Meeting Agenda (September 7, 2017)

a. Welcome/Introductions

b. Process/Procedural Matters
   i. Ground rules for participation at all locations
   ii. Future Meeting Schedule/Coordination of Meetings with Other Working Groups
      1. September 19 Plenary
      2. Dates of upcoming meetings
   iii. Extension of Report Deadline
      1. Schedule/timeline for completion
      2. Filing of Staff Report

c. Discussion of Adder Papers

d. Next Steps
   i. Call for Papers – Eligibility/Enrollment Mechanisms
   ii. Action Items

e. Adjourn

Meeting Summary

Agenda a): Welcome/Introductions

The meeting of the LMI Work Group was convened at approximately 1:00pm on September 7, 2017, at the Albany, New York City, and Buffalo offices of NYSERDA. The meeting was chaired by Marty Insogna in Albany. A total of 27 persons attended the meeting live; 16 persons dialed in. A list of in-person attendees is posted separately. Those attending in person introduced themselves.

Agenda b): Process/Procedural Matters

Ground rules for participation at all locations: Staff will try to accommodate more participation from the NYC and Buffalo locations, as well as allow some time at the end of the meeting for questions and comments from the phone participants.

Future Meeting Schedule/Coordination of Meetings with Other Working Groups: There will most likely not be a plenary session on September 19th, since the other two working groups have not made enough progress to have a useful plenary meeting. This working group will meet on September 19th without the other working groups. NYSERDA will probably host the meeting and will update the group when they figure out what time works best. After the meeting on September 19th, the LMI working group will meet on October 11th, October 25th, and November 9th. The October meetings will be on back-to-back days with the other two working group meetings (those groups will meet October 12th and October 26th). The meeting on September 19th will concern eligibility and enrollment, the meeting on October 11th will concern the interaction and role of NYSERDA programs, and the last two meetings will (tentatively) focus on the report.

Extension of Report Deadline: The report deadline has been extended to November 15th. While the Rate Design and Value Stack working groups may carry on indefinitely, the LMI working group will most likely wrap up with the submission of the report. There will be opportunity for party comments on the report, and a subsequent Commission order may require further discussion, but the report deadline is technically the end date for this working group.

The Charge of this Working Group: The Commission order called for a LI working group, not necessarily a LMI working group. LI is defined as being below 60% of the state median income, while MI is defined as being between 60% and 80% of the state median income. LI will most likely require different strategies and products from MI. The focus of this working group should be on LI, but we can treat it as a bonus if the LI solutions can be applied to MI, or if we come up with solutions for MI en route to developing solutions for LI. However, since NYSERDA and some utilities define affordable housing up to the 80% income level, the focus for this working group can extend to cover affordable housing topics as well as LI.

Agenda c): Discussion of Adder Papers

Jessica Azulay summarized the adder proposal submitted by Alliance for a Green Economy - in concert with Energy Democracy Alliance:

The Alliance aims to create a CDG adder that will reduce the energy burden on LI customers. The intention is for this value stack adder to quantify the values found within utilities and society at large. The adder proposal suggests examples of values that could be quantified for ratepayers and tax payers, though Jessica recognized that these examples are not an exhaustive list. The costs for the proposed adder would be allocated across all ratepayers.

Until the adder values can be precisely calculated, the Alliance proposes a transitional adder that would take on the value of the gap between the VDER tariff and net metering. This gap would include circumstances where a project is receiving the MTC credit. The purpose of the transitional adder is to incentivize LI rooftop solar and create equity among NEM customers – LMI and non LMI. The term of the transitional adder is still being considered.

The Alliance sees the potential for beneficial interaction with NYSERDA programs as well as the environmental justice adder. NYSERDA programs would give incentives directly to the developers to help ensure LMI projects are developed, while the Alliance's adder would flow directly to the LMI off-takers to reduce their bills and lower their energy burden. The Alliance also believes that both an adder for LI communities and environmental communities are necessary, and that customers within the overlap between these communities could receive the benefit from both adders.

In the discussion that followed, there were concerns about how to keep the incentives separate for developer and customer, i.e. it might be difficult to keep both sides from affecting how the credit value gets split. Parties discussed whether the proposed adder would give LI customers a better financing score and make LI investments more attractive to developers. There was agreement that the group needs to come to a better understanding of the contractual obligation between customer and developer in order to ensure that the adder has the desired impact. Parties also agreed to look into whether an adder is treated as taxable income.

Brock Gibian summarized the adder proposal submitted by Ecogy Solar:

The primary goal of the Ecogy CDG adder is to reduce the energy burden on LMI communities by providing direct benefits to those customers. A more substantial value proposition to the customer would decrease customer acquisition costs and increase LMI participation, which is especially important given how essential LMI community participation is to the renewable energy transition in New York. Ecogy proposes that such an incentive could take the form of a credit allocation between developer and end-use subscriber, in order to benefit both parties. The adder allocation to the developer could even end up benefiting the customers on their rates as well. The cost of the adder would be paid by all ratepayers, and the credit to the developer would most likely come from the utility.

To improve financeability, Ecogy suggests extending the term length on value stack compensation where CDG benefits LMI customers. Ecogy also suggests that in terms of boosting the customer's finances, a per kWh adder is a much more effective incentive than tax credits and other incentives. Ecogy proposes a 1 cent/kWh to 2 cent/kWh LMI adder that may vary depending on location – downstate versus upstate versus Long Island.

