial Distribution Systems” , “PSEG Long Island’s ~~Smart Grid~~-Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA’s Distribution System” and “Specification & Requirements for Electric Installation (Red Book).”

Metering Requirements

Metering pursuant to the terms of this Agreement shall be subject to the PSEG Long Island’s ~~Smart Grid~~ Small Generator Interconnection Technical Requirements and Screening Criteria for Operating in Parallel with LIPA’s Distribution System”, “Specification & Requirements for Electric Installation (Red Book)” and “Revenue Metering Requirements for Generating Facilities interconnection to the LIPA Transmission System.”

Add other procedures and requirements as applicable.

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EXHIBIT C
FACILITY DESIGN AND VERIFICATION STUDIES

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**EXHIBIT D
COMMISSIONING, STARTUP, AND MAINTENANCE
PROCEDURES FOR INTERCONNECTION FACILITIES**

Introduction

Testing of all protective devices shall be performed on the Generator's Interconnection Facilities prior to the final functional testing of the interconnection scheme. The testing shall be performed by Generator. Relay and operational tests shall be performed with maintenance intervals consistent with the latest version of NERC PRC-005 or any applicable reliability requirements. A certified relay test report shall be furnished to LIPA/T&D Manager within two weeks after completion of all testing. Generator shall notify LIPA/T&D Manager at least seven (7) business days in advance of the protective device testing to provide an opportunity for LIPA/T&D Manager to be present during the testing.

Submitted documentation of the operational relay testing shall include graphic or digital recordings of actual current and voltage levels obtained during the test(s). Each relay test shall include a calibration check and an actual trip of the circuit breaker from the relay being tested.

A log of all relay target indications resulting from automatic circuit breaker operations shall be maintained. The relay target information is utilized to verify cause of the failure and to determine if relays operated as expected to isolate the Generator's Interconnection Facilities from LIPA's transmission system. This data shall be reviewed periodically, and upon request, shall be made available for Generator's inspection.

Operational Testing

Detailed and coordinated operational test procedures shall be developed jointly by LIPA/T&D Manager and Generator. These test procedures must include relay settings, continuity of relay circuits, breaker trip and close coils (AC and DC circuits), insulation impedances of protective circuits and current and voltage transformers.

To the maximum degree practicable, the components used in protection systems shall be of proven quality, as demonstrated either by actual experience or by stringent tests under simulated operating conditions, to ensure that the reliability of the protection system shall not be degraded or reduced.

The test procedures must demonstrate that:

- (a) All relays operate from all possible sources of trip signals or voltage.
- (b) All relays trip the desired breaker(s).
- (c) The Generator's Interconnection Facilities will be isolated from the LIPA system for complete loss of the Facility.
- (d) The ratio and polarity of relay and instrument transformers are correct.
- (e) The phase angle characteristics of directional and other relays are correct.
- (f) Relays have been tested at pick-up and three multiples of minimum pick-ups (e.g., three, five, and eight times).

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All relays must be field verified and bench tested to meet the following tolerance criteria:

Test Parameter	Tolerance of Specified Settings
Current	+/- 5%
Voltage	+/- 5%
Time	+/- 5%
Frequency	+0.05 hertz
Phase Angle	+/- 3 degrees

The actual operational tests shall be performed after all equipment is installed and repeated every two years thereafter. Certified test results shall be submitted to LIPA/T&D Manager. Periodic inspections of AC and DC control power for all circuit breaker, reference single-line diagrams, relay protection diagrams, and coordination test data must accompany test reports.

LIPA/T&D Manager shall be notified by Generator at least seven (7) business days prior to the operational tests.

Maintenance

All equipment associated with the Generator's Interconnection Facilities shall be maintained by the Generator in accordance with the latest maintenance intervals in NERC PRC-005 or any applicable reliability requirements.

Add other procedures and requirements as applicable.

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EXHIBIT E
INTERCONNECTION COST ESTIMATE

The current interconnection estimate is [INSERT DOLLAR AMOUNT]

The illustration above represents an estimate of reimbursable cost. Upon execution of this Agreement, generator will provide the T&D Manager with an advance payment of 30% of the T&D Manager's estimated costs, due within 90 business days of the fully executed Interconnection Agreement. Progress payments will be required during construction and any excess will be reconciled and invoiced upon completion of all work and final accounting of all costs.

APPENDIX N

Appendix N - Metering Requirements

Refer to the document entitled “Revenue Metering Requirements for Generator Facilities Interconnecting to the LIPA Transmission System” for PSEG Long Island’s interconnection technical requirements for Small Generators up to 10 MW.

Add other procedures and requirements as applicable.

APPENDIX O

Appendix O -Left Blank Intentionally

APPENDIX P1

Appendix P1 -Feasibility Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____
20__ by and between _____,
a _____ organized and existing under the laws of the State of _____,
("Interconnection Customer,") and Long Island
Lighting Company d/b/a LIPA ("LIPA"). Interconnection Customer and LIPA each may be referred to as
a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generator or generating capacity addition to an existing Small Generator consistent with the Interconnection Request completed by Interconnection Customer on _____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generator with LIPA's Distribution System; and

WHEREAS, Interconnection Customer has requested LIPA to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generator with LIPA's Distribution System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the PSEG Long Island Small Generator Interconnection Procedures for Distributed Resources less than 10 MW Connected in parallel with LIPA Distribution Systems (PSEG Long Island Small Generator Interconnection Procedures).

2.0 The Interconnection Customer elects and LIPA shall cause to be performed an interconnection feasibility study consistent with the PSEG Long Island Small Generator Interconnection Procedures.

3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. LIPA reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the feasibility study and as designated in accordance with the PSEG Long Island Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.

5.0 In performing the study, LIPA shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.

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6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generator as proposed:

- 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
- 6.3 Initial review of grounding requirements and electric system protection; and
- 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generator and to address the identified short circuit and power flow issues.

7.0 The feasibility study shall model the impact of the Small Generator regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generator is being installed.

8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.

9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$10,000 may be required from the Interconnection Customer.

10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within thirty (30) Business Days of the Interconnection Customer's agreement to conduct a feasibility study.

11.0 Any study fees shall be based on the actual costs associated with the study and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within thirty (30) calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, LIPA shall refund such excess within thirty (30) calendar days of the invoice without interest. LIPA shall not be obligated to perform or continue to perform any Interconnection Study work for the Interconnection Customer unless the Interconnection Customer has paid all amounts in compliance herewith.

13.0 Miscellaneous.

- 13.1 Accuracy of Information. Except as Interconnection Customer may otherwise specify in writing when it provides information to LIPA under this Agreement, Interconnection Customer represents and warrants that the information it provides to LIPA shall be accurate and complete as of the date the information is provided. Interconnection Customer shall promptly provide LIPA with any additional information needed to update information previously provided.

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- 13.2 Disclaimer of Warranty. In preparing the system impact study, LIPA and any subcontractor or consultant to LIPA shall have to rely on information provided by Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither LIPA nor any subcontractor or consultant to LIPA makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties or merchantability and fitness for a particular purpose, with regard to the accuracy, content or conclusions of the feasibility study. Developer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representation or warranties have formed the basis of its bargain hereunder.
- 13.3 Force Majeure. For purposes of this Agreement, "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement.
- 13.4 Limitations of Liability. In no event shall any Party or its subcontractor consultant be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement or the feasibility study or any reliance on the feasibility study by Developer or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall LIPA be liable for any delay in delivery or for the non-performance or delay in performance of LIPA's obligations under this Agreement.
- 13.5 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless LIPA, and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by LIPA under this Agreement, any bankruptcy filings made by Interconnection Customer, or the actions or omissions of Interconnection Customer in connection with this Agreement, except to the extent such Losses arise from the gross negligence or willful misconduct by LIPA or their respective directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify LIPA shall be several, and not joint or joint and several.
- 13.6 Third-Party Beneficiaries. Without limitation of Sections 13.2, 13.3 and 13.5 of this Agreement, Interconnection Customer further agrees that a subcontractor or consultant hired

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by LIPA to conduct or review, or to assist in the conducting or reviewing, an Interconnection Feasibility Study shall be deemed third party beneficiaries with respect to Sections 13.2, 13.3, 13.4 and 13.5.

- 13.7 **Term and Termination.** This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.7, shall continue in effect for a term of one year or until the feasibility study for Interconnection Customer's Small Generator is completed, whichever event occurs first. Interconnection Customer or LIPA may terminate this Agreement upon the withdrawal of the Interconnection Customer's Application under Section II.A.4 of PSEG Long Island's Small Generator Interconnection Procedures.
- 13.8 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.
- 13.9 **Severability.** In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null or void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.
- 13.10 **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 13.11 **Amendment.** No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 13.12 **Survival.** All warranties, limitations of liability, indemnification and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 13.13 **Independent Contractor.** LIPA shall at all times be deemed to be an independent contractor and none of their employees or the employees of its subcontractors shall be considered to be employees of Interconnection Customer as a result of this Agreement.
- 13.14 **No Implied Waivers.** The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.
- 13.15 **Successors and Assigns.** This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. No assignment shall be permitted where the assignee is currently in litigation with one of the Parties to this Agreement.
- 13.16 **Due Authorization.** Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.
- 14.0 All disputes shall be resolved in accordance with the procedures set forth in Section II.A.9 of the PSEG Long Island Small Generator Interconnection Procedures.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**Long Island Electric Utility Service LLC
acting as agent of and on behalf of
Long Island Lighting Company d/b/a LIPA**

[Insert name of Interconnection Customer]

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Print)

Name: _____
(Print)

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX P2

Appendix P2 – Assumptions Used-In Conducting Feasibility Study System Impact Study

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and LIPA.

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Appendix Q1 – System Impact Study

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, (“Interconnection Customer,”) and Long Island Lighting Company d/b/a LIPA (“LIPA”). Interconnection Customer and LIPA each may be referred to as a “Party,” or collectively as the “Parties.”

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generator or generating capacity addition to an existing Small Generator consistent with the Interconnection Request completed by the Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generator with LIPA’s Distribution System;

WHEREAS, LIPA has completed a feasibility study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the feasibility study.); and

WHEREAS, the Interconnection Customer has requested LIPA to perform a system impact study(s) to assess the impact of interconnecting the Small Generator with LIPA’s Distribution System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the PSEG Long Island Small Generator Interconnection Procedures for Distributed Resources less than 10 MW Connected in parallel with LIPA Distribution Systems (PSEG Long Island Small Generator Interconnection Procedures).

2.0 The Interconnection Customer elects and LIPA shall cause to be performed a system impact study(s) consistent with the PSEG Long Island Small Generator Interconnection Procedures.

3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. LIPA reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.

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5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.

7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and LIPA has twenty (20) additional Business Days to complete a system impact study requiring review by Affected Systems.

8.0 If LIPA uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced -

8.1 Are directly interconnected with LIPA's System; or

8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

8.3 Have a pending higher queued Interconnection Request to interconnect with LIPA's System.

9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within thirty (30) Business Days after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within forty-five (45) Business Days after this Agreement is signed by the Parties, or in accordance with LIPA's queuing procedures.

10.0 The Interconnection Customer shall provide to LIPA a deposit of \$10,000 or other commercially reasonable security in an amount equivalent to the good faith estimated cost of a Distribution System impact study and the good faith estimated cost of a transmission system impact study

11.0 Any study fees shall be based on the actual costs of the study and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within thirty (30) calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, LIPA shall refund such excess within thirty (30) calendar days of the invoice without interest. LIPA shall not be obligated to perform or continue to perform any Interconnection Study

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work for the Interconnection Customer unless the Interconnection Customer has paid all amounts in compliance herewith.

13.0 Miscellaneous.

- 13.1 Accuracy of Information. Except as Interconnection Customer may otherwise specify in writing when it provides information to LIPA under this Agreement, Interconnection Customer represents and warrants that the information it provides to LIPA shall be accurate and complete as of the date the information is provided. Interconnection Customer shall promptly provide LIPA with any additional information needed to update information previously provided.
- 13.2 Disclaimer of Warranty. In preparing the system impact study, LIPA and any subcontractor or consultants to LIPA shall have to rely on information provided by Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither LIPA nor any subcontractor or consultant to LIPA makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties or merchantability and fitness for a particular purpose, with regard to the accuracy, content or system impact conclusions of the system impact study. Developer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representation or warranties have formed the basis of its bargain hereunder.
- 13.3 Force Majeure. For purposes of this Agreement, "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement.
- 13.4 Limitations of Liability. In no event shall any Party or its subcontractor consultant be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement or the system impact study or any reliance on the system impact study by Developer or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall LIPA be liable for any delay in delivery or for the non-performance or delay in performance of LIPA's obligations under this Agreement.
- 13.5 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless LIPA, and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out

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of or resulting from the performance by LIPA under this Agreement, any bankruptcy filings made by Interconnection Customer, or the actions or omissions of Interconnection Customer in connection with this Agreement, except to the extent such Losses arise from the gross negligence or willful misconduct by LIPA or their respective directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify LIPA shall be several, and not joint or joint and several.

- 13.6 Third-Party Beneficiaries. Without limitation of Sections 13.2, 13.3 and 13.5 of this Agreement, Interconnection Customer further agrees that subcontractor consultant hired by LIPA to conduct or review, or to assist in the conducting or reviewing, an Interconnection System Impact Study shall be deemed third party beneficiaries with respect to Sections 13.2, 13.3, 13.4 and 13.5.
- 13.7 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.7, shall continue in effect for a term of one year or until the system impact study for Interconnection Customer's Small Generator is completed, whichever event occurs first. Interconnection Customer or LIPA may terminate this Agreement upon the withdrawal of Interconnection Customer's application pursuant to Section II.A.4 of LIPA's Small Generator Interconnection Procedures.
- 13.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.
- 13.9 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null or void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.
- 13.10 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 13.11 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 13.12 Survival. All warranties, limitations of liability, indemnification and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 13.13 Independent Contractor. LIPA shall at all times be deemed to be an independent contractor and none of their employees or the employees of its subcontractors shall be considered to be employees of Interconnection Customer as a result of this Agreement.
- 13.14 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.
- 13.15 Successors and Assigns. This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective

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successors and assigns. No assignment shall be permitted where the assignee is currently in litigation with one of the Parties to this Agreement, except with the consent of the affected Party.

13.16 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

14.0 All disputes shall be resolved in accordance with the procedures set forth in Section II.A.9 of the PSEG Long Island Small Generator Interconnection Procedures for Distributed Generation Less than 10 MW Connected in Parallel with LIPA Distribution Systems.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**Long Island Electric Utility Service LLC
acting as agent of and on behalf of
Long Island Lighting Company d/b/a LIPA**

[Insert name of Interconnection Customer]

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Print)

Name: _____
(Print)

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX Q2

Q2 – Assumptions Used In Conducting The System Impact Study

**Attachment A to
System Impact Study Agreement**

Assumptions Used in Conducting the System Impact Study

The system impact study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and LIPA.

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Appendix R1 – Facilities Study Agreement

Facilities Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Long Island Lighting Company d/b/a LIPA ("LIPA"). Interconnection Customer and LIPA each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generator or generating capacity addition to an existing Small Generator consistent with the Interconnection Request completed by the Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generator with LIPA's Distribution System;

WHEREAS, LIPA has completed a system impact study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested LIPA to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generator with LIPA's Distribution System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Long Island Power Authority Small Generator Interconnection Procedures for Distributer Generation Less than 10 MW Connected in Parallel with LIPA Distribution Systems (PSEG Long Island Small Generator Interconnection Procedures).

2.0 The Interconnection Customer elects and LIPA shall cause a facilities study consistent with the PSEG Long Island Small Generator Interconnection Procedures.

3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.

4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of LIPA's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

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5.0 LIPA may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generator if it is willing to pay the costs of those facilities.

6.0 The Interconnection Customer shall provide to LIPA a deposit of \$10,000 or other commercially reasonable security in an amount equal to the good faith estimated facilities study costs.

7.0 In cases where Upgrades are required, the facilities study must be completed within forty-five (45) Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within thirty (30) Business Days. Projects that are subject to the NYISO OATT Attachment S cost allocation process shall be processed in accordance with the NYISO's Attachment S procedures

8.0 Once the facilities study is completed, a facilities study report shall be prepared and promptly transmitted to the Interconnection Customer.

9.0 Any study fees shall be based on the actual costs of the study and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within thirty (30) calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, LIPA shall refund such excess within thirty (30) calendar days of the invoice without interest. LIPA shall not be obligated to perform or continue to perform any Interconnection Study work for the Interconnection Customer unless the Interconnection Customer has paid all amounts in compliance herewith.

11.0 Miscellaneous.

11.1 Accuracy of Information. Except as Interconnection Customer may otherwise specify in writing when it provides information to LIPA under this Agreement, Interconnection Customer represents and warrants that the information it provides to LIPA shall be accurate and complete as of the date the information is provided. Interconnection Customer shall promptly provide LIPA with any additional information needed to update information previously provided.

11.2 Disclaimer of Warranty. In preparing the facilities study, LIPA and any subcontractors or consultants employed by LIPA shall have to rely on information provided by Interconnection Customer, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, neither LIPA nor any subcontractor consultant employed by LIPA makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties or merchantability and fitness for a particular purpose, with regard to the accuracy, content or conclusions of the facilities study. Developer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representation or warranties have formed the basis of its bargain hereunder.

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- 11.3 Force Majeure. For purposes of this Agreement, "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement.
- 11.4 Limitations of Liability. In no event shall any Party or its subcontractor consultant be liable for indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits, arising under or in connection with this Agreement or the facilities study or any reliance on the facilities study by Developer or third parties, even if one or more of the Parties or its subcontractor consultants have been advised of the possibility of such damages. Nor shall LIPA be liable for any delay in delivery or for the non-performance or delay in performance of LIPA's obligations under this Agreement.
- 11.5 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless LIPA, and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by LIPA under this Agreement, any bankruptcy filings made by Interconnection Customer, or the actions or omissions of Interconnection Customer in connection with this Agreement, except to the extent such Losses arise from the gross negligence or willful misconduct by LIPA or their respective directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify LIPA shall be several, and not joint or joint and several.
- 11.6 Third-Party Beneficiaries. Without limitation of Sections 11.2, 11.3 and 11.5 of this Agreement, Interconnection Customer further agrees that subcontractor or consultant to LIPA to conduct or review, or to assist in the conducting or reviewing, a facilities study shall be deemed third party beneficiaries with respect to Sections 11.2, 11.3, 11.4 and 11.5.
- 11.7 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 11.7, shall continue in effect for a term of one year or until the facilities study for Interconnection Customer's Small Generating Facility is completed, whichever event occurs first. Interconnection Customer or LIPA may terminate this Agreement upon the withdrawal of the Interconnection Customer's application pursuant to Section II.A.4 of PSEG Long Island's Small Generator Interconnection Procedures.
- 11.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice of laws provisions.

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- 11.9 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null or void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.
- 11.10 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.
- 11.11 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing signed by the Parties hereto.
- 11.12 Survival. All warranties, limitations of liability, indemnification and confidentiality provisions provided herein shall survive the expiration or termination hereof.
- 11.13 Independent Contractor. LIPA shall at all times be deemed to be an independent contractor and none of their employees or the employees of its subcontractors shall be considered to be employees of Interconnection Customer as a result of this Agreement.
- 11.14 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.
- 11.15 Successors and Assigns. This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. No assignment shall be permitted where the assignee is currently in litigation with one of the Parties to this Agreement, except with the consent of the affected Party.
- 11.16 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.
- 12.0 All disputes shall be resolved in accordance with the procedures set forth in Section II.A.9 of the PSEG Long Island Small Generator Interconnection Procedures.

