

**May 11, 2020**

**Comments submitted by Long Island Solar and Storage Alliance**

**To: LIPA Board and Staff**

**Re: [Tariff Proposal February 2020 - CDG High Capacity Environmental.pdf](#)**

**Proposal Concerning Modifications to LIPA's Tariff for Electric Service**

**Requested Action:**

The Long Island Power Authority (the "Authority") is proposing modifications to the Community Distributed Generation ("CDG"), Value of Distributed Energy Resources ("VDER"), and Net Energy Metering provisions of its Tariff for Electric Service (the "Tariff"): (1) to implement a resource capacity factor adjustment to the Community Credit component of VDER compensation, as recommended in the Whitepaper Regarding High-Capacity-Factor Resources "Whitepaper")<sup>1</sup>; (2) to exclude new non-renewable resources from eligibility for the VDER Environmental Value, as recommended in the Whitepaper; (3) to make new non-renewable resources ineligible for Net Energy Metering consistent with PSL 66-p; and (4) to clarify that a project will receive the Community Credit rate in effect at the time the project qualifies for 25 years from the project's in-service date.

The original version of this proposal was published on October 17, 2019. On December 12, 2019, the New York Public Service Commission issued an Order Regarding Value Stack Compensation for High Capacity Factor Resources (the "Capacity Factor Order"),<sup>2</sup> adopting in part the Whitepaper's recommendations, and an Order Regarding Consolidated Billing for Community Distributed Generation (the "Consolidated Billing Order").<sup>3</sup> Authority staff updated this proposal on March 4, 2020, based on the December 12, 2019 orders.

NYSEIA and LISSA appreciate LIPA's proposal, in their proposed tariff revisions under consideration for the May 2020 Board meeting, to allow for developers to secure the Value of Distributed Energy Resources Tariff's Community Credit value at 25% interconnection payment or signature of an interconnection agreement if no payment for interconnection costs are needed. We encourage the Board to establish the same policy for securing the Value of Distributed Energy Resources Tariff's Environmental Value ("E Value") and Distribution Relief Value/Locational System Relief Value ("DRV"/"LSRV" value). Such a revision to the tariff would be consistent with policy in the rest of New York and would account for uncertainty about future DRV/LSRV and E values.

The Value of Distributed Energy Resources (VDER) tariff is dynamic. Some values are market-based and change on a daily or monthly basis as energy and capacity values change. Other values change over time, meaning that new projects will receive values different from projects developed in earlier years,

but the values remain constant for individual projects that have “qualified” for the VDER tariff. For example, if the value of DRV is \$60/kW in 2020 but \$80/kW in 2021, a project qualifying in 2020 will receive \$60/kW for 10 years while the project qualifying in 2021 will receive \$80/kW for 10 years.

In the investor-owned utility service territories, projects that have signed an interconnection agreement and paid the requisite upgrade costs, or a deposit towards those costs, “qualify” for VDER and lock in the then-available E value for 25 years and DRV or LSRV value for 10 years from the projects’ in-service date.

Currently, LIPA’s tariff specifies that projects qualify for elements of the tariff much later in the development cycle, specifically: the E value<sup>1</sup>, DRV/LSRV values<sup>2</sup>, and community credit value<sup>3</sup> are set, for the project, at the then-available value at the project’s in-service date, much later in the project development cycle. This creates a substantial challenge to financing projects if there is any expectation that values will change. Project financiers will need to decide once the project has permits and an interconnection agreement whether to put forward substantial sums of money (typically millions of dollars) to develop the project, only to learn that compensation levels change months later when the project is completed.

LIPA’s March 2020 filing to revise the VDER provisions of the tariff recommends that the Community Credit provisions in the tariff be revised such that the community credit value at the date of the project making its 25% interconnection deposit is secured for the term of the tariff. Presumably, this proposal is in recognition of the fact that LIPA is expecting to revisit the value of the Community Credit late this year after evaluating the results of a solicitation for a community solar feed-in tariff program. NYSEIA appreciates LIPA reducing risk to developers by having projects secure the credit value before construction.