In the discussion that followed, parties debated how cumbersome it would be for a new or existing agency to oversee the proposed adder. Parties also examined the suitability of PPAs and similar mechanisms in certain areas of New York with particularly low power prices. A few questions were posed that were deemed to warrant further investigation, namely what the interaction would be between the adder and customers' bill credits, and what the bill impact would be on LI customers who do not participate in the CDG programs.

Shiva Prakash summarized the adder proposal submitted by the New York Lawyers for the Public Interest – in concert with the New York City Environmental Justice Alliance:

The NYLPI propose an environmental justice adder to incentivize projects that benefit customers in environmental justice communities. These include a wide array of projects such as generation projects, storage, demand management, those that reduce air pollution, those that encourage deeper participation by people living in environmental justice communities, etc. The NYLPI suggest using the New York State DEC's environmental justice community map as a starting point to designate areas for their adder. The cost of the adder would be supported by all of the ratepayers.

According to the proposal, qualifying projects start with a base adder value of 2 cents/kWh. Projects meeting one or more of the supplemental environmental justice criteria receive additional adder value depending on how that criteria is weighted – criteria has a weight based on the magnitude of its environmental justice benefit. For example, the most heavily weighted criteria refers to projects where 80% of participants are people living in environmental communities. Other supplemental criteria include projects where a community based organization is in a sponsorship role or projects that serve to offset traditional energy infrastructure.

The NYLPI believes that their value stack adder will help increase financeability of projects, but that in addition it will be important to include an adder that provides incentives to the developers as well.

In the discussion that followed, parties considered if utilities should exploit newfound efficiencies created by the adder to try to reduce customers' bills so that ratepayers would feel less of an impact from the cost of the adder. Some believed that the cost increase to general ratepayers is simply a leveling of the playing field, since those ratepayers do not currently bear the cost that the customers in environmental justice communities face.

Sheryl Musgrove summarized the adder proposal submitted by the Pace Energy and Climate Center:

Pace thinks that adders should not be treated as temporary incentives, but that adders give a real value that should be included as part of the value stack. Because Pace treats adders as part of the value stack, Sheryl explained that Pace does not distinguish between whether the adder's benefit flows to the customer or to the developer.

Since it is difficult to arrive at a precise value that adders provide, Pace suggests that we start with a 2 cent/kWh or 3 cent/kWh adder and adjust the value over time to reflect future assessments.

Pace divides their adders into value stack adders and market transition adders, where the latter are incentives just to get these projects started in LI and environmental justice communities.

Pace proposes a list of stackable adders that give additional value based on if they serve more or less of the targeted communities or community members. Thresholds are 25%, 50%, and 75%, with the adder value increasing as the percentage increases. Pace justifies including projects with less than 50% of off-takers in targeted communities, arguing that at this stage it is important to incentivize any project that provides even a little bit of help.

- E.g. CDG projects with a certain percentage of household off-takers below 200% of the federal poverty level; CDG projects with a certain percentage of off-takers located in multifamily affordable buildings; CDG projects with a certain percentage of off-takers located on an Indian reservation.

Pace proposes implementing another list of adders for projects located in underserved communities, disadvantaged communities, and environmental justice communities.

- E.g. CDG projects developed through brownfield, landfill, or industrial site redevelopment; CDG projects located within x-mile radius of an operating fossil fuel plant.

Pace also proposes a CHP adder, and energy efficiency adder, and a labor adder.

In the discussion that followed, it was suggested that Pace, or another party, put together a map of the different types of designated community areas. There was also conversation regarding investigating the best mechanisms for verifying the proposed labor adder.

Brian McNierney summarized the adder proposal submitted by the Joint Utilities:

The Joint Utilities were concerned that adders may not solve all the issues. They wonder how we can measure the cost of the adders to non-participating customers, and how we can start making this an even playing field for LI customers. They also recognize the presence of substantial road blocks in the way of making it practical for developers to sign up LI customers, especially the issue of financeability – they propose working with Green Bank to help to make these types of projects more financeable.

If an adder is to be implemented, they recommend that the adder value be measured on a per project or per LI customer basis, rather than on a per kWh basis, since this methodology would serve to further the goal of increasing LI participation. Furthermore, instead of setting a standard adder value, they propose a competitive bidding process for determining adders on a project basis – the value would be set by asking developers what amount it would take to make them take the risk on LI customers and move forward with the project.

In the discussion that followed, it was suggested that we examine ConEd's Shared Solar program. This program was supported by all ratepayers, even those that were not participants, so it might shed some light on the potential cost of adders to non-participating LI customers. Additionally, the difficulty in resolving the uneven playing field for LI customers was emphasized, particularly with regard to the inequities in credit scores.

General Discussion:

Marty proposed that there be some open-ended discussion about the best methods for accomplishing the objectives mentioned during the meeting.

- There was some discussion as to the advantages and disadvantages of using an auction process for adders versus starting with a standard adder amount.

- Bob Wyman questioned the utility of having LI customers sign up directly with the CDG provider, versus having the utilities get power from CDG providers and then distributing the power appropriately to LI customers. Responses referenced the importance of having LI customers be more connected to their own energy impact and giving them more choice over their energy sources.

- There was consensus that in order to accurately update and reassess adder proposals we need a lot more data from the utilities.

- There was talk about whether the ultimate goal should be to make energy more affordable for LI households or to increase LI access to solar.

- The discussion ended with brief debate on whether increasing energy efficiency would be a more effective tool for reducing the energy burden on LI customers.

Agenda d): Next Steps

Call for Papers: Parties should submit ideas on eligibility and enrollment mechanisms by noon on September 18th, in preparation for the meeting on September 19th.

Action Items: Those parties who have not filed their adder proposals in the Matter number (17-01278) should do so.