FOR CONSIDERATION
March 29, 2023

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of Tariff Changes for Residential Time-of-Day Rates

Requested Action

The Trustees are requested to approve a proposal to modify LIPA's Tariff for Electric Service to authorize Time-of-Day ("TOD") rates as the standard rate for residential customers starting in 2024. Offering a TOD rate as the standard residential rate provides customers with an opportunity to save money and promotes the efficient use of the electric system, thereby reducing costs to all customers and carbon emissions.

LIPA's residential customers may opt out of the TOD rate at any time and remain on (or return to) a non-time-differentiated "flat" rate. Any customer who opts into or is transitioned into the new TOD rates from the existing Rate 180 flat rate during the proposed transition period will receive a rate "guarantee" for up to one year.

Residential Time-of-Day Rates: Background

LIPA has offered optional time-of-use rates to its residential customers since it acquired the Transmission and Distribution ("T&D") system from the Long Island Lighting Company in 1998. Those legacy time-of-use rates reflected the thinking from the 1980s and 1990s and included a very long on-peak period from 10 a.m. to 8 p.m. (10 hours each weekday). These very long on-peak hours make it challenging for customers to shift their load to less expensive off-peak hours, thereby limiting customer participation and the benefit to both customers and the T&D system.

In 2018, LIPA began executing a long-term plan to modernize electric rates, enabled by the territory-wide deployment of advanced metering infrastructure ("AMI" or smart meters). Under the rate modernization program, LIPA's objective is to offer customers rate options that are simple to understand and easy to compare – creating opportunities for participating customers to save money on their electric bills and lowering costs for all customers by encouraging more efficient use of the electric grid. The smart meter program provides the functionality required to modernize LIPA's rates and provide customers with a wide variety of options and tools to control electric usage and make cost-effective choices with increased convenience.

TOD rates create benefits for participating customers and the electric grid as a whole. When customers respond to price signals under the TOD rate, energy consumption is shifted to cleaner and lower cost times, reducing peak-related costs for T&D infrastructure and power supply and supporting New York's transition to a zero carbon emissions electric grid. The proposed standard TOD rate will provide customers with savings opportunities because electricity will be priced lower than the flat rate for 88% of the hours in the year. Moreover, TOD rates increase the value

customers can realize from efficiency measures, residential energy storage, load management devices (such as smart thermostats and smart electric vehicle ("EV") charging), and rooftop solar generation during peak periods. Finally, TOD rates can avoid or defer costly grid upgrades that would otherwise be required to support future economic growth, building electrification, and EV charging infrastructure in the absence of appropriate price signals.

On December 16, 2020, the LIPA Board of Trustees approved four residential TOD rate options and one small business TOD rate option (the "V-TOU" rates),[1] each featuring modern rate designs with short (three- or four-hour) peak periods. These rate periods provided customers with the opportunity to reduce or shift demand more easily and manage their usage outside of the peak timeframe. All five of these existing TOD rate options went into effect on February 1, 2021. These optional rates provided customers with greater choice and provided LIPA and its service provider with experience implementing modern TOD rates from a design, information technology, and customer experience perspective. However, the choices are too numerous and too similar to be easily understood by customers, and utility communication and tools need to be further enhanced as part of the transition to a standard TOD rate.

In December 2021, with the support of the Department of Public Service ("DPS") and the New York State Solar Energy Industries Association ("NYSEIA"), LIPA announced its intention to make TOD rates the standard rate for electric customers on Long Island and the Rockaways.[1] Making TOD rates available to residential customers as the standard service offering is an effective way of achieving the benefits of time-differentiated rates, providing a greater opportunity for reducing costs and the emission of greenhouse gases and facilitating a campaign of broad customer education.

In 2022, LIPA engaged the Brattle Group to interview 9 electric utilities, including several California utilities with considerable experience in TOD deployment as part of that State's transition to standard TOD rates. Brattle and LIPA solicited information related to TOD rate design; customer outreach, education, and marketing; and operational practices that will be key to a successful TOD roll-out. Brattle made recommendations based on the interviews and their professional rate design expertise and extensive experience with utilities in a variety of jurisdictions across North America. PSEG Long Island prepared a Fit-Gap Analysis on June 8, 2022. LIPA and PSEG Long Island began discussing the Brattle recommendations for TOD and PSEG Long Island's Fit-Gap Analysis to develop the program proposal by the end of July 2022. LIPA felt it was critical to obtain feedback from key stakeholders in New York. Stakeholder feedback sessions were held with DPS, the New York Energy Research and Development Authority ("NYSERDA"), the Public Utilities Law Project ("PULP"), and the New York State Utility Intervention Unit ("UIU"). LIPA also engaged with NY-BEST, NYSEIA, LIPA's Community Advisory Board, and other key stakeholders.

By the fall of 2022, LIPA and PSEG Long Island gained agreement on core deliverables, the 2023 performance metric deliverables and targets, and decisions on the elements from the Brattle recommendations, PSEG Long Island Fit-Gap Analysis, and stakeholder feedback for the project. LIPA agreed to defer other 2022 Information Technology ("IT") metric initiatives to focus on this critical project and ensure success. PSEG Long Island also on-boarded Guidehouse to serve as

[1] https://www.lipower.org/wp-content/uploads/2021/01/2020-12-16-Approval-of-Tariff-Changes.pdf

their project management expert.

Residential Time-of-Day Rates: Proposal

LIPA proposes to introduce a TOD rate as the standard offer to full-service residential non-heating customers. Residential customers can opt out of the TOD rate for a non-TOD rate or other rate options that may be available to them. Both Delivery Rates and Power Supply Charges will be time-differentiated. The TOD rate will consist of two daily periods (on-peak and off-peak) and two seasons (June through September and October through May).

- On-peak hours are weekdays (excluding holidays) from 3 p.m. to 7 p.m.
- All other hours are off-peak (including all weekend and holiday hours)

The list of holidays is currently defined in the tariff and no changes to that list are proposed.

The TOD standard rate offer will provide an off-peak/on-peak ratio of approximately 0.5x in each season, which means the off-peak rate in each season will be 50% of the peak rate. The Delivery Rates will be designed to be revenue-neutral at the class level starting in 2024.[2] The revenues to be recovered by the 2-period TOD delivery rate will be reduced by approximately one percent, to reflect the cost of service differences between the TOD and non-TOD subclasses, as customers who choose to remain on the TOD rate are generally expected to have usage profiles that are less expensive to serve than those who opt-out. Pursuant to LIPA's annual budget and rate process, 2024 rates (including Residential TOD, Residential non-TOD, and other services classes) will be proposed in the Fall of 2023, based on LIPA's 2024 proposed budget and revenue requirements. The TOD and non-TOD rates will be updated each year based on the latest available cost-of-service data and actual experience with the TOD proposal.

The Power Supply Rate is designed to be revenue-neutral to the non-TOD Power Supply Charge but will fluctuate each month with the non-TOD power supply charge at a fixed 0.5:1 ratio for the off-peak and on-peak periods, respectively. The percentage factors may be updated each year as more information about usage patterns becomes available. Expressing the Power Supply Charge for the TOD standard offer as a ratio to the non-TOD Power Supply Charge is similar to how the residential V-TOU rates are expressed currently.

A TOD rate is also being proposed on an opt-in (voluntary) basis that provides for 3 periods in both seasons: on-peak, off-peak, and super off-peak.

- The on-peak period is the same as the 2-period standard offer – 3 p.m. to 7 p.m. on weekdays (excluding holidays).
- The off-peak period will run from 6 a.m. to 3 p.m. and 7 p.m. to 10 p.m. on weekdays, and from 6 a.m. to 10 p.m. on weekends and holidays.
- The super off-peak period will run from 10 p.m. to 6 a.m. on all days (weekdays, weekends, and holidays).

[2] "Class level" means among all full service residential non-heating customers currently taking service under rate code 180.

The super off-peak rate provides additional savings opportunities for customers able to shift more of their load to the 10 p.m. to 6 a.m. window (e.g., EV charging, customers with residential battery storage). The 3-period option will be priced to result in essentially the same annual revenue as the non-TOD rate for a representative residential customer.

Customer Enrollment

LIPA proposes to provide the CEO or his designee(s) the authority to transition customers onto the TOD standard rate in waves to manage the impacts on the billing and customer support systems and permit refinement of the transition process based upon experience. There will be some exemptions to this transition, including: (1) customers who are on one of LIPA's recently approved V-TOU rates,[3] (2) customers with metering limitations (a smart meter with advanced metering capabilities is required for the initial rollout), and (3) customers who are on low and moderate-income ("LMI") discounts or life-sustaining equipment ("LSE") and whose historical usage suggests they are unlikely to save money on the TOD rate. These customers may opt into the standard 2-period TOD rate but will not be automatically transitioned. Beginning in 2024, new residential customers and customers moving to a new location within the service territory will be placed on the TOD rate unless they affirmatively choose a different rate option when they apply for service. Customers who do not want to transition can affirmatively choose to opt out and customers may opt out of the TOD standard offer for a non-TOD rate at any time without penalty.

Bill Protection Guarantee and Opt-Out Elections

To provide a risk-free transition of residential customers enrolled in the new TOD rates, LIPA proposes to offer a first-year bill protection guarantee. After the first 12 monthly bills have been issued to a TOD enrollee who was transitioned by LIPA, if the amount billed under the customer's TOD rate exceeds the amount that would have been paid under the non-TOD rate, a bill credit will be included on the customer's next monthly bill and the customer will be reminded of the right to opt out of the TOD rate at any time. Customers that do not affirmatively opt out after the first 12 months will continue on the TOD rate and no further bill guarantees will be provided. For transitioned customers that opt out of the new TOD rates before their 12 months of participation have expired, the benefits of the bill protection guarantee will be calculated as of the next billing date and recognized on their subsequent bill. Having opted-out, the customer may not return to TOD for a period of one year.

Treatment of Legacy TOU Rates

Residential customers already on time-of-use rates will remain on their current rate unless they request a change to the new TOD standard rate. Certain legacy residential TOD rates (181, 182, 184, and 188) are already closed to new participants and scheduled to be closed to all participants on December 31, 2024. These customers will be transitioned to the 2-period TOD rate unless they elect a different option prior to the transition. LIPA proposes to close the V-TOU rates (190, 191, 192, and 193) to new customers in 2023 when the new TOD rates are available. Customer satisfaction and costs to support these V-TOU rates will be gauged relative to the standard TOD and

[3] Rate codes 190, 191, 192, and 193 became effective in February 2021. The legacy Multiple Rate Periods SC1- MRP(L) and SC1-MRP(S) rate codes 181, 182, 184, and 188 expire at the end of 2024 and these customers will transition to the proposed default TOD rate at the end of that year unless the customer chooses a different rate option in advance.

optional super off-peak TOD rate and a recommendation will be presented to the Board in the future.

PSEG Long Island TOD Performance Metric and Board Reporting
The implementation of the proposed TOD tariff will be pursuant to the PSEG Long Island 2023 Performance Metric ***PS&CE-08: Transition to New Standard Time-of-Day Residential and Small Business Rates on an Opt-Out Basis*** (the "2023 TOD Performance Metric") (link) that was adopted by the Board, as recommended by the DPS, in December 2022. The Performance Metric includes multiple specific deliverables in 2023 including:

- First Quarter: Establishment of key business, technical requirements, and information technology requirements, including a project implementation plan. The business requirements are dependent on the provisions of this tariff proposal.

- Second Quarter: Delivery of a comprehensive customer communications and marketing plan for transition to standard TOD that includes outreach, engagement, and advertising across multiple channels; and a change management plan that includes an operational readiness and impact analysis to address short-term and long-term staff impacts in contact center and billing, training plan, business processes/procedures, and customer satisfaction and awareness.

- Fourth Quarter: Satisfaction of go-live evaluation criteria, including IT test plans. The initiation of mass marketing and targeted communications programs will also begin if all the preceding requirements have been successfully achieved.

PSEG Long Island's deliverables under this Performance Metric are subject to LIPA's review and approval. LIPA Staff will report to the Board quarterly during 2023 on PSEG Long Island's progress on this Performance Metric and readiness to begin the TOD transition.

Transition Schedule
At the CEO's discretion, in the fourth quarter of 2023, the proposed TOD rate would be opened to voluntary participation in advance of the 2024 transition, and the transition of residential customers to the standard offer TOD rate will be implemented at LIPA's sole discretion in waves until the migration is complete, commensurate with the customer service support and billing capabilities of PSEG Long Island.

An initial pilot wave of customers will transition to the standard offer TOD rate in the first quarter of 2024, with a second wave introduced in the second quarter. Further waves will be informed by LIPA's experience with, and satisfactory resolution of, any issues that are uncovered in each preceding wave. The full migration of customers is expected to be completed in the first half of 2025.

Financial Impacts

Offering residential TOD as the standard rate is designed to have no impact on the revenues paid by residential customers in total in the first year. In other words, measured as a class, the Delivery

and Power Supply rates are expected to produce the same revenues (i.e., be revenue-neutral) as the current rate design. However, in the longer term, shifting a significant share of the residential class to TOD will result in avoided peak-related generation and T&D costs. While future avoided peak-related costs will benefit all customers, participating customers will realize greater savings. Within the residential class, individual customer bills will vary depending on each customer's usage in the peak and off-peak periods, their efforts and ability to shift usage into the less expensive off-peak hours, and their decision whether to opt out of the TOD rate. Most customers are expected to choose the most economical rate for their current or prospective consumption patterns and the TOD and non-TOD rates are being set to account for this voluntary self-selection.

The impacts of the short-term revenue shifts will be reconciled through the Power Supply Charge calculations each month and the Revenue Decoupling Mechanism annually for power supply and delivery revenues, respectively. Over time, the allocation of class and subclass revenue to recover expenses in both the Power Supply Charge and the Delivery Charges would be adjusted to reflect the most current information then available.

Media Coverage and Public Outreach Efforts

To ensure customers and stakeholders were aware of LIPA's TOD proposal, LIPA conducted extensive outreach to stakeholders, elected officials, and news media outlets on the TOD proposal and ways the public could participate and provide comments. This outreach included e-mail campaigns, stakeholder and elected official briefings, and media interviews. LIPA also created a TOD webpage and informational Fact Sheet.

Media placements encompassed all forms of earned media – television, print, online, podcasts, and radio – and included Newsday, News 12, the East Hampton Star, WSHU Public Radio, the American Public Power Association, the Long Island Herald, the Long Island Business News, the Long Island Advance, WCBS, Walk 97.5 Radio, the Energy Central Podcast, and the All Things DER podcast. Viewership and readership for these outlets total over 2 million, collectively. Media clips are attached as **Exhibit C**.

LIPA also placed a paid digital advertising campaign ($\leq$$3,500) that included AdMessenger, tap-to-expand, and an over-the-top video. The goals of the campaign were to create awareness about the TOD proposal, reach audiences through a blended strategy, and increase traffic to our TOD webpage. Together, these campaigns earned over 269,000 impressions.

Stakeholder Comments

The project team consisting of members from LIPA, PSEG Long Island, and LIPA's consultant Brattle Consulting Group sought early input from experts and stakeholders such as DPS, NYSERDA, NYSEIA, the New York State Utility Intervention Unit, and the Public Utilities Law Project. The proposed rate design and the rollout approach reflect the analyses and best practices assessments by the project team and stakeholder engagement efforts of all parties.

Public Comments

LIPA held two public comment hearings on February 21, 2023, in Hauppauge at 10 a.m. and in Uniondale at 6 p.m. – with both in-person and virtual participation options. Transcripts of the public comment sessions are attached as **Exhibit D** and the comments are summarized here, together with responses from LIPA Staff.

LIPA received comments from 13 individuals, NYSEIA, and Edgewise Energy (a firm that develops fuel-cell-powered Community Distributed Generation ("CDG") projects under LIPA's legacy Net Energy Metering ("NEM") tariff). The public comment period ran through February 27, 2023. The comments are posted on LIPA's website and available for public review.[4]

- 2 customers and both industry stakeholders expressed support for the TOD rate proposal.
- 9 customers expressed concerns that they couldn't shift energy out of the peak period. *Staff responds that LIPA's Fact Sheet explains that most customers won't see a bill increase even if they don't change their usage and provides examples of simple ways that many customers can increase their savings from small changes in behavior.*
- 1 customer recommended that TOD be offered on an opt-in basis. *Staff responds that industry experience suggests that making TOD the standard rate will result in greater participation and benefits.*
- 1 customer recommended that any customer who installs a heat pump should be automatically enrolled in the space heating rate. *Staff responds that it will work with PSEG Long Island to act on this non-Tariff opportunity. The space heating rate is not part of the TOD proposal.*
- 1 customer suggested that LIPA cut its budgets instead of changing its rates and 1 customer suggested that LIPA rely more heavily on nuclear and fossil generation instead of renewable resources. *Staff responds that the proposed TOD rate supports the Board's policy to provide clean, reliable, and affordable energy while transitioning to a zero-carbon electric grid and achieving industry-leading reliability, resiliency, and customer experience.*
- 3 customers and both industry stakeholders were concerned about how the TOD proposal would affect NEM. These comments are addressed below.

NYSEIA, Edgewise Energy, and 1 individual customer requested specific changes in the NEM rules:

- To allow carryover to the next year by grandfathered (pre-2018) NEM customers and annual cash-out by non-grandfathered (2018 or newer) NEM customers. *Staff responds that NEM rules were developed in a multi-year statewide process run by the DPS[5] that concluded in 2017. Any changes should be addressed by that broader statewide group. The transition to TOD rates does not implicate the results of the prior statewide NEM proceeding.*
- To provide easier access to customers' 8760 load data. *Staff responds that LIPA already provides easy access to a customer's 8760 load data, so long as the customer authorizes it. LIPA is participating in the Statewide discussions run by the DPS on this issue.*
- To provide "one-bill net crediting" for CDG customers in the same manner as ordered by the Public Service Commission. *Staff responds that LIPA already offers one-bill net crediting for CDG customers in the manner ordered by the Commission for the regulated utilities. The Commission order is limited to CDG subject to the Value of Distributed Energy*

[4] https://www.lipower.org/time-of-day/
[5] See Case Number 15-E-0751on the Department of Public Service website at NYSDPS-DMM: Matter Master

Resources ("VDER") tariff[6] and does not include legacy NEM CDG hosts. Staff is willing to further research the technical billing issues, feasibility, and cost of one-bill crediting for legacy NEM CDG hosts, which affects fewer than 11,000 customers (i.e. less than 1% of LIPA's residential customers).

- To exclude legacy NEM CDG participants from the optional super off-peak TOD rate. *Staff responds that NYSEIA and Edgewise Energy indicated in their comments that they are supportive of the proposed approach under the standard 2-period TOD rate. Staff recommends accommodating their request that CDG host facilities be allowed to restrict legacy NEM CDG participants from opting into the 3-period TOD rate. NEM CDG satellite customers that want to opt into the 3-period rate may be unenrolled from participation in CDG by the CDG host. This would not affect future CDG customers, which would be subject to the VDER tariff and do not have existing contracts with any CDG host. On March 17, Edgewise Energy verbally further indicated that in their analysis the fuel cell NEM CDG host may still be adversely affected by the transition to TOD rates even if the customers opt for a 2-period TOD rate. LIPA does not guarantee the financial returns to CDG hosts; however, NEM CDG customers will be among the last to transition to standard TOD rates (likely in 2025), and LIPA has indicated it will review any detailed financial analysis provided by Edgewise Energy and bring a recommendation back to the Board, if appropriate. LIPA has only approximately 11,000 legacy NEM CDG customers (less than 1% of LIPA's residential customers).*

The same three parties expressed their concern that present NEM customers on a flat rate can offset the energy produced at any time of the day with consumption at a different time of the day, whereas under the TOD rate, energy generated in one TOD period cannot be used to offset consumption in another period.

Staff responds that in reviewing existing NEM customer data, about 6,000 out of LIPA's 27,000 post-2018 NEM customers had a surplus in one TOD period and a deficit in another period on an annual basis, suggesting a relatively limited number of customers that might be affected by this issue. Further, NEM customers may still opt for a flat rate and thereby avoid the potential issue.

Additionally, to address this concern, Staff has proposed an Excess Generation Exchange mechanism that would allow NEM customers with excess generation credits in one period (i.e., on-peak, off-peak) to change them into generation credits at the then-effective price ratio in another period. This would not alter the amount of energy the customer has already been billed for but would avoid a situation where the customer accumulates a large surplus in one bank over many years.[7] Proposed Original Tariff leaf 188B and modified tariff leaf 34F-2 have been inserted into the proposal to authorize this proposed exchange process.

In discussing the Excess Generation Exchange with NYSEIA, NYSEIA verbally supported

[6] See Original Tariff Leaf 34O-2, effective January 1, 2021

[7] This excess generation exchange proposal would only be available to customers that installed their renewable generation since 2018. Under the existing Statewide NEM rules, customers that installed their renewable generation prior to 2018 are not eligible to carry excess generation into the subsequent year and are cashed out on each anniversary date at the Market Energy Price.

the proposal but requested (i) a monthly rather than annual exchange and (ii) that the Excess Generation Exchange be available to pre-2018 customers who are cashed out of banked NEM credits annually under statewide NEM rules. Staff accepts the proposal to allow monthly exchanges in the early days of the Excess Generation Exchange program, as experience is gained on how customers will react to and behave under the program. The CEO may direct limitations on the frequency of exchanges or limit the exchanges to a certain number per year, should the monthly exchange option prove too difficult or costly to manage as compared to customers' perceived benefit. LIPA will consult with NYSEIA on the operating procedures to implement the Excess Generation Exchange mechanism. Staff does not recommend the extension of the exchange program to grandfathered (pre-2018) NEM customers because they would be receiving privileges that are not available to non-TOD customers under the statewide NEM rules that were developed in a multi-year proceeding by the DPS. Changes to such NEM rules would be more appropriately considered in that Statewide proceeding. The transition to TOD rates does not implicate that prior statewide NEM proceeding.

Department of Public Service Recommendation

The DPS provided its Recommendation Letter to the Board on March 28, 2023, which concludes:

> "Department Staff has reviewed LIPA's proposed Tariff modifications and the Department recommends that the LIPA Board of Trustees adopt LIPA's Tariff proposal consistent with the discussion above."

The discussion in the DPS' Recommendation Letter includes commentary on the implementation of the TOD transition and the milestones that were established for the service provider in the DPS-recommended and Board-approved 2023 TOD Performance Metric *PS&CE-08* (link), discussed further above. LIPA and DPS both distinguish between the Board's approval of the policy to adopt standard TOD rates and the migration of customers onto that rate. The tariff, if approved, establishes the policy to adopt standard TOD rates and provides LIPA's CEO the authority to execute the transition, if and as PSEG Long Island has adequately demonstrated readiness, as defined in the deliverables of the 2023 TOD Performance Metric and independently verified and validated by LIPA staff and DPS. The Board further requires quarterly management reporting on the progress of all metrics and will be regularly apprised of TOD transition readiness through those and other reports. The tariff provides a stable starting place for implementing the tools and processes necessary to transition customers to TOD rates through mid-2025. LIPA Staff further addresses the DPS' commentary on implementation below.

