



October 26, 2021

**The Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350**

**Thomas Falcone
Chief Executive Officer
Long Island Power Authority
333 Earle Ovington Boulevard
Uniondale, New York 11553**

Re: Customer Benefit Charge

To the Honorable Michelle L. Phillips and Thomas Falcone,

We, the undersigned organizations, express our opposition to the Customer Benefit Contribution (CBC) charge proposed by the New York State Public Service Commission (PSC) and the Long Island Power Authority (LIPA). The CBC functions as a tax on solar customers and thus reduces the incentive for homeowners to install solar energy. The CBC as currently conceived would impede growth of the New York solar industry, reduce local clean energy job opportunities, and make it even more difficult for New York to achieve its Climate Leadership and Community Protection Act decarbonization targets.

We maintain the following positions about the CBC:

- The imposition of the CBC at the levels approved will materially degrade annual Savings for financed residential solar systems in New York, be a headwind to the adoption of residential solar, and undermine New York's realization of its CLCPA-mandated goals and the new state-wide goal of 10 GW of distributed solar by 2030.
- Annual residential solar deployments in New York State have already declined by 46 percent from 2016 to 2020, and the addition of the CBC will only further impede the growth of solar.
- We reject assertions of any "cost shift" from solar to non-solar customers. Solar customers account for approximately 1 percent of the total electric customers in New York—at present an insignificant amount. Furthermore, the alleged "cost shift" cannot be considered without also considering the numerous benefits that on-site solar provides to the grid, environment and economy. An updated and truly independent study must be conducted to determine the existence of a "cost shift," and to present an accurate value of distributed solar in New York State.
- We believe that the true end goal should be well-designed time-based rates that use market forces to incentivize energy efficiency and energy management, distributed energy resources including

solar plus storage, and optimized EV charging. With the widespread roll-out of AMIs, the data is becoming available.

- The full benefits of distributed solar should be quantified by an independent organization, in addition to a quantification of the environmental value and carbon off-set value that these systems provide, similar to the continuing review and updating of the Environmental Value (E-Value) within the Value Stack. The E-Value state proceeding is still ongoing, but is anticipated to increase as the full benefits of distributed solar are realized.
- We believe that the customers that would be subject to the CBC are already making significant personal financial investments in support of New York's clean energy goals. It would be unfair to require them to pay public benefit charges for programs designed to meet these goals.
- Solar incentives from NYSERDA continue to expire, without plans to replenish them. The incentives have bolstered the solar industry in New York State, and as they decline, so do installs. This, combined with the solar tax, will only further interfere with the adoption of solar within the state.

There are so many additional strategic, smart, and market-based ways to modernize the grid and accelerate DERs at the same time, while benefiting all stakeholders and achieving climate goals. Now is the moment to move strategically.

For expanded analysis and discussion, please see the attached pages. We believe that the modified CBC will have a significantly smaller impact on the uptake of solar in the state as compared to current charge, which will likely dissuade home-owners from adopting solar. These recommendations will allow the Joint Utilities and the Long Island Power Authority to still earn the necessary funding for grid upgrades and maintenance without impacting our progress towards the CLCPA goals.

Thank you for your consideration.

CC: Mark Fischl, Vice Chair of the Board of Trustees, Long Island Power Authority
Daniel Eichhorn, President and COO, PSEG-Long Island
Rory Christian, Chair and CEO, New York State Public Service Commission
Doreen Harris, President and CEO, NYSERDA
David Sandbank, Director of Distributed Energy Resources, NYSERDA

Sincerely,

George Povall, Executive Director, **All Our Energy**

Kyle Strober, Executive Director, **Association for a Better Long Island**

Adrienne Esposito, Executive Director, **Citizens Campaign for the Environment**

Bob DiBenedetto, President and Executive Director, **Healthy Planet USA**

Lisa Tyson, Director, **Long Island Progressive Coalition**

Tara McDermott, Chair, **Long Island Solar and Storage Alliance (LISSA)**

Patrick Robbins, Coordinator, **New York Energy Democracy Alliance**

Dan Hendrick, Board President, **New York Solar Energy Industries Association (NYSEIA)**