While there are no pending changes to the E value or DRV or LSRV values, it is reasonable to expect that these values may change in the next couple of years, during which project developers and financiers will need to make assessments about the relevant compensation for prospective projects which will reach their in-service date in that time or beyond. The Public Service Commission (PSC) is conducting a marginal cost of service proceeding which will dictate changes to the investor-owned utilities’ DRV and LSRV values<sup>4</sup>. LIPA has been conducting a locational value study as part of its Utility 2.0 initiative which could underpin similar changes<sup>5</sup>. Likewise, the PSC has a pending proposal to modify the E value to “shape” it<sup>6</sup> and the Climate Leadership and Community Protection Act of 2019 requires modification to the underlying Social Cost of Carbon<sup>7</sup>. Given these pending changes at LIPA and the PSC, and the ongoing alignment of VDER policy between LIPA and the PSC, NYSEIA requests that Leaf 34 T and Leaf 34

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<sup>1</sup> LIPA Tariff Leaf 34 T

<sup>2</sup> Ibid, Leaf 34 U

<sup>3</sup> Ibid, Leaf 34 V

<sup>4</sup> New York Department of Public Service Proceeding 19-E-0283

<sup>5</sup> Long Island Power Authority “Utility 2.0 Long Range Plan: 2019 Annual Update” (June 28, 2019), pp. 73-74 <https://www.lipower.org/wp-content/uploads/2019/08/2019-06-28-PSEG-Long-Island-Utility-2.0-2019-Annual-Update.pdf>

<sup>6</sup> New York Department of Public Service, Order Establishing Energy Storage Goal and Deployment Policy (18-E-0130), December 13, 2018, p. 30 <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BFDE2C318-277F-4701-B7D6-C70FCE0C6266%7D>

<sup>7</sup> New York Public Service Law § 75-0113

U be amended to follow the qualification proposal LIPA has put forward for qualifying for the Community Credit.

NYSEIA has provided the suggested tariff amendments below.

Proposed amendments to Leaf 34 T

**I. General Information (continued):**

**C. General Terms and Conditions (continued):**

**Value of Distributed Energy Resources (VDER) (continued):**

(3) Environmental Component

- (a) Customers with generation that is eligible to receive Renewable Energy Standard Tier 1 Renewable Energy Credits ("RECs") must elect, by the date of interconnection, to either retain all RECs generated, or to sell these RECs to The Authority. For customers who elect to transfer their RECs to The Authority and for CDG Satellite Accounts whose CDG Host Account elects to transfer their RECs to The Authority, will receive the Environmental Component.
- (b) The project's environmental component credit value will be of the in-service set at the then-current and applicable Environmental Value as of the date of the Customer-generator project has made a payment for 25% of its interconnection costs or has its standard interconnection contract executed if no such payment is required. The Environmental value will be the greater of either:
  - (i) NYSERDA posted Tier 1 REC market price or
  - (ii) Social Cost of Carbon net of the Regional Greenhouse Gas Initiative ("RGGI")
- (c) The value shall be fixed for the Customer-generator's first twenty-five (25) years of compensation under the Value Stack, beginning with the project's in-service date. The Environmental Component Credit per (\$/kWh) will be summed for all hours of the Customer-generator's billing month and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.

Proposed amendments to Tariff Leaf 34 U

**I. General Information (continued):**

**C. General Terms and Conditions (continued):**

**Value of Distributed Energy Resources (VDER) (continued):**

(4) Value of Distribution

Demand Reduction Value (DRV) and Locational System Relief Value (LSRV) will be based on the utility Marginal Cost of Service (MCOS) studies per Service Classification, and will be determined as follows:

