

Commercial Solar PV Feed-in Tariff III

Frequently Asked Questions

The following Frequently Asked Questions (FAQs), which may be updated from time to time, are being provided for informational purposes only and any information, data, or comments provided in the FAQs are not to be construed as altering, modifying or replacing the requirements or contents of the Commercial Solar PV FIT. Applicants are encouraged to carefully read and adhere to the requirements as articulated in the Tariff.

1. What is the relationship between the Long Island Power Authority (“the Authority” or “LIPA”) and PSEG Long Island in regard to the Commercial Solar PV FIT?

PSEG Long Island, as agent of and acting on behalf of the Authority, will administer the Commercial Solar PV FIT.

2. What is the Authority’s Commercial Solar PV FIT?

The Commercial Solar FIT is a program in which the owner of a selected Commercial Solar photovoltaic (PV) electric system is paid a fixed rate for every kilowatt-hour generated over the 20-year term of the Power Purchase Agreement between the owner and LIPA. The Commercial Solar PV Feed-in Tariff program has been issued to support the Authority’s goal, as set forth by its Board of Trustees in 2012, to add 400 MW of renewable generation to its service territory.

3. Has the Commercial Solar PV FIT changed since the proposal was first issued on May 18, 2016?

In response to public comment and further internal review, certain limited changes were made to the May 18th Tariff proposal. Also, a delay in Tariff effective date necessitated changes to the originally proposed program timelines. Applicants are encouraged to carefully read the final Tariff as approved at the September 21, 2016 Board of Trustees meeting.

4. What is the size of the program?

The Authority will award contracts for up to 20 MW under this program.

5. When will the Authority accept applications to the Commercial Solar PV Feed-in Tariff?

The initial application submittal period commences on October 1, 2016 and will remain open until January 31, 2017.

To provide for possible attrition in the initial pool of applications and ensure that the Authority acquires enough resources to meet its renewables policy goal, additional applications will be accepted from February 1, 2017 through February 1, 2019. Those applications will be placed on a Waiting List. The Waiting List applications will only be considered in the event the initial pool of successful applications does not meet the targeted award level under the program and additional resources are needed to meet the 400 MW goal.

6. What projects are eligible to participate in the Commercial Solar Feed-in Tariff?

New solar PV projects with a minimum rated output of 200 kW_{AC} and a maximum rated output of less than 1,000 kW_{AC} are eligible to participate in this program. Projects with a kW_{AC} rating outside this range will be considered unresponsive and rejected. A project must be located on the roof of a non-residential Customer's building, structure or carport and must be installed and interconnected to the Authority's electric distribution system with a dedicated meter. Solar PV systems must also use smart inverters that conform to the Authority's technical interconnection requirements.

7. Will the Authority be offering any specific sites for locating solar PV projects?

No, specific sites will not be offered by the Authority in support of the Commercial Solar PV Feed-in Tariff. All siting related activity, including but not limited to acquisition, permitting and community acceptance, is the responsibility of the Generation Project owner.

8. Is it necessary to demonstrate site control as part of an application?

Site control is highly encouraged. While site control is not required for the initial application, it is required for the interconnection application that must be filed by accepted applicants within 10 business days of acceptance into the Commercial Solar PV Feed-in Tariff program.

9. For what costs is the Generation Project owner responsible?

The Generation Project owner is responsible for all interconnection costs and all other costs of developing, installing, operating and maintaining the proposed solar PV resource.

10. What projects are ineligible to participate in the Commercial Solar Feed-in Tariff?

Solar PV projects already interconnected to the Authority's electric distribution system as of the date of applying to this program are not eligible to participate. Further, project(s) that received a Solar Pioneer or Solar Entrepreneur Program rebate or received research and development funding from the Authority are not eligible for this program. Projects that have been awarded a Power Purchase Agreement from the Authority's previous Solar feed-in tariffs or other procurement efforts are also not

eligible. Eligible PV systems are precluded from participating in the Commercial System Relief Program or the Distribution Load Relief Program.