DPS supports the proposed Bill Guarantee stating "[DPS] Staff finds the bill protection mechanism included in LIPA's proposal is aligned with the Commission's Order regarding ratemaking and utility revenue model policy." DPS also supports the modifications to the tariff regarding net energy metering ("NEM") and Community Distributed Generation ("CDG") that were the subject of comments by Edgewise Energy and one customer that allow for the exchange of energy between the separate rating periods and that allow CDG hosts to exclude customers that choose the 3-period rate from their projects. The DPS Recommendation Letter indicates that "Staff believes that LIPA's proposed revision will address these concerns from Distributed Energy Resource ("DER") developers" and further states that "[DPS] Staff recommends that the Board adopt the proposal

including this update." DPS staff notes that LMI customers will be included in the transition. LIPA notes that LMI customers that are unlikely to benefit from TOD rates will not be migrated.

DPS notes that the TOD rate design includes a one percent volumetric delivery revenue discount for customers on the 2-period TOD Rate and notes that to maintain revenue neutrality on a service class level, the delivery revenue collected by the Flat Rate would need to increase by an estimated 4.5%, which would be approximately 1.9% of the overall customer bill. DPS Staff states it has "concerns regarding the uncertainty of the TOD rate impacts to revenue requirement and the lack of a precise timeframe for cost studies to be conducted."

> *LIPA Staff responds that the one percent revenue discount has already been justified in cost studies shared with the DPS and further that, as previously communicated and noted in the DPS Recommendation, "the TOD and non-TOD rates will be updated annually based on the latest cost of service data… the annual update to the ratio/adjustment factors should provide more accurate adjustment factors that represent customer usage." These updates will be based on the actual customers that adopt TOD rates and their cost to serve. It is expected that 85% or more of customers will ultimately adopt TOD rates. For scenario analysis purposes, we have assumed that the 15% of customers that opt out of the TOD rate are the most expensive to serve and are making an economically rational choice. The ultimate opt-out pattern may or may not reflect this assumption and the actual discount to TOD Rate customers will be based on the annual updates using actual data.*
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> *As currently proposed, less than 100,000 (<10%) of LIPA's residential customers would migrate to the TOD rate before the summer of 2024, when the bulk of annual energy sales occur, based on the customer migration plan in the 2023 TOD Performance Metric. The revenue impacts in 2024, to be justified in a cost-of-service study that has already been discussed with the DPS, would be a small fraction of the 1.9% potential increase in the typical monthly bill for flat rate customers, with subsequent annual updates based on actual customer migration data and cost to serve. The lengthy migration plan itself provides the opportunity to refine the assumptions based on actual customer data. We expect more than 80% of customers will save money on the TOD Rate, even before any changes to their usage pattern.*

DPS notes that "the total cost of the proposal needs to be assessed prior to the initial migration implementation phase of the transition. LIPA and PSEG LI have not realized (sic) the total cost associated with several important steps of the transition. First, the billing system will need to be upgraded and modernized to support these new rates. Second, a comprehensive customer education, outreach, and marketing plan is needed to help customers understand how TOD rates work and how they can adjust their usage behavior to save money." DPS recommends that "LIPA develop and include a budget forecast for the full-scale implementation of the TOD rate, including the various upgrades and outreach and marketing, and submit that forecast to the DPS and present it to the board by September 15, 2023.

> *LIPA Staff notes that the Project Implementation Plan ("PIP"), including key business, technical, and IT requirements and the comprehensive customer communications and marketing plan, are part of the 2023 TOD Performance Metric recommended by DPS and approved by the LIPA Board. The milestones for that plan are all prior to September 15,*

2023.

Further, the IT investments to be implemented prior to the TOD transition were already budgeted for and authorized in the 2023 Capital Budget at the PSEG Long Island requested amount of $4.8 million. Per the 2023 Performance Metric, these upgrades are to be completed, including passing IT test plans, in the fourth quarter of 2023. We recommend proceeding with the Board's previously approved 2023 Budget and 2023 TOD Performance Metric, as recommended by DPS in December 2022. Finally, pursuant to the 2023 TOD Performance Metric, the comprehensive customer education plan is due to LIPA and DPS by June 30, 2023, which provides adequate time to review the plan and for the Board to consider funding as part of the regular 2024 Budget process.

DPS recommends "LIPA should adopt the best practices of the utilities that have already begun the transition to TOD rates. Therefore, to guarantee the success of the TOD rates, DPS recommends that LIPA should develop a detailed transition plan, as well as a comprehensive communication and marketing plan, and submit them to DPS Staff for review, provide opportunities for external stakeholder engagement, and review by the LIPA Board prior to the implementation of TOD rates."

LIPA has previously hired the Brattle Group to perform best practices research from other utilities, including the California utilities, and incorporated the findings in the TOD proposal (as further discussed in "Background" above). That research was shared with DPS and stakeholders during the development of the TOD proposal.

LIPA will work with DPS Staff to understand the additional requirements of the newly proposed "transition plan" over that of the other planning requirements of the 2023 TOD Performance Metric previously recommended by DPS. The 2023 TOD Performance Metric includes detailed planning for customer outreach, billing, and IT readiness, among other components. DPS is provided real-time access and the opportunity to comment on all the planning documents produced by PSEG Long Island as part of the 2023 TOD Performance Metric, and we would be happy to arrange stakeholder engagement as part of LIPA and DPS' review of these deliverables. The Board is provided quarterly updates on all Performance Metrics, and LIPA Staff regularly briefs the Board on subjects in detail at each Board of Trustees meeting.

DPS recommends "LIPA conduct a thorough review of the first migration wave to assess its success and deliver a progress report to the Board, DPS, and stakeholders." This assessment would include "1) off-peak electricity usage; 2) benefits/costs; 3) revenue stability; and 4) customer satisfaction." DPS further suggests that "a well-developed pilot program with a statistically significant number of customer participants preceding TOD implementation, has allowed utilities in California to assess various aspects of residential TOD rates, including but not limited to customer adoptions and retention rates, effective communication methodologies, transition plan, the costs associated with IT upgrades, marketing and education, and study usage shifts" and recommends such a pilot as part of the implementation plan before a full transition to TOD rates.

LIPA advised PSEG Long Island (with a copy to DPS) on February 10, 2022 as part of the 2023 TOD Performance Metric that an evaluation must be performed of the customer and

operational experience during the pauses between TOD migration phases, with associated fixes to systems and/or processes to improve outcomes for subsequent waves. LIPA expects to regularly brief its Board and stakeholders on the TOD transition. Certain components like off-peak electricity usage require at least a year of data to evaluate, whereas other components like customer experience can be readily evaluated between phases. There has been substantial research from other utilities that have implemented TOD rates around the world, and there is no reason to believe the Long Island customer base would react significantly differently than other studies; however, load research can be valuable for other New York utilities in planning their TOD transitions and will be part of the assessments.

Further, LIPA notes that it has already implemented VTOU rates, which provided experience with many aspects of the California pilot programs mentioned above. Additionally, the phased implementation plan with multiple waves and time for feedback contemplates the lessons learned by the California TOD pilots. As described above, the tariff proposal permits LIPA to determine the transition schedule based on readiness. As California utilities have already shown in adopting statewide TOD rates, the policy decision to implement TOD rates is sound. LIPA will work with DPS Staff in their ongoing review of the 2023 TOD Performance Metric deliverables. LIPA Staff suggests that the intent of the intended pilot and extensive first-wave reporting can be met more efficiently within the transition framework already established and recommended by DPS for approval by the LIPA Board in December 2022, without causing a multi-year delay to the TOD rate implementation.

DPS recommends "LIPA should use all available AMI data to perform a full segmentation analysis of its residential customers" using data for both 2021 and 2022.

LIPA notes that a full segmentation analysis using AMI or smart meter data was already conducted using 2021 AMI data, which was shared with DPS and stakeholders and used to develop the TOD proposal over the last 15 months. The 2022 data would not yield materially different conclusions than the 2021 data already provided. Additionally, as noted above, LIPA intends to update the cost of service for TOD and non-TOD customers annually, thereby regularly incorporating the best and most up-to-date data available.

DPS notes implementation concerns labeled "Other Obstacles" in the Recommendation Letter. These other obstacles discuss known performance issues that PSEG Long Island is having in meeting LIPA's expectations in the call center and with its IT resources.

PSEG Long Island's performance issues are a legitimate concern. The way to address inadequate performance by the service provider is to establish clear performance expectations, provide suitable financial resources to meet those expectations, and to place appropriate amounts of compensation at risk in the Performance Metrics to motivate PSEG Long Island to achieve expectations. DPS staff made such recommendations, which the LIPA Board adopted, to achieve these improved outcomes as part of the 2023 Performance Metrics. As stated previously, the migration to TOD rates will occur based on operational readiness. If PSEG Long Island fails to achieve that operational readiness, as independently verified and validated by LIPA and DPS, the TOD migration will be delayed.

Additionally, as noted above, the IT plan was budgeted for in 2023 and is expected to be concluded by year-end, prior to the implementation of the TOD transition.

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

Exhibit A	Resolution Approving Residential Time-of-Day Rates
Exhibit B	Residential Time-of-Day Tariff Redline
Exhibit C	Media Coverage of Time-of-Day Rates
Exhibit D	Public Comment Session Transcripts
Exhibit E	DPS Recommendation Letter

Exhibit "A"

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO RESIDENTIAL TIME-OF-DAY RATE

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 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

WHEREAS, LIPA staff conducted extensive outreach to stakeholders, elected officials, and news media outlets on the TOD proposal and ways the public could participate and provide comments; and

WHEREAS, following the issuance of public notice in the State Register on December 21, 2022, public hearings were held on February 21, 2023, in person and by video conference accessible to participants in Nassau and Suffolk County and the Rockaways, 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 April 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: March 29, 2023

III. General Information (continued):

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

(f) At the conclusion of the billing period containing the twentieth (20) anniversary of the in-service date of an eligible Mass Market Project, eligible Commercial Demand NEM Project, or the twenty-fifth (25) anniversary of the in-service date of an eligible Large Onsite Project:

(i) The Authority will remove any remaining credits for net (excess) energy attributable to the project from the Customer's account.
(ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.
(iii) Mass Market Projects, Commercial Demand NEM Projects, and Large Onsite Projects still in operation and injecting energy onto the Authority's electric system will be compensated under the tariff then in effect.

(g) Mass Market Projects that become Substantially Interconnected on or after January 1, 2022 will be subject to the Customer Benefit Contribution (CBC) charge as described below in Section VII.L .

(h) Mass Market Customers receiving service under Residential Rate Codes 194 or 195 will be eligible for the Excess Generation Exchange provided as a special provision to Service Classification No. 1 – Residential Service for those specific rate codes. See Leaf 188B.

III. Overhead and Underground Distribution of Electricity (continued):

E. Meters (continued):

3. Meter Testing

a) The Authority will test meters if requested directly by the Customer.

b) The Authority shall pay the cost of the testing.

c) The Authority will perform the tests within sixty (60) days of the request, unless prevented by events it cannot control.

4. Types of Meters

The Authority will determine the type of meter installed.

5. Existing Customer without an AMI smart meter:

Effective January 1, 2019, Residential Service Classification No. 1 Customers (rates 180, 480, 481, 580), receiving service through a non-AMI equipped meter will be notified of replacement with an AMI equipped smart meter. With the following exceptions, residential Customers may opt-out of receiving the smart meter:

a) Customers who participate in net metering;

b) Retail choice program participants (Long Island Choice and Green Choice); and

c) Residential Customers served under rate codes 194, 195, or time-of-use service classifications (1-VMRP(S), 1-VMRP(L), and 1-VTOU).

Commercial service classifications are ineligible to opt-out of smart meter installation.

The customer will receive communication from the Authority at least 45 days prior to the install date of the AMI equipped smart meter. If the customer does not want an AMI equipped smart meter they may request that service be continued through a non-communicating meter but for the exceptions noted above.

Residential Service Classification No.1 Customers who do not object to installation of an AMI equipped smart meter and later request removal of the AMI equipped smart meter and replacement with a non-communicating meter will be subject to a meter removal fee as described in Section IV.C.11.

Beginning in August 1, 2022, customers who have opted out of receiving the AMI equipped smart meter will be charged a daily opt out service fee (“AMI Smart Meter Daily Opt-Out Fee”) as described in Section IV.C.11.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):

A. Power Supply Charge (continued):

c) The Local Supply Charge recovers all costs contained in the Power Supply Charge that are not recoverable through the Market Supply Charge, divided by Energy Sales to all applicable Customers, rounded to the nearest .0001 cents per kWh.

d) The Power Supply TOU Period Adjustment Factors are identified in the Statement of the Power Supply Charge and will be updated from time to time as follows:

(1) The Power Supply TOU Period Adjustment Factors will be calculated using the most recent average hourly load research sample results for Rate 180, Rate 194, Rate 195, or Rate 280. The rate 180 load research sample is used to calculate the Power Supply TOU Period Adjustment Factors for rate codes 190, 191, 192 and 193. Rate 180 will also be used for rate codes 194 and 195 until sufficient data is available to measure these rate codes directly. The rate 280 load research sample is used to calculate the Power Supply TOU Period Adjustment factor for Rate 292.

(2) The average hourly load research samples for rate 180 or rate 280 will identify the kWh for both the super off-peak period and the peak period for each of the TOU rate codes (190, 191,192, 193 and 292) for an annual period.

(3) For all TOU rate codes 190, 191, 192, 193, and 292, the super off-peak Power Supply TOU Period Adjustment Factor is set to 60%.

(4) For each TOU rate codes 190, 191, 192, 193, and 292, the kWh in the super off-peak period will be multiplied by the budgeted average annual Power Supply Charge multiplied by 40% (1-super off-peak Power Supply TOU Period Adjustment Factor). The subsequent dollars by TOU rate code is divided by the total kWh in the peak period to create the peak period adder by TOU Rate code. The peak period adder by TOU rate code is then added to the average annual power supply factor and divided by the average annual power supply factor, which will equal the peak Power Supply TOU period Adjustment Factor.
Formulas:
1) (kWh in Super Off-peak Period x Annual Average Power Supply Charge x 40%) / Peak Period kWh = Peak Period Adder
2) (Peak Period Adder + Annual Average Power Supply Rate) / Annual Average Power Supply Rate = the peak Power Supply TOU period Adjustment Factor.

(5) For rate codes 194 and 195, the TOU period Adjustment Factors will be calculated for each year based on the most recently available load data and projected power supply costs for the coming year.

e) The Power Supply Charge for applicable TOU Rate codes will be calculated each month based on the actual Power Supply Charge (see Statement of Power Supply Charge) times the Power Supply TOU period Adjustment Factors as identified in the Statement of the Power Supply Charge.

f) The Authority will prepare and retain on file a Statement of the Power Supply Charge. The Statement will be available at the Authority's business offices.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):

F. Distributed Energy Resources Cost Recovery Rate (continued):

1. Calculation of the Distributed Energy Resources Cost Recovery Rate
   The Distributed Energy Resources Cost Recovery Rate will be calculated separately for Small Customers and Large Customers. For Small Customers and Large Customers separately, the Distributed Energy Resources Cost Recovery Rate will be calculated as the sum of the eligible costs divided by the forecasted energy sales.

   a) The Authority will prepare and retain on file a "Statement of Distributed Energy Resources Cost Recovery Rate". The Statement will be available at the Authority's Business Offices.

   b) The Statement will show the authorized amounts to be recovered and the expected energy sales over which the authorized amounts will be recovered.

   c) The Distributed Energy Resources Cost Recovery Rate will be set annually, effective January 1st of each year.

   d) The Distributed Energy Resources Cost Recovery Rate may be reset during the year, based on updated values that have been approved by the Authority Board of Trustees.

   e) The Distributed Energy Resources Cost Recovery Rate will be rounded to the nearest 0.0001 cents per kWh.

2. Definition of Small and Large Customers
   For purposes of the Distributed Energy Resources Cost Recovery Rate, the following definitions of Small Customers and Large Customers will apply.

   a) The Small Customer Distributed Energy Resources Cost Recovery Rate applies to:

      (1) Service Classification No. 1 (Rate Codes: 180, 194, 195, 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)

      (4) Service Classification No. 2 (Rate Code 280)

      (5) Service Classification No. 2-VMRP (Rate Code 288, 292)

      (6) Service Classification Nos. 5, 7, 7A and 10 (Rate Codes 980, 780, 781, 782, 1580, 1581)

      (7) Service Classification No. 16-AMI (Rate Code M188 and M288)

   b) The Large Customer Distributed Energy Resources Cost Recovery Rate applies to:

      (1) Service Classification Nos. 2-L, and 2-VMRP (Rate Codes 281, 283, 291, 282, M282)

      (2) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)

      (3) Service Classification Nos. 12 and 13 (Rate Codes 680, 681, 278)

   c) Retail Customers participating in the Long Island Choice or Green Choice program are subject to the Distributed Energy Resources Cost Recovery Rate according to their base rate Service Classification.

   d) Energy Service Companies (ESCOs) receiving service under Service Classification No. 14 are not subject to the Distributed Energy Resources Cost Recovery Rate.

   e) Energy delivered under the Recharge NY Power Program is not subject to the Distributed Energy Resources Cost Recovery Rate. (Rate Code 680). Energy delivered under Rate Code 680 but not under the Recharge NY Power Program is subject to the Distributed Energy Resources Cost Recovery Rate.

VIII.ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:

J. Revenue Decoupling Mechanism

1. Purpose

   The purpose of the Revenue Decoupling Mechanism is to recover approved Delivery Service Revenues from customers. Actual Delivery Service Revenues are reconciled to the approved Delivery Service Revenues through the Revenue Decoupling Mechanism for certain Service Classifications groups, as described below,

2. Definitions

   For the purposes of the Revenue Decoupling Mechanism, the following Service Classification Groups will apply.

   a) Residential

      (1) Service Classification No. 1 (Rate Codes: 180, 194, 195, 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, 294)

   d) Mandatory Large Demand Metered Service with Multiple Rate Periods

      (1) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)

VIII.SERVICE CLASSIFICATIONS:

A. SERVICE CLASSIFICATION NO. 1 - Residential Service:
(Rate Codes: 180, 194, 195, 480, 481, 580)

1. Who Is Eligible

   a) A Customer who will use the service for residential purposes or as specified in Section 76 of the Public Service Law, for religious purposes, a Community Residence, or a post or hall owned or leased by a not-for-profit corporation that is a Veterans' Organization.

   b) A Customer, as described in a. above, that has the option under Service Classification Nos. 12 – Backup and Maintenance Service, of choosing to pay the rates and charges associated with a different Service Classification.

   c) Effective January 1, 2021, rates 480 and 481 are no longer available to new or transferring customers.

   d) Effective January 1, 2025, rates 480 and 481 are no longer available to customers. Customers participating in this rate code as of December 31, 2024 will be transferred to Service Classification No. 1 (rate code 194180 or rate code 580 as appropriate) unless they request removal of that separate metertransfer to Rate Code 1-VTOU at least 30 days before that date.

2. Character of Service

   a) Continuous, 60 hertz, alternating current.

   b) Approximately 120/208 or 120/240 volts, single or three phase, depending on the characteristics of the load and the circuit supplying the service.

VIII. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are set forth below.

Rate Code 194 Service	June to September Inclusive	October to May Inclusive
Charge per Day	$0.4800	$0.4800
Energy Charge per kWh		
Peak Hours	$0.1915	$0.1628
Off-Peak Hours	$0.0945	$0.0802

Periods:
Peak Hours: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
Off-Peak Hours: 7:00 PM – 3:00 PM Monday through Friday, and all hours on Saturday, Sunday and Federal Holidays

Rate Code 195 Service	June to September Inclusive	October to May Inclusive
Charge per Day	$0.4800	$0.4800
Energy Charge per kWh		
Peak Hours	$0.2581	$0.2113
Off-Peak Hours	$0.1202	$0.0804
Super Off-Peak Hours	$0.0392	$0.0390

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 – 10:00 PM Monday through Friday, and 6:00 AM – 10:00 PM on Saturday, Sunday and Federal Holidays
Super Off-Peak: 10:00 PM – 6:00 AM all days

Rate Code 180	June to September Inclusive	October to May Inclusive
Service Charge per Day	$.4800	$.4800
Energy Charge per kWh per month		
First 250 kWh @	$.0916	$.0916
Over 250 kWh @	$.1162	$.0916

VIII. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
Rates and Charges per Meter (continued):

Rate Code 580 (Space Heating)	June to September Inclusive	October to May Inclusive
Service Charge per Day	$.4800	$.4800
Energy Charge per kWh per month		
First 250 kWh @	$.0916	$.0916
Next 150 kWh @	$.1162	$.0916
Over 400 kWh @	$.1162	$.0506

Rate Code 480, 481	June to September Inclusive	October to May Inclusive
Service Charge per day	$.4400	$.4400
Energy Charge per kWh per month		
12:00 midnight to 7:00 a.m. (Standard Time) or	$.0140	$.0140
10:00 p.m. to 10:00 a.m. (Standard Time)	$.0158	$.0158

IX. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
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 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 - 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.

C. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill.

D. 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):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
Special Provisions (continued):

7. Special Provisions

a) Non-Time-of-Day Rate Option

Beginning in January 2024, Residential customers will be assigned to Rate Code 194 at the time their account is established or, if previously established, according to a schedule determined by LIPA. All Residential customers will retain the option of receiving service under Rate Code 180 or another eligible Rate Code. Existing customers scheduled for transfer to Rate Code 194 will be reminded, prior to their scheduled transfer, of their option to remain on Rate Code 180 or another eligible Rate Code.

(1) Customers that do not have an AMI-equipped Smart Meter are not eligible for rate code 194 or 195.

(2) Customers participating in Long Island Choice, Green Choice, or Rate Code 580 (space heating) will remain on their previously applicable rate at the discretion of the CEO or delegee until LIPA is able complete all necessary billing system enhancements and rate alternatives.

(3) Customers enrolled in Rate Code 194 or 195 may transfer to another eligible rate code at any time.

(4) Customers that choose to transfer out of Rate Code 194 and 195 to a flat rate (such as Rate Code 180) are not eligible to return to Rate Code 194 or 195 for a period of 12 months from their date of transfer.

(5) Customers who were billed under Rate Code 180 at their current service address prior to December 31, 2023 and who enroll in Rate Code 194 or 195 by the last scheduled customer migration will receive a bill protection guarantee for up to 12 billing months.