Elizabeth “Betta” Broad, Director, **New Yorkers for Clean Power**

Gordian Raacke, Executive Director, **Renewable Energy Long Island**

Melissa Parrott, Founder and Executive Director, **Students for Climate Action**

Neal Lewis, Executive Director, **The Sustainability Institute at Molloy College**

Sammy Chu, Chairman, **US Green Building Council of Long Island**

Eric Alexander, Executive Director, **Vision Long Island**

In August 2021, the New York PSC issued an Order finalizing the 2022 CBC charge for New York utility customers excluding LIPA. LIPA has proposed a similar charge for Board approval in December 2021. Public benefit programs included as part of the 2022 CBC charge are: (i) the Clean Energy Fund; (ii) utility energy efficiency programs; and (iii) utility low-income programs.

For residential customers on SC-1 rates that receive compensation through Net Energy Metering, the monthly dollar-per-kilowatt (\$/kW-month) CBC charge by utility territory is estimated below, applicable to systems energized on or after January 1, 2022.

- Con Edison: \$0.96
- Orange and Rockland: \$1.33
- Central Hudson: \$1.33
- National Grid: \$1.13
- NYSEG: \$0.91
- RGE: \$1.01
- LIPA: \$0.90 (proposed)

Based on the above estimates for the monthly \$/kW 2022 CBC charge, residential solar customers would be required to pay a CBC charge ranging from \$109 to \$159 annually for a fairly typical 10-kilowatt (kW) solar installation. At the approved levels, the CBC significantly degrades residential customer savings from going solar, and reduces the value proposition. For financed systems, which make up over 80 percent of residential sales, Year 1 savings is the critical metric used by customers when deciding to go solar. The declines in Year 1 savings resulting from the 2022 CBC charge are estimated by territory below.

- Con Edison: 21%
- Orange and Rockland: 19%
- Central Hudson: 45%
- National Grid: 79%
- NYSEG: 99%
- RGE: 92%
- LIPA: 50%

Based on the above analysis, it is evident that implementation of a CBC-style solar tax will reduce the rationale for investing in solar, and threaten New York's national leadership on clean energy. Annual residential solar deployments, which have already declined by 46 percent from 2016 to 2020, would experience further declines.

The experience of states that have adopted similar fixed charges serves as a cautionary tale. Nevada's residential solar market collapsed after levying a fixed charge in 2016 and it is only just starting to recover, three years after the charge was overturned.

The implementation of the CBC also comes at a time when there are no residential or non-residential incentives for solar on Long Island through NY-Sun. These incentives were able to establish the solar market on Long Island and in other regions where they have been provided. Residential solar installations on Long Island have decreased since the expiration of the incentives, and the CBC charge will only decrease them further. Additionally, the residential solar incentives for ConEdison and Upstate New York are nearing a close, creating a situation where the statewide solar goals could become unattainable.

Implementing the CBC would also jeopardize the Governor's new goal of installing 10 gigawatts of distributed solar by 2030. Due to technological advancements and dynamic load management programs throughout the state, residential solar plus storage is expanding, however the CBC will halt this growth.

The advancements of solar plus storage are timely with the various clean energy goals that must be met by the state, yet, the CBC sends a mixed message at precisely the moment when New York needs to make significant investments in clean energy, climate solutions, and a skilled green workforce.

The CBC proposal is based on correcting a perceived “cost shift” from solar customers to conventional electricity customers. While solar customers may have lower bills because of significant investments in rooftop solar systems, the scale of this “cost shift” is not significant enough to warrant a charge of this magnitude—solar customers account for a mere 1 percent of the total electric customers in New York.

Furthermore, the alleged “cost shift” cannot be considered without also considering the numerous benefits that on-site solar provides to the grid, which are fundamentally different from embedded utility costs. These indirect and direct benefits include reduced grid costs, lower energy bills, local job creation and a positive local economic impact, resiliency, and innovation. Health benefits stem from a decrease in local air pollution, resulting in fewer respiratory illnesses and conditions. Residential solar installations also contribute to avoided transmission costs and avoided capacity and demand response costs when paired with energy storage. These benefits must be quantified by an independent organization. Additionally, there must also be an independent analysis of the perceived “cost shift,” as the data utilized by the state for their analysis is not readily available.