

# **Renewable Energy Facility Host Community Benefit Program**

## **Implementation Plan**

December 2023

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## **I. Introduction**

This Renewable Energy Facility Host Community Benefit Program Implementation Plan (“Plan”) sets forth the program rules and guidelines for the Host Community Benefit Program (“HCB Program”) as set forth in the Long Island Power Authority (“LIPA” or “the Authority”) Tariff for Electric Service. The Authority as used herein is defined as the Long Island Power Authority (“LIPA”). Depending on usage, this term may include or refer to the Authority’s subsidiary which owns the electric transmission and distribution system, and/or the Manager, which is responsible for providing services on behalf of the Authority and/or its subsidiary under the terms of the Operations Services Agreement.

This Plan is structured to be consistent with the *Order Adopting A Host Community Benefit Program* (the “Order”), issued by the New York State Public Service Commission (“PSC” or “the Commission”) on February 11, 2021, in Case 20-E-0249<sup>1</sup>.

## **II. Background**

Section eight of the Accelerated Renewable Energy Growth and Community Benefit Act<sup>2</sup> (“Act”) required the Commission to consider a HCB Program to provide benefits to utility customers in Host Communities in which future major renewable energy facilities are located. The Act explicitly provides that LIPA shall establish a program in its service territory to achieve the same objectives as the regulated utilities.

On May 29, 2020, the Commission issued a *Notice Soliciting Comments* (the “Notice”), which established the above-referenced case and sought comments on specific questions relating to 1) Program Structure, 2) Financial Structure, and 3) Utility Coordination. On July 2, 2020, the Joint Utilities<sup>3</sup> submitted their response to the Notice.

Thereafter, Department of Public Service Staff filed its *Staff Host Community Benefit Program Proposal* (the “Staff Proposal”) on September 23, 2020. A Stakeholder Forum was held on November 10, 2020, and the Joint Utilities submitted initial comments to the Proposal on December 7, 2020, followed by reply comments on January 5, 2021.

In the Order, the Commission adopted the Staff Proposal with modifications. The Order, among other things, directs each of the Joint Utilities to administer the Program, file an Implementation Plan by July 31, 2021, and submit annual reports by April 1 each calendar year in which the utility administers the Program<sup>4</sup>.

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<sup>1</sup> Case 20-E-0249, In the Matter of a Renewable Energy Facility Host Community Benefit Program, Order Adopting A Host Community Benefit Program (issued and effective Feb. 11, 2021) (the “Order”).

<sup>2</sup> 2020 New York State Session Laws Chapter 58, Part JJJ (the “Act”). The Act became effective April 3, 2020.

<sup>3</sup> The Joint Utilities are: Central Hudson Gas & Electric Corporation, Consolidated Edison Authority 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 & Electric Corporation.

<sup>4</sup> Order, Ordering Clauses 4, 5, and 7, pp. 38-40.

### **III. Summary of Host Community Benefit Program**

The Program will provide an annual bill credit to residential electric utility customers with premises located in a Renewable Host Community for each of the first ten years that a Major Renewable Energy Facility (“Facility”) operates in that Community. A Major Renewable Energy Facility is defined as “any renewable energy system, as such term is defined in section sixty-six-p of the public service law with a nameplate generating capacity of twenty-five thousand kilowatts or more, and any co-located system storing energy generated from such a renewable energy system prior to delivering it to the bulk transmission system, including all associated appurtenances... ”<sup>5</sup>

Pursuant to the Act, a Renewable Owner is defined as the “owner of a major renewable energy facility constructed after April 3, 2020 that is proposed to be located in a host community, for which the New York State Energy Research and Development Authority (“NYSERDA”) has executed an agreement for the acquisition of environmental attributes related to a solicitation issued by NYSERDA after the effective date of this section.”<sup>6</sup>

The Host Community will be defined as the town(s) or city(ies) where a Facility is sited, identified by the Companies’ municipal tax identification number (“Tax ID”). If the Facility is located in more than one town or city, the Host Community will include each Tax ID.

The Renewable Owner of a Facility will fund the credits by paying an annual fee (“Program Fee”) of \$500 per megawatt (MW) of nameplate capacity for solar facilities, and \$1,000 per MW for wind facilities. The fees paid by the Facility, less any administrative fees,<sup>7</sup> will be distributed equally among the residential utility customers within the same Host Community. If more than one Facility is located within the same Host Community, then the Authority’s residential customers would receive a credit for each Facility. The bill credit will be provided on the first electric bill of the calendar year, after all other adjustments have been applied.