(a) At the end of the first 12 billing months following their transition to Rate Code 194 or 195, LIPA will calculate what the customer's bills would have been under Rate Code 180 for the same energy usage and, if lower, credit the difference on the next monthly bill.
(b) Customers that terminate their service or transfer to a rate code other than 194 or 195 before the first 12 months of billing have occurred will have their bill protection guarantee calculated up to that date of termination or transfer and receive the applicable credit in their next bill.
(c) Customers that transfer to another eligible Rate Code will see the rate change effective as of the date of their last issued bill.

~~a)~~b) Space Heating

The Space Heating Energy Charge in A.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.

~~b) Off-Peak Energy Storage~~

The Off-Peak Service and Energy Charges in A.3. above, will apply for this separately-metered provision, provided:

(1) The Customer submits a signed Application for this provision, and

(2) Does not use the service for hot water or space heating use as described above, and

(3) Agrees to the following equipment uses and conditions:

(a) It will be used only for storing energy, and

(b) Is of a type approved by the Authority, and

(c) Is only operated (Standard Time) between:

1) 12:00 midnight to 7:00 a.m., or

2) 10:00 p.m. to 10:00 a.m., depending on the service applied and approved for, and

VIII. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
Special Provisions (continued):

c) Off-Peak Energy Storage

The Off-Peak Service and Energy Charges in A.3. above, will apply for this separately-metered provision, provided:

(1) The Customer submits a signed Application for this provision, and

(2) Does not use the service for hot water or space heating use as described above, and

(3) Agrees to the following equipment uses and conditions:

(a) It will be used only for storing energy, and

(b) Is of a type approved by the Authority, and

(c) Is only operated (Standard Time) between:
1) 12:00 midnight to 7:00 a.m., or
2) 10:00 p.m. to 10:00 a.m., depending on the service applied and approved for, and

(d) Is permanently connected to segregated circuits and metered separately. The Customer will provide a suitable and protected location, with easy access, for the Authority's metering equipment, and

(e) Its power rating can be adequately served from existing distribution facilities including a control device rated at forty (40) amperes. If the distribution facilities, including the control device, need modification, the Customer or Applicant will pay in advance for that part of the modification needed only to supply the needs of this provision, and

(f) The Authority has the right to inspect the installations and connected equipment at any time.

c)d) 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.

d)e) 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):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
Special Provisions (continued):

[CANCELLED]

VIII.SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 194, 195, 480, 481, 580)
Special Provisions (continued):

f) Excess Generation Exchange Option

Mass Market Customers enrolled in rate codes 194 or 195 that became eligible for Net Energy Metering on or after January 1, 2018 pursuant to Leaf 34F-1, Section I.C.15.h)(2) may exchange excess energy between their separate rating period banks.

(1) The eligible Net Energy Metering Customer's election to exchange excess generation does not alter or affect any amounts previously billed or the amount of excess generation credits used prior to the date the exchange is implemented.
(2) The exchange will be made at the price ratios then in effect for the rate code they are receiving service under.
(3) The election to exchange excess generation between periods, once made by the eligible Net Energy Metering Customer, is irrevocable.
(4) The CEO or designee may establish and subsequently modify any and all requirements and procedures governing the exchange of excess generation that are consistent with the Tariff at his or her sole discretion.

g) Participation in Community Distributed Generation (CDG)

Mass Market Customers enrolled in Community Distributed Generation projects that are not subject to Value Stack Crediting (see Leaf 34O) may opt for the 3-period Rate Code 195 only with the agreement of their CDG Host.

(1) CDG hosts may unroll satellite accounts that opt for the 3-period TOD rate code 195.
(2) CDG participants are eligible to participate in the default rate code 194 or opt out for rate code 180 or 580 without the agreement of their CDG host.

VIII. SERVICE CLASSIFICATIONS (continued):

B. SERVICE CLASSIFICATION NO. 1-VMRP (L)
Voluntary Large Residential Service with Multiple Rate Periods:
(Rate Codes: 181, 182, 184)

1. Who Is Eligible

a) An existing Customer receiving service under Service Classification Nos. 1 or 1-VMRP who chooses to receive service under this classification and:

(1) Uses more than 39,000 kWh annually for the twelve (12) months ending September 30, or

(2) Uses more than 12,600 kWh for the 4-month period between June 1 and September 30.

b) An Applicant eligible to receive service under Service Classification No. 1 whose consumption the Authority estimates will be more than either 39,000 KWH annually or 12,600 KWH between June 1 and September 30.

c) A Customer, as described in a. through b. above, that has the option under Service Classification Nos. 12 – Backup and Maintenance Service, of choosing to pay the rates and charges associated with a different Service Classification.

d) Effective January 1, 2019, this service classification is no longer available to new or transferring customers. Customers may request Service Classification No. 1-VTOU.

e) Effective January 1, 2025, this service classification is no longer available to customers. Customers participating in this rate code as of December 31, 2024 will be transferred to Service Classification No. 1 (rate code 194, ~~rate code 180~~ or rate code 580 as appropriate) unless they request transfer to rate code 180 or rate code 195~~Rate Code 1-VTOU~~ at least 30 days before that date.

2. Character of Service

a) Continuous, 60 hertz, alternating current.

b) Approximately 120/208, 120/240, or 277/408 volts, single or three phase, depending on the characteristics of the load and the circuit supplying the service.

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)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

All Rate Codes	June to September Inclusive	October to May Inclusive
Service Charge per Day	$2.1700	$2.1700

Rate Codes 184 – Rate 1 Energy Charge per kWh	June to September Inclusive	October to May Inclusive
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	Period 1	Period 2
First 125 kWh @	$.0266	$.0266
Over 125 kWh @	$.0266	$.0266
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	Period 3	Period 4
First 125 kWh @	$.0868	$.0868
Over 125 kWh @	$.3221	$.0886

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):

	June to September Inclusive	October to May Inclusive
Rate Codes 181 - Rate 2		
Energy Charge per kWh		
Daylight Savings Time*		
8 p.m. to 10 a.m., and		
Saturday and Sunday		
	Period 1	Period 2
First 125 kWh @	$.0613	$.0613
Over 125 kWh @	$.0613	$.0613
Daylight Savings Time*		
10 a.m. to 8 p.m.		
Weekdays	Period 3	Period 4
First 125 kWh @	$.0613	$.0613
Over 125 kWh @	$.1564	$.1123

	June to September Inclusive	October to May Inclusive
Rate Codes 182 - Rate 3		
Energy Charge per kWh		
Daylight Savings Time*		
8 p.m. to 10 a.m., and		
Saturday and Sunday	Period 1	Period 2
First 125 kWh @	$.0616	$.0616
Over 125 kWh @	$.0613	$.0390
Daylight Savings Time*		
10 a.m. to 8 p.m.		
Weekdays	Period 3	Period 4
First 125 kWh @	$.0616	$.0616
Over 125 kWh @	$.1577	$.0392

* See paragraph IV.A.10 “Daylight Savings Time” Leaf No. 99.

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 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 Provisions

a) 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):

B. SERVICE CLASSIFICATION NO. 1-VMRP (L)
Voluntary Large Residential Service with Multiple Rate Periods (continued):
(Rate Codes: 181, 182, 184)
Special Provisions (continued):

b) Service for Religious Purposes, Community Residences, or Veterans' Organizations

Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable non-residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the Customer's next meter reading.

c) Choosing a Rate

(1) New space-heating Customers shall choose either Rate Code 182 or 184 when they qualify for service.

(2) New non-space-heating Customers shall choose either Rate Code 181 or 184 when they qualify for service.

d) Transferring Between Rates Under This Service Classification

(1) Space-heating Customers

(a) Customers served under Rate Code 184 may request to transfer to Rate Code 182 before, but not after January 1, 2019.

(b) The Customer shall request the transfer, in writing, at least thirty (30) days before the Customer's Anniversary Date, and

(c) The transfer will take place on the Anniversary Date.

(2) Non-space-heating Customers

(a) Customers served under Rate Code 184 may request to transfer to Rate Code 181 before, but not after January 1, 2019.

(b) The Customer shall request the transfer, in writing, at least thirty (30) days before the Customer's Anniversary Date, and

(c) The transfer will take place on the Anniversary Date.

VIII. SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)
Voluntary Small Residential Service With Multiple Rate Periods:
(Rate Code: 188)

1. Who Is Eligible

   a) Qualifying Applicants who will use the service for residential purposes or as specified in Section 76 of the Public Service Law, for religious purposes, a Community Residence, or a post or hall owned or leased by a not-for-profit corporation that is a Veterans' Organization as an alternative to Service Classification No. 1, but who do not qualify for Service Classification No. 1-VMRP(L).

   b) A Customer, as described in a. above, that has the option under Service Classification Nos. 12 – Backup and Maintenance Service, of choosing to pay the rates and charges associated with a different Service Classification.

   c) Effective January 1, 2019, this service classification is no longer available to new or transferring customers. Customers may request Service Classification No. 1-VTOU.

   d) Effective January 1, 2025, this service classification is no longer available to customers. Customers participating in this rate code as of December 31, 2024 will be transferred to Service Classification No. 1 (rate code 194, rate code 180 or rate code 580 as appropriate) unless they request transfer to rate code 180 or rate code 195 Rate Code 1-VTOU at least 30 days before that date.

2. Character of Service

   a) Continuous, 60 hertz, alternating current.

   b) Approximately 120/208, 120/240 volts, single or three phase, depending on the characteristics of the load and the circuit supplying the service.

VIII.SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)
Voluntary Small Residential Service With Multiple Rate Periods (continued):
(Rate Code: 188)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

All Rate Codes	June to September Inclusive	October to May Inclusive
Service Charge per day	$.4800	$.4800
Meter Charge per day	$.1400	$.1400

Rate Codes 188 Energy Charge per kWh	June to September Inclusive	October to May Inclusive
Daylight Savings Time* 8 p.m. to 10 a.m., and Saturday and Sunday	Period 1 $.0577	Period 2 $.0366
Daylight Savings Time* 10 a.m. to 8 p.m. Weekdays	Period 3 $.3787	Period 4 $.1035

* 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 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

The Minimum Charge is the Service and Meter Charges, plus Adjustments to Rates and Charges.

VIII.SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)
Voluntary Small Residential Service With Multiple Rate Periods (continued):
(Rate Code: 188)

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 for one (1) year from the start of service and renewed annually after that, unless service is terminated either by the Customer or the Authority.

a) The Customer shall give the Authority five (5) days written notice before its Anniversary Date when requesting termination of service.

b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

c) The Authority will not renew service within one (1) year of termination at the same location for the same customer.

7. Special Provisions

a) Service for Religious Purposes, Community Residences, or Veterans' Organizations

Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in C.1.a), may apply for a suitable non-residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the time of the Customer's next meter reading.

VIII. SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)
Voluntary Small Residential Service With Multiple Rate Periods (continued):
(Rate Code: 188)
Special Provisions (continued):

[CANCELLED]

VIII.SERVICE CLASSIFICATIONS (continued):

C.1 SERVICE CLASSIFICATION NO. 1-VTOU
Voluntary Residential Service With Time of Use Rates:
(Rate Code: 190, 191, 192, 193)

1. Who Is Eligible

   a) Qualifying Applicants who will use the service for residential purposes or as specified in Section 76 of the Public Service Law, for religious purposes, a Community Residence, or a post or hall owned or leased by a not-for-profit corporation that is a Veterans' Organization as an alternative to Service Classification No. 1, but who do not qualify for Service Classification No. 1-VMRP(L).

   b) A Customer, as described in a. above, that has the option under Service Classification Nos. 12 – Backup and Maintenance Service, of choosing to pay the rates and charges associated with a different Service Classification.

   c) Customers must have that Advanced Metering Infrastructure (AMI) installed to qualify.

   d) Customers are not eligible to return to Rate Code 190, 191, or 192 for a period of 12 months from their date of exit from Rate Code 190, 191, or 192.

   ~~d)~~e) Effective September 15, 2023, rate codes 190, 191, 192 and 193 are no longer available to new or transferring customers.

2. Character of Service

   a) Continuous, 60 hertz, alternating current.

   b) Approximately 120/208, 120/240 volts, single or three phase, depending on the characteristics of the load and the circuit supplying the service.

3. Seasons

   Summer Season: June 1 through September 30 inclusive
   Shoulder Season: October 1 through November 30 and April 1 through May 31 inclusive
   Winter Season: December 1 through March 31 inclusive

4. Periods:

   Each rate will have multiple time periods in each day. The time periods are defined within the schedule of rates for each rate code.

5. Power Supply Charges:

   a) The Power Supply Charge will vary for each period.

   b) The Authority will publish the rates as part of the Statement of Power Supply Charge. The Statement will be available at the Authority's business offices.

XI. Dynamic Load Management

A. Direct Load Control Program

1. Purpose and Applicability:
The Direct Load Control ("DLC") Program allows the Authority to remotely control the Participating Customer's Control Device to reduce the Customer's load during an Event. The program utilizes third-party Control Devices Providers to identify Participants and install and manage the Control Devices that meet the Authority's specifications for communications. Participation is applicable to Customers served at Primary and Secondary voltage in the Service Classifications listed below in all locations within the Service Area, except for those described in the Statement of Direct Load Control Program Payments.

Service Classification No. 1 (Rate Codes 180, 194, 195, 580; excluding 480 and 481) Service Classification No. 1-VMRP (L) (Rate Codes 181, 182, 184)
Service Classification No. 1-VMRP(S) (Rate Code 188)
Service Classification No. 1–VTOU (Rate Codes 190, 191, 192, 193)
Service Classification No. 2 (Rate Code 280)
Service Classification No. 2-VMRP (Rate Code 288, 292)
Service Classification No. 2-L (Rate Codes 281, 291, 283)
Service Classification No. 2L-VMRP (Rate Codes 282, M282)
Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
Service Classification No. 16-AMI (Rate Codes M188, M288)

2. Eligibility:
To participate under this program, a Customer must have load controllable equipment and agree to the installation of a Control Device.
This program is not available to Customers who participate either directly or indirectly through a third party, under any other Authority or NYISO demand-response program.
The Manager may, in the future, offer an alternate direct load control program through a third-party vendor to customers in a defined geographic area. In coordination with non-wires alternatives such as these, eligibility for the DLC program for Customers within such designated area(s) may be temporarily restricted such that only Customers who have applied to and been rejected from the alternate third-party vendor program will be eligible for enrollment within the Authority's DLC program. Such restriction on application to the DLC program shall cease upon the earlier of (a) the date on which the alternate program achieves the amount of peak load reduction in the designated area specified by the Manager, and (b) the exclusivity deadline specified by the Manager. A list of geographic areas in which this provision applies will be set forth in the Statement of Direct Load Control Program Payments which will be amended from time to time to reflect new and completed alternate programs.

3. Definitions:
Control Device: A device installed on the Customer's load controllable equipment via a smart plug or embedded control that allows the Authority to remotely control the equipment when an Event is called. For purposes of this program, Control Device means one or more devices as may be required to control the equipment. Each Control Device contains a feature that allows the Customer to override the Authority's control of the Customer's equipment. The Control Device must be provided, installed, and connected to the Internet by the Customer or an approved Control Device Provider in a manner that ensures communications between the Authority and the Control Device.

XIII. Dynamic Load Management

A. Commercial System Relief Program

1. Purpose and Availability

The Commercial System Relief Program is being offered by the Authority to enable participating eligible customers to be compensated for reducing their load under certain conditions when called upon by the Authority to do so.

The program is available to any Customer served at transmission, primary or secondary voltage and taking service under one of the Service Classifications shown below; and to any Aggregator that meets the requirements of this Rider.

Service Classification No. 1 (Rate Codes 180, 194,195, 580; excluding 480, 481)
Service Classification No. 1-VMRP(L) (Rate Code 181, 182, 184)
Service Classification No. 1-VMRP(S) (Rate Codes 188)
Service Classifications No. 1–VTOU (Rate Codes 190, 191, 192, 193)
Service Classification No. 2 (Rate Code 280)
Service Classification No. 2-VMRP (Rate Code 288, 292)
Service Classification No. 2-L (Rate Codes 281, 291, 283)
Service Classification No. 2L-VMRP (Rate Codes 282, M282)
Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
Service Classification Nos. 11, 12, and 13 (Rate Codes 289, 680, 681, 278)
Service Classification No. 16-AMI (Rate Code M188, M288)

Customers who take service pursuant to the Direct Load Control Program are not eligible to participate in this program.

Customer-generators subject to Value Stack compensation may choose to waive the DRV compensation of the Value Stack and opt-in to participating in the Commercial System Relief Program (CSRP). Opting into the CSRP program is a one-time irreversible decision which may be made at any point during the project's Value Stack compensation period. .

The Metropolitan Transportation Authority for Traction Power Service to the Long Island Rail Road and Brookhaven National Laboratories pursuant to a Sale for Resale agreement between the Authority and the New York Power Authority (both as referenced on Leaf 271) are not eligible to participate.

2. Definitions:

Aggregator: A party other than the Authority that represents and aggregates the load of Customers who collectively have a Load Relief potential of 50 kW or greater in an Authority Designated Area and is responsible for the actions of the Customers it represents, including performance and, as applicable, repayments to the Authority. A Direct Participant may combine multiple customer locations to meet the Load Relief potential requirements of an aggregator.

Authority Designated Area: An electrically defined area determined by the Authority to be approaching system capacity limits during peak periods. A current list of the Authority Designated Areas will be listed on the Manager's website and payments by area are listed on the Statement of Commercial System Relief Program Payments.

Capability Period: The period during which the Authority can request Load Relief. The Capability Period will be from May 1 through September 30.

XIII. Dynamic Load Management

B. Distribution Load Relief Program

1. Purpose and Availability

The Distribution Load Relief Program is being offered by the Authority to enable participating eligible customers to be compensated for reducing their load under certain conditions when called upon by the Authority to do so.

The program is available to any Customer served at primary or secondary voltage and taking service under one of the Service Classifications shown below; and to any Aggregator that meets the requirements of this Rider.

Service Classification No. 1 (Rate Codes 180, 194, 195, 580; excluding 480, 481)
Service Classification No. 1-VMRP(L) (Rate Code 181, 182, 184)
Service Classification No. 1-VMRP(S) (Rate Codes 188)
Service Classification No. 1–VTOU (Rate Codes 190, 191, 192, 193)
Service Classification No. 2 (Rate Code 280)
Service Classification No. 2-VMRP (Rate Code 288, 292)
Service Classification No. 2-L (Rate Codes 281, 291, 283)
Service Classification No. 2L-VMRP (Rate Codes 282, M282)
Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
Service Classification Nos. 11, 12, and 13 (Rate Codes 289, 680, 681, 278)
Service Classification No. 16-AMI (Rate Code M188, M288)

Customers who take service pursuant to the Direct Load Control Program are not eligible to participate in this program.

The Metropolitan Transportation Authority for Traction Power Service to the Long Island Rail Road and Brookhaven National Laboratories pursuant to a Sale for Resale agreement between the Authority and the New York Power Authority (both as referenced on Leaf 271) are not eligible to participate.

2. Definitions:

Aggregator: A party other than the Authority that represents and aggregates the load of Customers who collectively have a Load Relief potential of 50 kW or greater in an Authority Designated Area and is responsible for the actions of the Customers it represents, including performance and, as applicable, repayments to the Authority. A Direct Participant may combine multiple customer locations to meet the Load Relief potential requirements of an Aggregator.

Authority Designated Area: An electrically defined area determined by the Authority to be approaching system capacity limits during peak periods. A current list of the Authority Designated Areas will be listed on the Manager's website and Reservation Payments by area are listed on the Statement of Distribution Load Relief Program Payments.

Capability Period: The period during which the Authority can request Load Relief. The Capability Period will be from May 1 through September 30.

LIPA Statement No. XX-PSC

Long Island Power Authority

Statement of Power Supply Charge Applicable to billings under all Service Classifications

As set forth in the Tariff for Electric Service

Applicable to billings under all Service Classifications other than the rate codes specified below as set forth in the Tariff for Electric Service

Power Supply Charge as adjusted to Achieve Targeted Level of Revenues, cents/kWh (1)	~~13.8620~~

Unbundled Charges for the Long Island Choice Program:

Market Supply Charge applicable to Bundled Sales, cents/kWh	~~12.2492~~
Merchant Function Charge applicable to Bundled Sales, cents/kWh	~~0.0016~~
Local Supply Charge applicable to Bundled Sales and LI Choice Sales, cents/kWh	~~1.6112~~

Applicable to billings under ~~Service Classification No. 1 VTOU and No. 2 VMRP Rate Code 292~~ the rate codes indicated as set forth in the Tariff for Electric Service for the applicable Power Supply TOU Period

	Adjustment Factors			**Charge** - cents/kWh (1)		
Rate Code	Peak Hours	Off-Peak Hours / Day Time Hours	Super Off-Peak Hours	Peak Hours	Off-Peak Hours / Day Time Hours	Super Off-Peak Hours
190	198.72%	100%	60%	27.5466	13.8620	8.3172
191	169.44%	100%	60%	23.4878	13.8620	8.3172
192	176.89%	100%	60%	24.5205	13.8620	8.3172
193	n/a	111.57%	60%	n/a	15.4658	8.3172
194 (S)	175.45%	87.73%	n/a	XX.XXXX	XX.XXXX	n/a
194 (W)	175.23%	87.61%	n/a	XX.XXXX	XX.XXXX	n/a
195(S)	159.62%	113.19%	78.06%	XX.XXXX	XX.XXXX	XX.XXXX
195(W)	111.06%	94.42%	76.67%	XX.XXXX	XX.XXXX	XX.XXXX
292	161.08%	100%	60%	22.3289	13.8620	8.3172

(S) – June through September, inclusive (W) – All other months

(1) The Average Cost of the Power Supply Charge, as adjusted to Achieve Targeted Level of Revenues, is set pursuant to the Board of Trustees' March 27, 2003, April 27, 2006, June 22, 2006 and October 25, 2012 resolutions, which provide for recovery of approximately $272 million of targeted revenues for the month of August 2022

Effective:

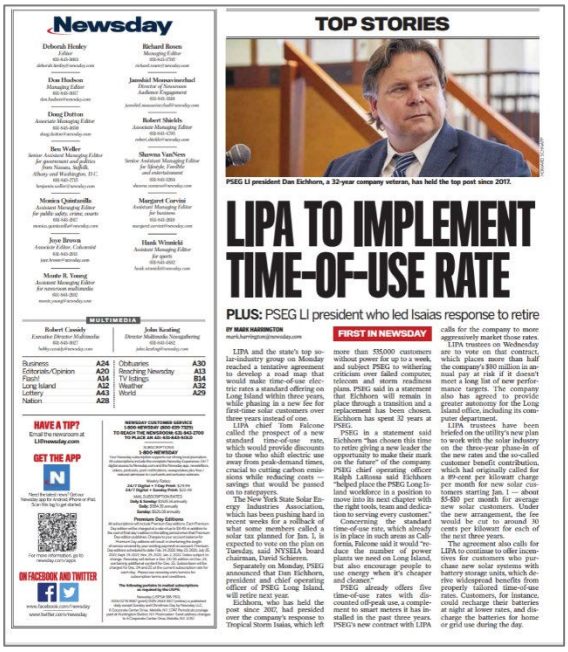
Exhibit "C"

Time-of-Day Media Coverage

** LIPA also conducted a radio interview with WCBS on January 12, 2023*

Newsday

December 13, 2021: LIPA plans standard time-of-use rate



Newsday

TOP STORIES

PSEG LI president Dan Eichhorn, a 32-year company veteran, has held the top post since 2017.

