

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("LIPA" or the "Authority") staff ("Staff") proposes to modify Service Classification No. 11 ("SC-11") – Buyback Service and Service Classification No. 12 ("SC-12") – Standby Service and Optional Rate Service of LIPA's Tariff for Electric Service (the "Tariff"), effective January 1, 2027, to clarify the application of Contract Demand Charges.

The proposed modifications would clarify the daily application of the Contract Demand rates stated in SC-11 and SC-12. The proposed amendments are intended to provide greater transparency regarding the application of these charges and conform the Tariff language to the Authority's existing billing practice. The modifications would not change the methodology used to establish a customer's Contract Demand or the manner in which customers are currently billed.

Background:

Effective January 1, 2026, LIPA implemented redesigned Standby Service rates under SC-12 and corresponding modifications to Buyback Service under SC-11. The Standby rate design includes a Service Charge, Contract Demand Charge, and As-Used Daily Demand Charges. The Contract Demand Charge is designed to recover costs associated with local facilities that are closer to the customer's site and were installed primarily to serve the individual customer.

Under SC-12, a customer's Contract Demand is established based on the customer's applicable demand characteristics. For Standby Service customers, Contract Demand is initially based on the greater of the customer's maximum demand from the Authority's system or the customer's maximum load supplied by all sources over the applicable historical period, subject to the additional provisions of SC-12. For Optional Rate Customers, Contract Demand is initially established based on maximum measured demand and may subsequently increase based on measured demand.

The SC-12 rate tables identify Contract Demand Charges as charges "per kW," while the As-Used Demand components are expressly identified as "Daily Demand Charges, per kW." The existing language therefore does not expressly state the time basis applicable to the Contract Demand rate.

SC-11 similarly provides for a Buyback Contract Demand Charge and generally ties the applicable Buyback Contract Demand rate to the corresponding Standby Service rate. Conforming revisions to SC-11 are therefore proposed to provide consistent treatment and terminology between the two Service Classifications.

Proposal:

Staff proposes to modify SC-11 and SC-12 to expressly identify the applicable Contract Demand Charges as daily charges. The amendments would clarify the units shown in the applicable rate tables and make conforming changes to related Tariff provisions.

These modifications providing greater clarity regarding the applicable billing units which will assist customers and developers in evaluating Standby Service and improve transparency regarding the application of the rates.

The proposed amendments do not change how Contract Demand is established, the applicable Contract Demand rates, or the Authority's existing billing practice.

Financial Impacts:

The proposed modifications are clarifying in nature and are not expected to have a financial impact on the Authority or its customers. The amendments do not modify the applicable rates, Contract Demand methodology, or existing billing practices.

Affected Tariff Leaves: 256, 257, 264H-M, 264O

Summary of Proposed Changes:

Staff proposes to modify SC-11 - Buyback Service and SC-12 - Standby Service and Optional Rate Service to clarify that the Contract Demand Charges stated in the Tariff are daily charges. The amendments respond to stakeholder questions regarding the application of Contract Demand Charges and will provide greater transparency to customers and developers evaluating Standby and Buyback Service.

The proposed modifications are clarifying only and do not change the Contract Demand methodology, applicable rates, or existing billing practices.

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buyback Service (continued):
(Rate Code: 289)****10. Rates and Charges****a) Charges to be paid by the Customer to the Authority****(1) Customer Charge and Buyback Contract Demand Charge**

The customer will be required to pay a Customer Charge (per month) and a Buyback Contract Demand Charge (per kW per ~~day~~month) based on the customer's otherwise applicable service classification for delivery service, however, if service is taken by the customer under both SC-11 and another service classification of this Tariff through the same service connection then:

- (a) The Customer Charge will be waived under SC-11; and
- (b) The Buyback Contract Demand Charge under SC-11 shall apply only to the Buyback Contract Demand in excess of the Contract Demand billed under SC-12, or the Buyback Contract Demand in excess of the demand billed under another service classification of this Tariff.
- (c) Stand-alone Energy Storage Systems that reach Step 3 in the SGIP process before December 31, 2030 will be exempt from Buyback Contract Demand Charges for a period of 15 years beginning on the project's in-service date.