APPENDIX R1

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**Long Island Electric Utility Service LLC
acting as agent of and on behalf of
Long Island Lighting Company d/b/a LIPA**

[Insert name of Interconnection Customer]

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Print)

Name: _____
(Print)

Title: _____

Title: _____

Date: _____

Date: _____

Appendix R2 – Facilities Study Agreement Input Data Requirements

**Attachment A to the
Facilities Study Agreement**

Data to Be Provided by the Interconnection Customer

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing LIPA station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generator?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to LIPA's System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for transmission lines*:

* To be completed in coordination with LIPA.

Is the Small Generator located outside of LIPA's service area?

Yes _____ No _____ If Yes, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformers
receive back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

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- (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.

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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, the Merchant Function Charge 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*)

J. 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.

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, Distributed Energy Resources Cost Recovery Rate, Merchant Function Charge, 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. Backbillinga) 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):

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 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):**E. Adjustments to Rates to Encourage Business Development (continued):
Recharge New York Power Program (continued):**a) Rates and Charges

- (1) The billing period for customers served under Recharge NY Power program shall be the calendar month. When a customer's eligibility for Recharge NY service expires, that customer shall revert back to the billing period of the applicable service classification as specified by the Authority.
- (2) In the event that NYPA is unable to deliver in any billing period any portion or all of the Recharge NY power to the Authority as contracted for, each customer shall have his contract lowered by the amount of reduced deliveries, allocated on a pro rata basis across all current Recharge NY contract demands. All such load not delivered and subsequently replaced with load supplied by the Authority shall be billed according to the rates and provisions of the Service Classification applicable to the customer's load served by the Authority during the periods of the reduced deliveries.
- (3) Customers served under Recharge NY Power program are subject to the following:
 - (a) Customers served under Recharge NY Power program will be subject to the rates, charges, terms and conditions specified in their applicable service classification: and
 - (b) Recharge NY allocations under this program will not be charged for the Authority's Power Supply Charge, Revenue Decoupling Mechanism, Delivery Service Adjustment and the Distributed Energy Resources Cost Recovery Rate.
 - (c) The increase in Rates and Charges to Recover PILOT Payments, the Merchant Function Charge, the New York State Assessment, the Securitization Offset Charge, and all other Adjustments to Rates and Charges not specifically excluded above will be applied to the Customer's bill.
 - (d) The Securitization Charge will be applied to the customer's bill.

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), Energy Charge for delivery (per kWh), Merchant Function Charge and the Customer Benefit Contribution Charge.

**VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:
(continued):****M. Merchant Function Charge (“MFC”) and Purchase of Receivables from ESCOs**1. Purpose

The Merchant Function Charge is a mechanism that recovers from Full Requirements customers the following costs associated with providing the service:

- a) Electricity Supply Procurement
- b) Electricity Supply Credit and Collection
- c) Electricity Supply Uncollectible Expenses
- d) Debt Service on Purchased Power Costs

2. Definitions

The Merchant Function Charge will apply to Full Requirements Customers receiving service under the following Service Classifications.

a) Residential

- (1) Service Classification No. 1 (Rate Codes: 180, 480, 481, 580)
- (2) Service Classification No. 1-VMRP (Rate Codes: 181, 182, 184, 188)
- (3) Service Classification No. 1-VTOU (Rate Codes: 190, 191, 192, 193)

b) Small Commercial

- (1) Service Classification No. 2 (Rate Code 280)
- (2) Service Classification No. 2-VMRP (Rate Code 288, 292)

c) Large Commercial excluding mandatory demand metered service with multiple rate periods:

- (1) Service Classification No. 2-L (Rate Codes 281, 283, 291)
- (2) Service Classification No. 2L-VMRP (Rate Codes 282)

d) Other Service Classification

- (1) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
- (2) Service Classification No. 5, No. 7, No.7A, and No. 10 (Rate Codes 980, 780, 781, 782, 1580, 1581)

3. Calculation of MFC

- a) Electricity Supply Procurement: The Electricity Supply Procurement Rate will be calculated based on the budgeted amount of Electric Supply Procurement costs divided by all budgeted bundled sales of the applicable Service Classification Group.
- b) Electricity Supply Credit and Collection: The Electricity Supply Credit and Collection Rate will be calculated based on the budgeted amount of Electric Supply Credit and Collection costs divided by all budgeted bundled sales of the applicable Service Classification Group.
- c) Electricity Supply Uncollectible Expenses: The Electricity Supply Uncollectible Rate will be calculated based on the budgeted amount of Electric Supply Uncollectible Expenses divided by all budgeted bundled sales of the applicable Service Classification Group.
- d) Debt Service on Purchased Power Costs: The Electricity Supply Debt Service Rate will be calculated based on the budgeted amount of Electric Supply Debt Service costs divided by all budgeted bundled sales of the applicable Service Classification Group.

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

**M. Merchant Function Charge and Purchase of Receivables from ESCOs
(continued):**

Calculation of MFC (continued)

The MFC rates will be calculated as a kWh rate. The costs are the sum of cost components above allocated on total service class revenues to the four class groups identified in VII.M.2. The billing determinants are the total budgeted sales for the four class groups identified in VII.M.2.

4. Billing the MFC

For each eligible customer, the MFC will be calculated by multiplying the MFC rate by the kWh on the customer's bill.

5. Purchase of Receivables

ESCOs participating in the Long Island Choice Program that choose the Consolidated Bill Option with Purchase of Receivables will be subject to a purchase of receivables rate equal to Electricity Supply Credit and Collection costs, plus the Electricity Supply Uncollectible Expenses and the Debt Service on Purchased Power Costs calculated as a percentage of budgeted Market Supply Revenues.

6. Statement of Merchant Function Charge

The Merchant Function Charge applicable to each Service Classification Group will be provided annually on the Statement of Merchant Function Charge and Purchase of Receivables Rate, with an effective date of January 1. The annual purchase of receivables rate will also be presented on the Statement of Merchant Function Charge and Purchase of Receivables Rate. 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 Merchant Function Charge, 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.

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 Merchant Function Charge, 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	\$.4600	\$.4600
Meter Charge per day	\$.1400	\$.1400
<u>Rate Codes 188</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh		
Daylight Savings Time* 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0582	<u>Period 2</u> \$.0378
<u>Daylight Savings Time*</u> 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.3685	<u>Period 4</u> \$.1025

* 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 Merchant Function Charge, 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 Merchant Function Charge, 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 Merchant Function Charge, 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):**E. SERVICE CLASSIFICATION NO. 2-VMRP****Voluntary Small General Service With Multiple Rate Periods: (continued)****(Rate Code: 288, 292)**6. Rates and Charges per Meter:a) Schedule of Rates

The rates for this service code are found below

<u>Rate Code 288</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Meter Charge per day	\$.1400	\$.1400
Service Charge per day	\$.4600	\$.4600
Energy Charge per kWh		
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0582	<u>Period 2</u> \$.0378
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.3685	<u>Period 4</u> \$.1025

Rate Code 292

Service Charge per day \$.4600

Energy Charge per kWh	<u>Summer Season</u>	<u>Winter Season</u>	<u>Shoulder Season</u>
Peak	\$ 0.2168	\$ 0.1750	\$ 0.1231
Off-Peak	\$ 0.1096	\$ 0.1096	\$ 0.1096
Super Off-Peak	\$ 0.0658	\$ 0.0658	\$ 0.0658

Periods:

Peak: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays

Off-Peak: 6:00 AM – 3:00 PM and 7:00 PM – 11:00 PM Monday through Friday,
and 6:00 AM – 11:00 PM on Saturday, Sunday and Federal Holidays

Super Off-Peak: 11:00 PM – 6:00 AM all days

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 Merchant Function Charge~~, 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

VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):
(Rate Codes: 281, 283, 291)**Demand Charge per Meter per Month

Percent of Demand Charges per kW in 3.a) above.

	June to September Inclusive	Remaining Months Inclusive
Secondary Service	167%	50%
Primary Service	167%	50%

For billing purposes, the Authority will establish the monthly demand for the period ending on the date the meter is read, and it will be the recorded demand.

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 Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

c) Rate Code 291 - Schools

Same as 3.a) above, except only the recorded demand will apply for schools taking service under this Service Classification. Accessory school buildings that are eligible for Rate 281 and whose accounts are under the school's name and, as such, are tax exempt, would also qualify for Rate 291.

1. Minimum Charge - All Rate Codes

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

2. Reconnection Charges - All Rate Codes

If the Authority reconnects service to a Customer at the same premises within twelve (12) months of termination of service to that Customer, the Authority may charge the Customer:

- a) The Service Charge and Demand Charge (See 3. above) the Customer would have paid if the meter had remained active with no power or energy used, and
- b) A Reconnection Charge

VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2L - VMRP****Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):****(Rate Codes: 282 and M282)****Rates and Charges per Meter per Month (continued):**

	<u>Rate Periods**</u>		
	1	2	3
<u>Rate Code 282-(Primary)</u>			
Service Charge per day		\$2.02	
Meter Charge per day		\$9.600	
	<u>Off-Peak</u>	<u>On-Peak*</u>	<u>Intermediate</u>
	all year	June - Sept.	all
	11 p.m.	12 noon	other
	to 7 a.m.	to 8 p.m.	hours
Demand Charge per kW			
Total of 3 Rate Periods	none	\$60.11	\$5.19
Energy Charge per kWh			
Total of 3 Rate Periods	\$0.0036	\$0.0249	\$0.0209
Demand Charge per kvar			
of Reactive Demand			
Total of 3 Rate Periods	none	\$0.270	\$0.270
Minimum Demand Charge			
per Meter per kW			
per Rate Period	none	\$52.91	\$6.44

* For Rate Code M282 (Primary), the modified peak period is from 3 p.m. to 8 p.m.

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

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 Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

2. Minimum Charge - All Rate Codes

The monthly Minimum Charge is the sum of the Service and Meter Charges, and may include an annual Demand Charge (See 6.below), plus Adjustments to Rates and Charges.

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)****Rates and Charges per Meter per Month (continued):**

<u>Rate Code 284</u>	<u>Secondary</u>	<u>Primary</u>	<u>Transmission</u>
Service Charge per day	\$10.45	\$10.97	\$10.97
Meter Charge per day	\$3.05	\$7.95	\$7.95
	<u>Rate Periods**</u>		
	1	2	3
	Off-Peak all year 11 p.m. to 7 a.m.	On-Peak * June - Sept weekdays 12 noon to 8 p.m.	Intermediate all other hours
<u>Demand Charge per kW</u>			
Secondary	none	\$60.82	\$6.09
Primary	none	\$54.44	\$5.44
Transmission	none	\$40.69	\$4.06
<u>Energy Charge per kWh</u>			
Secondary	\$.0001	\$.0353	\$.0228
Primary	\$.0001	\$.0253	\$.0046
Transmission	\$.0001	\$.0238	\$.0238
<u>Minimum Demand Charge per Meter per kW per Rate Period</u>			
Secondary	none	\$54.99	\$7.25
Primary	none	\$49.57	\$6.68
Transmission	none	\$36.88	\$5.06

* For Rate Code M284, the modified peak period is from 3 p.m. to 8 p.m.

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

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 Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII. SERVICE CLASSIFICATIONS (continued):**K. SERVICE CLASSIFICATION NO. 5**
Traffic Signal Lighting (continued):
(Rate Code: 980)1. Definition of Control Mechanism for Billing Purposes:

A control mechanism is a device that controls the signal lights and other traffic/pedestrian equipment at an intersection.

2. Rates and Chargesa) Rates per Signal Face of Light per Month

\$8.91 per control mechanism per month.
\$2.64 per incandescent signal face per month.
\$3.63 per LED signal face per month

b) Adjustment 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 Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

3. 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.

4. 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 thirty (30) 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, after giving the Customer thirty (30) days written notice.

VIII. SERVICE CLASSIFICATIONS (continued):**J. SERVICE CLASSIFICATION NO. 7****Outdoor Area Lighting:**
(Rate Code: 780)1. Who Is Eligible

Customers who used this service for outdoor lighting before December 5, 1986, 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.

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 4,210 hours per year (4,222 for a leap year), at suitable voltages chosen by the Authority, and
- c) Provided to mercury vapor and incandescent lighting facilities.

3. Rates and Chargesa) Rates per Mercury Vapor Facility per Month

Type <u>Luminaire</u>	Approximate <u>Lumens</u>	Total <u>Watts</u>	Monthly <u>Rates</u>
Area Light*	7,000	200	\$16.45
Area Light*	21,000	455	\$23.34
Flood Light*	21,000	455	\$25.47
Flood Light*	52,000	1,100	\$53.44

b) Rates per Incandescent Facility per Month

Type <u>Luminaire</u>	Approximate <u>Lumens</u>	Total <u>Watts</u>	Monthly <u>Rates</u>
Flood Light*	100 c.p.	92	\$6.73
Flood Light*	250 c.p.	189	\$11.48

* These luminaires are no longer available for new installations or unit replacements.

c) 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 Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII. SERVICE CLASSIFICATIONS (continued):**M. SERVICE CLASSIFICATION NO. 7A****Outdoor Area Lighting - HPS (High Pressure Sodium), MH (Metal Halide), and LED (Lighting Emitting Diode) (continued):****(Rate Codes: 781, 782)****Rates and Charges (continued):**

<u>Lamp Type</u>	<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
HPS**	Full Cut-off	028,500	305	\$37.07
HPS**	Full Cut-off	050,000	455	\$47.76
MH**	Full Cut-off	020,500	288	\$37.26
MH**	Full Cut-off	036,000	455	\$47.76
LED	Full Cut-off	19,270	150	\$37.07
LED	Full Cut-off	29,100	250	\$47.76

*Commencing October 1, 2003, not available for new installations or replacements.

** Effective January 1, 2019 these luminaires are no longer available for new installations or unit replacements. Effective January 1, 2022, bulbs and photocells replacements for these luminaires will also no longer be available.

- a) The charge for Additional Overhead Secondary Cable and Poles dedicated to the Customer is \$18.65 per span per month.
- 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 Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

2. Minimum Charge

The monthly Minimum Charge is the facilities charge computed under the rates in 3 a), b) and c) above for the number of lighting facilities in place on the billing date.

3. 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.

VIII. SERVICE CLASSIFICATIONS (continued):**M. SERVICE CLASSIFICATION NO. 10****Public Street and Highway Lighting Energy and Connections:****(Rate Codes: 1580, 1581)**1. Who Is Eligible

- a) Customers who will use this service for lighting of public streets, highways, parks, parking fields, and similar areas where facilities are owned and maintained by governmental agencies or their agents, and
- b) The Authority will furnish service only after suitable agreements are signed that cover energy requirements and service connections.

2. Character of Service

- a) Unmetered, single-phase, 60 hertz, alternating current supplied to Customer-owned, operated, and maintained lighting facilities (a lighting facility includes luminaries, posts, supply circuits, and all associated equipment needed), and
- b) Provided at suitable voltages chosen by the Authority.

3. Rates and Charges

- a) The Energy Charge per Lighting Facility per Month is \$.0533 per kWh, for the monthly kWhs of unmetered lighting service specified in this Tariff.
- b) The Underground Connection Charge per Month is \$4.00 per Energy Delivery Point serving one or more underground-supplied lighting facility as described in Special Provision 7.a. below.
- c) 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 Merchant Function Charge~~, the New York State Assessment Factor, Delivery Service Adjustment, and the Securitization Offset Charge.

4. Minimum Charge

The monthly Minimum Charge is the total Underground Connection Charge, 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.

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Back-Up and Supplemental Service (continued):****(Rate Codes: 680, 681)****Rates and Charges for Backup and Supplemental Service (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 Merchant Function Charge, the New York State Assessment Factor, Delivery Service Adjustment and the Securitization Offset Charge. The Revenue Decoupling Mechanism does not apply.

b) Surcharge for Exceeding the Contract Demand for Back-Up and Supplemental Service

- (1) If the monthly maximum demand supplied for Back-Up and Supplemental Service is greater than the Contract Demand by 10 percent (10%) or less, the Authority will apply a surcharge equal to twelve (12) times the difference in monthly Rate II Demand Charges to that month's bill, or
- (2) If the monthly capacity supplied is greater than the Contract Demand by more than 10 percent (10%), the Authority will apply a surcharge equal to twenty-four (24) times the difference in monthly Rate II Demand Charges to that month's bill, and
- (3) In both 1 and 2, the Authority will increase the Contract Demand to the highest average kilowatts measured in a 15-minute interval during any month (maximum monthly demand).

6. Interconnection Charges

Interconnection Charges are for costs, not covered elsewhere, that are more than what the Authority's ordinary costs would have been to supply the Customer's electrical needs under a suitable Service Classification. The Customer shall pay the Authority the Interconnection Charges in full when the extra costs arise. The Authority will also charge an application fee of \$350 which may be applied to the costs of interconnection.

- a) The application fee will be returned to Customers that are participating in net metering to the extent it is not used to cover the cost of interconnection.
- b) Customers that are not participating in net metering will not be entitled to the return of any portion of their application fee, even to the extent it is not used to cover the cost of interconnection.
- c) The application fee will not be returned to Customers that withdraw their application or otherwise do not complete their interconnection agreement.

VIII. SERVICE CLASSIFICATIONS (continued):**Q. SERVICE CLASSIFICATION NO. 13****Negotiated Rate Service for Large Commercial Customers (continued):**
(Rate Codes: 278)5. Rates

- a) The specific charges for each Customer's service will be stated in the Electric Service Agreement, and
- b) The minimum rate will allow the Authority to recover all of its additional costs, plus contribute at least one (1) cent per kilowatt-hour to fixed costs.
- c) The specific charges applicable to the Brookhaven Laboratories receiving service from the New York Power Authority pursuant to a "sale for resale" agreement may be set equal to the cost of the power supply agreement plus a charge equivalent to the wholesale transmission rate for delivery of power, as the rate may change from time to time.

6. Adjustments to Rates and Charges

Except as stated in 5.c) above, 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 Merchant Function Charge, the New York State Assessment Factor and the Securitization Offset Charge. However, the bill will not be adjusted for the Delivery Service Adjustment or the Revenue Decoupling Mechanism.

7. Terms of Payment

- a) The Customer shall pay the balance due in cash, including checks and money orders, or through an acceptable money-transfer process, on receiving the bill.
- b) Late payments shall be subject to Late Payment Charges.

8. Term of Service

The Term of Service shall be negotiated as part of the Electric Service Agreement and shall be no greater than 7 years, except for Traction Power Service to the Long Island Rail Road, which may extend for a longer term.

8. Special Provisions

- a) Before entering into an Electric Service Agreement:
 - (1) All Applicants are required to complete to the Authority's satisfaction the application for service for this Service Classification.
 - ~~(2)~~(1) Existing Attraction and Retention Applicants are required to demonstrate to the Authority's satisfaction that their other energy sources or the actions they are considering are realistic alternatives to the continued purchase of the Authority's electric power at the regular rates for all or part of their load.