LIPA TO IMPLEMENT TIME-OF-USE RATE

PLUS: PSEG LI president who led Isaias response to retire

BY MARK HARRINGTON

FIRST IN NEWSDAY

LIPA and the state's top solar-industry group on Monday reached a tentative agreement to develop a road map that would make time-of-use electric rates a standard offering on Long Island within three years, while phasing in a new fee for first-time solar customers over three years instead of one.

LIPA chief Tom Falcone called the prospect of a new standard time-of-use rate, which would provide discounts to those who shift electric use away from peak-demand times, crucial to cutting carbon emissions while reducing costs — savings that would be passed on to ratepayers.

The New York State Solar Energy Industries Association, which has been pushing hard in recent weeks for a rollback of what some members called a solar tax planned for Jan. 1, is expected to vote on the plan on Tuesday, said NYSEIA board chairman, David Schieren.

Separately on Monday, PSEG announced that Dan Eichhorn, president and chief operating officer of PSEG Long Island, will retire next year.

Eichhorn, who has held the post since 2017, had presided over the company's response to Tropical Storm Isaias, which left more than 535,000 customers without power for up to a week, and subject PSEG to withering criticism over failed computer, telecom and storm readiness plans. PSEG said in a statement that Eichhorn will remain in place through a transition and a replacement has been chosen. Eichhorn has spent 32 years at PSEG.

PSEG in a statement said Eichhorn "has chosen this time to retire giving a new leader the opportunity to make their mark on the future" of the company. PSEG chief operating officer Ralph LaRossa said Eichhorn "helped place the PSEG Long Island workforce in a position to move into its next chapter with the right tools, team and dedication to serving every customer."

Concerning the standard time-of-use rate, which already is in place in such areas as California, Falcone said it would "reduce the number of power plants we need on Long Island, but also encourage people to use energy when it's cheaper and cleaner."

PSEG already offers five time-of-use rates with discounted off-peak use, a complement to smart meters it has installed in the past three years. PSEG's new contract with LIPA calls for the company to more aggressively market those rates.

LIPA trustees on Wednesday are to vote on that contract, which places more than half the company's $80 million in annual pay at risk if it doesn't meet a long list of new performance targets. The company also has agreed to provide greater autonomy for the Long Island office, including its computer department.

LIPA trustees have been briefed on the utility's new plan to work with the solar industry on the three-year phase-in of the new rates and the so-called customer benefit contribution, which had originally called for a 89-cent per kilowatt charge per month for new solar customers starting Jan. 1 — about $5-$10 per month for average new solar customers. Under the new arrangement, the fee would be cut to around 30 cents per kilowatt for each of the next three years.

The agreement also calls for LIPA to continue to offer incentives for customers who purchase new solar systems with battery storage units, which derive widespread benefits from properly tailored time-of-use rates. Customers, for instance, could recharge their batteries at night at lower rates, and discharge the batteries for home or grid use during the day.

Schieren, who is chief executive of EmPower Solar of Island Park, said the three-prong plan will help "unlock market-driven growth" for solar and battery systems, while saving customers money.

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Newsday (Cover Story)

[January 12, 2023: LIPA proposes shifting rates to reward off-peak power usage]


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FIRST IN NEWSDAY

$4B Pitch For Resort At Hub

Las Vegas Sands submits bid to Nassau
A7

Conceptual renderings of parts of the project at the Coliseum property.

Nassau GOP Tells Santos To Resign

Congressman digs in, says he's staying in office
A4 | VIDEO AT NEWSDAY.TV

Rep. George Santos on Capitol Hill Wednesday.

NEW LIPA PLAN

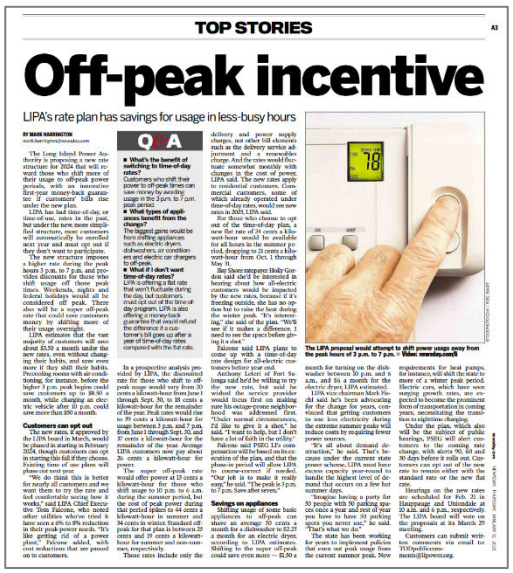
REWARD FOR OFF-PEAK POWER USE

Imposes higher rates from 3 p.m. to 7 p.m. and gives discounts at other times

Promises money back if customer bills rise in first year

A3 | UPDATES AT NEWSDAY.COM

9 NEW RESTAURANTS TO TRY IN 2023 EXPLORE LI


TOP STORIES

A3

Off-peak incentive

LIPA's rate plan has savings for usage in less-busy hours

BY MARK HARRINGTON
mark.harrington@newsday.com

Q&A

■ What's the benefit of switching to time-of-day rates?
Customers who shift their power to off-peak times can save money by avoiding peak rates, 3 p.m. to 7 p.m. peak period.

■ What types of appliances benefit from the change?
The biggest gains would be from shifting appliances such as electric dryers, dishwashers, air conditioners and electric car chargers to off-peak.

■ What if I don't want time-of-day rates?
You can choose a flat rate that won't fluctuate during the day, but customers must opt out of the time-of-day program. LIPA is also offering a money-back guarantee that would refund the difference if a customer's bill goes up after a year of time-of-day rates compared with the flat rate.

The Long Island Power Authority is proposing a new rate structure for 2024 that will reward those who shift more of their usage to off-peak power periods, with an innovative first-year money-back guarantee if customers' bills rise under the new plan.

LIPA has had time-of-day, or time-of-use, rates in the past, but under the new, more simplified structure, most customers will automatically be enrolled next year and must opt out if they don't want to participate.

The new structure imposes a higher rate during the peak hours 3 p.m. to 7 p.m. and provides discounts for those who shift usage off those peak times. Weekends, nights and federal holidays would all be considered off peak. There also will be a super off-peak rate that could save customers money by shifting more of their usage overnight.

LIPA estimates that the vast majority of customers will save about $3.50 a month under the new rates, even without changing their habits, and save even more if they shift their habits. Precooling rooms with air conditioning, for instance, before the higher 3 p.m. peak begins could save customers up to $8.50 a month, while charging an electric vehicle after 10 p.m. could save more than $50 a month.

LIPA is offering a flat rate that won't fluctuate during the day, but customers must opt out of the time-of-day program. LIPA is also offering a money-back guarantee that would refund the difference if a customers' bill goes up after a year of time-of-day rates compared with the flat rate.

In a prospective analysis provided by LIPA, the discounted rate for those who shift to off-peak usage would vary from 20 cents a kilowatt-hour from June 1 through Sept. 30, to 18 cents a kilowatt-hour for the remainder of the year. Peak rates would rise to 39 cents a kilowatt-hour for usage between 3 p.m. and 7 p.m. from June 1 through Sept. 30, and 37 cents a kilowatt-hour for the remainder of the year. Average LIPA customers now pay about 26 cents a kilowatt-hour for power.

The new rates, if approved by the LIPA board in March, would be phased in starting in February 2024, though customers can opt in starting this fall if they choose. Existing time of use plans will phase out next year.

"We do think this is better for nearly all customers and we want them to try the rate and feel comfortable seeing how it works," said LIPA Chief Executive Tom Falcone, who noted other utilities who've tried it have seen a 6% to 8% reduction in their peak-power needs. "It's like getting rid of a power plant," Falcone added, with cost reductions that are passed on to customers.

The super off-peak rate would offer power at 13 cents a kilowatt-hour for those who shift usage to 10 p.m. to 6 a.m. during the summer period, but the cost of peak power during that period spikes to 44 cents a kilowatt-hour in summer and 34 cents in winter. Standard off-peak for that plan is between 25 cents and 19 cents a kilowatt-hour for summer and non-summer, respectively.

Those rates include only the delivery and power supply charges, not other bill elements such as the delivery service adjustment and a renewables charge. And the rates would fluctuate somewhat monthly with changes in the cost of power, LIPA said. The new rates apply to residential customers. Commercial customers, some of which already operated under time-of-day rates, would see new rates in 2025, LIPA said.

For those who choose to opt out of the time-of-day plan, a new flat rate of 24 cents a kilowatt-hour would be available for all hours in the summer period, dropping to 21 cents a kilowatt-hour from Oct. 1 through May 31.

Bay Shore ratepayer Holly Gordon said she'd be interested in hearing about how all-electric customers would be impacted by the new rates, because if it's freezing outside, she has no option but to raise the heat during the winter peak. "It's interesting," she said of the plan. "We'll see if it makes a difference. I need to see the specs before giving it a shot."

Falcone said LIPA plans to come up with a time-of-day rate design for all-electric customers before year end.

Anthony Leteri of Fort Salonga said he'd be willing to try the new rate, but said he wished the service provider would focus first on making sure his outage-prone neighborhood was addressed first. "Under normal circumstances, I'd like to give it a shot," he said. "I want to help, but I don't have a lot of faith in the utility."

Falcone said PSEG LI's compensation will be based on its execution of the plan, and that the phase-in period will allow LIPA to course-correct if needed. "Our job is to make it really easy," he said. "The peak is 3 p.m. to 7 p.m. Save after seven."

Shifting usage of some basic appliances to off-peak can shave an average 50 cents a month for a dishwasher to $2.25 a month for an electric dryer, according to LIPA estimates. Shifting to the super off-peak could save even more — $1.50 a month for turning on the dishwasher between 10 p.m. and 6 a.m., and $6 a month for the electric dryer, LIPA estimated.

LIPA vice chairman Mark Fischl said he’s been advocating for the change for years, convinced that getting customers to use less electricity during the extreme summer peaks will reduce costs by requiring fewer power sources. “It’s all about demand destruction,” he said. That’s because under the current state power scheme, LIPA must have excess capacity year-round to handle the highest level of demand that occurs on a few hot summer days. “Imagine having a party for 50 people with 50 parking spaces once a year and rest of year you have to have 50 parking spots you never use,” he said. “That’s what we do.”

The state has been working for years to implement policies that even out peak usage from the current summer peak. New requirements for heat pumps, for instance, will shift the state to more of a winter peak period. Electric cars, which have seen surging growth rates, are expected to become the prominent form of transportation in coming years, necessitating the transition to nighttime charging.

Under the plan, which also will be the subject of public hearings, PSEG will alert customers to the coming rate change, with alerts 90, 60 and 30 days before it rolls out. Customers can opt out of the new rate to remain either with the standard rate or the new flat rate.

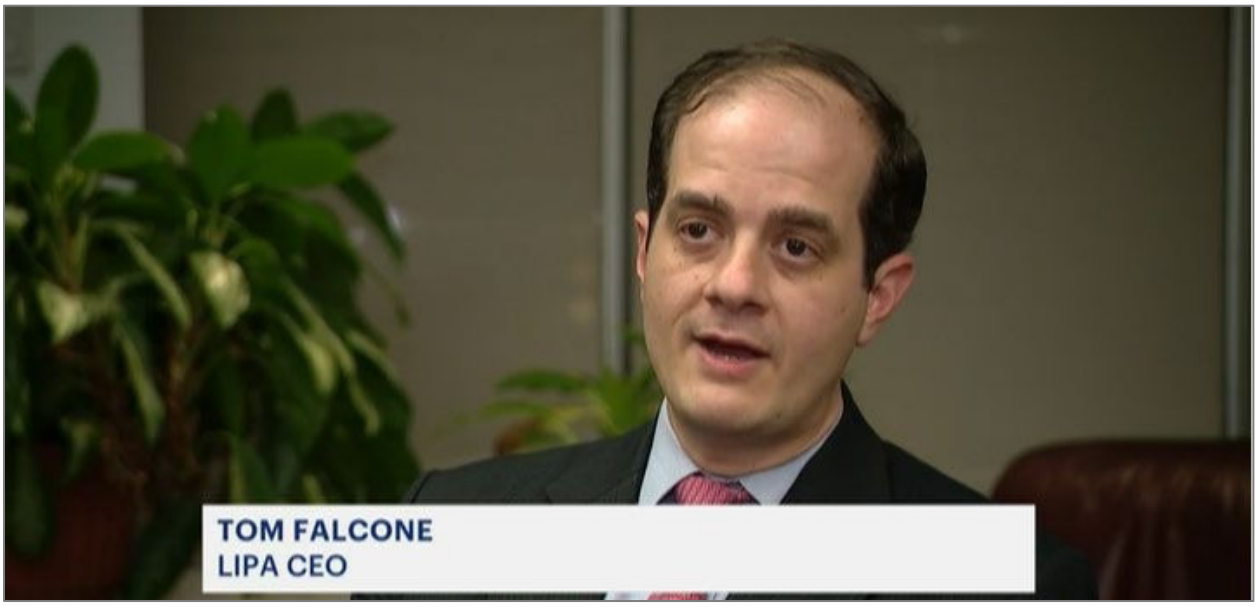
Hearings on the new rates are scheduled for Feb. 21 in Hauppauge and Uniondale at 10 a.m. and 6 p.m., respectively. The LIPA board will vote on the proposals at its March 29 meeting.

Customers can submit written comments via email to: TODpubliccomments@lipower.org.

###

News 12

January 12, 2023: LIPA proposes rate structure to reward customers who shift usage to off-peak



Long Island Power Authority (LIPA) is proposing a new rate structure that would reward customers who shift most of their usage to off-peak periods.

The time-of-day structure would impose a higher rate during the peak hours of 3 p.m. to 7 p.m. on weekdays and give discounts to those who move their usage off those peak times.

"We think you'll save money," says LIPA CEO Tom Falcone "We think more than 80% of customers will be better off on the time-of-day rate even if they don't make any changes to their behaviors. But give it a try, see for yourself and if you want to opt out, you can."

LIPA's flat rate is around 25 cents per kilowatt hour. Under the proposed rate, the peak price would increase to around 38 cents.

The off-peak price would drop to 20 cents.

Bob Goida, of Hicksville, is part of a LIPA pilot program to try out the new rate.

He says he's saving some money by using less electricity during peak hours.

"You get used to shifting out of that four-hour period," Goida says. "I do a lot of stuff in the morning and then after 7 p.m."

LIPA says most customers will save $3.50 a month under the new rates.

Some electricity users aren't sure they can work with the off-peak hours.

"What about schoolwork? Computer usages? Cooking dinner and so forth?," says Joanna Nicolaou, of East Meadow. "This is the time that's very crucial for family life."

The power company says it is offering a flat rate for anyone who does not want to use the new plan but says customers must opt out of the time-of-day program.

The company also says if you end up with a higher bill after a year then you can receive a refund.

The LIPA board is set to vote on the proposal in March and if it's approved it would go into effect in February 2024.

There is also another option for an even lower rate during overnight hours. Those who choose that will get an even higher peak rate.

###

WSHU Public Radio

January 16, 2023: Proposal shifts Long Island electric rates to reward customers for off-peak power usage

A proposal would allow Long Island residents to save money and help the environment by shifting more of their electricity use to later in the day.

The Long Island Power Authority's new standard rate for 2024 would reward customers who move their major electricity use to off-peak hours, including receiving a refund if they would have paid less on a flat rate during the first year.

"A lot of this is about giving customers opportunities to save money," said Justin Bell, LIPA's vice president of public policy and regulatory affairs. "In addition, in that peak period it is also one of the dirtiest in terms of electricity production. So, as part of cleaning the Long Island grid, we really want to encourage people to avoid that peak."

The plan requires approval from the LIPA Board of Trustees on March 29. If approved, customers would be automatically enrolled in the program in February 2024 — with the option of opting out to a standard, fixed rate.

Under the plan, customers would pay more between 3 and 7 p.m., but less during all other hours of the day and on weekends and holidays. Rates are further discounted during "super off-peak" hours from 10 p.m. to 6 a.m.

Households with amenities that require a lot of power, like a pool cleaning or electric car, could save approximately $50 on their electric bills by moving that usage to off-peak. Other appliances, like dishwashers and laundry, could save several dollars per month.

LIPA spent the past year weighing how the regional electric grid would keep up with the growing demand for power, especially as the state phases out fossil fuels. By changing customer behavior, reducing peak energy use by 6-8% would be equivalent to taking an entire power plant offline.

There will be two public hearings on Feb. 21, where customers can weigh-in on the new power plan. LIPA will also accept written public comments until Feb. 27.

How does it work:

"A lot of our customers today are already buying electric cars," Bell told WSHU. "We expect, and forecasters are saying, that it is going to grow considerably over the next several years, and really over the next decade. And so as we prepare for that, there's going to be a lot of increased demand for electricity. And if that charging is done overnight, it saves everybody a lot of money, and it avoids the need for a lot of expensive upgrades."

WSHU: Talk about what success looks like here.

JB: Well, we would really like to see between 85 and 90% of our customers enrolled in the time-of-day rate. Of course, it is optional. Customers will still have the option to stay on a flat rate like they're on today. And we're offering a money-back guarantee for the first year. So, customers are trying to see if they would have paid less on their flat rate, then we will refund them the difference at the end of the year.

WSHU: The road ahead is probably a lot of hearings with customers with a lot of questions, and you're going to tell them about the money that they can save. But the way that we use electricity is almost second nature to us, right? We don't think about when we have to turn on the lights or when we're running into the dishwasher. How are you going to convince customers that their daily routine needs to be a little bit more intentional?

JB: So, our job is really to make this easy for customers. And so a lot of appliances that you buy today already have settings that can make this automatic. And so we're going to encourage customers to use those settings so that they can set it and forget it and not have to think about this every day. We're also going to be doing a lot of outreach and education and providing tools that let customers estimate how much they could save, and figure out if this is worth it for them. And we really hope that just by staying in touch and engaged with our customers, we'll be able to help them if they're interested in this.

WSHU: If the board approves this, this will be optional, right?

JB: So, it's going to be the [new] standard offering. So, a new customer who joins our service territory in 2024 will be placed at this rate. They'll be informed of their other options, including the flat rate. And our existing customers will be given notice 90 days before their transition. And they'll also have the ability to opt out and choose a different option which could include the flat rate.

WSHU: It makes me wonder about shifting to a cleaner, more sustainable — less dirty — energy use that might help LIPA perform better. What does this mean for customers in the future?

JB: It means that we're going to be able to help customers save money, and keep costs down as we transition to a cleaner electric grid. And as we begin to electrify a lot more aspects of customers' lives.

WSHU: What does that mean?

JB: I mean that we expect that a lot of our customers in the future are going to be purchasing electric vehicles or installing clean electric heating in their homes. That's part of New York state's climate action plan to encourage that. And so that if all of that electricity use happened during our peak period from 3 p.m. to 7 p.m., then that would really require a lot of expensive upgrades to our transmission and distribution system as well as new generation.

By encouraging customers to use more electricity outside the peak, we can avoid a lot of those investments. And as a nonprofit utility: all of those savings get passed on to our customers.

###

American Public Power Association

January 17, 2023: Long Island Power Authority Unveils Time-of-Day Rate Proposal

The Long Island Power Authority recently announced a proposal to modernize its electric rates for residential customers in 2024 with a standard time-of-day rate and an optional super off-peak rate. Customers will still have the option to stay on a flat rate.

Customers who try the new rates will receive a 12-month "Bill Protection Guarantee," which means they will receive a refund if they would have paid less on a flat rate. The Bill Protection Guarantee would cover a customer's first year on the TOD rate or super off-peak rate.

If after 12 months a customer's electric bill on the TOD rate or Super off-peak rate is higher than it would have been under the flat rate, LIPA will automatically refund the difference for the entire 12-month period.

With the new TOD rate, customers pay different rates for electricity based on when they use it. Electric rates are higher during weekdays from 3 p.m. to 7 p.m. (peak) but lower all other hours of the day and on weekends and holidays (off-peak). With the super off-peak rate, rates are further discounted in the (super off-peak) hours from 10 p.m. to 6 a.m.

LIPA said the plan would immediately reduce rates for more than 80 percent of customers without any changes to how or when they use electricity.

Under the proposal, customers "would have the ability to save even more money and support a cleaner electric grid by making small changes in their daily routine by conducting energy-intensive activities – such as doing laundry or charging electric cars – in off-peak hours," it said.

"Time-of-Day rates are an important rate modernization reform that will help lower customer bills and advance clean energy," said Thomas Falcone, Chief Executive Officer of LIPA. "Once adopted, this plan will save more than 80 percent of customers money while supporting our clean energy transition by reducing carbon emissions and taking the burden off the electric grid during the highest times of demand."

Most customers will pay the same or less under the TOD rate or super off-peak rate without changing their electricity usage or habits because most customers already conduct most activities during discounted off-peak periods, which make up 88 percent of the hours throughout the year.

The TOD proposal was developed with input from the New York Solar Energy Industries Alliance, the Department of Public Service, the New York State Energy Research and Development Authority, and consumer advocates such as the Utility Intervention Unit, and the Public Utilities Law Project.

LIPA is inviting interested stakeholders to provide input on its rate modernization proposals. There will be two public hearings on February 21, 2023, where customers can sign up to speak. LIPA will also accept written public comments until February 27, 2023.

The proposal is scheduled for consideration at the March 29, 2023 meeting of the LIPA Board of Trustees.

Should the proposal be approved by the LIPA Board at the March meeting, there will be extensive communication to all customers before they would be transitioned into any new plan, including 90, 60, and 30-day notices, which will include information about the plans and how to optimize their rates as well as the Bill Protection Guarantee.

###

Long Island Herald

January 26, 2023: LIPA rolls out plan to lower electric bills

Print only

LIPA rolls out plan to lower electric bills

Customers could get a break depending on when they use power

By BEN FIEBERT
bfiebert@liherald.com

Anyone who's taken a ride-hailing service like Uber likely knows all about surge pricing — too much demand, not enough drivers equal higher rates.

If it works for getting around, why can't it work for electricity? At least that's what the Long Island Power Authority is thinking, introducing a plan it says could modernize electricity rates by making it cheaper for homes to use power when there's the least demand on the grid.

It's called the time-of-day rate — something LIPA hopes to roll out next year. It offers one rate for times when demand is high, but lower rates for periods when not so many people are using electricity.