- (a) For eligible Customer-generators, the DRV compensation will be calculated by multiplying the sum of the projects net injections (kWh) for each of the DRV/LSRV Contracted Hours by the project's DRV Value Stack rate (\$/kWh). The project's DRV rate will be set at the current DRV value as of the date a project has made a payment for 25% of its interconnection costs or has its standard interconnection contract executed if no such payment is required. That credit value shall apply for for ten (10) years as of the project's in-service date. After the first ten (10) years, eligible Customer-generators will be compensated the then applicable DRV rate and hours. The rate will be updated in a Statement of Value Stack Credits.
- (i) Customer-generators may choose to waive the DRV compensation of the Value Stack and opt-in to the Commercial System Relief Program (CSRP). This voluntary election is a one-time, irreversible decision that may be made at any point during the project's Value Stack compensation period. The Customer-generator must notify the Authority of its intention to opt in to the CSRP.
- (b) Customer-generators located in designated project locations will receive a LSRV payment based on Load Relief when an LSRV Planned Event is called. PSEG Long Island will notify the Customer-generator of an Event twenty-one (21) hours in advance and the window may be between one (1) to four (4) hours long.
  - (i) Customer-generators will receive payments based on the lowest hourly net kW injection during each call.
  - (ii) The LSRV (\$/kW-year) is currently set at 50% of the DRV value identified in Statement of Value Stack Credits for all LSRV areas.
  - (iii) There must be a minimum of ten (10) calls each year. The \$/kW-year will be divided by ten (10) to determine the value of each call window. If there are less than ten (10) calls, at the end of the period identified in the DRV/LSRV Contracted Hours, the Customer-generator will be compensated for the calls that did not occur at the lowest hourly net kW injection for a total of ten (10) calls in their October Value Stack Bill Credit.
  - (iv) The LSRV payment shall be fixed for a ten (10) year term of compensation for the Customer-generator, after which time the LSRV payment will be reset based on the then applicable LSRV. The LSRV value applicable for the first ten year period shall be that which is current as of the date a project has made a payment for 25% of its interconnection costs or has its standard interconnection contract executed if no such payment is required.
  - (v) The LSRV will only be available to projects located in LSRV areas. Eligible LSRV areas that have been identified by the Authority may be found on Statement of LSRV Areas.
- (c) For each Customer-generator's billing period, the sum of the above listed components from 1.C.18 (4) (a) to (b) will be added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.

**Comments submitted by Long Island Solar and Storage Alliance**

**To: LIPA Board and Staff**

**Re: [Tariff Proposal February 2020 - Solar Communities FIT V.pdf](#)**

**Proposal Concerning Modifications to LIPA's Tariff for Electric Service**

**Requested Action:**

The Long Island Power Authority ("LIPA" or the "Authority") Staff proposes to modify the Tariff for Electric Service ("Tariff") effective June 1, 2020, to authorize 25 MW (DC)<sup>1</sup> of purchases of renewable resources under a new Solar Communities Feed-In Tariff ("Solar Communities FIT").

Comments from the Long Island Solar + Storage Alliance:

The Long Island Solar and Storage Alliance looks forward to participating in the new "Solar Communities FIT" program. Our members have shared the below comments and questions on this topic.

1. Capacity Map / Interconnection

"Under the award process, a limitation will be imposed of 10 MW (AC) capacity at a single sub-station. This will ensure that not all available capacity will be proposed in a single location."

LISSA Comment: Interconnection remains a major hurdle to deploying clean energy under any program. LISSA requests that LIPA accelerate the deployment of an advanced, up to date, and interactive interconnection map to avoid unnecessary acquisition and development costs associated with projects that can not be developed due to capacity constraints.

2. Waiting List

"Applicants placed on the waiting list will be encouraged but not required to resubmit bids at a lower price point."

LISSA comment: LIPA should notify applicants of their place / order on the waiting list.

3. Financial Impacts

Using an average cost of power at 10.2¢ per kWh, based on the 2020 approved budget, this renewable power alternative will increase power supply costs by an estimated \$0.8 million per year.

LISSA Comment: LISSA believes that the program costs associated with this program are overstated. The model should calculate at the cost of power during a more typical annual solar production curve instead of a flat 10.2¢ per kWh. Solar production peaks in months when power costs are higher and more in demand.

Respectfully submitted,

Long Island Solar and Storage Alliance

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