Otherwise Applicable Service Classification	Customer Charge (per month)	Buyback Contract Demand Charge (per kW/ day month)
SC1	n/a	\$0.26
SC2	n/a	\$0.26
SC2L	n/a	\$0.19
SC2 MRP Secondary	n/a	\$0.11
SC2 MRP Primary	n/a	\$0.06
SC2 MRP Transmission	n/a	\$0.05

- (d) If a Customer has as-used energy or as-used demand charges, the Customer will pay those charges under their otherwise applicable rate class as described in O.10.a.1.

VIII.SERVICE CLASSIFICATIONS (continued):**O. SERVICE CLASSIFICATION NO. 11 - Buyback Service (continued):****(Rate Code: 289)****Rates and Charges (continued):****(2) Determination of Buyback Contract Demand**

The Buyback Contract Demand shall be determined by the amount of load delivered to the Authority system in excess of the Contract Demand billed under SC-12, or the Buyback Contract Demand in excess of the demand billed under another service classification. This will initially be set based on the load specified in the customer's request for service application (expressed in kW), unless and until a higher maximum demand is created by the customer, in which case such higher maximum demand shall become the Buyback Contract Demand for that month and thereafter unless and until exceeded by a still higher maximum demand, which in turn shall likewise be subject to the foregoing conditions. However, if a customer requests a reduction in the Buyback Contract Demand and the Authority does not reject the request, the demand history prior to the reduction will not be considered in determining the Buyback Contract Demand for subsequent months.

The Buyback Contract Demand Charge shall be applied daily to the Customer's applicable Buyback Contract Demand.

The customer may not request or receive a reduction in the Buyback Contract Demand more than one time in a 365-day period or 365 days from any increase in the Buyback Contract Demand. In the event a customer's Buyback Contract Demand is set by a customer's load letter or a customer's request to reduce its Buyback Contract Demand and thereafter the recorded maximum demand at any time exceeds the customer's Buyback Contract demand by: (i) 20% or greater, a penalty equal to the product of 24 times the Buyback Contract Demand rate times the demand in excess of the Buyback Contract Demand shall apply; (ii) 10% or greater but less than 20%, then a penalty equal to the product of 18 times the Buyback Contract Demand Rate and the demand in excess of the Buyback Contract Demand shall apply; and (iii) less than 10%, then a penalty equal to the product of 12 times the Buyback Contract Demand rate and the demand in excess of the Buyback Contract Demand shall apply.

VIII.SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):**
(Rate Codes: 179, 680, 682)**5. Application for Service****Standby Service:**

Customers with on-site generation that will run in parallel with the LIPA system must apply for service by providing the Authority with an executed Standby Service Application and SGIP, both of which are available on the Authority's website or from an Authority representative.

Customers operating an OSG unit less than 10 MW and connected for parallel operation with the service of the Authority may apply for service using the SGIP, also available from Authority representatives. Customers in excess of 10 MW, that also have an OSG, must execute an Interconnection Agreement with the Authority.

Optional Rate Service:

Eligible customers must apply for service with the Authority.

6. Billing Parameters

Customers served under this service classification shall be billed according to the following parameters:

Customer Service Charge: a charge for customer related services.

Contract Demand Charge: a daily reservation charge for the use of the Authority's local distribution system.

As Used Peak Daily Demand Charge: a daily usage demand charge for the maximum use of the Authority's delivery system during on-peak hours (as defined in the Determination of Contract Demand section of SC12).

As Used Off-peak Daily Demand Charge: a daily usage demand charge for the maximum use of the Authority's delivery system during Off-peak hours (as defined in the Determination of Contract Demand section of SC12).

Power Supply Charge: a charge for the electricity supply service (Commodity) provided to the customer.

Surcharges and Adjustments: a set of itemized charges for specific adjustments as provided under the otherwise applicable service classification.