The new system, according to LIPA, could mean eight out of every 10 customers will pay the same or even less on the new system without making a single change on how or when they use electricity.

"Starting in 2024, the time-of-day rate will become the standard rate," said Justin Bell, LIPA's vice president of public policy and regulatory affairs. "Our goal is that most of our customers will go on a time-of-day rate. We're also going to be transitioning our existing customers, but they will also have the option to choose the regular flat rate."

The name of the program — "time-of-day" — says it all.

"For the standard offering, there's going to be two prices," Bell said. "There will be one peak price from 3 p.m. to 7 p.m. on weekdays, and then all other hours will be a lower price."

There also will still be a flat rate, which is the same structure customers already pay today. But then there is a third option, Bell added, with what's being called a "super off-peak period," which will provide a rate for electricity used when demand is lowest — typically between 10 p.m. and 6 a.m.

The new structure could ultimately save money, Bell said, simply by making small changes in their daily routine. For instance, someone could save $4 each month simply by doing their laundry late at night. They can save another $43 by charging their electric car when most others are asleep.

These are rates that not only benefit customers, Bell said, but also the environment.

"The peak period is one of the most carbon-intensive times in terms of energy production," he said. "So, by getting folks to use more electricity at other times and less at the peak time, we can reduce the carbon that we generate in the power grid, and it also lowers our future investment needs."

Some of the moves are coming ahead of an impending state law that requires New York to generate 70 percent of its power from renewable sources by 2030, and to actually zero-out power sector emissions by 2040.

Achieving that will likely require some major capital investments from utilities like LIPA, but it's one way, Bell said, Long Island can stay ahead of the game.

"If we are able to avoid putting all of that new demand on the peak, then we can save everybody a lot of money by avoiding expensive infrastructure upgrades to our transmission and distribution system," he said.

LIPA has scheduled a pair of public hearings on Tuesday, Feb. 21, and will accept written public comments until Monday, Feb. 27 by emailing todpubliccomments@lipower.org. When and where the meetings will be held have not yet been announced.

The LIPA board could approve the new rate plan during its March 29 meeting in Uniondale.

How time-of-day rates would work

The Long Island Power Authority wants to implement a time-of-day rate program beginning next year as a way to encourage customers to spread out their electrical usage throughout the day and night.

It's intended to make rates cheaper during off-peak hours like from 6 a.m., to 3 p.m., and again from 7 p.m. to 6 a.m. A 'super off-peak' schedule would run from 10 p.m. to 6 a.m.

Peak times would run weekdays from 3 to 7 p.m., except on federal holidays.

Customers not sure about the new system could try it with LIPA's 12-month 'bill protection guarantee.' If an electric bill is higher on the time-of-day and super off-peak rate than it would've been on a flat rate at the end of 12 months, LIPA will refund the difference.

–Ben Fiebert

This article appeared in multiple editions of the Long Island Herald papers throughout Nassau County: Baldwin, Bellmore, East Meadow, Franklin Square/Elmont*, Freeport, Glen Cove, Long Beach, Lynbrook/East Rockaway*, Malverne/West Hempstead, Merrick*, Nassau, Oceanside/Island Park, Oyster Bay, Rockville Center, Sea Cliff/Glen Head, Seaford, Valley Stream*, and Wantagh.*

**Featured on cover*

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East Hampton Star

February 20, 2023: Hearings Tuesday on LIPA's Rate 'Modernization' Plan

The Long Island Power Authority will hold two public hearings on Tuesday dedicated to the rate-modernization proposals it is planning to institute in 2024.

Those proposals include a “time of day” (TOD) rate and a “super off-peak rate,” which together “will help customers save money” while supporting Long Island’s transition to “clean, affordable energy,” the utility said in an announcement.

For ratepayers, the proposed TOD rate would allow customers to pay different rates for power based on when they use it. Electric rates are higher on weekdays from 3 to 7 p.m., but lower at all other hours and on off-peak weekends and holidays. The super off-peak rate discounts service further between 10 p.m. and 6 a.m.

The utility says that customers who sign on for the new, optional rates would get a one-year “bill-protection guarantee.” Those customers would get a refund if they opted into the new billing scheme but “would have paid less on the flat rate.” Customers can also stay on the flat rate.

Tuesday’s public hearings take place at 10 a.m. at the H. Lee Dennison Building, 100 Veterans Highway in Hauppauge, and again at 6 p.m. at 333 Earle Ovington Boulevard, Suite 403, in Uniondale. The latter hearing will be accessible virtually. Written comments can be sent to TODpubliccomments@lipower.org.

Long Island’s power is delivered via a public-private partnership between LIPA, a not-for-profit public utility, and PSEG Long Island, an investor-owned utility that contracts with LIPA to manage the electrical grid. The LIPA board of trustees will consider the proposed changes at its March 29 meeting. More information can be found at lipower.org.

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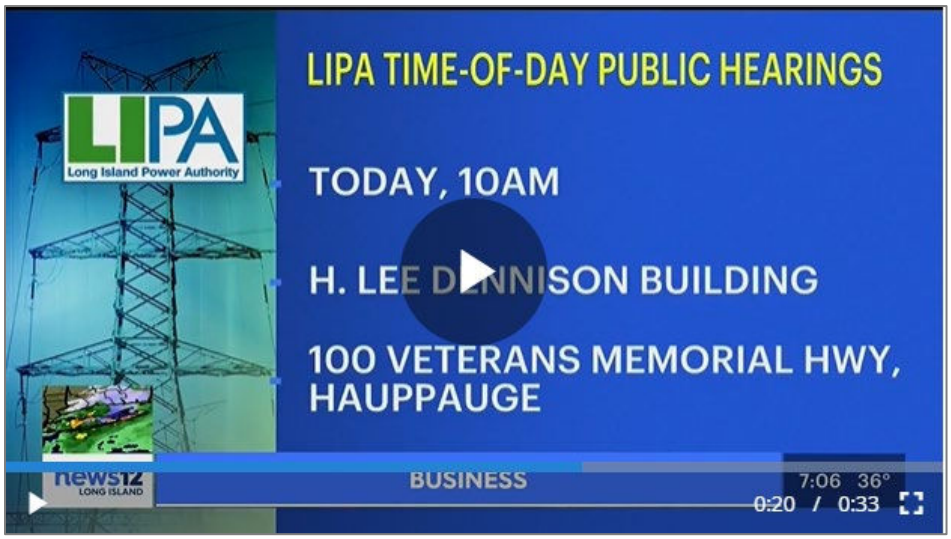
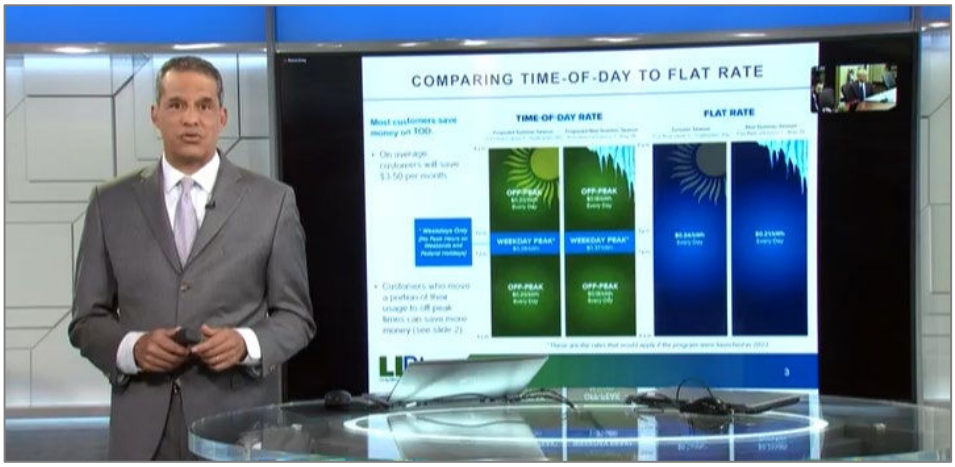
News 12

February 21, 2023: LIPA Time-of-Day Public Hearings



News 12

February 21, 2023: LIPA proposes Time-of-Day rates for customers in 2024



Long Island Power Authority customers are getting the opportunity to ask questions on a proposal to modernize electric rates.

LIPA announced a plan with Time-of-Day rates and an optional super off-peak rate in 2024.

Peak hours would only be from 3-7 p.m. on weekdays.

LIPA says these new rates would help customers save money and support clean energy.

Under the proposal, customers would still have the option to stay on a flat rate.

You can submit written comments to LIPA through Feb. 27.

It will vote on the plan in March.

###

Walk 97.5 Radio

February 21, 2023: LIPA proposes new Time-of-Day rates

LIPA proposes new Time-of-Day rates

LIPA has proposed a new Time-of-Day rates plan that it says would help customers save money and support clean energy.

Peak hours would only be from 3-7 p.m. on weekdays.

LIPA says customers would still have the option to stay on a flat rate.

Long Island Power Authority customers can submit written questions and comments about the proposal to LIPA through Feb. 27. It will vote on the plan in March. If approved the plan would go into effect in 20243

For more information, including upcoming Public Hearings, please visit LIPA's website at www.lipower.org/time-of-day

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Long Island Business News

February 23, 2023: Fischl: LIPA seeks input on new Time-of-Day rates

COMMENTARY

LIPA seeks input on new Time-of-Day rates

Mark FISCHL

After years of analysis and pilot projects, LIPA is proposing a new standard electric rate based on the time-of-day electricity is used. These modern "Time-of-Day" rates will reduce carbon emissions and provide customers with the opportunity to save money by shifting a portion of their energy use to cheaper "off-peak" hours.

To explain, let's use this analogy. Imagine hosting a Super Bowl party once a year for 50 of your friends. Do you install 50 parking spots at your house? That is what the Long Island electric grid is built for.

LIPA maintains capacity 365 days a year to handle the highest level of demand that occurs on a handful of hot summer days. The power plants that supply this energy at peak times are less efficient and more expensive to operate. The substations and infrastructure built to bring energy from those plants to your home are all sized for peak load.

By reducing demand at peak periods, LIPA can reduce the capacity and run time of less efficient power plants and avoid the need to expand the electric grid's capacity. As LIPA operates on a not-for-profit basis, those savings are in turn provided to our customers under this program.

Here's how Time-of-Day rates work: there would be a higher rate from 3-7 p.m. on weekdays (peak) with reduced rates at all other times including weekends and holidays (off-peak). In other words, 88 percent of the hours of the year are "off-peak."

Estimates show that approximately 80 percent of customers will save an average of $3.50 per month under Time-of-Day rates without making any change to their routine. Customers could save even more by making small changes like pre-cooling your home before 3 p.m. or doing laundry after 7 p.m. An additional option available to customers would provide a super off-peak overnight rate after 10 p.m., which would benefit customers with electric cars or residential storage by charging overnight when demand on the system is at its lowest.

All customers, with limited exceptions, will be enrolled in a Time-of-Day rate, but customers can still choose a flat rate. To help customers transition to the new rate plan, LIPA will provide a bill protection guarantee for a customer's first year on the Time-of-Day rate. If after 12 months a customer's electric bill is higher than it would have been under a flat rate, LIPA will automatically refund the difference.

I am very proud that we have developed a proposal that can reduce rates, reduce carbon emissions, and protect customers through a bill protection guarantee. That is why it is so important that we hear directly from the public about Time-of-Day rates.

An important responsibility of being a public-owned utility is to have a board that engages with customers and is responsive to their needs. I am eager to hear from the public as we consider this new proposal.

LIPA held two public hearings on February 21 and will also be accepting written public comments until Feb. 27. The proposal is coming to the LIPA board for a vote in March and if approved, LIPA will transition customers in 2024.

Mark Fischl serves on the LIPA Board of Trustees.

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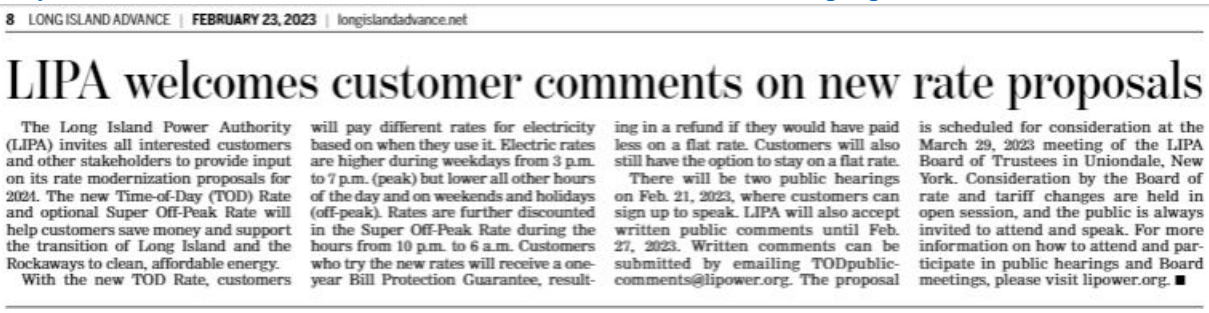
Long Island Advance

February 23, 2023: LIPA welcomes customer comments on new rate proposals



8 LONG ISLAND ADVANCE | FEBRUARY 23, 2023 | longislandadvance.net

LIPA welcomes customer comments on new rate proposals

The Long Island Power Authority (LIPA) invites all interested customers and other stakeholders to provide input on its rate modernization proposals for 2024. The new Time-of-Day (TOD) Rate and optional Super Off-Peak Rate will help customers save money and support the transition of Long Island and the Rockaways to clean, affordable energy.

With the new TOD Rate, customers will pay different rates for electricity based on when they use it. Electric rates are higher during weekdays from 3 p.m. to 7 p.m. (peak) but lower all other hours of the day and on weekends and holidays (off-peak). Rates are further discounted in the Super Off-Peak Rate during the hours from 10 p.m. to 6 a.m. Customers who try the new rates will receive a one-year Bill Protection Guarantee, resulting in a refund if they would have paid less on a flat rate. Customers will also still have the option to stay on a flat rate.

There will be two public hearings on Feb. 21, 2023, where customers can sign up to speak. LIPA will also accept written public comments until Feb. 27, 2023. Written comments can be submitted by emailing TODpubliccomments@lipower.org. The proposal is scheduled for consideration at the March 29, 2023 meeting of the LIPA Board of Trustees in Uniondale, New York. Consideration by the Board of rate and tariff changes are held in open session, and the public is always invited to attend and speak. For more information on how to attend and participate in public hearings and Board meetings, please visit lipower.org. ■

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LONG ISLAND POWER AUTHORITY

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TIME OF DAY RATE

PUBLIC COMMENT SESSION

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H Lee Dennison Building

100 Veterans Memorial Highway

Hauppauge, New York 11788

February 21, 2023

10:10 a.m.

B E F O R E:

John Little - Senior Advisor, LIPA

A P P E A R A N C E S:

Gaspare Tumminello - Manager of External Affairs

ALSO PRESENT:

Members of the Public

David Gordon - Stenographer

MR. LITTLE: Good morning. Welcome to today's public hearing on Long Island Power Authority. My name is John Little, the Senior Advisor of the Finance Department and I'll be the presiding officer for the hearing.

The purpose of the hearing is to receive comments from the public on the proposed rate changes to our tariff to introduce time-of-day rates for residential customers as the standard rate offering. Copies of the tariff proposal are available on LIPA's website and are being incorporated into the record for this hearing. There are a limited number of printed copies available in the back of the room if you would like them.

The procedure for today is fairly simple. I'm going to do a short overview of what the proposal is just so you can get your background information, and then I'm going to call from the speakers list for everyone who has signed up to speak, and then when you come up just give us your name and any affiliation you have, and then when I'm done with the speakers list, I'll just make a double check

that no one else wants to make a public comment and then we will close the hearing here.

So this proceeding is to hear your comments so we can advise the board on what the public is thinking. We will also have a public hearing this evening at 6:00 p.m. in Uniondale at LIPA's headquarters, and we're accepting written comments on the LIPA website or can you mail them to the office, but preferably on the LIPA website and we're receiving those through February 27th.

Now I'm going to give a brief summary of what the proposal is just to make sure everybody's got a good background. There is a slide at the end of this which asks for questions. Again, I'd ask you to -- if you have clarifying questions, if you'd like to ask them, it's not necessarily an open discussion, we want to review your comments so that the trustees can hear them.

LIPA's been proposing these new rates to meet the standard residential rate and time-of-day rate. What that means is that

from 3:00 to 7:00 p.m. on weekdays, you would be paying a higher rate for your energy, and then for the rest of the year, all of the other hours of the year, you'd be paying a much lower rate. We're trying to send a price signal to customers so that they understand that these are the most expensive hours of the year for us, and if you can manage your loads in those hours, you can save everybody a bunch of cost and you can more importantly save on your own bill.

We're going to try to propose this according to schedule. We're having public hearings today, we want it to go to the trustees at the March board meeting, which is at the end of March, and get their permission to move ahead on this proposal so that we can work out the implementation planning during 2023, the rest of this year, and start to migrate existing customers over to the rate starting in January 24, or thereabouts.

Here's what we think customers can save on their bill by going to this rate. We think that you can avoid the three hours or so

-- I'm sorry, the four-hour peak during the weekday, either waiting until 7:00 p.m. to start your load using more load on the weekends or even before 3:00 p.m. You'd be able to make some substantial savings on your bill, and also, like I said, because you're using much less expensive power force.

There are a lot of appliances we think that you can change and shift. You can switch on things that aren't necessarily time critical in that 3:00 to 7:00 window, including running your dishwasher, your washing machine, your electric dryers, and if you've got some more exotic equipment that's coming on system now, you know, if you have a timer on your air conditioning, you can pre-cool your home, get it cool enough at 3:00 and then -- don't turn it off, but just set it at a couple degrees lower from the 3:00 to 7:00 window and you'll still try to maintain a comfort level in your home.

If you're into heat pumps and battery storage and electric vehicles, again, the 3:00 to 7:00 window is a relatively easy hour to

avoid and you can use your batteries, for example, to supplement your energy needs in those hours. There's savings of a couple of dollars a month, $6 a month nothing really to spend, and so we're hoping that people can change their behavior after this.

Just briefly, we're offering two rates: The standard time-of-day rate, which is on the left, is going to be a two-period rate, and so you've either got an on-peak or off-peak, and it's 3:00 to 7:00 weekdays, including federal holidays, your rate will be higher. In all the off-peak hours, your rate will be much lower, and that's basically the rest of the year. Some 88 percent of your hours are in the off-peak hours of this proposal.

That's compared to the flat rate we offer today, which is you pay the same price every hour of the day, every day of the week. There's a summer/winter differential, but basically for four months of the year it's one price and for eight months of the year it's one price, summer and winter respectively.

And so there is a price differential and you can see compared to what you're paying today, $0.21 to $0.24 a kilowatt hour, if you can move your energy to the off-peak hours, stay out of that narrow 3:00 to 7:00 window, your rate will go down to $0.18 to $0.20 a kilowatt hour. There are a lot of savings opportunities under this rate.

We're also offering as an option, a super off-peak rate, for those customers who are EV users in particular, others who have a lot of load that they can really shift to the overnight hours, 10:00 to 6:00, we really discount the rate, and if you can move your energy usage there, the savings will be even bigger. This would be an optional rate when we migrate the customers, we will be initially assuming they want the default rate, the two-period rate, but if a customer says they'd rather be on the three-period rate, then we can sign them up for that as well. It's still time of use, it's just got that extra cheap super off-peak period.

Here's how the rate plan works,

basically repeats what I said before. And then this is the public process we're going through now. You're all here at the public hearing in Hauppauge, there will be another one tonight in Uniondale. The deadline for public comments is the 27th of this month, of February, and the trustees are scheduled to meet on March 29th to deliberate and make a decision on whether to go ahead with this rate proposal.

And again, to summarize the roll-out procedures, which are going to be finalized and worked through the rest of the year, the plan is that we'll be notifying customers in advance, there will be a notification 30 -- 90 days beforehand, 60 days beforehand, even 30 days beforehand, that this migration is scheduled. During that period, they'll be offered the opportunity to opt out. This is not a mandatory rate, it's our standard rate. Any customer who wants to remain on the flat rate may, they can choose to opt out and take that option, or they can choose the three-period rate that I mentioned before.

Those migrations, we'll start to plan them in early 2024, late January, early February, sometime in that timeframe and we'll be migrating customers in batches, if you will. We can't move a million customers all at once, so we'll be moving them in batches throughout the year and some of them, depending on the schedule, might not get migrated until sometime in 2025.

That briefly is what this hearing is about, and before I ask for any public comment, although we are on the record, if you have any questions about what I just said, if I didn't explain anything well enough for you to comment on, I'll answer those now.

MR. GOLLON: Do you have any indication of how much greenhouse gases emissions will be reduced by shifting consumption from one period to another?

MR. LITTLE: I believe that's in our fact sheet; is that right, Gaspare?

We can get it for you, though. We've got estimates of how much customers might actually shift. Right now we're looking at

proposals that say even if customers don't shift, just stick with they do today.

MR. GOLLON: I tried to make some estimates but I wanted to see what you had.

MR. LITTLE: Can you give us your comments for the committee and we'll get back to you?

MR. GOLLON: Yeah.

MR. LITTLE: Okay.

If there are no others -- questions?

SEN. MATTERA: Just a quick question, you said -- so a customer would have to notify LIPA to -- what happens if a customer doesn't do anything in 2024, 2025, they just don't get back to LIPA, they have to with the program --

MR. LITTLE: Again, we'll give them notices. If you do nothing, you would be migrated to the default time-of-day rate, you would end up on the time-of-day rate.

SEN. MATTERA: Okay, if you do nothing.

MR. LITTLE: Correct.

FEMALE VOICE: Senator, this is going to our standard offering now, our standard

residential rate, and so if customers wanted to opt out they have to contact PSEG, but like John said, we're going to have 30, 60 and 90 day notices for customers. There is going to be extensive customer outreach.

SEN. MATTERA: You know a lot of customers aren't going to -- you know, they're so busy with stuff and they're going to -- again, they're sitting there saying I wish every customer would do that, but you know there's a lot of customers who aren't going to do anything.

My question was, do they need to do something --

FEMALE VOICE: No.

SEN. MATTERA: That's it, they don't. And that's what you said, you answered that. Thank you.

MR. GOLLON: I think the one thing you forget to mention is that if they don't opt out and they put in the time-of-use, and it turns out after a year it costs them more money than if they'd stay at the flat rate, they would get that difference refunded

automatically.

MR. LITTLE: That is correct.

MR. GOLLON: So it's an no-lose proposition.

MR. LITTLE: Correct, it's a one year price guarantee, or bill guarantee, I should say. We will go back at the end of the first year, the first twelve months, from your migration date, it's not a calendar date, from your migration date, and if you're twelve monthly bills were higher under the GOD rate than under the flat rate, the rate you came from, we'll give you a bill credit in the 13th month for the difference.