VIII. SERVICE CLASSIFICATIONS (continued):**S. SERVICE CLASSIFICATION NO. 16- AMI****Advanced Metering Initiative Pilot Service (continued):****(Rate Codes: M188, M288)**4. 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)

	June to September <u>Inclusive</u>	October to May <u>Inclusive</u>
Service Charge per day	\$.4600	\$.4600
	June to September <u>Inclusive</u>	October to May <u>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	\$.0601	\$.0601
	<u>Period 3</u>	<u>Period 4</u>
2 p.m. to 7 p.m. Weekdays	\$.4277	\$.1520

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 Merchant Function Charge~~, 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.

XI. NYSERDA Loan Installment Program (continued):**A. Operation of the Program**

1. NYSERDA Loan Installment Charges will be paid to the Authority with the Customer's regular cycle service bill.
 - a) Bills are due and payable when rendered.
 - b) If less than the total monthly bill amount inclusive of the NYSERDA Loan Installment Charge is remitted by the Customer, the partial payment will first be applied to any charges due to the Authority and any remaining amount thereafter will be applied to the NYSERDA Loan Installment Charge.
 - c) If more than the total monthly bill amount inclusive of the NYSERDA Loan Installment Charge is remitted by the Customer, the Authority will apply the excess payment first to subsequently billed Authority charges and then to NYSERDA Loan Installment Charges as they are billed.
 - (1) For a Customer participating in the Balanced Billing plan, the charges due to the Authority shall reflect the amounts billed under the Balanced Billing program
 - (2) The Authority will not apply excess payments as a prepayment of NYSERDA Loan Installment Charges. Customers wishing to make NYSERDA Loan Installment prepayments or satisfy the balance of the loan amount outstanding must arrange with NYSERDA or its designated billing agent for any such payments.
 - (3) The Authority will not pay any interest on any overpayments of NYSERDA Loan Installment Charges.
2. The provisions of this Tariff apply to NYSERDA Loan Installment Charges and payments, including:
 - a) Deferred Payment Agreements will be offered for unpaid NYSERDA Loan Installment Charges.
 - b) Field Collection Charge and Reconnection Charge will apply, even if the amount in arrears was related solely to NYSERDA Loan Installment charges.
 - c) Uncollectible Payment Handling Charge will apply, even if the payment was solely related to NYSERDA Loan Installment Charges
3. The Late Payment Charge will not apply to any unpaid NYSERDA Loan Installment Charges.
4. NYSERDA Loan Installment charges will not be subject to the following Adjustments to Rates and Charges:
 - a) Increases in Rates and Charges to Recover PILOT Payments
 - b) Shoreham Property Tax Settlement Rider
 - c) New York State Assessment Factor
 - d) Revenue Decoupling Mechanism
 - e) Delivery Service Adjustment
 - e)f) The Merchant Function Charge

LIPA Statement No. 1- MFC

Long Island Power Authority

Statement Of Merchant Function Charge and Purchase of Receivables Rate

Applicable to Full Requirements Customers of the Authority
As set forth in the Tariff for Electric Service

Merchant Function Charge

Service Classification Groups **(in \$/kWh)**

Residential 0.00086

Small Commercial 0.00086

Large Commercial 0.00086

All Other Rate Classes 0.00086

Purchase of Receivables Rate*: **1.11%**

* Applicable to Energy Service Companies (ESCOs) utilizing the Consolidated Bill Option with Purchase of Receivables

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.
1. 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), SC-1VMRP(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)(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 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.~~

5. Customer Policies Related to Prolonged Outagesa) Definitions Applicable Under this Rule Only:

(1) Prolonged Outage occurs when a customer has experienced an electric power outage resulting from a Widespread Prolonged Outage Event (c) spanning more than 72-hours due to Authority-owned equipment unable to provide service.

(2) Widespread Prolonged Outage Event means an electric power outage event meeting the following criteria: (a) The event impacts at least 20,000 customers at the same time; and (b) The event involves one or more customers who remain without power for 72 Hours or more due to Authority-owned equipment unable to provide power.

- (3) Itemized List means a list of perishable food and/or prescription medication spoilage, including the name of the items and the price of the items.
- (4) Proof of Loss means verifiable proof of perishable food and/or prescription medication spoilage. To verify spoilage, the customer must provide an itemized list of perishable food and/or prescription medication spoilage and a depiction (photographic evidence) of food and/or prescription medication spoilage. To determine the reimbursement amount of an impacted customer's food and/or prescription medication spoilage, the customer must provide at least one of the following: itemized receipts, itemized cash register receipts, itemized credit card receipts, photographs of replacement goods that also indicate the price of the item, or other verifiable documentation of the market value of the item. In appropriate circumstances, an interview with the claimant to ascertain the above information may satisfy the need to provide Proof of Loss.
- b) Bill Credits:
- (1) In case that the LIPA system experiences a Widespread Prolonged Outage Event, the Authority will credit customers' in SC1, SC1-VMRP(L), SC1-VMRP(S), SC1-VTOU, SC2, SC2-VMRP, SC2-L, and SC2-LVMRP, that experienced a Prolonged Outage, for their Service Charge per day. Credits will apply to any customer the Authority knows or reasonably believes was out of service for a period exceeding 72-hours and upon request from any customer that contacts the company and credibly claims they experienced an outage of such duration. The credit will be equal to the Service Charge per day according to the customer's assigned Service Classification identified in the Tariff, multiplied by the number of days (24-hour periods) the customer experienced a Prolonged Outage.
- (2) In case that the LIPA system experiences a Widespread Prolonged Outage Event, the Authority will credit customers' in SC1, SC1-VMRP(L), SC1-VMRP(S), and SC1-VTOU, that experienced a Prolonged Outage, \$25 for each subsequent 24-hours of service outage that occurs after the initial three calendar days of that customer's outage (i.e. the credit will be applied per 24-hours, starting after the 72nd hour of the customer's outage).

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

- (3) In case that the LIPA system experiences a Widespread Prolonged Outage Event, the Authority will credit customers' in SC1, SC1-VMRP(L), SC-1VMRP(S), and SC1-VTOU, that experienced a Prolonged Outage, for spoiled food up to \$235 if the customer provides an Itemized List, or up to \$540 if the customer provides Proof of Loss for any food spoiled due to lack of refrigeration resulting from an outage exceeding 72-hours.
 - (4) In case that the LIPA system experiences a Widespread Prolonged Outage Event, the Authority will credit customers' in SC1, SC1-VMRP(L), SC-1VMRP(S), and SC1-VTOU, that experienced a Prolonged Outage, for spoiled prescription medication up to the amount of the actual loss if the customer provides an Itemized List and Proof of Loss for any prescription medication spoiled due to lack of refrigeration resulting from an outage exceeding 72-hours.
 - (5) In case that the LIPA system experiences a Widespread Prolonged Outage Event, the Authority will credit customers' in SC2, SC-2VMRP, SC2-L with maximum recorded demands of 40kW or less that experienced a Prolonged Outage, for spoiled food up to \$540 if they provide an Itemized List and Proof of Loss for any food spoiled due to lack of refrigeration resulting from an outage exceeding 72-hours.
 - (6) To receive reimbursement for food spoilage and prescription medication spoilage pursuant to this section, customers are to provide the Authority with Itemized Lists and/or Proof of Loss within fourteen (14) days following the end of the Widespread Prolonged Outage Event. The Authority will provide reimbursement as a bill credit within forty-four (44) days from the ending of the Widespread Prolonged Outage Event. For any bill credits that exceed the customer's bill, any remaining credit will be carried over into future bills.
 - (7) If LIPA staff determines that application of credits and reimbursements as provided in subsections b)(2) to b)(6) above is not "fair, reasonable, and in the public interest", it may request that the Department of Public Service issue a recommendation to the LIPA Board of Trustees or LIPA CEO for waiver of those provisions.
- c) 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 an outage exceeding three (3) calendar days during a Widespread Prolonged Outage Event. The suspension will last for a minimum of seven (7) calendar days from the beginning of the Widespread Prolonged Outage Event.
 - (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 Widespread Prolonged Outage Event for any residential or non-residential customer who notifies the Authority and provides evidence that their financial circumstances have changed because of the Widespread Prolonged Outage.

**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.



Rory M. Christian
Chair and
Chief Executive Officer

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December 9, 2022

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 22-00945 – 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, 2023. 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) modify the rate design of Service Classification No. 2-MRP Large General and Industrial Service with Multiple Rate Periods (2-MRP) to align LIPA's Tariff with the New York Investor Owned Utilities (IOUs); 2) modify the Small Generator Interconnection Procedures (SGIP) to implement an interconnection cost-sharing framework; 3) implement a Large Renewable Host Community Benefit program; 4) enhance the Long Island Choice Program by creating a Merchant Function Charge (MFC) and establishing a purchase of receivables rate for Energy Services Companies (ESCOs) that utilize the Consolidated Billing Option; 5) update LIPA's prolonged outage provisions to be 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.

Rate Design SC 2-MRP

LIPA has proposed a tariff modification to Service Classification No. 2-MRP. The 2-MRP Service Class has four rate codes within it: 1) 284; 2) 285; 3) M284; and 4) M285. These four rate codes are comprised of the same set of charges, a fixed daily service and meter charge, a demand charge, an energy charge, and a minimum demand charge. Also, each rate code within the class has three rate periods, which will apply to different times of the day: 1) an off-peak period where rates are the lowest; 2) an on-peak period where rates are the highest; and 3) an intermediate period where rates are moderate. LIPA's proposal will lower the daily service charge for 2-MRP from \$10.45 to \$7.00 and eliminate the \$3.05 meter charge for customers served by secondary voltage. The proposal will also lower the daily service charge from \$10.97 to \$9.50 and eliminate the \$7.95 meter charge for customers served by primary or transmission voltage. Conversely, the demand charges will be increased approximately 8.7 percent during the on-peak and intermediate periods to offset the decrease to the daily service charge. LIPA states that these changes will bring their rates for commercial customers into alignment with the rates charged by the IOUs. Approximately 4,500 customers in this service class will be affected by the proposal. DPS Staff recommends adoption of the Tariff modifications for the 2-MRP service class as proposed.

The 2-MRP service class is assigned to LIPA's largest customers who have a monthly recorded demand greater than 145kW for two consecutive months. Depending on the size and characteristics of the customer's load and the circuit supplying them, they may be served at secondary, primary, or transmission voltages. LIPA states that this proposal will offset the decrease in service and meter charge revenue with the increase in the demand charge, making it revenue neutral, as well as to better align LIPA's rate design with the IOUs with the added benefit of providing customers with greater incentive to reduce their demand.

The result is that a customer's bill will be more dependent on their usage, which more appropriately reflects the cost of service. Therefore, the bill impacts associated with this proposal will depend on a customer's actual usage. Customers whose usage patterns are close to the service class average will see little or no impact, while customers with lower-than-average demand may see a slight reduction in their bill. Finally, customers with higher-than-average demand may see an increase in their bills.

Based upon its analysis of PSEG LI's supporting documents and rate design workpapers, Staff determined that the proposal is revenue neutral to the utility, and is only designed to recover the same amount of revenue as would have been recovered under the current rate structure. Revenue neutrality is important because it does not shift cost-recovery to other service classes.

Under this proposal, when combined with the impact of the overall delivery rate increase, a customer whose load pattern is close to the average for the service class (~925,000 kWh/yr) will see an approximate 2.4 percent increase, customers below the average for the service class (~800,000 kWh/yr) will see an approximate 1.8 percent

increase, and customers above the average for the service class (~1,500,000-8,000,000 kWh/yr) will see between a 3.8 – 5.7 percent increase in their delivery base rate(s).¹ These figures are based on the impact of this proposal coupled with the delivery revenue increase for 2022 as contained in LIPA’s Annual Budget and Rate Update.

Using LIPA and PSEG LI’s Embedded Cost of Service (ECOS) study from 2015 and PSEG LI and LIPA’s on-going efforts to update and/or refine the ECOS, when compared with recent IOU rate filings, DPS Staff found that the current rate design of 2-MRP is not reflective of the cost to serve the customers in the service class.² The Public Service Commission (PSC or the Commission) has adopted the minimum system method of cost classification specified by the National Association of Regulatory Utility Commissioners (NARUC) Electric Utility Cost Allocation 19 Manual, dated January 1992, in prior IOU rate cases.³ The minimum system method classifies the primary distribution system costs as demand-related and customer-related. The PSC addressed this method in Case 16-E-0060. In the PSC’s 2016 Order approving Consolidated Edison of New York’s (Con Edison) rate plan the PSC stated, “... recognizing a customer component for primary distribution facilities follows the NARUC manual, brings Con Edison into line with other utilities in the State, and recognizes that the costs associated with the primary distribution system vary with the number of customers served by it as well as by the demand such customers place on the system.”⁴

Applying the PSC-approved minimum system method to LIPA’s rate design indicates that LIPA and PSEG LI’s current fixed daily service charge is over-collecting the customer-related portion of the cost of service while under-collecting the demand-related portion. Specifically, when the current rate design of 2-MRP was implemented, LIPA classified Line Transformer costs as 100 percent customer-related rather than split between customer and demand-related. This difference has resulted in customers with less usage in the service class overpaying while customers with greater usage are underpaying. LIPA’s proposed modification will modify the design of 2-MRP to be more reflective of the true cost of service, align the rate design with that of the other New York State IOUs, and insulate customers from delivery rate increases by encouraging demand reduction.

The Department recommends this Tariff modification be adopted as proposed. Additionally, DPS recommends LIPA and PSEG LI continue to examine the rate design

¹ Long Island Power Authority Annual Rate and Budget update (November 1, 2022).

² Matter 15-00262, In the Matter of a Three-Year Rate Proposal for Electric Rates and Charges Submitted by the Long Island Power Authority and Service Provider, PSEG Long Island LLC, Exhibit - JTT-2 (filed January 30, 2015).

³ National Association of Regulatory Utility Commissioners, Electric Utility Cost Allocation Manual (January 1992); Case 20-E-0428, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service, Staff Rate Panel Testimony (filed December 22, 2020); and Staff Rate Panel’s Rebuttal Testimony (filed January 1, 2020).

⁴ Case 16-E-0060, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order Approving Electric and Gas Rate Plans, (issued January 25, 2017), pp. 46-47.

of all its service classes to determine how to make them more cost-reflective, and further align them with Commission guidance and the IOUs.

Interconnection Cost Sharing

LIPA is proposing modifications to their SGIP to more closely align it with the Commission's Order in Case 20-E-0543.⁵ LIPA's proposal would modify the SGIP to align with the intent of the NYS Standardized Interconnection Requirements (SIR) and remove financial barriers for Distributed Energy Resources (DER) developers. More specifically, LIPA proposes to modify the cost-sharing mechanism and rules for combining Distributed Generation (DG) applications, which would bring their SGIP into further alignment with the interconnection requirements for the IOUs. DPS recommends approval of the Tariff modifications for Interconnection Cost Sharing as proposed.

Under LIPA's current SGIP, the developer of the interconnection project that triggers a need for a system modification is considered the "Triggering Project" and is responsible for 100 percent of any upgrade costs. LIPA's proposal would modify the allocation of responsibility for the upgrade cost when interconnecting to the grid, depending on which party has initiated the project or the type of upgrade being undertaken. When the upgrades are initiated by LIPA or its Service Provider PSEG LI, the cost of any in-kind replacements would be LIPA and PSEG LI's responsibility, while any incremental DER-related upgrade costs would be paid by the participating projects on a pro rata basis. When the upgrade is Market-Initiated and on the substation-level, the costs would be shared, proportionally by the first project to exceed the capacity rating of the existing equipment and any projects in the application process that have passed the preliminary screening analysis and have later queue positions and would also require the upgrade. When the upgrade is for distribution or sub-transmission lines, the Triggering Project will be responsible for the estimated full cost of the upgrade and will be able to receive refunds if additional projects use the enabled capacity within ten years, proportional to their usage.

Regarding Market-Initiated Upgrades, and for Unsubscribed Capacity in the Capital Project queues, LIPA proposes a ten-year period, as opposed to a five-year period for reimbursement as required by the NYS SIR as the period for interconnecting projects being charged a pro rata share of the qualifying upgrade. DPS Staff supports the ten years as proposed by LIPA because it will increase the likelihood that those responsible for the increased costs will bear them, in a proportionate manner, rather than customers bearing the costs.

LIPA also proposes to modify its SGIP to allow certain applicants to combine DG project applications for PSEG LI's study and review. The qualifying DG projects must

⁵ Case 20-E-0543, Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements, Order Approving Cost-Sharing Mechanism and Making Other Findings (issued July 16, 2021).

be: 1) sequential in PSEG LI's queue; 2) located on the same or adjacent parcels; 3) compensated at the same rate, and 4) the AC nameplate rating of combined projects cannot exceed 5 MW. If none of the constituent project applications has reached the deadline for payment (30 percent of the estimated PSEG LI construction costs necessary for its interconnection), the applicant(s) may ask PSEG LI to perform a technical review of the applications as a combined project. PSEG LI will have 60 business days to complete the technical review from its receipt of the applicable fee and necessary project information. DPS Staff agrees that this proposal may lower administrative overhead and streamline the review and study process for LIPA. Additionally, DPS Staff agrees that the ability to combine DG applications will provide greater flexibility for developers and will potentially have a benefit on the development schedule. This proposal will also align the SGIP with similar modifications the PSC adopted in their 2018 SIR Order.⁶

Yet, LIPA's proposed modifications may potentially increase its contribution to capital projects that are not fully paid for by the interconnection developers. To mitigate the risk to ratepayers, LIPA proposes capping unassigned project costs at 2 percent of their distribution and sub-transmission electric capital investment budget per fiscal year. This cap is consistent with the NYS SIR and is estimated to be \$11,123,297 in 2022.⁷ A tracking mechanism would be established to monitor the capital dollars and participants would be notified at the point each year when cost share is no longer available due to the cap.

In comments submitted to LIPA, the New York Solar Energy Industry Association (NYSEIA) calls for greater transparency in PSEG LI's proposed data sharing processes.⁸ NYSEIA calls to attention the transparency principles adopted by the Joint Utilities (JU) in the implementation of Cost Sharing 2.0, contrasting them to what NYSEIA states is a less transparent processes proposed by LIPA and that currently being utilized in PSEG LI's hosting capacity maps and distribution generation information portals.^{9, 10} Staff agrees with NYSEIA's comments that having to be an active applicant to access the Utility Initiated Upgrade and Cost Sharing data may create an undue burden for developers, and we recommend that LIPA and PSEG LI develop a proposal to provide developers access to such information in a manner that ensures more access to developers and should not impose more of a burden than the

⁶ Case 18-E-0018, In the Matter of Proposed Amendments to the New York State Standardized Interconnection Requirements (SIR) for Small Distributed Generators, Order Modifying Standardized Interconnection Requirements (issued April 19, 2018) (2018 SIR Order).

⁷ New York State Standardized Interconnection Requirements and Application Process For New Distributed Generators and/or Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems (issued May 1, 2022), p. 77.

⁸ NYSEIA Letter re: Proposal Concerning Modifications to LIPA's Tariff for Electric Service.

⁹ The Joint Utilities are comprised of Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc. ("Con Edison"), New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), Orange and Rockland Utilities, Inc. and Rochester Gas and Electric Corporation.