VIII.SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):****(Rate Codes: 179, 680, 682)****7. Rates and Charges**

Customers that receive their non-Authority supply from the New York Power Authority (NYPA) under the ReCharge NY program will be designated as Rate Code 680. Customers on ReCharge NY program will pay the rates and charges under another suitable Service Classification. In this case, the Customer will comply with the terms of this Service Classification including the interconnection provision, that are in addition to, and do not conflict with the requirements of the suitable Service Classification.

Applicable Rates and Charges: Standby Service Customers and Optional Rate Service Customers will be subject to the following SC 12 rates in accordance with their Parent Service Classification if a Standby Service Customer and their otherwise applicable service classification if an Optional Rate Service Customer.

a) Rate Code B1179: Parent Service Classification No. 1 – Residential Service**MONTHLY RATE:**

Service Charge Per Day: \$0.56

Contract Demand Charges, per kW per day:

Delivery for SC-12 Customers \$0.26

As Used Off-Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$0.95

As Used Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$1.57

SC-12 customers billed under Parent Service Classification No. SC-1 rates shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 60-minute integrated metered demand, which shall be determined as the sum of the four 15-minute intervals in an hour.

VIII.SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):****(Rate Codes: 179, 680, 682)****Rates and Charges (continued)****b) Rate Code B1682: Parent Service Classification No. 2- General Service - Small****MONTHLY RATE:**

Service Charge Per Day: \$0.56

Contract Demand Charges, per kW per day:

Delivery for SC-12 Customers \$0.26

As Used Off-Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$1.26

As Used Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$2.14

Rate Code P1682: Phase-In Charges for Parent SC-2 Small

Delivery Charges will be calculated as identified in SC-12.14.g. Customer who elect to receive Phase-In Charges will do so based on the current delivery rates under Parent Service Class Rate 280.

SC-12 customers billed under Parent Service Classification SC-2 Small rates shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 60-minute integrated metered demand, which shall be determined as the sum of the four 15-minute intervals in an hour.

VIII.SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):****(Rate Codes: 179, 680, 682)****Rates and Charges (continued)****c) Rate Code B2682: Parent Service Classification No. 2-L – General Service - Large****MONTHLY RATE:**

Service Charge Per Day: \$2.92

Contract Demand Charges, per kW per day:

Delivery for SC-12 Customers \$0.19

As Used Off-Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$0.81

As Used Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$1.20

Rate Code P2682: Phase-In Charges for Parent SC 2-L

Delivery Charges will be calculated as identified in SC-12.14.g. Customer who elect to receive Phase-In Charges will do so based on the current delivery rates under Parent Service Class Rate 281.

SC-12 customers billed under Parent Service Classification No. SC 2-L rates shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 15-minute integrated metered demand.

VIII.SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):****(Rate Codes: 179, 680, 682)****Rates and Charges (continued)****d) Rate Code B3682/B4682: Parent Service Classification No. 2 – MRP – Large General and Industrial Service With Multiple Rate Periods (Secondary and Primary)**

MONTHLY RATES:	(B4682)	(B3682)
Delivery Voltage	<u>Secondary</u>	<u>Primary</u>
Service Charge Per Day:	\$3.83	\$5.20
<u>Contract Demand Charges, per kW per day:</u>		
Delivery for SC-12 Customers	\$0.11	\$0.06
<u>As Used Off-Peak Daily Demand Charges, per kW:</u>		
Delivery for SC-12 Customers	\$0.95	\$0.83
<u>As Used Peak Daily Demand Charges, per kW:</u>		
Delivery for SC-12 Customers	\$1.30	\$1.21

Rate Code P3682/P4682: Phase-In Charges for Parent SC 2-MRP (Secondary & Primary)

Delivery Charges will be calculated as identified in SC-12.14.g. Customer who elect to receive Phase-In Charges will do so based on the current delivery rates under Parent Service Class Rate 285 Secondary or Rate 285 Primary depending on voltage level they are interconnected.

SC-12 customers billed under Parent Service Classification No. SC 2-MRP rates shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 15-minute integrated metered demand.