11. Can an applicant's bid contain a minimum project size along with its proposed project size?

Yes. An applicant has the option, but not the obligation, to provide alternative capacity amounts either as one or more discrete MW_{AC} quantities or as a range, provided that alternative capacity amounts are all less than the bid project size and greater than or equal to 200 kW_{AC}. Alternative capacity amounts will be considered in the evaluation process in the event that there are capacity injection constraints at the selected point of interconnection and the bid project size is too big to fit within those constraints. Providing alternative capacity amounts, however, does not guarantee project selection. Also, note that the bid price for the proposed project will be applied to any project size.

12. How much will I be paid under the Commercial Solar PV Feed-in Tariff program?

Successful applicants to the Commercial Solar PV Feed-in Tariff program will be paid a rate (the "Clearing Price" in \$/kWh to the nearest \$0.0001/kWh) determined through a Clearing Price Auction. Once the applicant and the Authority sign a Power Purchase Agreement, the rate for the project will remain fixed for the entire 20-year term of the agreement. The amount of electricity output generated by the project will be measured using a dedicated meter for the approved project.

13. How will successful applicants to this program be paid?

Successful applicants will be paid by check or wire transfer on a monthly basis for all Solar Products delivered to the Authority in the prior month pursuant to the fully executed PPA. Payments will not be made as a credit on a customer bill.

14. What is a Clearing Price Auction?

A Clearing Price Auction is a process in which applicants bid a price per kWh for the energy that they will deliver to the system from their project. The Authority will select projects received during the bidding period from lowest to highest price bid until the total requested capacity is achieved. Each successful applicant would be paid the price offered by the last (i.e., highest) bidder selected during the selection process.

15. Does the program have a Price Cap?

Yes. The Commercial Solar PV Feed-in Tariff program has bid Price Cap of \$0.1688/kWh. Applications offering a bid price in excess of the Price Cap will be deemed as unresponsive and will be removed from consideration in the program.

16. How does the Clearing Price Auction for the Commercial Solar PV Feed-in Tariff work?

The Authority is simultaneously running two FIT programs – the Commercial Solar PV Feed-in Tariff and the Fuel Cell Feed-in Tariff.

Applications will be received between October 1, 2016 and January 31, 2017. Applicants must indicate the proposed size of their project and its interconnection point within the LIPA system, by circuit and substation. These applications will be screened by size and bid price to create a prioritized list of projects that does not exceed the available capacity on any single circuit or substation. Higher priority will be given to applicants with lower bid prices (to make the program most economical for LIPA’s customers) and smaller sizes since smaller projects are easier to site and construct, and result in a greater diversity among participants. In creating this priority list, both the commercial solar applicants and the fuel cell applicants will be comingled. Following this prioritization, the lists will be separated by resource type (solar versus fuel cell). Separately for each resource type, the highest 10% of the bids will be excluded and then the bids will be evaluated in increasing order of price until the target level of capacity is reached.

17. How will projects be screened to ensure they do not exceed the capacity on any single circuit or substation?

Each project application will be reviewed by the Authority using the Smart Grid SGIP preliminary screening process to determine on a preliminary basis whether the distribution circuit and/or substation proposed for interconnection is capable of accepting the capacity proposed by the applicant. In the event that more than one application from this Commercial Solar PV FIT and/or the concurrent Fuel Cell FIT is made for the same circuit or substation, the applications will be considered in order of their bid price such that the lowest bid will receive preference until the available capacity is consumed.

18. Can I receive other incentives or grants from the Authority and participate in the Commercial Solar PV Feed-in Tariff?

No. You cannot receive any other grants or incentives from the Authority for any solar PV system proposed under the Commercial Solar Feed-in Tariff.