¹⁰ Case 20-E-0543, supra Order Approving Compliance Filings, with Clarification (Issued and effective April 14, 2022), p.- 8.

process in place to access the hosting capacity maps. Developing such an approach is more consistent with the process of NYS' IOUs, and more attractive for DER development. Further, the Commission has directed DPS Staff to address the need for improved data transparency in the ongoing transmission planning proceeding in Case 20-E-0197.¹¹ LIPA and PSEG LI should also follow along with that proceeding and evaluate the results of that process for future consideration. In addition, NYSEIA recommends expanding Multi-Value Distribution (MVD) upgrades to include sub transmission and distribution lines as well as increasing the time for upgrades that are constructible from 24 to 36 months. DPS Staff recognizes the potential for NYSEIA's recommendation to aid the State in meeting its renewable energy goals by allowing more infrastructure projects to be considered for multi-value benefits, however, Staff believes that these concerns are more appropriately addressed in the on-going Coordinated Grid Planning Process (CGPP), to which LIPA is a participant, as that proceeding is intended to address capacity needs on the distribution system at large.¹²

LIPA's proposal closely aligns its SGIP with the NYS SIR and is an improvement over the existing methodology for assigning interconnection costs. DPS Staff believes this is a more inclusive solution because it removes the cost barrier imposed on first-mover interconnection projects. This lower cost of entry will encourage greater overall participation from developers, leading to an increase in the interconnection of DG and Energy Storage System (ESS) projects in the LIPA service territory. Furthermore, this proposal supports the State's Climate Leadership and Community Protection Act (CLCPA) goals, which include the deployment of 10 gigawatts (GW) of solar capacity by 2030 and 6 GW of ESS by 2030. For these reasons, DPS recommends approval of the Tariff modifications for Interconnection Cost Sharing as proposed.

Large Renewable Host Community Benefit Program

LIPA is proposing to modify its tariff to implement a Large Renewable Host Community Benefit Program wherein LIPA would provide an annual bill credit to eligible residential customers who live within a Renewable Host Community (RHC). LIPA's Large Renewable Host Community Benefit Program proposal would institute a program consistent with the statutory requirements of the Accelerated Renewable Energy Growth and Community Benefits Act (AREGCB Act) and the Commission's February 11, 2021, Order Adopting a Host Community Benefit Program (Host Community Benefit Order), and the corresponding Guidance Document.^{13,14,15} DPS recommends adoption of the Large Renewable Host Community Benefit Program as proposed.

¹¹ Case 20-E-0543, supra Order Approving Compliance Filings, with Clarification (issued April 14, 2022), p.19.

¹² Case 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act (LT&D Planning Proceeding), Order on Local Transmission and Distribution Planning Process and Phase 2 Project Proposals (September 9, 2021) (Phase 2 Order).

¹³ L. 2020, Ch 58, § 15, Part JJJ.

¹⁴ 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).

¹⁵ Id., Host Community Benefit Program Annual Report Guidance (Issued March 10, 2022).

A RHC is defined as the town or city within which a Major Renewable Energy (MRE) Facility or any portion thereof, is located, as identified by the New York State Energy Research and Development Authority (NYSERDA) and reported to LIPA.¹⁶ An MRE Facility is any renewable energy system with a nameplate generating capacity of 25 MW or more, including electric transmission facilities less than ten miles in length providing access to load and serving to integrate such facilities into the state's bulk electric transmission system.¹⁷

LIPA will provide the annual credits to eligible residential customers for the first ten years in which an MRE operates. Eligible customers will receive the credits on their first bill in the calendar year after the MRE facility becomes operational and after any other adjustments have been calculated. Individual customer bill credits will be calculated by dividing the dollar amount of MRE facility Program fees, less any administrative fees, by the number of eligible customers in the RHC. If an MRE facility is located within multiple towns or cities, then the bill credit will be applied equally to residential customers in each of the areas within which the MRE facility is located. If there is any credit in excess of a customer's balance on their first electric bill, then the balance will roll over and be applied to the subsequent month's bill. In the event a customer discontinues service while a credit remains, LIPA will provide the amount to the customer as it would any remaining credit balance. At the end of each year, LIPA will perform a review of any discrepancies between the number of eligible customers and the amount of bill credits. If LIPA finds any discrepancies they will be settled in the subsequent years' credit calculation.

The AREGCB Act requires the PSC to establish a program where renewable owners provide benefits to utility customers in RHCs where MRE facilities are located.¹⁸ The AREGCB Act also specifically required LIPA to establish a program in their service territory to achieve the same goals as the IOUs throughout New York State. As part of the Commission's Community Benefit Order, which effectuates the program required by the AREGCB, IOUs are required to administer the Host Community Benefit Program in conjunction with NYSERDA and submit annual reports by April 1st of each year in which the utility administers the Program.¹⁹ The Order also requires IOUs to maintain a record of active MRE facilities providing benefits in their service territory, funds received from each MRE facility, the amount of the individual bill credit, the number of customers receiving the bill credit, and the costs sustained to administer the program.²⁰ DPS Staff has reviewed LIPA's proposal and agrees that their proposal complies with the statutory requirements of the AREGCB Act and aligns with the Community Benefit Order.

¹⁶ Tariff Proposal Concerning Modifications to LIPA's Tariff for Electric Service- Large Renewable Host Community Benefit Program, p. 7.

¹⁷ New York Executive Law §94-c(2)(h).

¹⁸ L. 2020, Ch 58, § 15, Part JJJ.

¹⁹ 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), pp. 27, 37.

²⁰ Case 20-E-0249, supra, Order Adopting a Host Community Benefit Program (Issued February 11, 2021), p. 37.

Accordingly, LIPA's customers who live in a RHC will now be able to receive annual bill credits. Additionally, LIPA will submit to the Department an annual report by April 1, of each year, containing an implementation summary, an appendix detailing each MRE facility, the bill credits provided to customers, and the implementation cost of the Program.

There is de minimis financial impact on LIPA and its ratepayers resulting from this proposal. The program fee is an annual pass-through from the developer to the customers, excluding a de minimis 0.05 percent administrative fee that LIPA receives. Existing PSEG LI personnel will manage program implementation and administration and the bill credits will be funded by third-party MRE developers.

LIPA's proposal to implement the Large Renewable Host Community Benefit Program fulfills its requirement under the AREGCB Act and aligns its Tariff with the requirements of the Commission's Community Benefit Order, and the subsequent Guidance Document.²¹ This proposal is beneficial as it provides a monetary benefit to LIPA's eligible residential customers and will also help New York continue to meet its CLCPA goals by incentivizing the development of RHCs. As such, DPS recommends adoption of the Large Renewable Host Community Benefit Program as proposed.

Long Island Choice

The Long Island Choice (LI Choice) program provides LIPA customers with the option to choose their own energy supplier. In 2015, DPS initiated the Long Island Choice proceeding to investigate potential benefits to consumers of retail competition and examine what reforms were needed to enact it. In October 2020, the Department conducted a further interactive proceeding and sought comments on several questions regarding the competitive retail market in the Long Island service area.²² The proceeding facilitated and informed the DPS' 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 LIPA, PSEG LI and several elected officials from Suffolk County and other local municipalities, attended and participated in the working group meetings. This process culminated in the issuance of a DPS Staff Whitepaper in the LI Choice Proceeding.²³

In 2021, LIPA and PSEG LI proposed separating the power supply costs into a non-bypassable local supply charge and a bypassable market supply charge as well as adopting a Consolidated Bill Option with Purchase of Receivables.²⁴ LIPA and PSEG LI identified that the billing system for unbundled customers was unnecessarily

²¹ Case 20-E-0249, supra, Host Community Benefit Program Annual Report Guidance (issued March 10, 2022).

²² 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).

²³ Id., DPS Staff Whitepaper concerning LI Choice Program and Energy Service Companies on Long Island (issued October 22, 2021).

²⁴ Id., p. 6.

complicated and convoluted since the process involved several unnecessary transactions between the customer, LIPA, and ESCO customers. Other parties commented on the proposal and participated in technical conferences to refine the proposal. DPS then filed a whitepaper in October 2021, which summarized the comments and proposals, and provided their own recommendations.

Consistent with the recommendations contained in the DPS Staff Whitepaper, LIPA is now proposing to modify its Tariff to create a bypassable MFC for customers who participate in LI Choice. LIPA also proposes to establish the Purchase Of Receivables (POR) rate for ESCOs and utilize the Consolidated Bill option with POR. DPS recommends adoption of the MFC and POR Tariff modification proposals as proposed.

Merchant Function Charge

In the DPS Staff's LI Choice Whitepaper, DPS Staff proposed a streamlined process which included implementing a MFC consistent with the practices of the New York State IOUs. Furthermore, DPS Staff proposed that the MFC should recover administrative costs related to hedging and procurement of avoidable supply; supply working capital; supply-related credit and collections; and supply related uncollectables.²⁵

In 2021, LIPA and PSEG LI did not have the Information Technology (IT) capability to add or implement all the recommended portions of the MFC as a separate line item on a customer's bill, so as an interim improvement LIPA parsed out the MFC related to the power supply cost and included it as a component in the Market Supply Charge portion on the Power Supply Statement.²⁶ The Power Supply Charge is issued monthly by LIPA and is based on the costs associated with hedging and power supply procurement.²⁷ The power supply related MFC does not include procurement of capacity. Further, the procurement of capacity is charged through the market supply charge, which is waived for LI Choice customers.²⁸

Currently, the costs for collections, uncollectible expenses, and debt service are included in LIPA's rates for Delivery Service, which are applicable to all delivery service customers, including LI Choice participants. Now, LIPA and PSEG LI have the IT capability to implement the delivery-related costs into the MFC, which align with the recommendations in DPS Staff's Whitepaper and are consistent with other NYS IOUs. Certain IOUs also include transition adjustments as a reconciliation for prior periods as a part of their MFC to recover any MFC revenue that was not collected because customer(s) switched to a retail supply mid-year.²⁹ However, due to the low

²⁵ *Id.*, p. 12.

²⁶ LIPA Approval of Tariff Changes (December 15, 2021), p. 16.

²⁷ LIPA Tariff Leaf 166.

²⁸ LIPA Tariff Leaf 167.

²⁹ For example, Consolidated Edison Company of New York, Inc. Tariff lead 360 (Initial Effective Date April 1, 2020).

participation in the LI Choice program, DPS Staff believes any revenue lost due to customers swapping suppliers would be de minimis, and a transition adjustment component is not necessary at this time. Nonetheless, LIPA and PSEG LI should revisit this issue if uncollected revenues increase beyond their current levels due to customers changing suppliers mid-year.

The MFC as modified will include these delivery-related and electric supply procurement costs. LIPA will calculate the MFC by dividing these costs by budgeted annual sales. On a bundled customer's bill, the MFC will be a separate line item from the delivery service and power supply charges.

The financial impact of the bypassable MFC's on LIPA and its ratepayers is also de minimis because it will not collect any incremental revenue. All revenue that the proposed MFC will collect was previously collected through the base delivery rates. Furthermore, this proposal is designed to provide transparency and offer customers increased choices. Any customer enrolled in LI Choice will not have to pay the MFC. Therefore, the MFC may need to be adjusted depending on the number of customers enrolled in LI Choice to ensure sufficient revenue is recovered. Accordingly, LIPA states that they will re-evaluate the MFC rate annually and can issue an updated Statement as needed. As such, DPS recommends adoption of the MFC as proposed.

Purchase of Receivables

LIPA had proposed the Consolidated Bill Option with Purchase of Receivables as documented in DPS Staff's Whitepaper in 2021.³⁰ The LIPA Board approved the Consolidated Bill Option with POR consistent with DPS' recommendation which identified that more work was needed before it could be implemented, including IT enhancements, and further defining other parameters.³¹ The Consolidated Bill Option allows ESCOs to utilize the utility's billing and collection processes to recover their charges from customers. Customers will receive a single unified bill from the utility instead of receiving two separate bills, one from the utility and one from their ESCO. This proposal supplements the 2021 proposal by establishing the formula and components to be used in setting the POR rate. There is no financial impact for ratepayers as the POR is designed to recover the costs for implementing consolidated billing.

The POR rate was developed to recover costs incurred from taking over the billing from the ESCOs in the consolidated billing process. The POR rate recovers PSEG LI's costs of performing collection services on behalf of ESCO's that elect the Consolidated Bill Option with POR. Also, the POR rate consists of a percentage factor

³⁰ Matter 15-02754, In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers, DPS Staff Whitepaper Concerning LI Choice Program and Energy Service Companies on Long Island (issued October 22, 2021), p. 6 (Summarizing PSEG LI and LIPA's recommendations).

³¹ Matter 21-01355, Tariff Filing of Long Island Power Authority to Modify its Tariff for Electric Service 2021, Recommendations Regarding Long Island Power Authority's Proposed Modifications to its Tariff for Electric Service (filed December 7, 2021), p. 13.

that reflects the likely amount of uncollectible ESCO charges billed by LIPA and the administrative cost for performing the collection services. The POR rate is estimated to be approximately 1 percent and will be equal to electricity supply credit and collection costs, plus the electricity supply uncollectible expense costs, and the debt service on purchased power costs, derived for the MFC, calculated as a percentage of budgeted market supply revenues. LIPA will adjust the POR factor annually through its Statement of Merchant Function Charge and Purchase of Receivables Rate based on actual experience, so the amount remitted to ESCOs are accurate and up to date.

To utilize consolidated billing, PSEG LI, as LIPA's service provider, will enter into a contract with each ESCO that enrolls in the Consolidated Bill Option with POR. Under the terms of that contract, LIPA and PSEG LI will assume full responsibility for recovering the revenue from participating customers. LIPA and PSEG LI will then apply the POR factor to those collections and pay the ESCO the discounted payment. For example, suppose LIPA and PSEG LI collect \$10,000 from ESCO customers under the consolidated bill. In that case, they would apply the POR rate (approximately 1 percent currently) and remit the approximate \$9,900 that remains to the ESCO.

In 2002, Home Energy Fair Practices Act (HEFPA) was amended to apply the same consumer rights and protections to ESCO customers that are afforded to utility customers. In 2004, the Commission issued an Order adopting the changes to the HEFPA regulations, which further clarified these regulations in another Order in 2005.^{32,33} LIPA and PSEG LI's customers remain protected and are entitled to the full complement of customer protection provided under HEFPA, which is a critical and essential component of the LI Choice Program.

DPS Staff recommends adoption of the POR rate for ESCOs that choose to take part in the Consolidated Bill Option with POR. Both the MFC and POR proposals further align LIPA and PSEG LI with the Commission's Retail Choice policies, which provides customers with increased choice in energy providers while ensuring the utmost consumer protections.

Prolonged Outage

LIPA proposes to amend its Tariff to provide bill credits and reimbursement for spoiled food and medicine to customers who experience a widespread prolonged outage. LIPA's proposal seeks to align its Tariff with the requirements imposed upon the IOUs by Public Service Law (PSL) §73, and obviate the need for approval of bill A.6428-C/S.5237-C, which was recently vetoed by New York State Governor Kathy Hochul. In the Governor's veto message, the Governor stated that LIPA's proposed

³² Case 03-M-0117 – In the Matter of the Implementation of Chapter 686 of the Laws of 2002, Memorandum And Resolution Adopting Amendments to 16 NYCRR Parts 11 And 12 (issued June 9 2004).

³³ Case 98-M-1343, Retail Access Business Rules, Customer Billing Arrangements and Implementation of Chapter 686 of the Laws of 2002, Order on Petitions for Rehearing and Clarification (issued June 22, 2005).

Tariff changes will align PSEG LI with the other New York electric utilities and by extension the bill is not needed should this proposal be adopted.³⁴ DPS recommends that this proposal be adopted consistent with the discussion below.

LIPA's proposal would provide customers with outage credits and reimbursement for spoiled food and medicine that occurred during a widespread prolonged outage. Residential customers would be eligible for a \$25 credit for every calendar day they are without electric service beyond the first three calendar day outage period. Residential customers may also apply for reimbursement of spoiled food, up to \$235 by providing an itemized list, or up to \$540 with proof of loss for any spoiled food due to lack of refrigeration during the widespread prolonged outage event. Further, residential customers may apply for reimbursement for the full value of any spoiled prescription medicine due to lack of refrigeration during a widespread prolonged outage by providing an itemized list, along with proof of loss. In addition, small business customers would be eligible to apply for up to \$540 in reimbursement for spoiled food due to lack of refrigeration by providing an itemized list along with proof of loss in the event of a widespread prolonged outage.

Under the provisions of PSL §73, the PSC was required to promulgate rules to implement the statute's requirement that the IOUs provide their customers with outage credits and reimbursement for spoiled food and medicine.³⁵ On July 14, 2022, the PSC issued an Order that promulgated rules to implement the requirements of PSL § 73 (Implementation Order).³⁶ The Implementation Order defined a widespread prolonged outage as "an event impacting at least 20,000 customers at the same time and having one or more customers who remain without power for 72 hours or more due to utility-owned equipment unable to provide power."³⁷ Further, the Implementation Order defined an electric small business customer "as a nonresidential customer that receives service either: (1) under a non-demand billed rate, or (2) under a demand billed rate, provided the highest metered demand was less than or equal to 40 kW during the previous 12 months."³⁸ Also, the Implementation Order defined proof of loss as "a verifiable proof of perishable food and/or prescription medication spoilage."³⁹ Further, the Implementation order clarified that residential customers would be eligible for a \$25 outage credit for every full 24-hour period of service outage that followed the initial 72-hour widespread prolonged outage.⁴⁰

³⁴ Veto No. 43 of 2022 (November 23, 2022).

³⁵ Public Service Law (PSL) §73 (4).

³⁶ Case 22-M-0159, Proceeding to Implement Customer Credits and Reimbursements Pursuant to Public Service Law Section 73, Order Implementing Public Service Law Section 73 (Issued July 14, 2022).

³⁷ Id., pp. 6, 11.

³⁸ Id., p. 20.

³⁹ Id., pp. 13, 15.

⁴⁰ Id., p. 26.

LIPA's tariff proposal would adopt similar provisions to PSL §73, and enable its customers, who have experienced a widespread prolonged outage, to receive outage credits and reimbursement for spoiled food and prescription medicine due to lack of refrigeration. DPS Staff reviewed LIPA's proposal and found that it's largely in alignment with the requirements of PSL §73, and the PSC Order.

LIPA's Tariff proposal requires customers to provide an itemized list and/or proof of loss within 14 days following the end of the widespread prolonged outage event. Then, LIPA will reimburse customers through a bill credit within forty-four days of the conclusion of the widespread prolonged outage event. PSL §73 requires both residential customers and small business customer to provide the utility with itemized lists and/or proof of loss within 14 days of the widespread prolonged outage, then the utilities are required to provide reimbursement within 30 days of receipt of the reimbursement request. LIPA proposes to recover the lost revenue resulting from the widespread prolonged outage reimbursement costs through its Revenue Decoupling Mechanism (RDM).