SEN. MATTERA: Right, so they could opt -- if they look at it and only go -- they don't do anything they could opt in; right? Say in the year they get their bills like you said, then they go into the program, you will go -- there will be a refund?

MR. LITTLE: At the end of twelve months, yes. And we do it annually because, you know --

SEN. MATTERA: You know what's going

to happen. I just know people, they're so busy and they're, like, they're not gonna -- like, go on at --

MR. LITTLE: But again, this rate is not intended to raise more revenue from them, different customers will save or not save depending upon what their actual usage is.

SEN. MATTERA: Great, thank you.

MALE VOICE: Is there a method or algorithm when you start to migrate the customers who are being prioritized and migrated, because you said they won't be all the same?

MR. LITTLE: The plan is still being worked on so we'll share that with you when we can, but it's not done yet.

Are these questions about the tariff or are they more procedural? The reason I'm asking is because I would like to get to public comments first. I'm available and we can talk to you all later. I know Peter has comments, so if you could -- if you want to stay where you are as long as the reporter can hear you.

MR. GOLLON: I'll come up.

MR. LITTLE: Take a seat, if you don't mind. When you come up, just let the reporter know your name and anyone you may be affiliated with.

MR. GOLLON: What's the time limit?

MR. LITTLE: Honestly, it's an empty room, if you can be reasonable, but there's no time limit.

MR. GOLLON: Okay sure. Where do you want me to sit?

MR. LITTLE: Wherever you're comfortable, it's mostly for the reporter.

MR. GOLLON: Good morning my name is Peter Gollon, G-O-L-L-O-N. I speak with the perspective of a --

MR. LITTLE: You can come here if you want.

MR. GOLLON: -- forty-two year resident of Long Island, ten years as Energy Chair of the local Sierra Club and five years as a LIPA trustee. The purpose of the proposed time-of-day rates as you know, shifting electrical use during the few peak

hours on the 20 weekday hours between 3:00 and 7:00 p.m., to other times when electricity will be cleaner and less expensive, and also helps prevent high cost upgrades to the electric grid to meet capacity.

It gives customers an incentive to shift some of their energy use from these peak hours by charging a higher rate, $0.39 a kilowatt hour during peak hours in the summer, and lower rate, $0.20 during off peak hours as compared to the current rate and the continuing to be optional flat rate, $0.24. By the way, I'll submitted these in written form.

The rates just mentioned, the four summer months, June to September, rates for the other eight months are a few cents lower with a similar time structure. Some simple high school algebra will show in comparison with the current and continuing flat rate, customers that can shift 79 percent of their energy use to non-peak hours will receive a lower electric bill in the summer months.

In non-summer months, with lower air

conditioning use, 84 percent of the energy must be used off-peak to come out ahead of the flat rate for that month. These should be relatively easy shifting goals for almost all LIPA customers.

There are significant exceptions I'll discuss in a minute, and the purpose of saving customers money on their bills is to reduce energy uses during peak times, and that will have the effect, intended effect of reducing the need of additional transmission of distribution infrastructure. Shifting energy off-peak will allow greater fraction of that energy to be sourced from non-carbon emitting renewable sources like wind and solar generation, and the most efficient and least carbon intensive fossil fuel generation.

Energy used between the hours of 3:00 p.m. to 7:00 averaged of all 365 days of the year, results in 32 percent more greenhouse gases than energy used in the other 20 hours of the average day. This is taken from the NYSERDA study. It's probably closer to 40 to 45 percent more greenhouse gasses when looking

at the average level of greenhouse gas produced during those four hours of work days, compared to the average during the other 148 hours of the week. The NYSERDA study averaged over all seven days of the week, we're interested in five.

The dominant method of reducing greenhouse gasses emission on Long Island is through solar power. About 50,000 LIPA customers have rooftop solar that supplies a major fraction of their electrical needs. Some customers have sufficiently large solar arrays, say 5 or 7 kilowatts that they generate all, or nearly all of their annual electrical energy display. Energy delivered by the utility when their panels aren't generating sufficiently, such as at night, early morning, cloudy days is counterbalanced, or net out by the energy they generate during the day, in excess of what they need at that time, and then sold back to the utility to offset what they purchased from it.

Currently, all solar net-metering customers are built at a flat rate. So they

purchase energy from LIPA as needed and sell excess energy back to LIPA at the same rate, which purchases and sales offsetting each other to some degree. Excess energy sold to the utility in one month yields bill credits that can offset excess purchases in the later month. Thus, such customers can, on average, end up with small or even zero bills.

The proposed time-of-day rate complicates this process. Since energy purchased from or sold to the utility is purchased or sold at the particular rate and forced at the time the purchase or sale is made. And further, energy purchases and sales made during a different rate period cannot be mixed. Bill credits earned in one period cannot be used to offset consumption in another period.

Solar panels facing south produce the bulk of their energy during daylight hours, mostly before 3:00 in the afternoon, with some seasonal and adjustments, as well as which way the house is exactly facing. Only a small fraction is produced between 3:00 and

7:00 p.m. The customer may well use more than that amount of energy preparing dinner in the evening. Under the proposed TOD rates, excess energy produced during the daytime, which is in the off-peak period, will earn credits that can be used against future use only in the off-peak period, or otherwise redeemed for cash when the solar system has been in place for 20 years.

At the same time, the customer will be receiving bills that must be paid in real dollars for energy used during the peak period, 3:00 to 7:00, that is in excess of what is produced in that period. Thus, switching from current flat rate to a time-of-day rate will cost this customer real money, we're talking solar customers only. Thus, shall have no reason to switch to a time-of-day rate, shall choose to remain on her flat rate, and being on a flat rate with a $0 net bill shall have no incentive to move any of her usage from the period with the largest greenhouse gas emissions per kilowatt hour consumed, 3:00 to 7:00, to one of lesser

emissions which I just discussed.

Situation becomes even more grotesque when the customer has both solar panels and a plug-in electric auto. The time to charge this auto that has the most greenhouse gas emissions from electric generation is the nighttime, that's the super off-peak period, from 10:00 at night to 6:00 in the morning. It would make perfect sense for any customer without solar panels to charge their EV in this period, since by design it has the lowest electric rates.

However, it makes no sense at all for a solar customer on a TOD rate to charge their EV then, since she would be billed in real dollars for this privilege that cannot be offset by earned bill credits. The numbers here are significant, 60 kilowatt hours of charging twice a week at $0.13 cents per kilowatt, that's the off-peak rate, super off-peak rate, would cost the customer $62 a month in real dollars. Such a customer would be better off charging her EV during the off-peak period when her solar generation is

at maximum.

She'd be even better off staying on a flat rate tariff when it would not matter to her bill when she charges the EV. She can even charge it during what is the peak period for those on time-of-day rates, and still not see a bill. Thus, time-of-day rates produce no incentive for a solar customer with a larger rate to change her behavior to reduce greenhouse gas emission. In fact, they provide a considerable disincentive for doing that.

This isn't the major issue right now, but it will grow to become a significant impediment to greenhouse gas reduction in the future. There are roughly 50,000 solar customers today and that number could well double to 100,000 customers, ten percent of LIPA's residential customer base by the end of the decade, because lower rate prices and greater financial incentives to go solar will boost adoption.

At the same time, EV sales are growing faster than anyone had imagined, even

from a year ago. As a superiority, gasoline-powered vehicles becomes obvious and tax credits make them price competitive with gas cars. Last year, 2022, fully electric, EV's, so-called BEV's, made up 5.6 of auto sales nation-wide, probably more here, double the fraction than the previous year. At the end of this decade, it will not be surprising if 20 percent of the entire Long Island auto fleet to be fully electric.

The markets for EV's and rooftop solar panels share a lot of characteristics. They both center on the affluent, forward-looking customers who care about their environment and own single-family homes where they can put solar panels and charge easily in their driveway or garage. Thus, by the end of the decade, maybe as many as half of rooftop solar customers, or 50,000, could own EV's. This would be about 5 percent of LIPA's residential customer base, all of whom would be disadvantaged by being in a time of day rate and have no incentive to charge their EV's at the time that would result in the

least greenhouse gas emission.

But the problem goes beyond just greenhouse gas emissions. Consider what happens when 50,000 EV driving customers were on a flat electric rate come home after work. Those who want to recharge their car will plug it in when it's most convenient, which is when they arrive home in the evening. Since not every EV needs to be recharged on a daily basis, it could be perhaps 20,000 EV's beginning to charge at 6:00 p.m. or a little later on a typical workday.

If a typical EV uses 7 kilowatts for four to ten hours of charging, that is a coincident load at the time of maximum demand on the grid of seven kilowatts times 20,000 EV's is 140 megawatts. This isn't negligible. It's about 3 percent of the maximum load on the LIPA grid on the hottest summer days with the greatest demand.

Solution to this is rather simple; make it financially attractive for solar customers to opt into a TOD rate, and then reward them for shifting their consumption,

especially charging EV's out of the period of peak demand.

This can be simply achieved by first remove the restriction on that metering customers. That prevents them from using bill credits generated in one rate period from being using in a different rate period. Credits generated when the sun is shining could be used to run clothes dryers in the evening or charge EV's at night when the sun's gone done. Now they can't.

Then recognize that behavioral finance studies and common experience shows a reward even sooner that's much more motivating than a same reward given at a distant future. Instead of accumulating bill credits for 20-year life of a solar PV system before paying them out in real dollars, do that on an annual basis so solar customers can look forward to receiving their annual reward for shifting their consumption off-peak.

These comments are not meant to delay the current proposal, but to show that it is incomplete and appropriate, and simple changes

are needed to fix net metering. Thank you.

MR. LITTLE: Thank you, Peter. Is there anybody in the room who would like to make a comment for the record to our board?

(No response.)

MR. LITTLE: Okay, then I'm going to close these hearings and remind everybody that there will also be a public hearing tonight in Uniondale at 6:00 p.m. and again, written comments will be accepted at the LIPA website through February 27th. Thank you.

(At 10:35 a.m., the public comment session ended.)

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 27, 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 21st day of February, 2023.

DAVID GORDON

LONG ISLAND POWER AUTHORITY

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TIME-OF-DAY RATE

VIRTUAL PUBLIC COMMENT SESSION

----------x

February 21, 2023

6:20 p.m.

B E F O R E:

John Little - Senior Advisor, LIPA

A P P E A R A N C E S:

Gaspare Tumminello - Manager of External Affairs

ALSO PRESENT:

Members of the Public

David Gordon - Stenographer

MR. LITTLE: For the record, it's 6:20, it's John Little speaking, I'll be the presiding officer here. First I want to confirm the court reporter is on the webinar; correct? Again it's 6:20 here in Uniondale, and good evening, everyone.

I want to welcome you to today's public hearing on the Long Island Power Authority. My name is, as I said, John Little, I'm a senior advisor in the finance department and I'll be the presiding officer for this public hearing. And the purpose of the hearing is to receive comments from the public on the authority's proposal to change the tariff to enable residential time-of-day rates, as the standard rate for our residential customers.

That would start in 2024, although we're asking for the tariff to be approved now in early 2023 so that we can do all the necessary planning. Copies of the tariff are available on the LIPA website and will be incorporated into the record for this hearing.

The procedure for this evening's

hearing is fairly simple; I'm going to read a short overview of the proposal and pause to see if there are any questions, not comments, but questions about the proposal, and then we're gonna for comments from anybody on the website that is -- that would like to make comments.

Are you ready, Gaspare?

MR. TUMMINELLO: Thank you.

MR. LITTLE: So what the authority is proposing is to introduce time-of-day rates for the residential customers. That means electricity would be a little more expensive in the hours from 3:00 p.m. to 7:00 p.m. on weekdays, and much less expensive on all other hours of the day in the year, including weekends and holidays, and so it would be about a two-to-one price ratio between the two.

The idea is to send a price signal so the customers know if they can shift their load or conserve a little bit of energy in those critical hours from 3:00 p.m. to 7:00 p.m., that they can save the authority and all

customers significant money because that's the most expensive energy we have to provide, and also they will see significant changes in their bill, as well.

The plan and schedule for the proposal is we're having the public hearings now in February, we propose to bring this to the Board at the end of March for their review and hopefully their approval. We will then continue the implementation plan for the rate; it would become effective or operational on January 1st of 2024, meaning that at that point, we will start migrating existing non-time-of-day customers onto the time-of-day rate.

As customers approach their migration date, which we'll do in waves, we can't do all million customers in one fell swoop, as we move them forward in waves, we'll be sending notices 90 days in advance, 60 days in advance and 30 days in advance, informing them that they're scheduled to be migrated to the new standard time-of-day rate. They have the option to opt out and stick with the

non-time-of-day; this is not a mandatory rate, it's simply a default rate, a preferred rate, and then on the implementation date, they would be transferred over to the new rate unless they have opted out.

I will also add at this point that customers who choose to stay on the default time-of-day option will get a one year bill guarantee that is at the end of 12 months of participation. If what they ended up paying on the time-of-day rate is higher than what they would have paid on the former standard, the non-time-of-day rate, LIPA would provide a credit on their bill in the 13th month, or close to it, but on the next bill, just refunding to them the difference of that first year's usage. Next slide, please.

We're moving the shift to time-of-day rates because it will save us money in terms of the generation costs, but also we see significant opportunities for customers to save on their bills. Again, 3:00 to 7:00 is a relatively small window, if you can do some of your electric consumption earlier or wait

until after 7:00 p.m. and do it a little bit later, you can see some significant changes on your bill.

On the screen is some of the suggested appliances, maybe, or behaviors you can change. If you hold off on your dishwasher until after 7:00 p.m., you can save money on your bill. If you can do your clothes washing or clothes drying earlier or later in the day, anytime out of that 3:00 to 7:00 window, you can see savings on your bill. And if you have large usage, like your air conditioner, and you can pre-cool your home until 3:00 p.m. and then let the temperature rise a little bit from those hours of 3:00 to 7:00 and then cool it back down again after 7:00, you can see some sizable savings on your monthly bills for that behavior, and if have you other appliance and devices like electric vehicles or batteries the savings can be substantial as well. Next slide, please.

To describe the time-of-day rate rather simply, what we're saying is on the left-hand side, you can see that there will be

one price in the summer -- one set of prices in the summer, one set of prices in the winter, the on-peak rate is relatively expensive, but that only applies for three hours a day, five days a week, but almost 88 percent, almost 90 percent of the hours are actually off-peak and that's a significant discount from what you pay today.

On the right-hand side under the flat rate, that's what we have our current standard offering, and you can see that with rates that range from $0.21 to $0.24, all day every day, depending on whether it's summer or winter, the option is that you'd pay much less in the off-peak rates for most of your consumption, and the more you move into those time periods that is out of the 3:00 to 7:00 window, the more you can save.

We are also offering an option for those customers who have electric vehicles or have other significant overnight uses for electricity. It is a super off-peak rate. If you can use -- shift your energy and use it between 10:00 p.m. and 6:00 a.m., you would

see a significant discount in your price for all the consumption used in those hours, and so, again, an opportunity to save there; this is not our standard offering but it would be a second time-of-day option, so that if you had that type of consumption and didn't want to go back to flat rate, you would have this available to you as well.

So the differences in the plans are, you know, laid out on this table here, defines, again, the rating periods we talked about, when the super peak hours would apply as well, and what happens -- you know, what the existing plans look like, the flat rate plan and the less common electric rates for residential customers like electric space heating and some of the other green choice, Long Island choice retail access programs.

All of those will remain in place, it's just that with the new rates on the left-hand side available to you, they'll become the standard. If you establish a new account, that will be the standard unless you opt out, or as we migrate customers, that will

be the standard as you opt out -- unless you opt out.

Lastly, just again to confirm the schedule, we're here today in February at the public hearings in -- we had one this morning in Hauppauge, this one is in Uniondale. We'll be collecting public comment, you can mail your comments into LIPA through February 27th, and that would close the comment period and we would be briefing the boards on these public comments and be presenting it to them at the March board meeting, which is currently scheduled for March 29th.

At that point, I'm going to close my comments and we're going to go to the people who are on the video and ask them to identify -- first of all, start identifying, give us your name and any group you're representing and then present your comments so that we can deliver them to the board.

Who is our first speaker, Gaspare? There's a speaker on the phone with a phone number and your mic has been activated. If you can tell us who you are, who you represent

and then provide us your comments.

MR. STEWART: This is Blane Stewart, but I had not intended to speak.

MR. LITTLE: Oh, okay, hello, Blane.

MR. STEWART: I'm going to mute again.

MR. LITTLE: Next?

Glenn, your microphone has been activated. Did you wish to make comments?

MR. STEWART: You're back to me again, John, this is Blane Stewart again.

MR. LITTLE: If there's anybody on the webinar that would like to speak, can you use the Zoom and raise your hand? Is there a Glenn on the line that would like to speak?

(No response.)

MR. LITTLE: Who is next on the list or is that the list? That appears to be everyone that dialed in so far. It's about 6:30, but I'm going to hold the line open for another ten minutes because we got a late start, and if anybody signs on we'll announce them and then ask them for their comments. So, again, it's about 6:30, I think it is, and

so we'll give it ten minutes more at 6:40.

(Whereupon, a recess was taken at 6:32.)

(Time noted: 6:41.)

MR. LITTLE: This is John Little, we're going to go back on the record. We have one more speaker who's shown up, Jonathan Cohen. Could you give us your name, your affiliation and then your comments?

MR. COHEN: Hi, my name is Jonathan Cohen, I'm the Policy Director at New York Solar Energy Industries Association and Chairman of the Long Island Solar and Storage Alliance. I do just want to start out tonight by expressing my sincere gratitude to the LIPA staff, including Tom Falcone, Justin Bell, John Little, yourself, and the team at the Brattle Group for your thoughtful collaboration, transparency and responsiveness over the past 14 months since NYSEIA and LIPA announced that we would work together to develop this new type time-of-day rate.

Over the course of a number of stakeholder meetings, you have listened

attentively to our concerns, you've responded quickly to our data requests and proposed solutions to the issues. So while there are still some open issues to resolve, it's fair to say that our joint efforts should serve as a model for what utilities and the solar industry can achieve when we work together.

NYSEIA will detail in writing any of the concerns we have that remain unresolved by the comment deadline, so I'm not gonna get into a ton of detail tonight, but for the benefit of the board members, I will say that our concerns have been centered around three main points: First is the manner in which solar customers are compensated for excess solar electricity generation and the extent to which they're permitted to transfer credits for that excess generation between rate periods. Our goal is to prevent scenarios in which solar customers could see bill increases because those credits are stranded in one rate period or the other.

Second is ensuring efficient access to customer consumption data. Until now,

estimating bill savings for prospective solar customers required only that solar companies obtain the sum total annual electricity consumption of the home. Currently companies obtain this data manually by e-mailing the customer's utility account member to a PSEG Long Island staff member who will then reply with the consumption.

Modelling customer bill savings on a time-of-day rate is significantly more complex and requires companies to obtain what's called 8760 data, which is a detailed hourly breakdown of the customer's annual consumption. Unnecessarily complicating the sales process could discourage customers from making a decision to go solar, so we're asking LIPA to explore automated solutions that would allow solar customers to more easily share their 8760 data with the solar company they choose.

And third is the impact on revenue earned by hosts of community solar projects. Community solar hosts are compensated based upon the value of electricity generated by the

project, so we're examining impact the reduced off-peak value coupled with the fact that the majority of electricity production with solar aligns with the off-peak hours, would have on host compensation.

We are analyzing LIPA's proposed solutions and we're gonna continue to work with LIPA staff in the coming days to negotiate an outcome that I am confident will allow the solar industry to court the final proposal and to partner with LIPA on its implementation.

So, again, I appreciate all of your cooperation and collaboration and thank you for the time to speak tonight.

MR. LITTLE: Okay, thank you, Jonathan. We appreciate cooperation and your whole association as well. Are there any other speakers logged in at this point?

(No response.)

MR. LITTLE: So it is 6:45. At this point, I'm going to close this hearing with a few statements.

Written comments can be provided to

the LIPA, send it to our offices or on our e-mail link on the website through February 27th. That will give us time to summarize them and present them to the board before they consider this, which, again, is scheduled for the March 29th board meeting, and at this point, I'm going to close the public hearings and I wish you all a good night. Thank you.

(At 6:46 p.m., the public comment session ended.)

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 17, 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 21st day of February, 2023.

DAVID GORDON

Exhibit "E"

NEW YORK STATE OF OPPORTUNITY. Department of Public Service

Rory M. Christian
Chair and
Chief Executive Officer

125 East Bethpage Road, Plainview, NY 11803
www.dps.ny.gov/longisland

March 28, 2023

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 23-00071 – 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) introduction of new Time-of-Day (TOD) Rates as its standard electric rate for residential customers in 2024. 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 LIPA's proposal be adopted in accordance with the recommendations contained in the discussion set forth herein.

LIPA proposes to implement two TOD rates as the default/standard rate for residential non-heating service starting in 2024. LIPA's proposal would add two new rate codes to Service Classification No. 1 (SC-1), 194 (2-period TOD) and 195 (optional 3-period TOD) (collectively TOD rates) for residential non-heating customers. The two new TOD rates are variable based on the time of day electricity is used. By comparison, the existing Rate 180 (the Flat Rate) is the current default/standard rate for residential customers, which offers a flat rate except for the summer when there is an increase for usage over 250 kWh. Starting in 2024, LIPA proposes to gradually transition existing customers to the 194 rate in three migration waves throughout 2024. The Project Implementation Plan (PIP) for the specific transition of customers has not been finalized. LIPA's revised Tariff would become effective April 1, 2023, ten months before LIPA intends to migrate the first wave of customers to these new rates. Optimally, the Tariff leaves would go into effect at the time the migration begins, however, LIPA proposes to have the LIPA Board adopt TOD ahead of finalizing its plans to migrate customers.

New customers applying for service after January 1, 2024, will be automatically enrolled in the 194 rate. Any customer will have the option to opt-out of the new standard TOD rate and revert back to Rate 180 or apply for Rate 195. LIPA also proposes closing its existing Voluntary Time of Use (VTOU) rates to new customers at the time the new TOD rates become available effective September 15, 2023.[1]

Currently, LIPA offers four VTOU rates (190-Short Peak, 191-Late Peak, 192-Early Peak, & 193-Day/Night) for residential customers who have installed a smart meter. These VTOU rates differentiate both the delivery service charge and the power supply charge between the peak and off-peak periods. The VTOU rates give customers the opportunity to access lower electricity prices at different times of the day. Existing customers enrolled in a VTOU rate will be able to remain on their VTOU rate or transfer to one of the new TOD rates. Customers who transfer from their VTOU rate will not be able to revert back to a VTOU rate after transferring.