Pursuant to the Order, NYSERDA shall provide by November 1<sup>st</sup> of each year a list to the Authority identifying each Facility that is required to pay the Program Fee that year, and the amount of each Facility’s Program Fees. If the Authority does not receive the required fees by December 1, the Authority shall promptly inform NYSERDA, who will work with the Facility to have the appropriate fee sent to the Authority.

If the Authority does not receive the Program Fee from the Facility in time for the billing system to execute the credit on the first electric bill of the calendar year, the Authority will withhold the credit process and will execute on the first billing cycle as soon as practicable after the receipt of the Program Fee from the Facility.

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<sup>5</sup> NYS Executive Law § 94-c(2)(h).

<sup>6</sup> Act § 8(b).

<sup>7</sup> The original Proposal recommended the utilities be allowed to retain 0.05% of the Program Fees for administrative costs. The Order recognized that the proposed retainer may be inadequate, and a future proposal may be made to increase the fee.

#### **IV. General Rules**

- A. The Authority shall provide an annual bill credit to residential customers who reside in a Host Community for the first ten years that a Facility operates.
- B. If the Facility becomes operational before December of a given year, the Renewable Owner will transfer the first annual Program Fee to the Authority by December 1, and eligible customers will receive the bill credit on their first electric bill of the following year. If a Facility becomes operational in December, the Renewable Owner will pay the first Program Fee before December 1 of the next calendar year and eligible customers will receive the bill credit on their first electric bill of the year following receipt of the Program Fee. Delays in remitting payment on the part of the Facility may impact the bill credit to eligible customers.
- C. The Authority shall apply the bill credit after all other adjustments to the bill have been made. Any remaining credit will be rolled over and applied to the subsequent month's bill, after all other adjustments have been made, until the bill credit has been depleted. If a customer discontinues service while a credit remains, the Authority shall provide that amount to the customer as it would any remaining credit balance.
- D. In the case of a new or changing occupant of an eligible residence, the customer of record as of the first billing period of the calendar year will be entitled to the full bill credit for that year. If there is an account transfer, the bill credit will stay with the customer or will be disbursed to the customer if they leave the utility's service territory. The new customer in the applicable residence will begin receiving the bill credit in the next annual bill credit implementation cycle and will not receive a proration of the bill credit for the current Program year.

#### **V. Implementation Plan Requirements**

The Implementation Plan requirements fall into three general categories:

A) Administrative Tasks, B) Disbursement of Bill Credits, and C) Customer Bills. The following presents the Authority's implementation plan. Costs associated with the Plan would only be required if a Major Renewable Energy Facility becomes operational in the Authority's service territory. If no Facility becomes operational, the Authority will not incur any costs.

##### **A. Administrative Tasks**

- 1. The Authority will maintain a list of all projects in which NYSERDA has entered into a Tier 1 renewable energy certificate contract. NYSERDA will file a letter with the Secretary to the PSC, which may be found on the Document and Matter Management system ("DMM") under Case No. 20-E-0249. This is a manual task with no plans for automation.

2. The Authority will verify whether the potential host community listed in the letter falls within their service territory. This is a manual task with no plans for automation.
3. The Authority will notify any neighboring utility(ies), and work together to determine if the potential project affects more than one utility. This is a manual task with no plans for automation.
4. The Authority will notify NYSERDA if there is a discrepancy regarding the affected utility(ies) reported in their letter, and what the utilities found in their collaboration. This is a manual task with no plans for automation.
5. The Authority's Billing Department will be notified by the Interconnection Department when the Facility is interconnected. The Authority will notify any other affected utility(ies), if any. This is a manual task with no plans for automation.
6. The Authority will ascertain the eligible residential customers by working with the Host Community town(s) and/or city(ies) where the project is located. This is a manual task with no plans for automation.
7. If a Facility is sited in one or more towns or cities served by multiple utilities, the Authority will contact the other affected utility. Each utility will identify the total number of eligible residential customers within their respective service territory. The utilities will then work together to determine the portion of those customers served by each utility. They will communicate each utilities' applicable percentage to NYSERDA, so that it may be included on the November 1 notification (the "Notification") that NYSERDA will send to utilities. This is a manual task with no plans for automation.
8. The Authority will receive notification (the "Notification") from NYSERDA by November 1 of each year. The Notification shall identify the Facilities that are required to pay the Program Fee that year, the amount of each Facility's fee, and the utility to be paid.
9. The per customer bill credit amount will be calculated after subtracting an administrative fee, from the Program Fee<sup>8</sup>. The Authority will then calculate the per customer bill credit amount by dividing the dollar amount of the particular facilities' Program Fee by the number of eligible customers for the applicable Host Community location based on customers. If a Facility is located in one or more towns or cities served by multiple utilities, the Authority will coordinate with the other utility to ensure each recipient receives the same bill credit amount regardless of town, city or utility. This is a manual task with no plans for automation.