Further, LIPA's proposal would not provide customers who experienced a widespread prolonged outage with a credit for their daily meter charge because LIPA initially planned to integrate all daily meter charges into the daily service charge as part of their annual rate update. However, LIPA has postponed its plan to integrate the daily meter charge. Since LIPA has postponed its plan to integrate the daily meter charge, DPS recommends that LIPA provide customers who experienced a widespread prolonged outage with a credit for their daily meter charge for each day they are without service.⁴¹

PSL §73 requires IOUs to provide customers with a \$25 credit for an outage period lasting 24-hours beyond the initial 72 hours, and for each subsequent full 24-hour outage period. In contrast, LIPA's proposal would provide customers with a \$25 credit "for each subsequent calendar day of service outage that occurs after the initial three calendar days of that customer's outage." LIPA's proposal to use calendar days differs from the use of 24- and 72- hours as is required by PSL §73. LIPA's proposal may unduly confuse customers since it does not clearly define the amount of time within each calendar day that the customer must be without service in order to be eligible for the \$25 outage credit. Also, LIPA's proposal may allow residential customers to be eligible for a \$25 outage credit if they are initially without service for any period of time that exceeds 48 hours, but is less than 72 hours, which may contradict the intent of PSL §73.⁴²

Furthermore, LIPA's proposal can be clarified to explain that a customer must be without service for a full 24-hour period beyond the initial 72-hour widespread prolonged

⁴¹ PSEG LI's Response to DPS-22046.

⁴² PSEG LI's Response to DPS-22044.

outage in order to be eligible for the \$25 credit. This could lead customers to believe that they could be eligible for the credit if they are without service for less than a full 24-hour period. DPS recommends that LIPA conform to the same widespread prolonged outage credit and reimbursement qualifications as required under PSL §73 and promulgated by the PSC in the Implementation Order. DPS recommends that LIPA change its criteria to mirror the language in the Implementation Order and provide its residential customers with “a \$25 credit for [the] outage period lasting a full 24 hours in excess of 72 hours, and for each full 24-hour outage period thereafter.”⁴³

DPS also recommends that LIPA amend its Tariff proposal to allow its qualified customers to automatically receive outage credits and be able to apply for reimbursement for spoiled food and medicine in the event of a widespread prolonged outage. DPS Staff further recommends that LIPA and PSEG LI develop a process to inform customers that they have the option to request monetary reimbursement, if the bill credits for spoiled food, prescription medicine or outages beyond the initial 72 hours leaves them with a credit on their bill. While this option exists currently for credits generally, customers that have a minimum charge on their monthly bill, e.g., solar or LMI customers, could take many months to fully utilize their bill credits. A more coordinated notice process would ensure that customers are aware that such a reimbursement option exists. Further, DPS recommends that LIPA provide reimbursements to eligible customers within 30 days of receipt of the application for reimbursement.

DPS recommends that LIPA’s proposed waiver provision be amended to institute a waiver provision similar to that contained in PSL §73. LIPA should allow its customers to automatically receive outage credits and apply for reimbursement for spoiled food and prescription medicine, subject to a proposal proffered by LIPA to waive the requirements of the Widespread Prolonged Outage section of its Tariff, which should only be proposed to the LIPA Board for its consideration with a supportive recommendation from the Department. As envisioned, DPS would review LIPA’s waiver proposal and may issue a recommendation to the LIPA Board of Trustees. Any waiver proposal by LIPA must provide adequate justification to demonstrate why customers should not receive the benefits contained in the Widespread Prolonged Outage section of its Tariff.

Further, the Department recommends that LIPA and PSEG LI submit a detailed draft communications plan to DPS which explains how customers will be notified about widespread prolonged outages and the potential to receive outage credits and reimbursement for spoiled food and medicine. Also, the Department recommends that LIPA and PSEG LI collaborate with the Department to finalize these draft communication plans and then include them in its subsequent Emergency Response Plan, consistent with the requirements of PSL §73. Finally, should the PSC develop

⁴³ Case 22-M-0159, supra, Order Implementing Public Service Law Section 73, p. 26.

additional requirements concerning widespread prolonged outages, then LIPA and PSEG LI should consider commensurate changes to mirror the program implemented by NYS' IOUs.

For these reasons, DPS recommends adoption of the Widespread Prolonged Outage Reimbursement proposal as discussed above.

Solar Communities Customer Benefit

LIPA is proposing to modify its Tariff for Electric Service to authorize the distribution of Solar Communities bill credits to eligible LMI customers effective January 1st, 2023. In April 2016, LIPA implemented the Community Distributed Generation (CDG) program in accordance with the Commission's CDG Order.⁴⁴ In 2018, LIPA amended its Tariff to change the CDG compensation structure to follow the Value of Distributed Energy Resource (VDER) order.⁴⁵

As of November 2022, there are 12 MW of CDG projects active on Long Island, comprising roughly 1 percent of the 851 MW of completed distributed solar projects. Separately, the Solar Communities Feed in Tariff (FIT) was adopted in May 2020 which allows LIPA to solicit bids from eligible solar generation projects and enter into a Power Purchase Agreement (PPA).⁴⁶ A PPA is the contractual agreement between the energy buyer and seller operating the renewable asset, which are usually for a time period of 10 to 20 years. At the time of filing, 17.5 MW of Direct Current (DC) out of a target of 25 MW (DC) have been awarded through FIT PPAs. An additional 16 projects accounting for 15.24 MW (DC) are on the waiting list where the bids are currently above the price cap of \$0.1463 per kWh. The number of participants for the solar communities' discount program will depend on LIPA's projected Solar generation (kWh) available to be received through the Solar FIT program. The projections will be updated each year before the number of participants is calculated in January. At the target goal of 25 MW (DC) subscription, LIPA can enroll up to 3,000 LMI customers into this program.

LIPA's proposal would expand eligibility to allow LMI customers enrolled in Tiers 1-3 of LIPA's Low-Income Program to receive Solar Community bill credits, excluding those customers who already receive renewable credits by other means. LMI customer enrollments will be awarded automatically through an annual random lottery process. Customers selected through this process will have the option to opt-out if they choose not to participate in the Solar Communities Discount Program. Enrolled customers will

⁴⁴ Case 15-E-0082, Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program, Order Establishing a Community Distributed Generation Program and Making Other Findings (issued July 17th, 2015).

⁴⁵ Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, Order Adopting Net Metering Successor Tariff Filings with Modifications (issued August 13, 2021).

⁴⁶ Matter 20-00587, Tariff Filing of Long Island Power Authority to Modify its Tariff for Electric Service 2020, Recommendations Regarding Long Island Power Authority's Proposed Modifications to its Tariff for Electric Service (filed December 4, 2020).

receive a \$0.33 credit per day for twelve billing cycles (365 days), beginning February 1, 2023. The proposal holds customers harmless by maintaining this credit despite a change in enrolled customers' LMI status or any unforeseen variance in FIT capacity (kWh) availability. However, the selected customer may not transfer the credit to new service locations.

In the Expanded Solar for All (E-SFA) Order, the Commission authorized NYSEERDA and National Grid to implement the E-SFA program in National Grid's service territory.⁴⁷ The E-SFA program will automatically provide monthly credits to income-eligible customers enrolled in National Grid's Energy Affordability Program (EAP). In September 2022, the Commission modified the E-SFA order to allow EAP customers to simultaneously participate in the E-SFA program and in one other distributed solar program such as CDG, Remote Crediting, or Remote Net Metering.⁴⁸

Both the Solar Communities Discount program and the E-SFA program are designed to utilize CDG projects to provide benefits to EAP/LMI customers. However, LIPA's proposed program differs from the E-SFA program. The number and capacity levels available for CDG projects in each utility service territory play an important role in how each program is administered. National Grid automatically enrolls its EAP customers into the E-SFA program on an opt-out basis and provides an equal amount of bill credits to all enrolled customers. On the other hand, LIPA proposed an annual lottery system to provide similar benefits to a limited number of LMI customers as the available capacity of CDG projects within LIPA's service territory is only a fraction of that in National Grid's service territory. DPS Staff recognizes that based on FIT's limited enrollment capacity, LIPA will not be able to provide bill credits of an appreciable value to all LMI customers thus some selection process is necessary to limit the number of participants at this time.

As such, DPS Staff finds that the lottery system proposed in the Solar Communities program is appropriate and recommends that it be adopted. Additionally, Staff supports LIPA's proposal to restrict dual participation at the inception of the program as a large percentage of eligible LMI customers will not be able to enroll due to limited capacity. This restriction will ensure LMI customers who are not currently served by any distributed solar projects are prioritized for the proposed program. If the program gains enough CDG participation to extend meaningful bill credits equally among all LMI customers without the need for lottery selection, then LIPA and PSEG LI should consider revisiting the issue of dual participation in future Tariff modifications.

The total financial impact of the proposal is estimated at approximately \$0.2 million. LIPA estimates the cost to provide the discount to 3,000 LMI customers to be \$0.36 million, with an additional \$0.3 million in administration costs. In addition, LIPA states that \$0.48 million in estimated savings should be realized when the FIT target

⁴⁷ Case 19-E-0735, Petition of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Approving Expanded Solar for All Program with Modifications (issued January 20, 2022).

⁴⁸ Id., Order Modifying Expanded Solar for All Program (issued September 15, 2022).

solar capacity of 25 MW (DC) is fully awarded and developed. This figure is derived from the difference between using the FIT as compared to procuring the same amount of community distributed generation through the VDER tariff. The administrative costs are a large portion of the program budget and there was not sufficient market research or cost breakdown to support estimated administrative costs for implementing this program.⁴⁹ Accordingly, the Department recommends that LIPA continue to track administrative costs associated with this program and ensure that such costs are proportionate to the benefits provided to LMI customers, especially at the start of the program when the target capacity (25 MW) of the FIT have not been fully operationalized.

Community Distributed Generation programs provide a way for any customer to access solar or renewable energy, however, historically LMI participation in CDG has been limited. DPS recognizes the potential of the proposed Solar Discount program to accelerate the benefits of distributed solar to LMI customers on Long Island consistent with CLCPA mandates, including the deployment of 10 GW of solar by 2030, and therefore, recommends the adoption of the program as proposed.⁵⁰

Conclusion

Department Staff has reviewed LIPA's proposed Tariff modifications and finds the proposed updates consistent with Commission Orders, DPS staff Whitepapers, and New York IOU Tariffs. The Department therefore recommends that, in accordance with the foregoing discussion 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
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Justin Bell, LIPA VP of Public Policy and Regulatory Affairs
David C. Lyons, PSEG LI Interim President and Chief Operating Officer
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Counsel
Peter Hilerio, DPS LI Counsel

⁴⁹ PSEG LI's Response to DPS-22043.

⁵⁰ <https://www.nyserda.ny.gov/About/Newsroom/2022-Announcements/2022-04-14-Governor-Hochul-Announces-New-Framework-to-Achieve-Ten-Gigawatts-of-Distributed-Solar>

2 LONG ISLAND POWER AUTHORITY

3 -----X

4 VIRTUAL ZOOM

5 TARIFF AND BUDGET

6 PUBLIC COMMENT SESSION

7 -----X

8 November 16, 2022

9 2:00 P.M.

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12 B e f o r e :

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14 JUSTIN BELL

15 Vice President of Public

16 Policy and Regulatory Affairs,

17 LIPA

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3 **A P P E A R A N C E S :**

4 Justin Bell

5 Vice President Public Policy 4

6 Donna Mongiardo

7 Vice President Controller 17

8

9 **ALSO PRESENT:**

10 SCOTT BROWN, PSEG

11 MADELINE TAVANI, Stenographer

12 ELISA RODRIGUEZ, LIPA, Senior

13 Paralegal

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1 LIPA HEARING 11-16-22

2 MR. BELL: Welcome to today's public
3 comment session. My name is Justin Bell with
4 LIPA. And we will also have a presentation by
5 Donna Mongiardo, LIPA's Controller. We'll be
6 joined by several other colleagues from LIPA
7 and PSEG Long Island.

8 The purpose of the session today is
9 to receive public comment on LIPA's proposed
10 2023 budget and a set of rule-making
11 proposals. The proposed budget is available
12 on the main landing page of LIPA's website and
13 the other proposals are available on the
14 proposed rule-making page.

15 The proposals are appropriated into
16 this hearing today. In a moment, I will
17 summarize those proposals and then I will turn
18 it to Donna to get a presentation on the
19 proposed budget.

20 And after the presentations,
21 attendees who had signed up to speak will be
22 called on one at a time, beginning with any
23 in-person attendees and then moving to the
24 Zoom.

25 If you are commenting on Zoom,

1 LIPA HEARING 11-16-22
2 you'll use the raise-hand feature when you're
3 called on. If you joined by phone, you will
4 need to press *9 to raise your hand. At the
5 time, we will unmute you and you'll see the
6 panelists. When directed, you can enable your
7 video if you like and make a comment on the
8 record.

9 Please clearly state your full name,
10 and if applicable, the organization that
11 you're speaking on behalf of. If you want to
12 speak but haven't signed up yet, please send
13 an email now to tariffchanges, that's all one
14 word, @lipower.org. Or just use the
15 raise-hand button in Zoom to indicate your
16 desire to speak.

17 In accordance with state procurement
18 law, please refrain from making endorsements
19 or lobbying for or against the specific
20 projects, the proposals are pending before
21 LIPA.

22 And as the purpose of this hearing
23 today is to hear from you, LIPA staff will not
24 be responding to comments and questions today
25 at the hearing. Instead a full transcript of

1 LIPA HEARING 11-16-22
2 your comments and questions, together with
3 written responses will be posted publicly on
4 LIPA'S website and provided to the Board of
5 Trustees for their consideration prior to the
6 next Board meeting and will be voting on those
7 items.

8 Your comments are also provided to
9 the Department of Public Service and to PSEG
10 Long Island for their consideration. Please
11 note that today's session is being recorded.

12 Comments and questions may also be
13 sent in writing to the same email address I
14 provided earlier, tariffchanges@lipower.org.

15 And we're asking for written comment
16 on these proposals with the budget to be
17 received by November 28th in order for us to
18 have time to summarize and include them in the
19 Board materials that will go to the Board for
20 their December meeting.

21 Great. We will now turn to a
22 summary of the tariff proposals. If you go a
23 few slides. Thank you.

24 So have five proposals today for
25 your comments and they are:

1 LIPA HEARING 11-16-22

2 An interconnection cost-sharing
3 proposal.

4 A large renewable host community
5 benefit program.

6 Improvements to Long Island Choice,
7 which is our retail choice program.

8 New reimbursements for customers
9 experiencing prolonged outage -- outages after
10 a widespread outage event.

11 And a new customer benefit for the
12 solar community's program.

13 Next slide, please.

14 The first that I'll go over is the
15 Interconnection Posturing proposal. And this
16 proposal will modify LIPA's tariff and
17 interconnection procedures in order to better
18 align with New York State's new posturing
19 framework.

20 As background, the way
21 interconnection costs used to work is that the
22 developer of the project that triggers a need
23 for a New York connection upgrade or a system
24 modification, would be responsible for 100
25 percent of the costs.

1 LIPA HEARING 11-16-22

2 With the new rule, we will have a
3 pro rata concept where a project is ultimately
4 responsible only for the portion of the
5 increased capacity that is assigned to it as
6 opposed to the entire costs.

7 And there is also the
8 distinguished -- and there is the ability to
9 distinguish between a utility-initiated
10 upgrade and a market-initiated upgrade.

11 And I wanted to mention and I also
12 am joined here by Scott Brown from PSEG, who
13 is a subject matter expert in this, and so he
14 will correct me if I mistake any details.

15 But under the new rule, when the
16 utility initiates an upgrade, then there will
17 be the ability to obtain cost contributions
18 for later joining interconnection projects for
19 up to ten years. Again, it's still just a
20 share of that interconnection upgrade that the
21 project actually uses based on what the
22 percent of the hosting capacity they will be
23 using.

24 And then with a market-initiated
25 upgrade, the cost initially will be borne by

1 LIPA HEARING 11-16-22

2 that first mover that triggers the need. But
3 then for up to ten years after that, they will
4 receive contributions from later joining
5 projects.

6 So, just to summarize who is
7 eligible and who this applies to, it only
8 applies to upgrades that are in excess of
9 \$250,000. It can apply to distributions of
10 transmission or underground upgrades,
11 transformer banks.

12 And then in terms of the
13 utility-initiated upgrades, it can also
14 include qualifying substation upgrades such as
15 the PBO or LTC.

16 Let me pause and now see from Scott
17 if there's anything that you want to add or
18 clarify.

19 MR. BROWN: No, sir. That's a good
20 summary.

21 MR. BELL: Okay. And so we're going
22 to keep going through all the proposals before
23 we take comments. So let's go to the next
24 one, please.

25 So the Large Renewable Host

1 LIPA HEARING 11-16-22

2 Community Benefit, is again, this is a
3 statewide program that is being implemented
4 here in Long Island. This was part of the
5 accelerated growth of Renewable Energy
6 Community Benefit Act.

7 And the way that it will work that
8 is when a new major renewable energy facility
9 locates in a town in Long Island and it has
10 Tier 1 recs that are eligible for NYSERDA rec
11 benefits, that facility if it's -- at least
12 25 megawatts in size which is our major
13 renewable energy facility, that will be
14 contributing to annual bill credits that get
15 paid to customers in that host community.

16 So it's the amount of benefit is
17 different for solar projects and wind projects
18 for solar. They will be contributing \$500 per
19 megawatt annually, and for wind projects will
20 be contributing 1,000 per megawatt annually.

21 And then those benefits get shared
22 among the residential customers that are
23 located in that host community and it was paid
24 on the annual bill credit for the following
25 ten years after the project becomes

1 LIPA HEARING 11-16-22

2 operational.

3 Again, these rules are all
4 consistent with the statewide program and they
5 were derived from that statute. So that's
6 really the basis for this, but we're excited
7 to be out here in Long Island.

8 Next page, please.

9 We also have a proposal for
10 improvements to Long Island Choice. This is a
11 familiar topic we've been embarking on a
12 series of improvements over the last several
13 years to the Retail Choice Program in order to
14 make it better for ESCOs to participate and
15 level the playing field, open up access to
16 community choice aggregate and also increase
17 alignment with the rest of the State's retail
18 choice programs.

19 So the two specific changes that are
20 being proposed today, both have to do with
21 increasing the portion of the customer's bill
22 that they can shop for through a retail choice
23 supplier.

24 The first is to separate merchant
25 function charges so these are a set of costs

1 LIPA HEARING 11-16-22

2 that relate to power supply procurement,
3 credit collections, and debt service on power
4 supply.

5 In the past, these were recovered
6 from all customers going forward. Retail
7 choice customers will no longer be responsible
8 for those charges because they do relate to
9 certain full service customers.

10 The second change, and as
11 background, we recently -- the Trustees
12 recently approved consolidated billing for
13 ESCOs, meaning that the ESCO chooses this
14 option, the PSEG Long Island bill and have
15 their charges included on the bill to be
16 recovered from customers.

17 The change that we're adding today
18 is purchase of receivables option for those
19 ESCOs or CCAs. And so this purpose of this is
20 really to help them reduce the administrative
21 costs by taking advantage of the utility
22 existing, billing, and collections process
23 needs.

24 So if a ESCO chooses this option,
25 the utility will purchase those customer

1 LIPA HEARING 11-16-22

2 receivables and take responsibility for
3 recovering those costs.

4 Next slide, please.

5 The next proposal we are going to
6 discuss is for prolonged outage credits and
7 reimbursements. So this is a provision that
8 we hope will be a very limited use. It
9 applies only in the event of a widespread
10 outage. So that is an outage that impacts at
11 least 20,000 customers at the same time. Some
12 people will have outages lasting three days or
13 more which is what we call a prolonged outage.

14 Again, this is consistent with
15 statewide policy. There was recently a state
16 law enacted that required the investor-owned
17 utilities to do this, LIPA was doing it
18 voluntarily. And so in terms of the credits
19 that you applied for an affected residential
20 customer, they will receive \$25 a day service
21 credit for every day after the third outage
22 day, so starting on day 4 and on going to \$25
23 a day until their service is restored.