Both Rates 194 and 195 have two components, which include delivery and power supply rates. Both the delivery rates and power supply charges will be differentiated over time, as discussed below. Rate 194 is a 2-period TOD rate featuring a peak period on weekdays (excluding holidays) from 3 PM to 7 PM, while all other hours are off-peak. There will be a 2:1 peak-to-off-peak ratio for both the delivery and power supply rate. Rate 195 is a 3-period TOD rate featuring a peak period on weekdays from 3 PM to 7 PM (excluding holidays) and a super off-peak period from 10 PM to 6 AM every day, with an off-peak period for all other times. Rate 195 utilizes different ratios to distinguish the delivery rates and power supply charges across peak, off-peak, and super off-peak periods for both summer and winter seasons.[2] Staff has appended a comparison of LIPA's current Flat Rate and its proposed TOD rates. The appendix also delineates the default 2-period rate and optional 3-period rate's peak, off-peak, and super off-peak periods, as well as the ratios used to differentiate the rates.

The Power Supply Charge is used to recover the cost of fuel and electricity that PSEG LI purchases on behalf of customers. The Power Supply Charge is updated monthly based on the cost of these commodities as well as customer usage. The Power Supply Charge for rate codes 194 and 195 are both initially designed to recover the same revenue as the non-TOD customer's Power Supply Charge. The non-TOD Power Supply Charge is a fixed cost for electricity each month regardless of the time of day. The proposed Power Supply Charges for rate codes 194 and 195 are based off multiplying the non-TOD Power Supply Charge by the Power Supply TOD Period Adjustment factors. The Power Supply TOD Period Adjustment Factors are a multiplier that changes based on the time of day. The Power Supply TOU Period Adjustment factors for Rate 194 are percentages that are fixed to a 2:1 ratio for peak to off-peak periods. Rate 195 has 3 different adjustment factor percentages for peak, off-peak, and super off-peak periods. The Power Supply TOU Period Adjustment factors for rate

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1 Proposal Concerning Modifications to LIPA's Tariff for Electric Service, (December 21, 2022) p. 4, https://www.lipower.org/wp-content/uploads/2023/01/Residential-TOD-Rates-2022-12-21.pdf (accessed on March 14, 2023).

2 Appendix A.

codes 194 and 195 are calculated using the most recent average hourly load research data for rate 180.[3]

The change in the price of power will cause the TOD Power Supply Charge to fluctuate each month with the non-TOD Power Supply Charge. The fixed ratio of 2:1 used in the TOD Power supply charge means customers on rate code 194 can expect the cost of the Power Supply Charge to be double during peak periods as compared to the off-peak periods, regardless of the month or season. The TOD and non-TOD rates will be updated annually based on the latest cost of service data. The ratio/adjustment factors for rate codes 194 and 195 will be updated annually based on the most recent load data and projected power supply costs for the upcoming year. The annual update to the ratio/adjustment factors should provide more accurate adjustment factors that represent customer usage.

Any revenue shortfalls in the delivery portion caused by reduced usage will be collected annually from residential customers through the Revenue Decoupling Mechanism (RDM).[4] The revenue shortfalls or excesses for the power supply portion will be reconciled through the Power Supply Charge.[5]

Customer Eligibility

Full-service residential non-heating customers will be automatically transferred to the proposed TOD rates, unless a customer chooses to opt-out. While most customers will be enrolled on an opt-out-only basis, certain customer groups will not automatically be switched to the new TOD rates. These groups are customers enrolled in LIPA's VTOU rates and legacy TOU rates, customers with AMI metering limitations, and customers relying on life support equipment.[6] Also, LIPA's proposal initially excluded LMI customers from automatic enrollment. LIPA later revised that decision and stated LMI customers will be included in the migration and additional efforts will be made to enroll these customers in balanced billing prior to migration.[7] Customers in the excluded categories may choose to opt-in to the TOD rates. Finally, customers who are enrolled in LI Choice, Green Choice, and those who have opted-out of the installation of a smart meter are ineligible for the TOD rates.[8]

Customers enrolled in the TOD rate will be able to switch back to a non-TOD rate. If customers leave the TOD rate, they cannot return to it for at least 12 months

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3 Proposal Concerning Modifications to LIPA's Tariff for Electric Service, (December 21, 2022) p. 7. https://www.lipower.org/wp-content/uploads/2023/01/Residential-TOD-Rates-2022-12-21.pdf (accessed on March 14, 2023).

4 Proposal Concerning Modifications to LIPA's Tariff for Electric Service, (December 21, 2022) p. 5, https://www.lipower.org/wp-content/uploads/2023/01/Residential-TOD-Rates-2022-12-21.pdf (accessed on March 14, 2023).

5 Response to DPS-23001.

6 Response to DPS-23003.

7 Id.

8 Id.

from the date they opt-out. Starting in 2024, new residential customers and customers who relocate within the LIPA service territory will automatically be enrolled in the TOD rate, unless they choose a different rate at the time of their service request.

Bill Protection Guarantee and Opt-out Election

LIPA's proposal includes a bill protection guarantee to mitigate the risk to customers of transitioning to a TOD rate for their first year. The guarantee ensures that residential customers who enrolled in a TOD rate will not pay more than they would have paid under a non-TOD rate. If a customer's billed amount for the first 12 months under the TOD rate exceeds what they would have been billed under the non-TOD rate, those customers will receive a bill credit for the difference after their first 12-months. The bill protection guarantee will not be provided beyond each customer's initial 12-month enrollment period. Customers who choose to opt-out before the end of their first 12 months will have their bill protection guarantee calculated on the next billing date following their decision to opt out and the credit will be applied on their subsequent bill. Staff finds the bill protection mechanism included in LIPA's proposal is aligned with the Commission's Order regarding ratemaking and utility revenue model policy.[9]

Background on TOD Rates

In New York State, the Public Service Commission (PSC or the Commission) has addressed TOU rates in their Reforming the Energy Vision (REV)[10] and Value of Distributed Energy Resources (VDER)[11] proceedings. In the Commission's Order Adopting A Ratemaking and Utility Revenue Model Policy Framework (REV Track Two) they acknowledged that as they strive to modernize and update the grid they also need to explore and implement new ratemaking techniques.[12] Further, the Commission adopted the following principles to guide the development of new rates:[13]

- Cost causation: Rates should reflect cost causation, including embedded costs as well as long-run marginal and future costs. Fixed charges should only be used to recover costs that do not vary with demand or energy usage.

- Encourage outcomes: Rates should encourage desired market and policy outcomes including energy efficiency and peak load reduction, improved grid resilience and flexibility, and reduced environmental impacts in a technology neutral manner.

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9 Case 14-M-0101, Proceeding on Motion of the Commision in Regard to Reforming the Energy Vision, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) p.134 (REV Track Two Order).

10 Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

11 Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources.

12 REV Track Two Order, pp. 1-10.

13 REV Track Two Order, Appendix A.

- Policy transparency: Incentives should be explicit and transparent, and should support state policy goals.

- Decision-making: Rates should encourage economically efficient and market-enabled decision-making, for both operations and new investments, in a technology neutral manner.

- Fair value: Customers should pay the utility fair value for services provided by grid connection, and the utility should pay customers fair value for services provided by the customer.

- Customer-orientation: The customer experience should be practical, understandable, and promote customer choice.

- Stability: Customer bills should be relatively stable even if underlying rates include dynamic and sophisticated price signals.

- Access: Customers with low and moderate incomes or who may be vulnerable to losing service for other reasons should have access to energy efficiency and other mechanisms that ensure they have electricity at an affordable cost.

- Gradualism: Changes to rate design formulas and rate design calibrations should not cause large abrupt increases in customer bills or delivery rate impacts.

- Economic sustainability: Rate design should reflect a long-term approach to price signals and the ability to build markets independent of any particular technology or investment cycle.

The New York State Climate Leadership and Community Protection Act (CLCPA) accelerates the transition to clean energy sources and reduces greenhouse gas emissions. Aligned with the goals of the CLCPA, the use of TOD rates has gained renewed interest due to the increasing deployment of renewable generation, electrification, and smart meters.[14] TOD rates assist in reducing the size and cost of utility Transmission and Distribution (T&D) assets, as well as deferring capital expenditures by reducing peak demand.

Moreover, a reduction in peak demand will lead to lower energy costs because "peaker plants" that quickly ramp up and down to meet peak demand are typically more expensive to operate than base-load plants. Given the anticipated substantial increase in renewable generation over the next decade, TOD rates can encourage the use of renewable energy sources like solar and wind power, which are often more abundant

[14] US Department of Energy. Customer Acceptance, Retention, and Response to Time-Based Rates from the Consumer Behavior Studies, https://www.energy.gov/sites/prod/files/2016/12/f34/CBS_Final_Program_Impact_Report_Draft_20161101_0.pdf (accessed March 14, 2023).

during off-peak periods. Renewable energy generation, especially solar power, tends to produce more energy during off-peak hours and TOD rates are designed to encourage customers to shift their energy usage to off-peak periods. By promoting the use of clean, sustainable energy, TOD rates can help to reduce reliance on fossil fuels, which will also reduce greenhouse emissions.

As discussed in the Commission's REV Track Two Order, DPS Staff is supportive of potential reforms to the rate design(s) for mass-market customers in light of recent technological and policy shifts. The addition of AMI and the adoption of the CLCPA are two key examples of recent shifts in technology and policy which requires a reassessment of rate design for mass-market customers.

LIPA's TOD rates are a price strategy that reflects the changing cost of electricity during different times of the day. TOD rates are higher during peak demand periods when electricity is more expensive to produce and distribute, and lower during off-peak periods when demand is lower, and electricity is cheaper. The purpose of TOD rates is to encourage customers to shift their energy usage from peak to off-peak periods by offering lower rates during the off-peak period. These price signals help to flatten the peak demand curve and avoid the need for expensive T&D infrastructure and reserve margin required to meet the peak load. TOD rates can provide customers with greater control over their energy bills. Compared to flat-rate pricing, customers on TOD rates can save money by using electricity during off-peak periods and avoiding higher rates during peak periods. As a result, LIPA's TOD rates can provide cost savings to customers who are able to adjust their energy usage habits.

Financial Impact(s) of LIPA's TOD Proposal

LIPA states that the proposed TOD rates are revenue neutral, yet Staff has identified several financial impacts of the proposed rate design. First, the proposed TOD rate design includes a 1 percent discount in volumetric delivery revenue collected from customers under the proposed 194, the 2-period TOD rate. To maintain revenue neutrality on a service class level, the delivery revenue collected by the Flat Rate will be increased by approximately 4.6 percent and the delivery revenue collected by the proposed 2-period TOD rate, and the 3-period TOD rate is designed to equal that of the Flat Rate.[15] The implications of this are significant. The delivery revenue collected by the residential service class would be affected by the number of customers that opt-out or choose the 3-period rate. If more than 85 percent of customers choose to remain on the 2-period TOD rate, LIPA would under-collect delivery revenue. Further, if less than 85 percent of customers choose to remain on the 2-period TOD rate, LIPA would over-collect delivery revenue. In either case, any difference in revenue collection would be recovered through the RDM and collected or credited to customers the following year. In fact, if a customer chooses to opt out of the TOD rate, their delivery rate will increase by 4.6 percent compared to what they would have paid without this proposal. In other words, customers who remain on the Flat Rate under LIPA's TOD proposal will experience higher bills due to increased delivery charges.

[15] Response to DPS-23001.

Second, both the delivery and power supply revenues would be affected by any change in customer usage that occurs in response to the new TOD rates, and customers will make up any shortfall. LIPA's power supply costs are a pass-through, which means that customers are responsible for the cost. If customers reduce their usage during the peak period, revenues collected from residential customers will fall short of the budgeted amount. Any shortfall in delivery revenue would be recovered through the RDM balance collected from residential customers the following year. LIPA stated, "[i]n the short term, we expect that any cost savings that result from customers responding to the TOD price signals will be reflected as reductions to our revenue requirements and will be shared equi-proportionately among all rate classes as a percent of revenue."[16] As such, LIPA's revenue on the delivery portion is guaranteed by the RDM, but any revenue shortfall will be subsidized by all customers in the service class. Additionally, LIPA stated that cost studies will be updated in the future with regards to the impacts of the TOD rate.[17] DPS Staff has concerns regarding the uncertainty of the TOD rate impacts to revenue requirement and the lack of a precise timeframe for cost studies to be conducted.

On the power supply side of the customer's bill, the power supply charge is trued up on a monthly basis based on a combination of the fuel recovery costs in the previous two months, the last month's projected cost versus collection, and the projected cost for the current month. Any revenue reduction in the power supply portion due to the customer peak load reduction will be reconciled directly by this mechanism.

The total cost of the proposal needs to be assessed prior to the initial migration implementation phase of the transition. LIPA and PSEG LI have not realized the total cost associated with several important steps of the transition. First, the billing system will need to be upgraded and modernized to support these new rates. Second, a comprehensive customer education, outreach, and marketing plan is needed to help customers understand how TOD rates work and how they can adjust their usage behavior to save money.[18] Although LIPA and PSEG LI have not finalized their outreach and marketing plan and budget, other utilities have spent up to $40 million on marketing, outreach, and education for their time-based rate implementation.[19] PSEG LI has also identified numerous IT projects and upgrades including enhanced billing options, Mobile Device Management (MDM) and Contact Center as a Service (CCaaS) upgrades that must be developed prior to implementation, which will also add to the cost.[20]

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16 Response to DPS-23007.

17 Id.

18 Response to DPS-23009.

19 Resolution E-4895, Southern California Edison Company's Marketing, Education and Outreach Plan in Compliance with the December 17, 2015 Assigned Commissioner and Administrative Law Judge's Ruling and Decision 15-07-001 on Residential Default Time of Use Rates, Resolution Approving with Modifications, SCE's Marketing, Education and Outreach Plan as Presented in AL-3500 (February 9, 2018) p. 43.

20 Draft PIP_TOD_1.31.2023 LIPA Feedback 02.102023.docx (submitted under PS&CE-08).

While it is clear that the proposal will have a significant financial impact on LIPA's revenues, the magnitude of that impact is not entirely known at this time. Therefore, Staff recommends that LIPA develop and include a budget forecast for the full-scale implementation of the TOD rate, including the various upgrades and outreach and marketing, and submit that forecast to the DPS and present it to the Board by September 15, 2023.

Staff Discussion and Analysis

TOD rates will only gain acceptance if customers understand the concept and believe that it works for them. While TOD rates are an important tool to help flatten the peak demand curve and offer customers cost-saving opportunities, the successful implementation of the TOD rate is equally, if not more important than, the rate design itself. The implementation of TOU rates by other non-NYS utilities have raised several key concerns, including customer education and outreach, the transition plan, bill impacts, and the technical challenges associated with implementation. These concerns are not new and echo concerns in the Commission's Order regarding the LILCO tariff filing to make modifications to the service classification for Large residential service with multiple rate time periods (S.C. No. 1-MRP).[21]

Moreover, the success of TOD rates depends not only on effective rate design but also on communication between the utility company and its customers, customer education, customer engagement, and the capability of the company's IT system to effectively support implementation. A less than holistic approach even with a well-designed TOD rate may still fail because customers: 1) are not aware of the program; 2) do not understand how TOD rates impact them; 3) do not understand how to change their usage to save money; and/or 4) customers do not have the tools to monitor and manage their usage effectively. The proposal, along with the draft PIP prepared by PSEG LI, outlines several key elements including migration & segmentation strategy, customer engagement strategy, constraints, and technical execution plan.

As part of the 2023 Second Amended and Restated Operation Services Agreement (OSA) Metric PS&CE-08, LIPA has required PSEG LI to develop a PIP for the transition to TOD rates. The PIP encompasses customer communication and marketing, IT upgrades and procedures, customer tools, billing, business process changes and other customer facing solutions to support the transition to a standard TOD rate. Although the PIP contains elements that are critical to a successful transition to TOD rates, LIPA has not included the PIP as part of the TOD proposal. Also, as part of the requirements for PS&CE-08, PSEG LI only provided an updated draft PIP on March 15, 2023. DPS Staff continues to review the PIP, however, the recommendations contained herein mirror the concerns around finalization of certain plans and lack of detail included in the current proposal and version of the PIP.

[21] Case 95-E-0263, et al., Petition of Long Island Lighting Company for a Waiver of the Commission's Order Issued May 9, 1990 in C. 89-E-1056, Approval of the Petition and Approval of the Tariff Filing with Modifications (Issued & Effective April 18, 1996) pp. 6, 9.

In addition, the experience of utilities in other states who have made the transition to TOD rates demonstrates that the components of the PIP form a crucial aspect of a successful TOD implementation. Other utilities that have implemented TOD rates first enacted a pilot program, with certain key features prior to full program implementation. LIPA implemented a pilot program prior to full scale deployment of AMI, which "provided invaluable information and experience for future deployments of Advanced Metering Infrastructure (AMI)."[22] The success of LIPA's AMI deployment was aided by the fact that it captured and integrated the knowledge and lessons learned from its pilot program into its subsequent AMI deployment.[23]

In the absence of a pilot program prior to the implementation of TOD rates, LIPA should adapt the best practices of the utilities that have already begun the transition to TOD rates. Therefore, to guarantee the success of the TOD rates, DPS recommends that LIPA should develop a detailed transition plan, as well as a comprehensive communications and marketing plan, and submit them to DPS Staff for review, provide opportunities for external stakeholder engagement, and review by the LIPA Board prior to the implementation of TOD rates. DPS understands that the PIP includes a June 30, 2023, deadline for submission of an outreach and education plan. Based upon DPS' recommendation above, we also recommend that the June submission be updated with DPS input and the necessary stakeholder engagement by September 15, 2023, contemporaneously with the phase out of the VTOU rates.

The specific details contained in the 1) transition plan; and 2) customer communications and marketing plan should be finalized prior to migration and should align with the September 15, 2023, date to allow enough lead time to conduct adequate outreach before customers are migrated.

To ensure the successful roll out of New York's first widespread TOD rates for residential customers, LIPA needs to finalize key aspects of its proposal and make certain that PSEG LI is operationally capable of handling the transition prior to implementation. LIPA should make certain that any operational obstacles are resolved and PSEG LI's: 1) call center can handle the expected increase in customer calls due to the roll out of TOD rates; and 2) IT systems are ready for the new rates. Beyond those initial steps, LIPA should also conduct a thorough review of the first migration wave to assess its success and deliver a progress report to the Board, DPS and stakeholders.

California and Hawaii both have experience with the transition to TOD rates, and LIPA should look to their experience for guidance on how to successfully make the transition to TOD rates. As part of California's statewide transition to TOU rates, the California Public Utility Commission (CPUC) ordered the formation of a collaborative

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[22] Long Island Power Authority Long Island Smart Metering Pilot Project, Final Technical Report on LIPA Smart Meter Pilot Project, (April 30, 2012), p. 1.

[23] Id.

working group between utilities and stakeholders to develop both opt-in and opt-out pilot studies. The CPUC found that a pilot study would benefit the design and rollout of default TOU rates.[24] Also, the CPUC listed important areas that should be reviewed, including: 1) effective ways to communicate and implement TOU rates; 2) cost estimates for outreach, education, marketing, billing and IT modifications; 3) quantifying bill and load impacts; 4) modeling revenue deficiencies; 5) lessons to reduce costs of the full rollout; and 5) testing system operationality.[25]

Similarly, the Hawaii Public Utilities Commission (PUC) found it beneficial to implement a pilot program before full rollout of TOU rates. The Hawaii PUC found "that a staged approach to roll out TOU rates is prudent, including an initial study period of one year."[26] Furthermore, the Hawaii PUC adopted a three-phase rollout roadmap: "Ramp up, Roll out, and Evolve." The Ramp up period lasts 7 months and provides time for their working group to make adequate preparations, such as: 1) creating new billing and accounting processes; 2) establishing the TOU study objectives and design; and 3) preparing a Marketing, Education, and Outreach (ME&O) plan. The Roll-out period lasts one year, starting from the end of the Ramp up period, and includes the enrollment of a statistically significant sample of customers into the new TOU rates. Finally, the Evolve period begins at the end of the roll-out period and will last until the transition is complete. The Evolve period will enable the stakeholders to use the information learned in the pilot study to improve future TOU enrollment. A phased approach, similar to the one being conducted in Hawaii, can help assure that LIPA and PSEG LI are fully prepared for the full transition to TOD rates for residential customers.

Further, a well-developed pilot program with a statistically significant number of customer participants preceding TOD implementation, has allowed utilities in California to assess various aspects of residential TOD rates, including but not limited to customer adoption and retention rates, effective communication methodologies, transition plan, the costs associated with IT upgrades, marketing and education, and study usage shifts.[27] Accurate adoption and retention rates are necessary in forecasting the total revenue that will be collected and may guide rate design adjustments before the majority of residential customers are on TOD rates. Furthermore, a pilot program allows utilities to obtain invaluable information on how to guarantee customer acceptance of

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[24] Decision 15-07-001, Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations, Decision on Residential Rate Reform For Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates (July 13, 2015), p.166.

[25] Id., pp.163-165.

[26] Docket No. 2019-0323, Instituting a Proceeding to Investigate Distributed Energy Resource Policies Pertaining to The Hawaiian Electric Companies, Decision and Order No. 38680, (October 31, 2022), p. 125.

[27] Decision 15-07-001, p.163.

TOD rates, identify and resolve major issues prior to widespread roll out, ensure that they are ready to handle complaints or inquiries concerning the new rates, and incorporate any lessons learned into the final implementation process. All of these steps make certain that customers' migration to full-scale TOD rates occurs smoothly.

Both the CPUC and PUC have acknowledged the benefits of a pilot program before the full rollout of TOU rates. The CPUC has emphasized the importance of effective communication, cost estimates, load impacts, revenue deficiencies, and system operationality, while the PUC has adopted a three-phase rollout roadmap with adequate preparations and enrollment of a statistically significant sample of customers into the new TOU rates. Drawing from these successful experiences from CPUC and PUC, Staff recommends LIPA adapt the best practices that the CPUC and/or PUC have already adopted and completed above as part of LIPA's implementation plan before a full transition to TOD rates.

Rate Review

The TOD rates are designed to encourage customers to shift their energy usage to off-peak periods when the cost of producing electricity is typically lower. The rate design plays a key role in the success of TOD rates. Although Staff believes the proposed TOD rates may help customers save money and support Long Island's transition to clean energy, Staff recommends that LIPA evaluate the effectiveness of the proposed TOD rates after the first migration wave. The assessment of TOD rates should include: 1) off-peak electricity usage; 2) benefits/costs; 3) revenue stability; and 4) customer satisfaction.

Understanding off-peak energy usage will provide LIPA with valuable insight into customer behavior and the impact of the new TOD rates on peak demand, energy usage patterns, and cost savings. LIPA should analyze the data of the first wave of migrated customers, identify any potential issues, and make adjustments to the rate structure and implementation process before moving on to the next wave. First, the outcome of this analysis will help LIPA better understand how customers respond to TOD pricing and how the rate structure can be optimized to reduce peak load, lower customer bills, and meet the CLCPA goals.