19. Can I receive other Federal and/or State incentives or grants?

Yes. Other federal and state tax incentives or grants may be used to help reduce the cost or finance the system, as long as they conform to the rules in place for those incentives or grants. These could include, but are not necessarily limited to tax credits, accelerated depreciation, and grants. However, no LIPA-funded grants or incentives may be used for a system under the FIT. The Generation Project owner is expected to use their best judgment as to the future availability of Federal and/or State incentives or grants when developing its bid price proposal.

20. Can I participate in the Net Metering Tariff and the Commercial Solar PV Feed-in Tariff?

No. Under this FIT, the output of the solar PV system is sold directly to the Authority and separately metered.

21. How long will this program be available?

The FIT application submittal process begins on October 1, 2016 and ends on January 31, 2017. The Authority will continue to accept applications for the Waiting List until such time that the full 20 MW have been awarded and all accepted projects have achieved commercial operation, or February 1, 2019 (whichever comes first). Applications may be accepted from the Waiting List. Acceptance from the Waiting List will be made in priority order according to their submittal timestamp, with earlier submittals taking priority over later submittals. In the event that multiple applications have the same submittal timestamp, smaller capacity projects will be given priority.

22. What price is paid to projects that are selected off the Waiting List?

Projects selected from the Waiting List will be offered the Clearing Price.

23. What are the interconnection requirements?

The Commercial Solar PV systems must interconnect at the distribution level and must comply with the Smart Grid Small Generator Interconnection Procedures (SGIP). The Solar PV systems must also use smart inverters that conform to the Authority’s technical interconnection requirements. A proposed amendment to the SGIP, published on the Manager’s website, provides the specifications for smart inverter requirements.

The Generation Project owner will be responsible for any and all interconnection and system upgrade costs.

24. What happens to qualified applications that are not selected?

Applications that are not selected will be placed in an excess queue (“Waiting List”) with an option to be removed at the Generation Project owner’s discretion. Waiting List projects may have the opportunity to participate in this FIT at the Clearing Price if conditionally selected projects in front of them are cancelled or withdrawn.

25. Who owns the renewable energy credits or other environmental attributes of the system?

The Authority will own the solar renewable energy credits (RECs) and any other beneficial environmental attributes that may arise from or accrue to the project.

26. Do I need to be a customer?

No, you do not need to be a customer in order to install a system eligible for this FIT. However, the system must be installed within the Authority's service territory.

27. Is there a price escalator?

No. The clearing price will be fixed for 20 years.

28. Can I sell my project or transfer ownership to a 3rd party?

Yes. A project can be sold or transferred to a third party subject to the terms and conditions in the PPA.

29. Can I own more than one project?

Yes.

30. Can there be more than one owner per project?

Yes, but only one person or legal entity can sign the PPA and will be held responsible for executing the terms and conditions of the PPA.

31. Can there be multiple projects at a given site?

No. Sites are limited to one project.

32. Can I terminate the agreement before the end of the term?

No. The term of the PPA will be twenty (20) years from the commercial operation date of the project and cannot be terminated early; however, an event of default or force majeure may cause the PPA to be terminated. The Authority will not allow a project that has had its PPA terminated early due to a Seller default to re-enter the FIT or to switch to the net meter tariff.

33. What happens if the project is rendered non-operational at any point?

Following commercial operation, if a project is rendered inoperable for longer than 12 months, regardless of the cause, the Authority may terminate the PPA and cease payments to the owner.

34. What happens at the end of the PPA term?

At the end of the PPA term, the system owner may keep, dismantle or sell the system, and its continued operation and interconnection to the Authority's grid would be subject to the terms and conditions in place at the time the PPA expires. The system owner will be responsible for complying with all laws and regulations in effect at the end of the contract term applying to system removal, safe disposal of equipment, and site restoration.