24 In addition, they will be eligible
25 if as a result of the power outage, they

1 LIPA HEARING 11-16-22
2 experienced food spoilage or medicine
3 spoilage, they're also eligible for
4 reimbursements.

5 Business customers as well are also
6 eligible for spoiled food reimbursements up to
7 \$540.

8 Next slide, please.

9 The last proposal I'll talk about
10 today is a proposal -- this is really the
11 second proposal that we brought on solar
12 communities. The first was to authorize the
13 supply side. This is a program that is like a
14 community solar program except that it's
15 administered by the utility and is exclusively
16 for new customers.

17 We have put out a Feed-In Tariff
18 that is currently procuring supply now and
19 targeting up to 25 megawatts of low-cost
20 solar.

21 And then the proposal today is going
22 to put in place the customer benefit side of
23 the program. And so the way that will work is
24 that it will be open to all customers who are
25 enrolled in low-income discounts. That's how

1 LIPA HEARING 11-16-22

2 we identify the low-income customers for this
3 program. They can't be already participating
4 in another solar or choice program, but if
5 assuming that they are not already
6 participating in the solar program, they will
7 be eligible for selection in this program by
8 random lottery.

9 The reason for that is we need
10 fairness, because there's currently not enough
11 supply in this program to go to all low-income
12 customers. So proposing that they be selected
13 randomly, and you know, unless the customer
14 opts out and decides not to participate, they
15 will be enrolled for one year in this program.
16 During this time they will receive \$10 a month
17 on your bill, the credit on the bill from the
18 Solar Communities program.

19 And after -- and then we will cycle
20 this through to new participants so that,
21 ultimately, we will enable all low-income
22 customers to participate, just not all at the
23 same time.

24 The -- you know, the reason for
25 doing a program like this is that oftentimes,

1 LIPA HEARING 11-16-22

2 low-income customers have difficulty accessing
3 some of the other programs that we offer,
4 rooftop solar, net metering.

5 Other programs where customers that
6 maybe have access to roof space or have better
7 access to credit can receive benefits for
8 participating in our solar programs. We want
9 that -- that benefit in the solar programs to
10 be available to more customers and so that's
11 why we are enrolling this and directing it
12 specifically to low-income customers.

13 So with that, these are the tariff
14 proposals that we're bringing today for public
15 comment. And I will now turn it over to Donna
16 Mongiardo, LIPA's VP Controller, to go over
17 the budget.

18 Before she does that, just a
19 reminder on the timeline today, so these
20 proposals were published for public comment in
21 September, and now they're holding public
22 comment sessions today as well as tomorrow.

23 This will be tomorrow at 10:00 a.m.
24 in Hauppauge or 6:00 p.m. online and the
25 details -- if there's interest in registering

1 LIPA HEARING 11-16-22

2 for those, the details are on our proposed
3 rule-making website or on our event site.

4 The -- again, just a reminder that
5 we will request written comment by
6 November 28th and then these will be
7 considered by the LIPA Board by December 24th.

8 All right. And now I will turn it
9 over to Donna.

10 MS. MONGIARDO: Thank you, Justin.

11 So LIPA's broad objective of service
12 to customers. Our budget process starts with
13 the objective set by our Board of Trustees,
14 and these also on all -- LIPA's board policies
15 are on our website.

16 Reliability and resiliency, customer
17 experience, information technology and cyber
18 security, clean energy initiatives, customer
19 affordability, and fiscal sustainability.

20 The budget for 2023 consisted an
21 operating budget of \$4.29 billion and capital
22 budget of \$891 million.

23 Our operating budget comes with
24 delivery and power supply costs and energy
25 efficiency program, taxes, and our debt

1 LIPA HEARING 11-16-22

2 service requirements.

3 Our capital budget funds the work
4 like fracture structure investment and such as
5 the transmission line substations, other
6 vehicle fleet and other longterm assets.

7 Turning to the next page, page 13.

8 This outlines the changes in our
9 budget from this year to last year. Our 2022
10 operating budget was about \$3.8 billion and
11 the proposed budget for 2023 is 4.146 for an
12 increase of 296 million over the 2022 budget.

13 Up on the screen we have the two
14 largest items that are impacting our rates
15 that are pretty much both out of our control,
16 power supply, and debt service and coverage.

17 Power supply costs have increased on
18 the volatility market and it's a direct
19 flow-through and in the cost recovery. And
20 our debt service and coverage is projected to
21 increase as well as interest rates are
22 increasing and both get chewed to actual
23 results.

24 So if it comes out or turns out to
25 be higher or lower, it gets floated

1 LIPA HEARING 11-16-22

2 (indecipherable.)

3 This is to touch a little bit on the
4 power supply costs. They are expected to be
5 \$193 million higher over budget. However,
6 during 2022 we had a very, very volatile
7 market with everything going on in Ukraine and
8 we actually are expecting to be \$433 million
9 above the 2022 budget.

10 So in a comparison of 2023 to 2022,
11 actuals we will be -- we will -- we are
12 projecting to be lower than our 2022 actuals.
13 And all of our numbers are net in power supply
14 charge.

15 Our net of our commodity program,
16 our commodity hedging program which we expect
17 to save about \$147 million of commodity costs
18 in 2023.

19 Our 2023 budget, capital budget is
20 projected to be \$891 million of \$145 million
21 increase from 2022. Just to highlight some of
22 the larger projects, we have a development of
23 a new operation chart, impervious to the
24 electric grades enhanced reliability and
25 resiliency. And we have a IT initiatives to

1 LIPA HEARING 11-16-22

2 separate our systems from PSEG affiliates, as
3 well as to enhance the cyber security.

4 Our impact to our residential and
5 our typical or average residential bill for
6 2023 is a projection of a decrease from our
7 2022 actual bill. Our 2022 our actual,
8 average bill for a residential customer is
9 \$194.34 and we are projecting a 2023 bill of
10 \$175.42.

11 We are, like I said, projecting
12 lower power supply costs. We are also
13 projecting lower customer usage and there are
14 also some cost recovery mechanisms that would
15 be accredited back to our customers as well in
16 2023.

17 Our lower customer usage gets
18 recovered in revenue decoupling mechanism. So
19 for 2022, where LIPA had projected higher
20 sales -- I'm sorry, we projected lower sales
21 and we ended up having higher sales for our
22 customers, it gets credited back to our
23 customers through the RBM.

24 For 2023, we are projecting a
25 decrease in sales because we are expecting

1 LIPA HEARING 11-16-22

2 that customer usage will start to decline as
3 COVID and return to workplace are going back
4 to a historic level unlike what we've seen in
5 the past two or three -- two years.

6 Forecasting customer usage remains
7 challenging as (indecipherable) from the
8 pandemic and changes to workplace norms remain
9 certain. However, our revenue decoupling
10 mechanism does ensure that our customers fully
11 pay actual revenues as authorized by the Board
12 each year.

13 And our delivery service adjustment
14 and storm budget. Delivery service
15 adjournment also trues up the actual cost. So
16 we budget levels for storms, debt service
17 payments, interest rates, and uncollectible
18 expenses, all have external exposures and can
19 fluctuate.

20 So the DSA will true up to actuals
21 for 2023. We are giving a credit to our
22 average residential customer of \$3.79. And
23 this was primarily due to our lower budget
24 storm restoration costs incurred in 2022.

25 This table is showing our 2022

1 LIPA HEARING 11-16-22
2 projection being as low as \$36 million. So
3 for 2022, we are on a positive, favorable
4 variance against our budget and hope
5 everything is forgiven.

6 The 2023 budget maintains fiscal
7 sustainability. LIPA has achieved four credit
8 rating upgrades since 2013 and we're on a
9 positive outlook by Fitch for an upgrade in
10 the next 12 to 24 months.

11 This Board's plan, proposed plan
12 will continue to reduce LIPA's debt to asset
13 ratio from 110 percent to 2016 to 70 percent
14 by 2030 which will lower interest and debt
15 service costs for our customers.

16 We would like to point out the
17 effect of the inflation. LIPA's ability to
18 minimize customer costs has resulted in
19 electric bills that have increased at less
20 than the rate of inflation. Our bill for 2023
21 is projected to be \$175.42. It's only a
22 11 percent increase over a 2018 bill.

23 During that same time period, as you
24 can see, natural gas increased 95 percent,
25 gasoline 55 percent, food 25 percent, overall

1 LIPA HEARING 11-16-22

2 CPI 18 percent, medical costs 17 percent,
3 housing 15, transportation 14 percent.

4 And as I said, our Long Island
5 residential electric bill is only at
6 11 percent.

7 The 2023 proposed budget and
8 performance metrics are available for the
9 public to view and download on our website at
10 LIpower.org. That concludes the budget.

11 MR. BELL: Wonderful. Thank you,
12 Donna.

13 We will now open the floor for
14 public comments. We will ask if we have
15 anybody signed up.

16 MS. RODRIGUEZ: Yes, we do. Fred
17 Harrison.

18 MR. BELL: Okay. Great.

19 Fred, whenever you're ready, you can
20 unmute yourself and we'd be happy to take your
21 comments.

22 MR. HARRISON: Are we good?

23 MR. BELL: Yes.

24 MR. HARRISON: Yes. Hello. My name
25 is Fred Harrison. I'm a retired public school

1 LIPA HEARING 11-16-22

2 teacher, and I work with Long Island Food and
3 Water Watch.

4 I certainly thank you for your
5 review of the proposed changes. The solar
6 community program is certainly really
7 interesting.

8 I would begin by noting that
9 releasing a 118-page budget document the
10 evening before a public session does not
11 foster ratepayer participation.

12 There is no time to digest the
13 information and there is no process for
14 interrogatories as there would be in a PSG
15 rate hearing. Please change this process.

16 Food and Water Watch has long
17 advocated a quick transition to renewables.
18 Not only are we concerned with climate change
19 but we know that utilities that get their
20 power from natural gas and oil fired
21 generation face ever-rising fuel costs and
22 those costs are passed to ratepayers. That's
23 clear in the projected budget.

24 LIPA's portion of the rate increase
25 is carefully held under 2.5 percent.

1 LIPA HEARING 11-16-22

2 The pass-through power supply
3 portion of our bills so much discussed today
4 has skyrocketed.

5 True, LIPA's hedging strategies have
6 paid dividends. Mr. Oster's presentation this
7 month on the volatility in gas pricing was
8 quite interesting. But over time, natural gas
9 prices have risen, and just the 21 percent
10 over the past year. Power supply charges are
11 up 70 percent over the past 6 years and 90
12 percent since 2014, those are LIPA's supplied
13 numbers.

14 Ratepayers need LIPA to find a way
15 out of this. We need to move quickly to less
16 damaging and less costly sources of power.

17 LIPA needs to unhook us from
18 National Grid.

19 LIPA bills are also laden with the
20 huge sums of money dedicated to pilot
21 payments. Simply as a manner of equity, pilot
22 payments should have seen their day. LIPA is
23 to be applauded in its efforts it was noted
24 today but we still have a far way to go,
25 hundreds of millions in ways to go. LIPA's

1 LIPA HEARING 11-16-22

2 bills also reflect substantial investments in
3 resiliency as noted today.

4 Food and Water Watch shares the view
5 of our friends at the AARP and the public
6 utility law project in Albany, that ratepayers
7 should not bear the cost of climate change
8 mitigation efforts. Again, LIPA is to be
9 applauded for its efforts in obtaining federal
10 grants. But the enormous capital expenditure
11 resiliency has required has led to an
12 ever-greater debt service burden, a burden
13 that shows up at our rates.

14 It's clear that our representatives
15 in Albany and Washington need to do a lot more
16 to take that part of the burden off
17 ratepayers.

18 I'll end by reiterating what the
19 person from Fitch noted repeated by
20 Mr. Falcone, costs are costs. We know what
21 the big costs are; power supply, pilots, debt,
22 and the cost of mitigating climate change.
23 They need to be reduced and we are counting on
24 LIPA to lead the way.

25 Thank you for your time.

1 LIPA HEARING 11-16-22

2 MR. BELL: Thank you very much,
3 Mr. Harrison.

4 We are certainly sympathetic to
5 large volume of materials to go through in a
6 short time. I would just add that today is
7 not the deadline for public comments by any
8 means.

9 We invite comments in writing
10 through November 28th, at -- and even beyond
11 that, but November 28 would allow us to
12 summarize and respond to those comments in the
13 Board materials. And the Board also receives
14 a full transcript of today.

15 And the tariff proposals, unlike the
16 budget which was just released, because it,
17 you know, is subject to a lot of interlinking
18 parts that have to come together. But unlike
19 the budget, the tariff proposals were posted
20 on the website in September so at least you
21 had a bit more time with those.

22 But again, certainly I'm sympathetic
23 to the comment and appreciate the other
24 comments as well. So thank you very much.

25 MR. HARRISON: Thank you.

1 LIPA HEARING 11-16-22

2 MR. BELL: Do we have anybody else
3 signed up to speak?

4 (No response.)

5 MR. BELL: Great. Is there anyone
6 else who did not sign up to speak but would
7 like to speak. So please use the raise-hand
8 feature on Zoom or *9 if you're joining by
9 phone.

10 (No response.)

11 MR. BELL: Great. So we will now go
12 on pause and we will wait for a few minutes to
13 see if there are other callers joining late.

14 We will be turning off our video for
15 now and going on mute, but we will be back in
16 five minutes or so to see if there are any
17 other folks who joined late who still want to
18 comment.

19 So I'd ask the Court Reporter to go
20 on recess for the moment and we will be back
21 in five.

22 (Whereupon, a short recess was
23 taken.)

24 MR. BELL: Okay. So we're going
25 back on the record.

1 LIPA HEARING 11-16-22

2 And we will do another call for
3 commenters, anybody who would like to comment,
4 please use the raise-hand feature or *9 if you
5 are joining by phone.

6 (No response.)

7 MR. BELL: All right. Seeing none,
8 as an additional reminder, we will have more
9 public comment sessions tomorrow. The first
10 is at 10:00 a.m. in Hauppauge and the full
11 address is posted online, and the second is
12 6:00 p.m. on Zoom. Details are again, on the
13 LIPA website.

14 You can also submit comments in
15 writing until November 28th to
16 tariffchanges@lipower.org.

17 Thanks again, everyone, for your
18 attendance and your attention today. This
19 concludes today's public comment session. We
20 are now adjourned.

21 (Whereupon, at replace 2:36 p.m.,
22 the above matter concluded.)

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LONG ISLAND POWER AUTHORITY

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PUBLIC COMMENT SESSION

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H Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, New York 11788

November 17, 2022
10:00 a.m.

PRESENTERS

Justin Bell - Vice President, Public Policy and
Regulatory Affairs

Donna Mongiardo - Vice President, Controller

Elisa Rodriguez - Senior Paralegal

1 11-17-22 - Hearing

2 MR. BELL: On the record. Good
3 morning, everyone. Welcome to today's public
4 comment session. My name is Justin Bell and
5 I'm here today on behalf of LIPA. You also
6 have a presentation by Donna Mongiardo, LIPA's
7 Controller, and we're joined by several other
8 colleagues today.

9 The purpose of this session is to
10 receive public comments on LIPA's proposed
11 2023 budget and a set of rulemaking proposals.
12 The proposed budget is available on the main
13 landing page of LIPA's website and the other
14 proposals are available on the proposed
15 rulemaking page. The proposals are
16 incorporated into the record of this hearing.

17 In a moment I will summarize the
18 proposals to modify LIPA's tariff and then I
19 will turn it over to Donna to give the
20 presentation on the proposed 2023 budget.
21 After the presentations, any attendee who
22 signed up to speak will be called on one at a
23 time and we will ask you to please clearly
24 state your full name, and if applicable, the
25 organization or affiliation you're speaking on

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2 behalf of.

3 If you want to speak but haven't yet
4 signed up, you're still welcome to speak, and
5 just to note, in accordance with state
6 procurement law, please refrain from making
7 endorsements or lobbying for or against
8 specific projects who are pending in active
9 procurements before LIPA or PSEG Long Island.

10 As the purpose of this hearing is to
11 hear from you, LIPA staff will not be
12 responding to comments or questions at today's
13 hearing, instead, a full transcript of your
14 comments and questions together with our
15 written responses will be posted publicly on
16 LIPA's website and provided to LIPA's board of
17 trustees for their consideration, prior to the
18 next board meeting when they will be voting on
19 these items.

20 Your comments are also provided to
21 the Department of Public Service and to PSEG
22 Long Island for their review and
23 consideration. Please note that today's
24 session is being transcribed.

25 Comments and questions may also be

1 11-17-22 - Hearing
2 sent in writing to the e-mail address
3 tariffchanges@LIPower.org. We are asking for
4 written comments to be received by November
5 28th.

6 I'll now turn to a summary of the
7 tariff proposals. We have five proposals for
8 consideration, these again are going to the
9 LIPA board in December and we welcome your
10 comments any time between now and the end of
11 this month.

12 The first proposal is on
13 interconnection cost sharing, then we have a
14 new Large Renewable Host Community Benefit
15 Program, we have further improvements to our
16 Long Island Choice program, and we have a
17 proposal for credits for customers who
18 experienced prolonged outages, and then
19 finally we have a new solar communities
20 customer benefit.

21 I'll start with the interconnection
22 cost sharing on the next page. So this
23 proposal will modify LIPA's standard
24 interconnection procedures to implement a new
25 statewide cost sharing framework for

1 11-17-22 - Hearing
2 interconnection. As background, the old
3 approach which was used by LIPA and all the
4 other New York utilities was called the first
5 mover rule, meaning that the developer of an
6 interconnection project that triggers the need
7 for an upgrade would bear the entire cost of
8 that upgrade.

9 This was found to be unduly
10 prohibitive of new development, particularly
11 as for seeking to meet the state's climate
12 goals, and so through a series of
13 stakeholders processes, working groups,
14 et cetera, the public service commission came
15 up with a new cost sharing framework that has
16 now been implemented at the major investor on
17 utilities in New York, and we are proposing to
18 do the same. Under the new rule, it's more of
19 a pro rata concept where when a project,
20 either a market initiated upgrade or a
21 utility-initiated upgrade that increases
22 hosting capacity, that project would pay for
23 a pro rata share of that increase as opposed
24 to the entire cost.

25 There is a distinction between how

1 11-17-22 - Hearing

2 the process works for utility initiated versus
3 market initiated upgrades. For utility
4 initiated upgrades, the utility would
5 initially bear the cost and then for a period
6 of ten years, later joining projects who
7 benefit from that expanded hosting capacity
8 would contribute, and it's based on the
9 percentage of the increased hosting capacity
10 that that project would use.

11 For a market initiated upgrade, the
12 first mover would bear that cost initially,
13 but then could receive contributions from
14 labor joining projects that benefit from the
15 same upgrade. The supplies to certain types
16 of system upgrades, they must be in excess of
17 \$250,000, they must be on the distribution
18 system or subtransmission or underground
19 cables or transformer banks, or finally for
20 the utility initiated upgrades, they can be
21 certain substation upgrades including 3VO and
22 it LTC.

23 So, I'm going to go through all the
24 proposals before we take comments. The next
25 proposal is on the large renewable host

1 11-17-22 - Hearing
2 community benefit. This is again, a statewide
3 program. This came out of the accelerated
4 growth for Renewable Energy Community Benefit
5 Act. What it does is it provides monetary
6 benefits in the form of bill credits for
7 residents in host communities of major
8 renewable energy facilities.