Second, LIPA should quantify and publicly report on the potential costs and benefits associated with the first migration wave to residential TOD rates. These costs may be associated with IT upgrades, outreach, education & marketing, as well as studying load shifts and system benefits, along with any costs that may be avoided due to capital project deferrals in transmission and distribution systems. By demonstrating the benefits and potential cost savings of TOD rates through the first migration wave, LIPA can help to create a more favorable environment for the next wave of the TOD rollout.

Third, even though LIPA's TOD rates are designed to be revenue-neutral to customers, it is important to assess that they are fair to all customers and guarantee revenue stability for LIPA's revenue requirement. The revenue generated from the TOD rates should be sufficient to cover the cost of delivering and producing the electricity.

Fourth, LIPA and PSEG LI should collect feedback from customers' experiences during the first migration wave to ensure that the TOD rates are equitable and accessible to all customers in the subsequent waves. Direct customer feedback can be used to improve customer satisfaction and retention rate, enhance customer education and outreach efforts, and mitigate concerns or challenges that may arise in the implementation process. Moreover, the outcomes and lessons learned from the assessment of the first wave migration will help LIPA build the necessary support and understanding for TOD rates, reduce the risk of unintended consequences in the subsequent migration waves, and ease the overall transition to TOD rates.

Staff believes there are important data elements, such as accurate projections of customers load shifting potential, customer acceptance rates, and actual load reduction, which cannot be known without analyzing the actual data from the first migration wave. Understanding and evaluating customers' response to the new TOD rates in the first migration wave is essential to ensure the successful implementation of full-scale TOD rates.

After assessing the first wave of the TOD migration, DPS recommends that LIPA deliver an evaluation report to the Board, to DPS, and to external stakeholders outlining its initial findings, and lessons learned to help customers transition smoothly to full-scale TOD rates. The report should also include a forecast of the expected benefits and costs of full-scale deployment, highlight the potential costs savings for T&D and power supply due to the expected peak load reduction, and determine whether it is necessary to adjust the TOD rate structure. Additionally, the report should establish a timeframe within which these cost savings can be achieved and review the efficacy of PSEG LI's marketing and outreach efforts during the initial migration period. As discussed above, LIPA's first migration wave will consist of a random selection of benefiters based on historical usage patterns.[28]

Staff's recommendations enhance LIPA's migration strategy to prevent operational disruption during the initial rollout of TOD rates. Staff also recommends including a sample of specific residential customer segments such as EV owners and Net Energy Metering (NEM)/Distributed Energy Resources (DER) customers in the first migration wave. Expanding the number of customer groups that will be migrated in the first wave will allow LIPA to examine how different segments of customers will adjust and shift their usage patterns under the new rates. By incorporating DER/NEM customers as part of the first wave migration, it can also help LIPA determine if TOD

[28] Draft PIP_TOD_1.31.2023 LIPA Feedback 02.102023.docx (submitted under PS&CE-08).

rates can address The New York Solar Energy Industry Association's (NYSEIA) concerns regarding the rates impact on solar customers.[29]

Bill Impact Analysis

DPS Staff is concerned about LIPA's bill impact analyses, which were conducted to support the roll out of its TOD rates.[30] These bill impact analyses are based on a random sample of 30,000 AMI customers, a random sample of 18,000 LMI customers, and 65,000 NEM customers. LIPA has also provided limited analysis on their current VTOU rates.[31]

The analyses do not meet the criteria laid out in Staff's study on reformed mass market rates, which was required in the REV Track Two Order.[32] The sample size for AMI customers bill impact is too small and therefore insufficient to draw valid conclusions that can be applied to the broader customer base. Further, the range of the dataset is limited to customer usage in 2021, which means the study is only based on customers' usage and load profile during the COVID-19 pandemic.

Based on the limited analysis available on VTOU rates it appears that customers may be reluctant to switch to time varying rates and more comprehensive outreach efforts are required. Additional data is needed to fully assess the potential of these rates and the customer outreach required. As stated earlier, LIPA currently offers four VTOU rates for residential customers in addition to the legacy TOU rates (SC-1 VMRP) for large residential customers.[33] PSEG LI has provided a report on the customer impact of VTOU rates.[34] The report highlighted changes in usage patterns, achieved peak load reduction, issues/complaints received, and some findings from the existing VTOU rate implementation, however, the participation rate for LIPA's VTOU rates is very low (~1.4 percent). Additionally, in the first quarterly update of 2022 for Utility 2.0, PSEG LI reported that only 2,100 customers had enrolled in the VTOU rate.[35] Although this is on par with historical VTOU participation elsewhere in New York State, it is still significantly lower than participation rates for other parts of the country that have VTOU rates.[36]

Additionally, the time period for LIPA's bill impact analysis does not span a long enough period. As of March 2023, PSEG LI only has data for approximately 2,100 customers with at least a full year of historical usage on VTOU rates. A full year of

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29 NYSEIA Comments on LIPA TOD_Final 2023-02-27.docx.pdf

30 Response to DPS-23001.

31 Response to DPS-23008, TOU Rate Impacts Attachment.

32 Case 14-M-0101, et al., Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Staff Scope of Study to Examine Bill Impacts of a Range of Mass Market Rate Reform Scenarios (October 3, 2017) pp. 7-8.

33 SC-VMRP – Voluntary Large Residential Service with Multiple Rate Period is a VTOU primarily designed for residential customers who have large usage.

34 Response to DPS-23008.

35 Matter 14-01299, In the Matter of PSEG LI Utility 2.0 Long Range Plan, 2022 U2.0 Outcomes Report Q1, p. 25.

36 REV Track Two Order, p.133.

usage data is needed to adequately assess customer behavior. In addition, the historical usage data, which only begins in 2022, used for this analysis is similarly too limited. Based on these factors, Staff does not find the VTOU analysis to be comprehensive enough and does not believe this analysis to be sufficient to draw an accurate parallel to LIPA's TOD rates which will be rolled out on an opt-out basis. Staff's analysis of the impact frequency distribution of each data set contained in LIPA's bill impact analyses demonstrates that the majority of customers would benefit under the new rates.

Staff's analysis of LIPA's bill impact study focused on what a customer would pay under the proposed TOD rate compared to what they pay under the non-TOD Flat Rate. For the bill impact analysis of a random sample of 30,000 AMI customers, Staff reviewed the results and determined that 65 percent of sample customers would pay the same or less under the proposed rates, and only 1.06 percent of customers would experience a bill increase greater than 4 percent annually. Similarly, in the bill impact study for the LMI customers, 69 percent would pay the same or less, and only 1.2 percent of the sample LMI customers would see a bill increase greater than 4 percent annually.

In LIPA's bill impact study for NEM customers, 52 percent of the sample would pay the same or less, and 32 percent of customers would see a bill increase greater than 4 percent. It is worth clarifying that many NEM customers pay the minimum bill (customer and meter charge only), and hence, the bill impact can be relatively high as a percentage, but not in terms of actual dollar increases. Also, 93 percent of NEM customers would not see an increase greater than $10 per month. It's difficult to estimate the precise dollar amount of the bill impact on customers since it may vary depending on their behavior and detailed usage patterns.

In the Commission's REV Track Two Order, the PSC adopted a framework to study the bill impacts of a reformed mass market rate. Regarding the data needed for rate design development and a bill impact study (e.g., customer usage, the rate, and billed amount), Staff posited,

> [i]deally, the rate design development and bill impact study would be done using several years of individual customer data from AMI meters, if installed, that would enable robust customer segment analyses, calculation of the frequency distribution of impacts, and many sensitivity analyses.[37]

As of Q4 2021 LIPA has achieved 95 percent AMI deployment, which means LIPA and PSEG LI have vast amounts of customer usage data that they can utilize for a

[37] Case 14-M-0101, et al., Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Staff Scope of Study to Examine Bill Impacts of a Range of Mass Market Rate Reform Scenarios (October 3, 2017) p. 7.

more comprehensive bill impact study.[38] This comprehensive bill impact study should include both structural bill impact and sensitivity analysis, to be aligned with the criteria laid out in the Staff framework study and should include: 1) a larger sample size with more recent and relevant usage data; and 2) the usage data for customers from the first migration wave. Further, the Staff Scope of Study, states,

> [t]he sensitivity analysis should be focused on instances where a change in an assumption could lead to a material change in the bill impact. Sensitivity analyses should be performed by varying the rate structure and customer usage to reflect behavioral effects or technology adoption. Key assumptions must be made about price elasticity and expected penetration and adoption rates as well as assumptions for opt-in and opt-out, and energy usage information obtained from AMI data.[39]

Another area of concern for DPS staff is that LIPA's bill impact analysis does not validate any customer behavior changes that occurred due to COVID-19. This should be done by comparing the 2021 data, which the study relies upon, against pre and post COVID-19 data.

As part of its bill impact analysis, LIPA should use all available AMI data to perform a full segmentation analysis of its residential customers. This segmentation analysis should group customers by their usage patterns and magnitude. LIPA should then use these groups/segments to conduct a bill impact study comparing the proposed TOD rates to the non-TOD flat rate using the data both from 2021 and 2022, which should be reported to the Department and external stakeholders. Furthermore, the study should also collect the following data: 1) detailed assessments of the price elasticity of demand by customer segment; 2) customer load profiles; 3) variations in consumer behavior due to DER participation; 4) customer demographics; and 5) DER Profiles.[40] These additional data points will provide LIPA with insight into the granular customer bill impacts and help them to develop a more comprehensive transition schedule and marketing & outreach plan. Thus, Staff recommends conducting a comprehensive bill impact study that compares the data from 2021 and 2022 for the Flat Rate, and the data for the initial migration wave. Then, LIPA should submit the outcomes of the bill impact analysis to the Board, DPS, and to external stakeholders as part of the evaluation report before proceeding to the second wave.

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[38] Matter 14-01299, supra, 2022 Utility 2.0 Annual Update (July 1, 2022) p. 74.

[39] Case 14-M-0101, et al., Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Staff Scope of Study to Examine Bill Impacts of a Range of Mass Market Rate Reform Scenarios (October 3, 2017) p. 10.

[40] Id., pp. 12-13.

Transition Plan/Schedule

A transition plan is a crucial step for the successful rollout of default TOD rates, and LIPA should finalize its transition plan prior to the implementation of the TOD migration. LIPA has stated that a phased migration plan is still in the process of being refined and is not available for review by the end of March 2023.[41] LIPA's proposal provides its Chief Executive Officer (CEO) or his designee, not the LIPA Board, the authority to implement the TOD rates in waves as the billing system and customer support systems are developed. Although the transition plan is unfinished, there are key elements along with details that should be included in the final transition plan. The transition plan should contain: 1) a segmentation strategy; 2) a customer engagement strategy; 3) an assessment of potential impacts and benefits; and 4) a detailed timeline or list of pre-conditions for each phase of mass migration.

A segmentation strategy should include detailed plans for LIPA design and methodology for identifying segments of customers for each wave of the migration. These plans should include the factors that LIPA or PSEG LI will use to group customers in each segment such as usage history and location. In conjunction, a customer engagement strategy/plan should be developed to periodically gauge customer retention and behavioral change in electricity usage, as discussed further below. The customer engagement plan should also take into account the segmentation strategy and include LIPA/PSEG LI communication strategy prior to each migration waves. The plans should be specific to the customer segments in line for the next migration wave to ensure customer awareness regarding the TOD rate.

A detailed transition schedule can give customers enough time to adjust their usage patterns and adapt to the new rate structure accordingly. This information will enable customers to make informed decisions on their energy usage and plan accordingly. Furthermore, the transition schedule should include a plan for assessing any potential impacts and benefits of the TOD rate on both customers and the T&D system after each migration wave. These periodic assessments will allow LIPA to identify any limitations and constraints in the TOD rates rollout and provide insight into how to effectively implement the full-scale transition to TOD rates.

Transitioning from a flat rate to a TOD rate can be a significant change for customers, which can result in higher bills if customers are not aware of the rate change or cannot adjust their energy usage during peak periods. To guarantee a smooth transition, it is essential to have a robust period of customer outreach and education for each wave of migration. Outreach and education efforts will be instrumental in helping customers anticipate and prepare for any changes to their bill, minimizing customer complaints, and improving overall customer satisfaction. Therefore, a detailed transition plan with key strategies for customer outreach and migration is essential for the successful implementation of TOD rates. DPS recommends that LIPA develop in collaboration with DPS and external stakeholders a detailed transition plan and submit it

[41] Response to DPS-23007.

to the Board for review before implementing the first migration wave and also continue to refine it accordingly.

Customer Communications and Marketing Plan

To respond positively to pricing signals, customers must understand time-of-use rates and its benefits. Additionally, educating customers about changes to their electric rate structure can be challenging. According to the CPUC Statewide Transition to Time of Use Rates Order issued on July 13, 2015, "customers generally do not understand their electricity rates."[42] In order to bridge this divide, a comprehensive communication and marketing plan that includes clear and concise information about peak and off-peak period pricing, tools to help customers track their energy usage and necessary behavioral changes (i.e., load shifting) to achieve meaningful savings needs to be developed.

A deliverable for metric PS&CE-08: Transition to New "Standard" Time of Day Residential and Small Business Rates on an Opt-Out Basis is the submission of "a comprehensive customer communication and marketing plan for the transition to opt-out TOD that includes outreach, engagements and advertising across multiple channels." PSEG LI will submit this plan to LIPA for approval by June 30, 2023.

Staff believes that more time is needed to educate customers about the new TOD rates. Customers who are used to being charged a flat rate may find TOD rates confusing, and changing their behavior for electricity usage can be challenging.[43] Staff recommends that the communication and marketing plan should be submitted for review by DPS, and shared with external stakeholders prior to September 15, 2023, and its ultimate review by the LIPA Board should precede the initial migration. The time between June and September should be used to enhance the plan based on collaboration with DPS and external stakeholders. The time between September and the first migration should be used to perform critical outreach and education. DPS also recommends that LIPA and PSEG LI update the plan accordingly based on the findings of an evaluation report on the first wave of migration.

Other Obstacles:

LIPA must ensure that any operational obstacles to the successful implementation of TOD rates are addressed prior to the first wave of the TOD migration. There are two areas where PSEG LI resource constraints pose a risk to a successful transition: 1) the call center; and 2) IT resources. In 2022, the PSEG LI call center experienced a significant increase in wait times. PSEG LI's December 14, 2022, Operating Report outlined a call center "get well" plan with a focus on improving staffing and performance. The report included the October 2022 Customer Services Scorecard which indicated PSEG LI was not expected to meet the target for OSA Metric CS-11 –

[42] Decision 15-07-001, p. 258.
[43] Decision 15-07-001, pp. 59, 106.

Contact Center Service Level with Live Agent Calls. The target for this metric is to answer 80 percent of calls within 30 seconds for blue-sky days ("non-major" storms) and 80 percent of calls within 90 seconds during "major storms." The 2022 year-end result for CS-11 was only 29.2 percent.

At LIPA's February 15, 2023, Oversight and Clean Energy Committee (Committee) meeting, LIPA staff briefed the Committee on the Call Center's Get-Well Plan and identified several root causes for the decline in call center performance, such as insufficient staff, increased call volume, and increased average handle time. Also, LIPA does not anticipate an improvement to pre-2018/2019 levels in 2023 and expects the transition to TOD rates may lead to longer handle times.[44] PSEG LI's lack of call center readiness is concerning because the success of the TOD roll out may lay in the hands of call center staff, "[c]all center reps are expected to play a big part in explaining the plans."[45]

In 2022, PSEG LI call center wait-times spiked more than 1,500 percent.[46] As customers transition to the TOD rates, the call center may anticipate a significant impact from the TOD rates in several ways, including increased call volume and duration, increased training needs for call center representatives, and changes in call types. As customers move to the TOD rates, they may have questions or concerns regarding how the rate works and how it will affect their bills. It is extremely likely this will result in an increase in call volume to the call center. Also, the increase in call volume may lead to longer wait times and changes in the types of calls received, such as billing inquiries or questions about the new rate. Call center staff will require additional training on the TOD rate structure, such as how to explain the new rate to customers and address any questions or concerns they may have. Given that the call center already underperformed in 2022, the impact of the transition to the TOD rates on the call center could be significant due to the extent of the rate change, level of customer education and outreach needed, and the number of residential customers that will move to the new rates.

PSEG LI also indicates that it will not meet year end OSA metric targets for First Call Resolution (CS-13) and Customer Email Closure Rate (CS-12).[47] Customer communication is a crucial component of the successful transition to residential TOD

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44 LIPA Briefing on PSEG Long Islands Customer Service Get Well Plan, (February 15, 2023), https://www.lipower.org/wp-content/uploads/2023/02/3.-LIPA-Briefing-on-PSEG-Long-Islands-Customer-Service-Get-Well-Plan.pdf, p. 3 (accessed on March 9, 2023); Mark Harrington, PSEG Call Center Wait-Times Spiked More Than 1,500% in 2022, New Data Shows, Newsday (February 20, 2023), https://www.newsday.com/long-island/lipa-pseg-call-center-delays-service-agents-kgiuxgch (accessed on March 9, 2023).

45 Mark Harrington, PSEG Call Center Wait-Times Spiked More Than 1,500% in 2022, New Data Shows, Newsday (February 20, 2023), https://www.newsday.com/long-island/lipa-pseg-call-center-delays-service-agents-kgiuxgch (accessed on March 9, 2023).

46 Id.

47 PSEG LI Operating Report (February 15, 2023).

rates, and LIPA and PSEG LI must be sure that the call center can handle the potential increase in calls due to the transition.

PSEG LI has also relayed additional obstacles that need to be addressed to enhance customers' acceptance and awareness, as well as to establish and finalize the TOD rate structure. These obstacles include a lack of detail in the delivery timeline to address needed upgrades to their IT systems to effectively support the new TOD rates, and lack of operational readiness.[48] Further, PSEG LI has identified several constraints in IT development.

One of the major IT concerns is the fact that some of the resources that are needed for the implementation of TOD rates are already dedicated to other high priority IT efforts with concurrent timelines, including the planning and development of a new CIS. The company is also undertaking several other large IT initiatives which include the separation of multiple IT systems, and procurement of an Enterprise Asset Management System.

Many of these initiatives have incentive compensation metrics tied to them, and therefore carry an inherently high priority for completion. Additionally, the successful implementation of TOD rates will require integration between existing PSEG LI systems and multiple third-party platforms. PSEG LI has limited control over any schedule delays resulting from third party providers. All of these factors introduce potential risks to the aggressive timeline for successful implementation of the TOD rates. PSEG LI also stated that the hurricane season is always a priority for PSEG LI and that can introduce resource constraints as PSEG LI staff is focused on performing their needed storm roles.

Staff has already encountered IT constraints that have led to program cancellations. In the Department's 2022 Utility 2.0 recommendation letter, we recommended that PSEG LI not proceed with its development of the C&I Demand Alert Pilot due to a lack of resources caused by the transition to default Time-of-Day rates.[49] Therefore, DPS recommends that LIPA, PSEG LI, and DPS collaborate to develop the necessary plans and solutions to address these obstacles and concerns, ensuring their operational readiness prior to the first wave of the TOD migration. Smooth migration should not be jeopardized by proceeding despite a lack of readiness.

Public Comments

LIPA held two in-person public statement hearings on February 21, 2023, in Hauppauge and Uniondale with a virtual option for online participation. LIPA received a

[48] Draft PIP_TOD_1.31.2023 LIPA Feedback 02.102023.docx (PSEG LI Draft PIP submitted under PS&CE-08) Appendix E.

[49] Matter 14-01299, In the Matter of PSEG LI Utility 2.0 Long Range Plan, DPS Staff Recommendation Memo (Issued December 12, 2022), p. 17.

total of twenty comments, including three comments unrelated to the TOD proposal. Among the remaining seventeen comments, two were from organizations and fifteen were from individuals.

NYSEIA and Edgewise Energy submitted comments requesting that Community Distributed Generation (CDG) NEM credits be applied only to peak and off-peak periods, excluding the super-off-peak period. In response to these concerns, LIPA revised their proposal to require customers to obtain the consent of the CDG Host before they may enroll in the 3-period rate. Staff believes that LIPA's proposed revision will address these concerns from DER developers. Additionally, Edgewise Energy requested that LIPA refrain from transitioning NEM CDG subscribers to TOD rates until PSEG LI completes its single-bill enhancements. LIPA stated that the issues pertaining to single bill enhancements was not a problem, as they already offer “one-bill” net crediting for CDG customers.[50] Staff reviewed the project status concerning single bill and found that PSEG LI has not yet completed the CDG Net Billing Project, however, under the current timeline, the project delivery date is September 20, 2023, just after DPS expects the other components of the TOD implementation plan to be finalized and presented to the LIPA Board.[51]

Out of fifteen comments from individuals, three were non-TOD related comments. Two comments, including the one from former LIPA Board Trustee Peter Gollon, were in support of TOD rates. Three comments were concerned about the impact on solar customers’ accounts and the installation of new meters. Six commenters expressed concern about the difficulty of shifting their energy usage to off-peak periods. To address these concerns, DPS recommends that the Communication and Marketing plan being developed by LIPA and PSEG LI include practical tips which may help educate customers on how to change their usage and save money. Further, when the call center and its representatives are sufficiently trained, they will be operationally ready to handle the increase in calls regarding concerns or questions about TOD rates.

In response to Mr.Gollon’s and NYSEIA’s public comments regarding excess generation credits, LIPA updated its proposal to address these concerns. Under the revised proposal, customers enrolled in the 2-period or 3-period TOD rate who have been NEM customers since January 1, 2018, can exchange excess energy credits between peak, off-peak and super off-peak periods. The exchange will be conducted based on the customer’s current rate code price ratios, and will not affect previously billed amounts or credits used prior to the exchange date. Once the customer decides to make the exchange it cannot be revoked. In addition, LIPA’s CEO or their designee has the discretion to modify procedures related to excess energy credit exchanges, provided that those modifications are consistent with the Tariff. Staff recommends that the Board adopt the proposal including this update.

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50 Residential TOD Update 03.07.2023, p.5.
51 Project _Status CDG 3.10.2023.pdf.

Conclusion

Department Staff has reviewed LIPA's proposed Tariff modifications and the Department recommends that the LIPA Board of Trustees adopt LIPA's Tariff proposal consistent with the discussion above.

New York State has entertained TOD rates for multiple decades, and these recommendations evidence our strong support for building a successful framework for TOD rates on Long Island. Moreover, these recommendations evidence the Department's interest in being a willing and equal partner in making TOD rates successful for LIPA's customers in furtherance of the State's ambitious climate goals. Together, with the support of external stakeholders, the transition to TOD rates can provide real benefits to customers and alleviate concerns regarding PSEG LI's operational readiness, the budget impacts of the transition, and develop a meaningful and clear customer understanding of the program.

Respectfully submitted,

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