

Proposal Concerning Modifications to LIPA’s Tariff for Electric Service

Requested Action:

The Long Island Power Authority (“LIPA” or the “Authority”) staff (“Staff”) proposes to modify its Tariff for Electric Service (the “Tariff”), effective January 1, 2025, to clarify the application of the Customer Benefit Contribution (“CBC”) charge and give “grandfathered” status to distributed generation (“DG”) systems originally interconnected prior to January 1, 2022, that expand capacity. This Tariff change is consistent with tariff amendments filed by the Joint Utilities¹ as ordered by the New York State Public Service Commission (the “Commission”) in its Order Addressing Customer Benefit Contribution Charges issued on June 21, 2024.²

Background:

The CBC charge is a billing item for LIPA customers who install DG systems at their site on or after January 1, 2022. The CBC is calculated based on the system size of the project. The daily CBC charge is multiplied by the customer’s electric generating equipment’s nameplate capacity rating in kW DC to calculate the CBC charge for the customer. The CBC charge helps to recover revenue for programs such as: Low Income Program, Utility Energy Efficiency and Electrification Programs, and the cost of contracted renewable energy. The CBC rates change annually and are available on LIPA’s Statement of CBC Charge, which is part of the Tariff (LIPA Statement No. 3 – CBC).³

The Commission issued the June 2024 Order addressing CBC charges applicable to DG projects interconnected after January 1, 2022.⁴ The Commission clarified that the CBC charge should not be applied to system expansions for DG systems interconnected prior to January 1, 2022, and noted that only complete system replacements shall be charged the CBC charge.

Proposal:

While LIPA is not subject to the Commission order referenced above, Staff proposes to modify the Tariff to clarify the application of the CBC charge to align with the June 2024 Order. Currently, the Authority applies the CBC charge to DG systems originally interconnected, modified, expanded or replaced after January 1, 2022. To align with the June 2024 Order, Staff proposes to only apply the CBC Charge to DG systems that are originally interconnected or completely replaced after January 1, 2022. This change will give “grandfathered” status to systems that were originally interconnected prior to January 1, 2022 and later expand capacity; these “grandfathered” systems will not be charged the CBC charge. As a result of this change, approximately 400 current customers will be given grandfathered status and will no longer be billed the CBC charge.

¹ The Joint Utilities are: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.

² Case 15-E-0751, In the Matter of the Value of Distributed Energy Resources, *Order Addressing Customer Benefit Contribution Charges*, dated June 21, 2024 (“June 2024 Order”).

³ See [LIPA Statement of CBC Charge](#)

⁴ The June 2024 Order also requires the IOUs to include the calculation of the CBC charge on the customer bill, which is the current practice already established by Authority.

Financial Impacts:

This Tariff proposal will result in fewer customers subject to the CBC charge, however the proposal is consistent with the rest of the State and will encourage growth of the solar industry in the LIPA service territory which will assist in achieving State clean energy goals.

Affected Tariff Leaves: 13, 17, 182R

Summary of Proposed Changes:

Staff proposes Tariff modifications to clarify the application of the CBC Charge and give grandfather status to DG systems originally interconnected prior to January 1, 2022, that expand capacity.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****C**

Capacity: The load-carrying ability of the transmission and distribution systems during a specified period of time.

Catch-up Bill: First bill based on an actual reading following one or more estimated or Customer read bills.

Character of Service: Refers to the type of service supplied, including the voltage at which it is supplied, the type of current, its frequency, etc.

Circuit: A conductor or a system of conductors through which an electric current flows or is meant to flow.

Coincidental Demand: (See Demand)

Cold Weather Period: The period between November 1 and April 15, inclusive.

Commercial Demand NEM Customer: A Commercial Customer that is demand metered and has submitted a complete application as per Step 3 of the Authority's Small Generator Interconnection Procedures on or after May 1, 2018 and has an Eligible Net Metering Technologies (see *Section 1.B.*) project at the same location that is electrically connected behind the meter; and

(a) has a rated AC capacity of 750 kW or less and

(b) has an estimated annual output of 110% or less of that customer's annual usage in kWh.

Commercial Demand NEM Project: An Eligible Net Metering Technologies (see *Section 1.B.*) project owned by a Commercial Demand NEM Customer(s).

Complete System Replacement: If both the solar panels and the inverter are replaced (even if not at the same time), the electric generating system will be identified as new.

Conduit: A tube or duct for enclosing electric wires or cable.

Construction Loan Agreement: An agreement between the Authority and a Non-Residing Customer for payment in advance for a line extension on private property with the potential to service multiple Customers. As other Customers come on line, the original Customer will receive a prorated rebate.

Controlled-Access Highway: A public roadway with entrance and exit ramps.

Core Customer: (See *Customer - Core Customer*)

Core Service: Service provided to a Core Customer.

Cost or Expense: The cost of all materials, equipment, labor, and other definite charges plus a reasonable charge for other costs of a general nature (purchasing, engineering, etc.) involved in a project.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

H: Heat-Related Service: A service provided under a residential space-heating rate classification or service needed to start or operate the primary heating system. It also includes a safe, supplemental electrical heating device that is needed by the Customer because the third party who controls the primary heating system does not supply enough heat.