9 So major renewable energy facility,
10 that definition comes straight from the new
11 law, is it a solar or wind facility that's at
12 least 25 megawatts in size and is eligible to
13 receive renewable energy certificates from
14 NYSERDA, and the benefit differs for solar
15 versus wind; for solar, the project will
16 contribute \$500 per megawatt to the host
17 community, and for wind the project will
18 contribute \$1,000 per megawatt, and then that
19 money gets shared among the residents in that
20 host community and it's paid annually for ten
21 years in the form of a bill credit on their
22 utility bill.

23 The next proposal is for improvements
24 to Long Island Choice, this is the next step
25 in a series of improvements we've been making

1 11-17-22 - Hearing
2 to Long Island Choice, which is our retail
3 choice program. This specific proposal will
4 increase the portion of a customer's bill that
5 is -- that they can shop for from their retail
6 choice supplier, and so to be specific, there
7 are merchant function charges that consist of
8 administrative cost related to power supply
9 procurement, credits collections and debt
10 service on power supply.

11 Before this proposal, these were paid
12 by all customers, after this proposal, if
13 approved, then retail choice customers would
14 not be responsible for these costs, and so it
15 essentially, as I mentioned, it increases the
16 portion of their bill that they can shop for
17 from alternative suppliers. Related to that,
18 we recently put in place a consolidated
19 billing option for suppliers and that allows
20 them to utilize the utility bill in order to
21 recover their charges from customers in the
22 utility by including their charges on the
23 bill.

24 The next step that we're proposing
25 now is to give those ESCO's, or community

1 11-17-22 - Hearing
2 choice aggregators, an additional option which
3 is for the purchase of customer receivables,
4 meaning that LIPA and PSEG would purchase
5 those receivables from the ESCO, thereby
6 allowing the ESCO or CCA to benefit from our
7 existing billing and collection processes, so
8 it's a way to reduce the administrative costs
9 for the suppliers. Continuing our ongoing
10 project of levelling the playing field and
11 trying to create an environment where there
12 are no barriers to participation by ESCO's and
13 CCA's.

14 The next proposal is to implement yet
15 another statewide policy. There was recently
16 a statute that required the investor on
17 utilities to provide credits for customers who
18 experience a prolonged outage during a
19 widespread outage event, so a prolonged outage
20 is defined as an outage that lasts three days
21 or more and it must be part of a major event
22 that impacts at least 20,000 customers at once
23 and the credits that would be applied would be
24 a \$25 per day service credit for each day
25 after the third day of the outage.

1 11-17-22 - Hearing

2 In addition, customers can be
3 eligible for reimbursement for spoiled food or
4 medicine that all applies to residential
5 customers, and then small-business customers,
6 they're also eligible for the food
7 reimbursement in particular.

8 Next slide, please. And then the
9 last proposal I have today is for implementing
10 the customer benefit side of the Solar
11 Communities Program. So the Solar Communities
12 Program is a utility-administered community
13 solar, and so that's something that we had
14 already put in place on the supply side tariff
15 which was a feed-in tariff that is targeting
16 up to 25 megawatts of solar, and that is going
17 to supply a program that will allow low-income
18 customers who frequently don't have either
19 access to credit or the ability to add solar
20 on their own roof.

21 It gives them the ability to receive
22 the benefits of community solar, and so this
23 benefit would be in the form of a \$10 per
24 month bill credit and any low income customer
25 who is enrolled in our low-income bill

1 11-17-22 - Hearing

2 discounts and not already participating in
3 another solar choice program would be eligible
4 for this.

5 Because we don't currently have
6 enough supply to serve all of our low-income
7 customers, we are proposing that participants
8 be selected by a random lottery from among the
9 eligible low-income customers and that they're
10 selected for a participation period lasting
11 one year, at which point they would be rotated
12 out and another set of low-income customers
13 would be selected each year. That way we are
14 able to extend the benefits to the program to
15 more customers.

16 So with that, I will turn it over to
17 Donna Mongiardo, who is going to present
18 highlights from the budget proposal.

19 MS. MONGIARDO: Thank you, Justin.
20 Yesterday LIPA released its proposed budget
21 and today we're presenting it. So first the
22 budget process starts with the objective set
23 by the board of trustees, we have six board
24 policies, these are all posted on LIPA's
25 website if you want to read them. Our budget

1 11-17-22 - Hearing
2 achieves reliability and resiliency of our
3 system and improved customer experience,
4 information technology and cyber security and
5 benchmarked in the top 25 percent of
6 utilities. It tries to achieve the New York
7 State goals for clean energy, while
8 maintaining customer affordability and LIPA's
9 fiscal sustainability.

10 The 2023 budget consists of an
11 operating budget of \$4.29 billion and a
12 capital budget of \$891 million. Our operating
13 budget funds delivery and power supply costs,
14 energy efficiency programs, taxes and debt
15 service, while our capital budget funds a
16 lifelong infrastructure assets like
17 substations and poles and wires and towers
18 that you see.

19 The 2023 budget is increasing by
20 \$296 million, our proposed budget last year,
21 2022, was \$3.8 billion that is being increased
22 to \$4.14 billion. Our largest increase is in
23 power supply charge, you see that in our first
24 column, and our second largest being debt
25 service. Our power supply costs are collected

1 11-17-22 - Hearing
2 from customers on an actual basis. We're
3 expecting those to be \$193 million higher than
4 2022 budget. This is net of LIPA's commodity
5 hedging program, which is projected to save
6 our customers \$147 million into 2023.

7 While our costs are projected to go
8 up budget over budget, comparing our power
9 supply cost in 2023 to actual costs in 2022,
10 they are lower by \$290 million. 2022
11 experienced some volatility and a lot of
12 escalation after the February 2022 Ukraine
13 event.

14 The proposed capital budget is
15 \$891 million, a proposed increase of
16 \$145 million. Some of our larger projects are
17 development of a new operations yard and
18 improved and enhanced reliability and
19 resiliency of our assets and IT initiatives
20 targeting cybersecurity, as well as separating
21 our IT systems from PSEG affiliates.

22 This is a portrayal of our 2023
23 average residential customer bill. Our actual
24 2022 bills were \$194.34 a month. We are
25 projecting 2023's bill to decrease around by

1 11-17-22 - Hearing
2 \$18.92, down to \$175.42. The largest
3 component here, as I've already said, was the
4 lower projected power supply cost and we also
5 are projecting a decline in average customer
6 usage and the decline in average customer
7 usage also shows up in what we call a revenue
8 decoupling mechanism.

9 We had higher actual energy usage in
10 2022 than the budget had projected, and that
11 gets credited back to our customers in the
12 subsequent year, so we had projected that more
13 people would return to work, causing
14 residential usage to return to more historical
15 levels. However, they did not, they remained
16 elevated and that will be in the 2023
17 residential bill as a credit. And just to
18 note, the forecasting customer usage does
19 remain challenging. We are predicting that
20 people will go back to the workplace,
21 decreasing residential usage, but we do not
22 know the lingering effects of the pandemic and
23 the changes to the workplace norms, they do
24 remain uncertain.

25 The other item impacting 2023 bills

1 11-17-22 - Hearing
2 -- decreasing our 2023 bill is LIPA's delivery
3 service adjustment. We have a deliver service
4 adjustment on items that are volatile and
5 pretty much out of our control like storm s,
6 debt payments, which are impacted by interest
7 rates, and our uncollectible expense during
8 this time where the pandemic had occurred. In
9 2023, the DSA will give a credit to the
10 customer of \$3.79, and this was due primarily
11 to 2022's lower storm costs. As you can see
12 on the chart, we're projecting 2022 to only be
13 \$36 million, our past eight year average has
14 been around \$86 million. So the budget is
15 reflected at \$80 million, which is an increase
16 of \$4 million, however the lower costs in 2022
17 are being credited back to our customer in
18 2023.

19 The 2023 budget maintains fiscal
20 sustainability for LIPA. LIPA has achieved four
21 credit rating upgrades since 2013. We are on
22 a positive outlook by Fitch. We are hoping
23 for an upgrade in the next 12 to 24 months and
24 the board's plan to reduce LIPA's debt to
25 asset ratio. In 2016, it was as high as 210

1 11-17-22 - Hearing

2 percent and we are projected to get to
3 70 percent by 2030, and as you can see, as we
4 build that equity we refinance higher cost
5 debt, improve our ratings and bring those
6 lower costs to our customers.

7 This slide compares the electric bill
8 to inflation over the past four years. As you
9 can see, inflation has impacted natural gas by
10 95 percent, 55 percent for gasoline,
11 25 percent for food, overall CPI was 18
12 percent. LIPA's comparison over the 2018 bill
13 is only at 11 percent, so it remains lower
14 than the rate of inflation. You can find our
15 proposed budget for 2023 on our website and
16 our proposed PSEG Long Island performance
17 metrics as well.

18 MR. BELL: Just to reorient everyone
19 to the timeline, we posted the rulemaking
20 proposals in September for public comment and
21 published those on our website and held public
22 hearings yesterday and today, there is another
23 public comment session this evening and the
24 details for attending that are on our webpage,
25 that's going to be a virtual public comment

1 11-17-22 - Hearing
2 session on Zoom. We are accepting written
3 comments on the tariff proposals and budget
4 through November 28th, those again can be sent
5 to tariffchanges@LIPower.org, and then these
6 will go to the board for consideration on
7 December 14th. So, with that, we'll now open
8 the floor for public comments. Elisa, do we
9 have anyone signed up to speak?

10 MS. RODRIGUEZ: We do not.

11 MR. BELL: We don't have anyone
12 signed up to speak, so we are going to go on
13 recess for about five minutes until 10:30 to
14 see if anybody else attends who just hasn't
15 arrived yet, and we will come back on the
16 record at that time.

17 (Whereupon, a recess was taken at
18 10:25 a.m.)

19
20 (At 10:30 a.m., the public comment
21 session resumed.)

22 MR. BELL: It is now 10:30 a.m., and
23 no additional members of the public have
24 signed up to comment. So one final note that
25 written comments may be submitted through

1 11-17-22 - Hearing

2 November 28th to the e-mail
3 tariffchanges@LIPOWER.org, and we welcome
4 public comments and members of the public may
5 also attend the board meeting on
6 December 14th, and with that, this concludes
7 today's public comment session and we are now
8 adjourned.

9 (At 10:31 a.m., the public comment
10 session ended.)

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11-17-22 - Hearing

C E R T I F I C A T I O N

STATE OF NEW YORK)

SS.

COUNTY OF NASSAU)

I, DAVID GORDON, a Shorthand (Stenotype) Reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing pages 1 through 16, taken at the time and place aforesaid, is a true and correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my name this 17th day of November, 2022.



DAVID GORDON

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LONG ISLAND POWER AUTHORITY

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VIRTUAL ZOOM

PUBLIC COMMENT SESSION

-----x

November 17, 2022

6:03 P.M.

B e f o r e :

JUSTIN BELL,
VP Public Policy and
Regulatory affairs, LIPA

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2 **A P P E A R A N C E S :**

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4 FROM LIPA

5 Justin Bell

6 Donna Mongiardo, Vice President - Controller

7 Elisa Rodriguez, Senior Paralegal

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P R O C E E D I N G S

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MR. BELL: And then we'll get started. All right, great. Let's go on the record.

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Good evening, everyone. My name is Justin Bell. Welcome to this evening's public comment session. We're here on behalf of LIPA, and I'm also joined today by Donna Mongiardo, LIPA's Controller, and several other colleagues.

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The purpose of the session is to receive public comments on LIPA's proposed 2023 Budget and a set of rulemaking proposals. The proposed Budget is available on the main landing page of LIPA's website and the other proposals are available on our proposed rulemaking page.

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The proposals are incorporated into the record of this hearing. In a moment I will summarize the proposal to to modify the Tariff. Then I will to turn over to Donna to give a presentation on the proposed 2023 Budget.

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The presentations, attendees who signed up to speak will be called up one at a time. If you are commenting on Zoom, you will use the raised hand feature when called or if you're

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2 joining Zoom by phone, then you will need to press
3 star 9 to raise your hand. At that time, we will
4 unmute and make you a Zoom panelist. When
5 directed, you can then enable your video, if you
6 choose, and make comments on the record.

7 Please clearly state your full
8 name and, if applicable, the organization or
9 affiliation. If you wanted to speak but haven't
10 signed up yet, please send an e-mail to
11 tariffchanges@lipower.org or simply use the raise
12 hand feature in Zoom. In accordance with State
13 Procurement Law, please refrain from making
14 endorsements or lobbying for or against a specific
15 project whose proposals are pending an act of
16 procurement process.

17 As the purpose of this hearing is
18 to hear from you, LIPA Staff will not be responding
19 to comments and questions today, instead, a full
20 transcript of your comments and questions, together
21 with written responses, will be posted on LIPA's
22 website and provided to the Board of Trustees for
23 their consideration, prior to the next board
24 meeting when they will be voting on these items.

25 Your comments are also provided

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2 to the Department of Public Service and to PSEG
3 Long Island for their review and consideration.
4 Please note that today's session is being recorded.
5 Comments and questions may also be sent, in
6 writing, to the same e-mail address. That's
7 tariffchanges@lpower.org and we're asking to
8 receive your comments by November 28th.

9 So I will now turn to a summary
10 of the Tariff Proposals. We have five tariff
11 proposals for consideration and comment. The first
12 is Interconnection Cost Sharing. This is to
13 implement the New York State cost-sharing 2.0
14 framework. We have a new large renewal host
15 community benefit. We have new improvements to the
16 Long Island Choice Program. That's our Retail
17 Choice Program. We have new outage credits and
18 reimbursements for customers experiencing prolonged
19 outages. And finally, we have a new Solar
20 Communities Customer Benefit.

21 Next page, please. The
22 Interconnection Cost Sharing proposal will update
23 our standard interconnection procedures and to
24 implement a new cost-sharing framework that has
25 been adopted by the Public Service Commission for

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2 the State's investor and utilities.

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4 As background, the old system is
5 that a developer who triggers the need for an
6 upgrade of the system in order to interconnect is
7 responsible for 100 percent of the cost. In
8 practice, this can have the effect of slowing down
9 development of new DERs and renewables, which led
10 the State to develop a new cost-sharing framework.

11

12 Under the new framework, we'll be
13 using a pro rata concept where each project is
14 responsible only for the share of the additional
15 hosting capacity that is assigned to it as opposed
16 to the entire cost. There's also a distinction
17 between utility-initiated and market-initiated
18 upgrades or utility-initiated upgrades. The
19 Utility will bear the cost initially, and then over
20 a ten-year period, if additional projects come on
21 that use that expanded hosting capacity, they will
22 -- the later-joining projects will contribute to
23 the cost.

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25 With market-initiated upgrades,
26 the process is similar, except that the initial
27 costs would be borne by that first moving
28 developer, who can then receive contributions from

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2 later joining projects that benefit from that
3 expanded hosting capacity. The new framework
4 applies only to upgrades in excess of 250,000. And
5 there are certain types of upgrades that applies
6 to, that I won't go into detail on tonight, but are
7 available, in full, in the proposal.

8 Next slide, please. The larger
9 renewable host community Benefit is also a
10 statewide program that we are proposing to
11 implement here on Long Island. This came out of
12 the accelerated growth of Renewable Energy
13 Community Benefit Act. And the Benefit provides
14 \$500 per megawatt for solar or \$1,000 per megawatts
15 for wind projects that are located in a host
16 community. And those benefits are annual, and they
17 get shared among the residential customers in that
18 community. To qualify, and this is a requirement
19 from the statute, the facility has to be at least
20 25 Megawatts in size and has to be participating in
21 a NYSERDA procurement.

22 Onto the next, please. Long
23 Island Choice Improvements is another proposal
24 we're bringing. This is the continuation of an
25 ongoing project to bring our Retail Choice Program

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2 into better alignment with the rest of the State
3 and level the playing field for NESCOs and CCAs.
4 With this current proposal, we are proposing to
5 separate out Merchant Function Charges and not
6 charge Retail Choice Customers those charges
7 because they are related to the cost of providing
8 service for full-service customers. Specifically,
9 those involve the administrative costs of power
10 supply procurement, credited collections, and debt
11 service on power supply.

12 Another change we're proposing is
13 building on the consolidated billing option, which
14 allows NESCOs or Community Choice Aggregators to
15 elect to use the PSEG Long Island bill to recover
16 their charges from customers.

17 Now, in addition, we're going to
18 be offering the Purchase of Receivables, which
19 means that the ESCO or CCA, in addition to putting
20 its charges on the LIPA bill, can also utilize the
21 Utilities collection -- billing and collection
22 services in order to recover those costs, which
23 lowers administrative costs for ESCOs and CCAs, and
24 reduces what we think is a barrier and what
25 stakeholders have told us is a barrier to greater

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2 participation there.

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4 Next slide, please. The
5 prolonged outage credits and reimbursements is also
6 borne out of a State law. Although this law
7 applied specifically to investor-owned utilities,
8 LIPA's proposing to do this voluntarily. In
9 particular, what we're going to be offering is a
10 \$25-a-day bill credit, as well as food and medicine
11 spoilage reimbursements for our customers who
12 experienced a prolonged outage during a widespread
13 event.

13

14 So what do you mean by prolonged
15 outage? That is an outage that lasts three days or
16 more. And widespread event is when that impacts at
17 least 20,000 customers. And so in addition to
18 residential customers who can receive the benefits
19 I just outlined, business customers are also
20 eligible for the food reimbursement portion of
21 this. So we think it's, hopefully, it's something
22 we won't have to use very often, but it's good to
23 have so that, you know, in the event that we do
24 have a major outage -- major widespread event that
25 causes prolonged outages, we have a mechanism to
offer some relief to those affected customers.

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Next slide, please. The Solar Communities is the last proposal I'll cover before turning it over to Donna. And this is really the second half of the program that we have already begun implementing. We previously put in place a feed-in tariff to procure solar projects that will supply this. And the program is essentially a Utility-administered Community Solar program, which allows low-income customers to get credits on their bill based on the production of these facilities. And it's really especially targeted to low-income customers because those customers often have difficulty accessing.

Some of the other solar programs, like net metering for rooftop solar, that depend on, you know, having access to good credit and a rooftop and homeownership. A lot of things that, you know, somewhere customers, particularly apartment dwellers, can't access without programs like this. So we think it's a really good way to help bring everybody into the clean energy revolution and help all of our customers benefit.

We'll be selecting participants by random lottery from among the eligible low-income

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2 customers. The reason for this is that we just
3 simply don't have enough supply at the moment to
4 supply all of our low-income customers. But by
5 doing a rotation and a lottery, we hope to be able
6 to cycle through and get to all of the customers
7 over time.

8 So next slide, please. Now, I'm
9 going to turn it over to Donna. And then after
10 she's finished summarizing the Budget, then we will
11 move on to taking the public comments.

12 MS. MONGIARDO: Thank you,
13 Justin. So the budget process starts with the
14 objectives set by the Board of Trustees, and we aim
15 to achieve reliability and resiliency of our system
16 and improve customer experience, greater
17 cybersecurity and enhanced information technology
18 systems; achieve New York State's goals on clean
19 energy while keeping bills affordable for our
20 customers and LIPA fiscally sustainable.