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<sup>8</sup> The original DPS Proposal recommended the Joint Utilities be allowed to retain 0.05% of the Program Fees for administrative costs. The Order recognizes that the proposed retainer may be inadequate, therefore this issue remains an open item.

10. The Authority will invoice the Renewable Owner which will transfer the program fee to the utility(ies) by December 1.
11. The Authority will compare the Program Fee received on December 1 to the Notification to determine whether there are any Facilities that did not submit their required payment. If payment was not received by a Facility, the Authority will notify NYSERDA. This is a manual task with no plans for automation.
12. The Authority will perform an annual reconciliation to account for the difference in the payments received from the Renewable Owner and the bill credits applied to eligible customers' bills so any difference may be calculated into the following year's total available for customer disbursement.
13. Cost Estimate For Administrative Tasks:

*On-Going Annual Costs per Facility*

Coordination with NYSERDA and other utilities	\$100/hr * 4 hours	\$400
Eligible Customer Identification & Calculations to Determine Bill Credit Amount	\$100/hr * 3 hours	\$300
Invoicing Renewable Owner	\$100/hr * 2 hours	\$200
Reconciliation of Yearly Credits	\$100/hr * 4 hours	\$400

**B. Disbursement of Bill Credits**

*1. Existing feasibility and limitations*

The disbursement of bill credits to eligible residential customers is feasible on a manual basis using current systems and resources. The Authority's limitations regarding the line-item bill description are discussed in the Customer Bill section below.

*2. Expected processes administering the bill credits, including processes for identification and verification of applicable beneficiaries.*

The eligible customers will receive a bill credit as close to January 1 as possible. The billing department will use an input file that has identified the eligible

customers and the monetary amount of each customer's credit, and the developer's name. This file will be saved on the billing mainframe and during the monthly batch billing process, the billing system will pick up the input file and apply it to the eligible customers' bills. The bill credits will be automatically applied to eligible customers' first bill of the calendar year using the process described above and will be applied after all other adjustments to the bill have been made. If the credit exceeds the remaining balance on the customer's bill for the month, the remaining credit will be applied to the subsequent month's bill.

The billing process will also produce a report of all accounts that received the credit to aid program administrators in reconciling the calculation of the following year's bill credits. While the disbursement of credits will be an automated process, the annual reconciliation will be done manually.

3. *How the utility will manage and correct errors in customer identification.*

The Authority will work with the Host Community town(s) and/or city(ies) where the project is located to address any customer requests to be included in a Host Community.

4. *A mechanism for how customers who believe they are eligible for the bill discount, but who do not receive it, can demonstrate eligibility.*

The Authority will work with the Host Community town(s) and/or city(ies) where the project is located to address any customer eligibility issues.

5. Cost Estimate for Disbursement of Bill Credit Tasks:

*Initial Implementation of the Program*

IT Scoping, Development, Testing and Implementation in Billing System to Automate Bill Credit Disbursement	\$125/hr * 1950 hours	\$257,550
	\$115/hr * 120 hours	

*On-Going Annual Costs per Facility*

Handling Errors/Customer Disputes	\$100/hr * 4 hours	\$400
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C. Customer Bills:

1. *How the utility proposes to identify the bill credits on customers' bills.*

The bill credit will be identified as a separate line item on a customer's bill under the "Other Charges/Adjustments" section of the bill. The description will indicate that the credit is from a renewable energy host project. The text length will be determined in the IT design phase and the credit will be uniquely labelled. The Authority will also include a targeted bill message, which will specify the name of the project(s) and/or the Renewable Owner's name from which the customer is receiving the credit. However, the bill message could be bumped if a higher priority bill message is applicable to the customer's account in the billing period that the credit is applied. The Renewable Owner name and contact phone number will also be attached to the customer's account in the Authority's billing system to aid the Call Center in answering customer questions.