35. What is the latest Commercial Operation Date (COD) that would be accepted?

There is no specific date for accepted generation projects to achieve COD. However, the proposed Tariff, PPAs, and relevant interconnection procedures contain activity deadlines that require timely progress toward COD. The Authority may reject a bid for failing to make such timely progress. For instance, once notified of acceptance in the initial enrollment period, generation projects then must apply within 10 business days for interconnection to the Authority's system under the Smart Grid SGIP or NYISO's Small Generator Interconnection Procedures, as applicable. Projects must complete the interconnections process according to the schedule of the appropriate interconnection process. The Authority expects to execute a Fuel Cell or Solar PPA with the generation project owner shortly after execution of the Interconnection Agreement. The generation project must achieve COD within two years of PPA execution by all parties, unless a delay has been approved according to the provisions of the PPA. While the elapsed time from acceptance to required COD may vary, it typically would not take longer than 2 ½ to 3 years.

36. Is there an application fee?

Yes. At the time of application for the Commercial Solar FIT, the Proposer will need to provide within three (3) business days of application submittal a certified check payable to PSEG Long Island for \$1,000 for each application. The application fee will be refunded to any applicant that is deemed unresponsive, or withdraws prior to being accepted in the FIT. Certified checks should be delivered to:

PSEG Long Island
ATTN: Stephen Cantore, Power Asset Management
175 E. Old Country Road
EOB, 2nd Floor
Hicksville, NY 11801

37. In what format should bids be submitted?

An application form is available on the Manager’s website. The completed application form must be submitted electronically to PAMfitLI@pseg.com.

38. Can multiple projects be included under one application?

No. Each project requires its own application.

39. Is there a recommended or approved list of consultants or contractors?

No, Generation Project owners are free to use whatever resources they choose.

----- New questions added on November 7th, 2016 -----

40. How do I submit additional information regarding my project that cannot be inputted directly into the FIT application?

Applicants may submit additional project information that cannot be entered directly into the FIT application as a separate attachment to their application.

41. Will the Authority provide water, or any other utility, to the project?

No. Water, or any other utility, are the responsibility of the Generation Project owner.

42. When will developers be notified about winning bids?

It is anticipated that notification of initial awards of Power Purchase Agreements will occur in the first half of 2017. This estimated schedule is subject to change.

43. Are applications for mutually exclusive proposals on the same site allowed?

Yes. Applications for mutually exclusive proposals on the same site are allowed provided that the applicant identifies on its application the other mutually exclusive proposals. Applicants should identify the other mutually exclusive proposals in the “Other pertinent information relating to this proposal” section of the FIT application form.

----- New questions added on November 28th, 2016 -----

44. When does the Authority expect to announce the clearing price for the Commercial Solar PV Feed-in Tariff program?

It is anticipated that the Authority will announce the clearing price for the Commercial Solar PV Feed-in Tariff program in the first half of 2017. This estimated schedule is subject to change.

45. Would the Project owner bear the risks and costs of output losses (e.g., associated with any lines and/or other equipment) that may occur from the generator up to the point of interconnection to the Authority's system?

Yes. The Project owner would bear the risks and costs of any output losses up to the point of interconnection to the Authority's system. The electricity output of the Project will be measured at the point of interconnection to the Authority's system using a dedicated meter and payments to the Project owner will be based on that output amount.

----- Question added on December 22nd, 2016 -----

46. If LIPA orders the Project owner to reduce plant output, will LIPA pay for the energy that was not delivered but was available to deliver?

No. However, such a scenario is not expected to occur frequently. The Power Purchase Agreement for the Commercial Solar Feed-in Tariff ("PPA") obligates the Authority to "purchase and receive or cause to be received, one hundred percent (100%) of the Solar Products generated by the Facility up to the Nameplate Capacity." (See PPA Article 5.1) The Facility will not be ordered to reduce output as a result of economic dispatch. Nevertheless, certain circumstances may cause LIPA to order the Project to generate electricity at a level below its full capability for limited periods of time, without compensation for the undelivered energy. These include, without limitation, curtailment resulting from system maintenance or reliability emergencies.