Hybrid Electric Generating System or Hybrid System: An electric generating system consisting exclusively of wind and solar electric generators which are metered and billed as single unit, Hybrid electric generating systems owned and/or operated by Residential, or Residential Farm, or non-residential or Farm Service Customers may be eligible for net metering. Hybrid systems may not include micro- Combined Heat and Power (CHP) or micro-Fuel Cell electric generation.

I: Incremental Capacity Expansion: Capacity addition to electric generating system after initial project install, that does not replace the solar panels and the inverter of the prior generating system.

J: Jurisdiction: The right and power to interpret and apply the law.

K: KiloVar(s) = KVAR 1,000 reactive voltamperes (See Reactive Power)

A unit of measure of that part of Apparent Power that is not useful, but is required by some types of electricity-consuming devices such as motors.

Kilovoltampere = kVA = 1,000 voltamperes (See Voltamperes)

Kilowatt(s) = kW = 1,000 watts

A unit of measure of that part of Apparent Power that is useful (Real Power). (See Power)

Kilowatt-hour = kWh = 1,000 watt-hours

A unit of electric energy equal to one (1) kilowatt of power supplied to or taken from an electricity-consuming device steadily for one (1) hour.

L: Large Offsite Customer(s): Commercial customer(s) with demand billing that host a Remote Net Metering or Community Net Metering project or participate as a Satellite Account.

Large Offsite Project(s): Projects using an Eligible Net Metering Technologies owned by a hosting Large Offsite Customer(s).

Large Onsite Customer(s): Commercial customer(s) with an Eligible Net Metering Technologies project (see Section 1.B.) at the same location and electrically connected, behind the Commercial customer's meter, with

- (a) an AC capacity over 750 kW, or
- (b) an estimated annual output more than 110% of that customers annual usage in kWh, or
- (c) a commercial customer who is billed demand and choose to be considered a Large Onsite Customer, or
- (d) a commercial customer who is billed demand but does not qualify to be considered a Commercial Demand NEM Customer.

Large Onsite Project(s): Projects using an Eligible Net Metering Technologies owned by a Large-Onsite Customer(s).

Late Payment: Payment made more than twenty (20) calendar days after the date payment was due. The due date is the earlier of the two (2) dates: the personal delivery date or three (3) calendar days after the mailing of the bill. The Customer must pay the bill by the "Pay by" date on the bill to avoid making a late payment.

Letter of Credit: A letter issued by a bank authorizing the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies.

Levelized Payment Plan: (See *Balanced or Budget Billing Plan*)

Liability: A legal obligation.

Line: A system of overhead poles, wires, and accessory equipment or underground ducts, conduits, and cables used for the distribution of electricity to Customers.

Line Extension: The addition of poles, wires, ducts, conduits, appurtenant facilities and additional equipment to a distribution line used to expand the shared distribution of electricity to Customers.

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

K. Customer Benefit Contribution Charge

1. Purpose

The purpose of the Customer Benefit Contribution (CBC) Charge is to recover funds that support public benefit programs from customers who install Distributed Generation. The Customer Benefit Charge will be distinguished by rate class, distributed generation technology, and method of compensation for net energy metering, and applied monthly to each eligible customer's bill.

2. Applicability

The following customers will be subject to the Customer Benefit Contribution (CBC) charge

- a) Mass Market Projects that become Substantially Interconnected on or after January 1, 2022. The CBC charge shall also apply to any Incremental Capacity Expansions for new systems interconnected on or after January 1, 2022;
- b) The CBC charge shall apply to a customer that completely replaces their qualifying electric generating equipment that was interconnected before January 1, 2022, including any Incremental Capacity Expansions for such replaced systems;
- c) The CBC charge shall not apply to a customer that was interconnected prior to January 1, 2022 that perform an Incremental Capacity Expansion of their qualifying electric generating equipment. The CBC charge shall not apply to the original project capacity nor the Incremental Capacity Expansion.

3. Calculation of Customer Benefit Contribution Charge

- a) The funds that are eligible for recovery through the Customer Benefit Contribution Charge include the expenditures for the Low Income Program Discounts (leaf 34B et. seq.), utility energy efficiency program costs, and the unavoidable renewable energy costs which are renewable energy costs minus a credit for capacity, energy, and market value of a Tier One Renewable Energy Credit (REC) and other costs as recommended by the Department of Public Service and approved by the LIPA Board of Trustees.
- b) The eligible funds that are to be recovered will be attributed to rate classes based on the manner in which the corresponding charges are recovered, that is, on the basis of revenues or energy (kWh) as applicable.
- c) The eligible funds assigned to each rate class will be divided by the budgeted energy (kWh) in the year of recovery for that service class to establish a dollars-per-kWh (\$/kWh) public benefit cost.
- d) The annual \$/kWh public benefit cost will be multiplied by the annual kWh production by technology of a 1kW system, consistent with NY Public Service Commission Order in Case 15-E-0751 (Order Regarding Value Stack Compensation for High-Capacity Factor Resources), filed December 12, 2019, or subsequent Orders as may occur.
- e) The Customer Benefit Contribution Charge is then converted to a daily charge for each rate class and technology by dividing the annual \$/kW to be recovered by 365 days.
- f) The Customer Benefit Contribution Charge will be phased in over three years. The results of the calculation defined above in steps a through e will be multiplied by one-third ($\frac{1}{3}$) for calendar year 2022 and multiplied by two-thirds ($\frac{2}{3}$) for calendar year 2023.