2. *Provide examples of how the project(s) will be identified on customers' bills.*

As indicated above, the Authority will identify the bill credit on a customer's bill as a separate line item under the "Other Charges/Adjustments" section. While exact verbiage will be determined in the IT design phase, currently the Authority proposes the bill line description to be as follows: Renewable Energy Facility Host Community Credit. The Authority also plans to include information in a bill message, as indicated in Step 1, above, and Steps 3 and 4, below.

3. *Indicate barriers, if any, to providing individualized line items or bill messages in the instance there are multiple projects within the territory.*

The billing system may not be able to provide individualized line items denoting credits for multiple projects. This determination will be made in the IT design phase. Once a bill line description has been created, the text cannot be changed. However, the Authority will provide the specific project name(s) in the bill message. Bill messages have character limits so if there are multiple projects providing credits, there may not be sufficient space to show all projects. As noted in Step 1 above, the Authority will note the project name(s) and location(s) on the customer's account. Should the customer have a question, they may contact the Customer Service Call Center, and a representative can bring up the customer's account and provide them with the specific information.

4. *Include proposed bill message language and any other proposed customer outreach methods.*

The Authority's proposed bill message will read similar to: "As a residential customer in a community with a major renewable solar or wind energy facility [insert project name], you're eligible for an annual bill credit for the first 10 years of the facility's operation. We have applied this credit to your account, appearing under the "Other Charges/Adjustments" section of this bill. Thank you." The messaging will be designed to fit within character limits and accommodate

multiple project names, when possible. The Authority will also post information on the Program on its web pages and provide training to its call center representatives on the Program to aid in answering customer inquiries.

5. Cost Estimate for Customer Billing Tasks:

*Initial Implementation of Program*

IT Scoping, Development, Testing and Implementation in Billing System to Automate Bill Credit Disbursement	See above	See above
Update Website & Call Center Training	\$100/hr * 12 hrs	\$1,200

D. Summary of Costs

As described in this implementation plan, the administrative tasks to implement and maintain the Program will be primarily manual. At this time, the costs for most of the manual tasks are expected to be performed by current Authority labor force and are not expected to be incremental costs. The disbursement of bill credits will be automated. The Authority's initial cost estimate to implement the Program includes a one-time incremental cost of \$258,800 for IT automation of the billing system, updating its website, and conducting internal training. The on-going annual administrative costs are estimated to be \$2,990 per project, per year. See the table below for a summary of the costs.

1. *Initial Implementation of Program:*

IT scoping, development, testing and implementation in billing system to automate bill credit disbursement	\$125/hr * 1950 hours \$115/hr * 120 hours	\$257,550
Update Website & Training	\$100/hr * 12 hours	\$1,200
<b>Total</b>		<b>\$258,750</b>

2. *Ongoing Annual Costs of Administering the Program (Per Facility):*

Coordination with NYSERDA and other utilities	\$100/hr * 4 hours	\$400
Eligible Customer Identification & Calculations to Determine Bill Credit Amount	\$100/hr * 3 hours	\$300
Invoicing Renewable Owner	\$100/hr * 2 hours	\$200
Reconciliation of Yearly Credits	\$100/hr * 4 hours	\$400
Handling Errors/ Customer Disputes	\$100/hr * 4 hours	\$400
Update Website & Call Center Training	\$100/hr * 12 hours	\$1,200
<b>Total</b>		<b>\$2,900</b>

## **VI. Reporting**

The Authority will file an annual report by April 1 for the prior calendar year, for each year in which the Authority administered the Program for at least one Major Renewable Energy Facility<sup>9</sup>. The Authority will maintain a record of the following:

1. Facilities actively providing benefits under the Program in its service territory;
2. Monies received from each such facility;
3. The amount of the individual bill credit provided related to each such facility;
4. The number of customers who receive the bill credit associated with each facility;
5. The costs incurred to administer the Program.

## **VII. Conclusion**

The Authority plans to monitor and refine the Host Community Benefit Program while keeping administrative costs to a minimum.

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<sup>9</sup> Order, Ordering Clause 7, pp. 39.