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):****(Rate Codes: 179, 680, 682)****Rates and Charges (continued)****e) Rate Code B5682: Parent Service Classification No. 2 – MRP – Large General and Industrial Service With Multiple Rate Periods (Transmission)****MONTHLY RATES:**

Delivery Voltage Transmission

Service Charge Per Day: \$5.20

Contract Demand Charges, per kW per day:

Delivery for SC-12 Customers \$0.05

As Used Off-Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$0.69

As Used Peak Daily Demand Charges, per kW:

Delivery for SC-12 Customers \$1.17

Rate Code P5682: Phase-In Charges for Parent SC 2-MRP (Transmission)

Delivery Charges will be calculated as identified in SC-12.14.g. Customer who elect to receive Phase-In Charges will do so based on the current delivery rates under Parent Service Class Rate 285 Transmission.

e) Rate Code P6682: Phase-In Charges for Customers Previously on Closed Rate 681 (Transmission)

Delivery Charges will be calculated as identified in SC-12.14.g. Customers who elect to receive Phase-In Charges will do so based on the current delivery rates under Parent Service Class Rate 285 Transmission but will have zero demand charges and energy charges identified for Previously Closed Rate 681 as updated on a pro-rata percentage basis with Rate 285 Transmission.

<u>Previously Closed Rate 681 Periods*</u>			
	1	2	3
	Midnight to 7 a.m. all year	June - Sept., except Sunday, 10 a.m. to 10 p.m.	All remaining hours
Transmission	\$ 0.0001	\$ 0.2850	\$ 0.0364

SC-12 customers billed under Parent Service Classification No. SC 2-MRP (Transmission) rates shall have the determination of their Contract Demand (kW) and As Used Daily Demand (kW) based on a 15-minute integrated metered demand.

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Standby Service and Optional Rate Service (continued):**
(Rate Codes: 179, 680, 682)**11 Determination of Contract Demand****a) Contract Demand for Standby Service Customers**

Contract Demand shall initially be set at the maximum anticipated demand of the customer including any load that is not isolated referenced in the Standby Service Application and determined as the greater of the following and the Authority shall inform the customer of the resultant contract demand ten (10) days prior to the next billing cycle:

- (1) the maximum demand from the Authority's system over the previous 12-months, or
- (2) the customer's maximum load supplied by all sources including the OSG and Authority's supply system over the previous 12-months.

In the case of a new customer (i.e., a customer for whom historical consumption data does not exist), the Contract Demand shall be the maximum anticipated demand of load consumed as prescribed in the customer's load letter.

The Contract Demand Charge shall be applied daily to the Customer's applicable Contract Demand.

The Contract Demand shall automatically be increased to the highest measured demand in any billing period during the term hereunder.

The Contract Demand of a Generator who is connected to a customer which would otherwise be served directly by the Authority shall be set at the maximum potential demand of the station power of the Generator when the generator is out of service plus the maximum potential demand of the customer.

The Contract Demand may be increased based upon a written notice by the customer to the Authority at any time.

The Contract Demand as determined above may be reduced based upon a written request by the customer to the Authority. Contract Demand requests may be made no more than one time in a 365-day period and/or 365 days from any increase or ratchet in Contract Demand. In the event the customer's Contract Demand request is accepted by the Authority and the Contract Demand is reduced; if thereafter the recorded maximum demand at any time exceeds the customer's requested Contract Demand: (i) by 20% or greater than a penalty equal to the product of 24 times the Contract Demand rate times the demand in excess of the Contract Demand shall apply, (ii) by 10% or greater, but less than 20%, then a penalty equal to the product of 18 times the Contract Demand rate times the demand in excess of the Contract Demand shall apply, (iii) by less than 10% then a penalty equal to the product of 12 times the Contract Demand rate times the demand in excess of the Contract Demand shall apply.

Seasonal or other temporary fluctuations in load of the customer's existing facilities such as heating and air conditioning, and temporary reductions in manufacturing shall not qualify for reductions in the Contract Demand.

The effective date of the revised Contract Demand shall be the next billing cycle following the Authority's receipt of the customer's written notice provided such notice is received 10 business days prior to the first day of the next billing cycle.