21 Next slide. We have two
22 components to our budget, the operating budget,
23 which is 4.9 -- 4.29 billion, and our capital
24 budget is 891 million. Our Operating Budget funds
25 the delivery power supply costs, our energy

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2 efficiency programs, our taxes, and debt service.
3 The Capital Budget funds the long-life
4 Infrastructure investments, such as the
5 transmission lines, substations, poles, wires, and
6 such.

7 I missed the breakdown of our
8 Operating Budget. So our 2022 Operating Budget was
9 \$3.85 billion. That is compared to this year's
10 proposed budget of \$4.1 billion, which is an
11 increase of \$296 million. As you can see in the
12 first two columns are the two largest increases.
13 Power supply costs and debt service and coverage
14 make up most of that increase and both are very
15 volatile to external environments.

16 On the next page, we have our
17 power supply costs are expected to be at \$193
18 million in 2023 when compared to a budget. This is
19 offset by LIPA's commodity hedges which is
20 projected to -- I'm sorry, projected to offset our
21 cost by an additional \$147 million in 2023.

22 While our 2023 power supply costs
23 are projected to be higher in 2022, they are
24 expected to be lower than our 2022 actual costs.
25 Our 2022 actual costs is for \$433 million above our

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2 2022 Budget. And that is a forecast through
3 year-end.

4 There were a lot of factors that
5 came into play after last year's budget was
6 adopted. One being the situation in Ukraine, so we
7 had a lot of volatility in our power supply cost.
8 This is an outline of our 2023 Capital Budget is
9 expected to increase by 145 million. We are
10 projecting a development of a new operational yard.
11 We have improvements for our electric system to
12 enhance reliability and resiliency and we have --
13 we have some IT initiatives, those targeting
14 improved cybersecurity and system separation from
15 PSEG affiliates, as our contract with them nears
16 the end of the term.

17 Page 15. So overall, residential
18 bills for 2023 are expected to be \$18.92, or 9.7
19 percent below our actual average residential bill
20 in 2022. Most of this decline is driven by lower
21 power supply costs and a forecasted decline in our
22 average customer usage. And that in -- we go on to
23 that in our delivery service charge. I mean, I'm
24 sorry, the Revenue Decoupling Mechanism on page 16.

25 So our actual 2022 usage was

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2 higher than was budgeted and that is being refunded
3 to our customers in 2023. The Revenue Decoupling
4 Mechanism will provide \$2.72 credit to our
5 customers.

6 The 2022 Budget have projected
7 that more people would be returning to the
8 workplace, causing a decrease in residential home
9 usage. However, that did not result that way, and
10 the way our Revenue Decoupling Mechanism works,
11 anything that's above that, we returned back to our
12 customers. So forecasting customer usage is
13 remaining challenging as these lingering effects of
14 the pandemic remain and the Revenue Decoupling
15 Mechanism, again for 2023, will return back to the
16 customers if the same situation occurs.

17 Page 17. Our Delivery Service
18 Adjustment and the Storm Budget. So our Delivery
19 Service Adjustment reconciled actual costs to
20 budgeted level costs for multiple items such as
21 storms, debt payments, and uncollectible expense.
22 For 2023, the 2022 DSA, is returning back to our
23 customers, \$3.79. We had lower than budgeted storm
24 restoration costs, as you can see in the chart.

25 Our 2022 costs are up \$36 million,

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2 about \$40 million under budget, and that reflects
3 the decrease in the DSA for 2023. We've budgeted
4 2023 storm costs at -- for an increase of four
5 million over 2022 to reflect a closer to a
6 five-year average, so we've budgeted \$80 million.

7 Our 2023 Budget maintains fiscal
8 sustainability for the Authority. Over the past
9 eight years, we've achieved four credit rating
10 upgrades. And we have -- currently have a positive
11 outlook by Fitch, and we expect to have another
12 upgrade and the next 12 to 24 months. The Board's
13 plan is to continue to reduce our debt-to-asset
14 ratio from 110 percent, which was in 2016, closer
15 to 70 percent by 2030. And improving credit
16 ratings has built -- allowed us to build equity,
17 refinance debt, improve our ratings, which has led
18 to lower debt costs and lower costs to all of our
19 customers.

20 Page 19. So this demonstrates
21 inflation over the past five years -- four to five
22 years. LIPA's bills has -- have remained less than
23 the increase in the rate of inflation. Our 2023
24 Budget, \$175.42 is 11 percent higher than our 2018
25 Electric Budget. That is significantly lower than

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2 our rise in cost of goods since 2018. As you can
3 see, natural gas is 95 percent. Gasoline is 55
4 percent, food costs 25 percent, and overall CPI is
5 18 percent.

6 As you could see, LIPA's 11
7 percent is much lower than average cost of goods.
8 So you could find our Proposed Budget, in detail,
9 on our website, including our performance metrics
10 with PSEG. Our proposed performance metrics with
11 PSEG for 2023.

12 MR. BELL: Great.

13 MS. MONGIARDO: Justin, do you
14 want --

15 MR. BELL: Okay. So just to
16 recap on the timeline. The Tariff proposals were
17 published for public comment and posted on the
18 website in September. We are now in the third of
19 three public comment sessions, and then we will
20 also be taking written comments on both the Tariff
21 proposals and the Budget through the end of this
22 month.

23 And then we will be summarizing,
24 LIPA staff will be summarizing and responding to
25 comments, and providing written copies of all

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2 comments, as well as transcripts of the oral
3 comments, to the Board for their consideration at
4 the December 14th meeting.

5 So now we will go onto public
6 comments. So let me ask Elisa if there's anybody
7 signed up to speak, and if so, please promote them
8 to panelist.

9 MS. RODRIGUEZ: Yes. We have
10 Lynn Arthur with Peak Power LI.

11 MR. BELL: Right. So, Lynn,
12 Elisa is going to promote you to a panelist, and
13 then just please unmute yourself. And if you want
14 to turn on the video, go ahead and do that.

15 MS. ARTHUR: Great.

16 MR. BELL: Great. We can hear
17 you.

18 MS. ARTHUR: Great. Thank you
19 for the opportunity to share my thoughts. So my
20 name is Lynn Arthur and I am the founder of Peak
21 Power Long Island. I'm representing myself in the
22 role of local organizer for Choice Community Power,
23 a Long Island-based Community Choice Aggregation
24 program.

25 And my comments concern two

1

2 programs. First, with respect to the Long Island
3 Choice program, my comments are specific to the
4 Merchant Function and the Purchase of Receivables
5 Tariff proposal. We support the concept of Merchant
6 Function Charge that is by-passible, as well as a
7 Purchase of Receivables option.

8 However, the Merchant Function
9 Charge seems to not include the procurement of
10 capacity. This means that LIPA will continue to
11 procure and charge for capacity for all Long Island
12 consumers, whether they are buying from a
13 competitive supplier or not. Yet, LIPA proposes to
14 require competitive suppliers to buy capacity in
15 addition to energy for all free market customers
16 served by the competitive supplier. In essence,
17 this means that competitive supply customers will
18 be forced to pay twice for capacity. As a result,
19 we expect that this modification will not enable
20 supply competition on Long Island as the Long
21 Island Power Authority intends.

22 Second, with respect to the
23 communities, I'm sorry, with respect to the Solar
24 Communities program -- it's so easy to get
25 tongue-tied. It is not consistent with the Public

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2 Service Commission's implementation of the expanded
3 Solar for All, in that, the Tariff notes that LMI
4 customers enrolled in tiers one through three of
5 LIPA's low-income program will be eligible to
6 participate, except for customers that are
7 receiving renewable credits by other means or
8 programs.

9 In the expanded Solar for All
10 program, the Public Service Commission has required
11 National Grid to permit all participating
12 low-income consumers to also take the benefit of
13 other programs, such as the Community Distributed
14 Generation program, based on the value of
15 Distributed Energy Resources. This is particularly
16 relevant as low-income residents gaining the
17 credits from these other programs would be expected
18 to save approximately 20 percent more annually than
19 through LIPA's proposed program, then they would be
20 guaranteed and, I'm sorry, and they would be
21 guaranteed access to bill credits for 20 years
22 rather than for one year.

23 This additional annual benefit to
24 low-income consumers comprises a major portion of
25 the projected \$120,000 of reduced costs to LIPA

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2 from this program. And since this is so different
3 from what the PSC required for National Grid, I
4 have to wonder if it's compliant with the New York
5 State Assembly Bill No. 8926 signed by Governor
6 Hochul in December 2021. You might want to check
7 that. And that's all my comments. Thank you very
8 much.

9 MR. BELL: Great. Thank you very
10 much, Ms. Arthin -- excuse me. Thank you very
11 much, Ms. Arthur.

12 And Elisa, do we have anybody else
13 signed up to comment?

14 MS. RODRIGUEZ: Not at the
15 moment.

16 MR. BELL: Great. So, Ms.
17 Arthur, as I have mentioned, we will be summarizing
18 and responding to your comments in the Board
19 materials. And I'd also be happy to discuss them
20 with you offline, as I'd love to hear more about
21 this issue.

22 All right. Well, we don't have
23 anybody else commenting, so -- and I would note for
24 the record it is now 6:24 p.m. and, Elisa, do we
25 have anybody else who e-mailed the Tariff Changes

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2 e-mail address to sign up?

3

MS. RODRIGUEZ: No. We have no

4

e-mails.

5

MR. BELL: Okay. So then I will

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do the reminder one more time that folks have, also

7

the option of submitting comments in writing

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through November 28th at the same e-mail address.

9

And with that, this will conclude

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today's public comment session. We are now

11

adjourned.

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Thank you very much.

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(At 6:24 p.m., the proceedings

14

were concluded.)

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STATE OF NEW YORK)
SS.
COUNTY OF NEW YORK)

I, MARC RUSSO, a Shorthand
(Stenotype) Reporter and Notary Public within and
for the State of New York, do hereby certify that
the foregoing pages 1 through 23, taken at the time
and place aforesaid, is a true and correct
transcription of the Zoom Video.

IN WITNESS WHEREOF, I have
hereunto set my name this 30th day of November,
2022.



MARC RUSSO

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November 28, 2022

VIA ELECTRONIC MAIL

RE: Proposal Concerning Modifications to LIPA's Tariff for Electric Service

RE: Smart Grid Interconnection Procedures For Distributed Generators and Energy Storage Systems Less than 10 MW Connected in Parallel with LIPA's Radial Distribution Systems

Background

Founded in 1994, New York Solar Energy Industries Association (NYSEIA) is the only statewide membership and trade association dedicated solely to advancing solar energy use in New York State. NYSEIA proudly represents hundreds of businesses across New York that employ thousands of workers throughout the solar value chain. Our members are working every day to help achieve the ambitious clean energy and equity goals outlined in the Climate Leadership and Communities Protection Act (CLC)

As outlined below, efficient data transparency is necessary to drive DER and public investment to the most high-priority and beneficial geographic locations. As such, NYSEIA and its member companies recommend some clarifying improvements to the language included in the "Proposal Concerning Modifications to LIPA's Tariff for Electric Service"

Comments and Recommendations

I. Recommendation: The Long Island Board of Trustees ("The Board") should establish consistent guidelines for data transparency

Data transparency is critical to enable the success of cost-sharing programs. Solar developers require visibility and clarity into potential cost-shared upgrades in PSEGLI territory in order to effectively and efficiently engage in any cost-sharing program. It is crucial that sufficient information on cost-shared upgrades is provided in a clear, consistent, and timely manner to allow developers to be aware of cost-sharing opportunities, evaluate upgrade costs & project financials, evaluate hosting capacity, and attract new sharing projects.

As such, NYSEIA recommends strengthening PSEGLI's proposed data sharing processes in order to better facilitate and drive investments to areas where qualifying upgrades are identified. For instance, transparency principles approved by the New York Public Service Commission (PSC) and adopted by the NY-JU regarding Utility-Initiated Upgrades, MVD projects, and Market-Initiated Upgrades may serve as a model for PSEGLI's transformative principles.

Reporting of Utility-Initiated Upgrades & MVD Projects

PSEGLI proposes that utility-initiated upgrades will consist "of substation transformer bank ("bank") installations or replacements and proactive zero sequence voltage ("3V0") installations" and that relevant utility-initiated upgrade information will only be made available to authorized applicants as per the below language:

Exhibit E - Compendium of Written Public Comments

“The category of Utility-Initiated Upgrades consists of substation transformer bank (“bank”) installations or replacements and proactive zero sequence voltage (“3V0”) installations where PSEG Long Island plans to complete engineering within the next twenty-four (24) months. Relevant upgrade information will be made available to authorized applicants subject to appropriate information security/confidentiality procedures.”¹

NYSEIA members are concerned that the visibility of utility-initiated upgrades as proposed above are limited to authorized applicants. Projects that might be considering cost sharing opportunities would seemingly only receive critical information after the application stage when they are authorized applicants. This process does not provide developers sufficient information to evaluate and/or re-evaluate project economics before committing to SGIP timelines.

NYSEIA recommends the Board to direct PSEGLI to publish the following information regarding its annual utility-initiated upgrades & MVD projects on its hosting capacity maps and/or distributed generation information portals.

1. Location
2. Anticipated impact in terms of capacity availability
3. Total Enabled Hosting Capacity (kW-AC)
4. Subscribed Hosting Capacity (kW-AC)
5. The expected in-service date; and
6. The known or estimated costs of the planned upgrade
7. Qualifying Upgrade Amount paid to date
8. Date report was last refreshed

We also highlight the transparency principles adopted by NY-JU in the implementation of Cost Sharing 2.0 enabling each utility to annually publish its distribution planning process and to quarterly update upgrades identified through the interconnection process on utilities’ hosting capacity maps and distributed generation information portals.²

Reporting of Market-Initiated Upgrades

In the proposal, PSEGLI states that visibility into Market-initiated upgrades will be subject to authorized applicants and that “Qualifying Upgrade Disclosure” in CESIR results will be the foremost opportunity to advertise these upgrades, as per the below language:

“PSEG Long Island will present the Qualifying Upgrade use case and supporting details in the Qualifying Upgrade Disclosure, which will include the following items:

- 1. The technology option(s) considered to address the electric system impacts;*
- 2. The Qualifying Upgrade selected by PSEG Long Island the utility;*
- 3. The estimated Qualifying Upgrade Cost and increase in Hosting Capacity;*
- 4. The estimated Capacity Increase Shared Cost (per kW AC); and*
- 5. A Preliminary Milestone schedule for the Qualifying Upgrade.*

Relevant Qualifying Upgrade Disclosure information will be made available to authorized applicants subject to appropriate information security/confidentiality procedures.”

¹ [Proposal Concerning Modifications to LIPA’s Tariff for Electric Service](#), Pg-57

² [Order Approving Compliance Fillings, with Clarification \(Issued and effective April 14, 2022\)](#), Pg- 8

NYSEIA members are concerned over this proposal's ability to allow effective advertising of cost-sharing upgrades to attract necessary projects and recommends the Board to direct PSEGLI to publish the following information on a monthly basis on its hosting capacity maps and/or distributed generation information portals so that sufficient public information exists to allow developers to be cognizant of cost-sharing liabilities & opportunities.

1. Location
2. Anticipated impact in terms of capacity availability
3. Total Enabled Hosting Capacity (kW-AC)
4. Subscribed Hosting Capacity (kW-AC)
5. Expected in-service date; and
6. Known or estimated costs of the planned upgrade
7. Qualifying Upgrade Amount paid to date
8. Date report was last refreshed

NYSEIA recommends the Board establish a standard and progressive transparency protocol similar to the NY-JU Cost Sharing 2.0 proposal to allow developers to be aware of cost-sharing upgrades and make sure potential sharing upgrades receive the satisfactory attention needed to finance grid upgrades.

We also highlight PSC's recent Cost Sharing 2.0 Order stating that current transparency measures might not be sufficient and establishing a proceeding to address this issue, as per the below language:

"...current approach may not be the best way to make infrastructure expansion information accessible to the stakeholders who rely on it. Therefore, the Commission directs Staff to address this issue more generally in the ongoing transmission planning proceeding under Case 20-E-0197."³

NYSEIA recommends the Board to evaluate the need for improved transparency and establish a process or proceeding to address cost-sharing information needs in PSEGLI territory.

II. Recommendation: MVD upgrades should be expanded to include sub transmission and distribution lines and upgrades that are constructible within a 36 month time period

The inclusion and consideration of Multi-Value Distribution (MVD) upgrades is a critical and welcomed component of a cost sharing program. In order for the state of New York and Long Island to meet its renewable energy goals it is important to identify areas where infrastructure upgrades in capital plans are "right-sized" to host distributed energy resources. For this reason NYSEIA recommends expanding the scope of upgrades considered in this annual process to include distribution and subtransmission circuits. NYSEIA also recommends increasing the time period from 24 months to 36 months. This will allow PSEGLI to not only process projects through the CESIR process but also design, permit, and construct those upgrades such that more infrastructure projects, rather than less, can be considered for multi-value benefits. NYSEIA recommends that the structure of the MVD process be considered and discussed by utility representatives and developers within the PSEGLI Interconnection Working Group after the first annual MVD review and study process takes place to further refine the criteria and timing of these provisions

³ [Order Approving Compliance Fillings, with Clarification \(Issued and effective April 14, 2022\)](#), Pg- 19

III. Recommendation: The Board should adjust the timing of Qualifying Upgrades

The requirements for Qualifying Upgrades identified as part of the Market-Driven process requires those upgrades to be funded within 90 business days of the CESIR. There are a few concerns with this approach and how it has been integrated into PSEG's tariff. The current approach presents difficult challenges for interconnecting customers who may only become aware of significant costs at CESIR delivery and then be required to make a substantial nonrefundable sum. The Board should consider simplifying this requirement to be consistent with the payment requirements in Section I.D, such that 30% of the payment be due within 90 Business Days and the remainder due in an additional 90 Business Days or in accordance with the construction schedule. This approach provides PSEGLI with the needed funds to proceed with engineering and design, allow the interconnection customer adequate time to commence and complete project permitting efforts, and allow both parties to coordinate on an acceptable schedule for the completion of the project. Of specific concern is that Market-Driven Upgrades for distribution/sub-transmission lines are to be funded fully, with non-refundable payments due within 90 business days of the CESIR delivery. These upgrade costs can be substantial and difficult to predict prior to submitting an interconnection application, and additional time is needed for the interconnection customer to obtain needed financing, coordinate with landowners, and/or complete needed stakeholder and siting and permitting activities (which can take 12-18 months in some instances) before making a substantial nonrefundable sum. Should the Board decline to make this change, NYSEIA offers that the success of the cost sharing program may be significantly minimized in those instances where additional time to complete financing or permitting activities is needed.

IV. Recommendation: The Board should require a review and report of the new provisions within one (1) year of implementation of the new Small Generator Interconnection Procedures (SGIP) rules.

NYSEIA commends PSEGLI and the Board's consideration of the proposed provisions within the Small Generator Interconnection Procedures. With the implementation of any new policies or interconnection rules there will be learnings and needed adjustments that are likely to be required. NYSEIA recommends that the new provisions related to cost sharing be discussed by utility representatives and developers within the PSEGLI Interconnection Working Group, and a report containing any recommendations and feedback for further refinements be provided to the Board within one (1) year of the effective date.

Conclusion

NYSEIA appreciates the opportunity to provide comments on this important matter and the Board's consideration of the above recommendations. Please contact NYSEIA Policy Manager Dhruv Patel at dhruv@nyseia.org with any questions.