Meeting Agenda (September 7, 2017)

a. Welcome/Introductions

b. Process/Procedural Matters

c. Discussion of Eligibility/Enrollment Mechanisms

   i. How CDG enrollment currently occurs
   ii. Applicability to CDG of current low income program eligibility criteria for individual customers and/or by proxies (e.g., affordable housing)
   iii. Consideration of different eligibility/enrollment criteria for different project types or hosts
   iv. Other approaches for determining eligibility (eg., census tract, EJ area)
   v. Applicability of current customer enrollment procedures used by program administrators (NYSERDA, utilities)
   vi. Additional considerations for identifying/enrolling eligible customers

d. Next Steps
   i. Role of NYSERDA Programs (NYSERDA presentation)
      1. Current programs
      2. Potential for additional support
   ii. Action Items
      1. Research need - EJ benefits

e. Adjourn

Meeting Summary

Agenda a): Welcome/Introductions

The meeting of the LMI Work Group was convened at approximately 1:00 pm on September 19, 2017, at the Albany, New York City, and Buffalo offices of DPS. The meeting was chaired by Marty Insogna in Albany.

Agenda b): Process/Procedural Matters

Participation of those dialing in: Marty Insogna from DPS discussed the goal to allow time at end of meeting for phone participants to comment.

Allocation of time participants: Marty did not plan to have time limits, but encouraged self-regulation of the length of responses, to be respectful of the many participants, and the limited time for the meeting.

Future Meeting Schedules and Topics: October 11, 2017: NYSERDA programs, and how they interact with other market-based programs; October 27, 2017: discussing how the various issues and considerations of the LMI WG (discussed to that point as separate topics) work together; November 9, 2017: Marty to present his thoughts for the upcoming Staff report on LMI issues for VDER, with time for feedback and questions. Future meetings will be hosted by NYSERDA (in Albany, NYC, and Buffalo) and are tentatively scheduled from 1:00 pm to 4:00 pm.

Format of Staff LMI paper: The final report is likely to be even more comprehensive than the topics addressed in the WG meetings. Marty reminded participants of the list of about eight or ten LMI topics introduced at the first meeting that may be addressed in Staff's paper in addition to the topics of the subsequent meetings and offered to recirculate that list. Marty mentioned that the report would address inter-zonal crediting (as it is required to do by the order) but likely briefly as this was transferred to the Value Stack working group.

Agenda c): Discussion of Eligibility/Enrollment Mechanisms

Five representatives presented their papers on this topic.

Presentation 1: Kelly Roache from Solstice

Kelly asked for awareness of credit issues when addressing LMI eligibility and enrollment. Kelly mentioned credit score thresholds as high as 700 even for solar subscribers (as opposed to owners), which would disqualify a large number of Americans, and also noted that 20 million Americans cannot be scored at all and 26 million are credit invisible. She stressed the links between low or no credit scores with low income and race. She suggested efforts to adjust perceptions of risk with respect to solar for low-credit individuals and to mitigate perceived risk.

Additionally, she advocated for the involvement of community and grass-roots organizations in enrollment, as those organizations can leverage local knowledge and trust to reach out to LMI individuals. Using community based organizations (CBOs), she said, can help effect the justice goals of REV, by more effectively reaching LMI individuals so they too can be closer to and more in charge of their energy.

In the discussion, several participants agreed with the helpfulness of engaging with CBOs. Marty asked what a developer would need to do to use community organizations for enrollment. Kelly answered that there could be a solicitation, and mentioned that CBOs would be cost-effective at enrollment and further could overcome trust issues from past actual or perceived scams. Kelly clarified that the costs of staff-hours to a developer for outreach/enrollment would be more than costs to a CBO, given the CBO's head start in the community.

A discussion ensued about what specifically the developers were selling, e.g., contracts of what length. Kelly agreed contract length was important, given LMI customers' relatively high level of renting. Parties wondered whether CDG could be done without a contract. Marty interjected that the issue may be that developers would need long-term commitments so investment pays off. Further discussion ensued, including a suggestion that an LMI customer could have a long-term CDG agreement, but with the right to leave at any time.

Steve Wemple from ConEd asked whether Solstice's proposal suggested credit support or targeted outreach to individuals with low credit scores. Kelly's answer did not suggest outright credit support, but rather that consistent payment to utilities should be reported to credit agencies, as that could provide evidence of creditworthiness and, similarly, suggested that once customers are in a CDG program, consistent payment under that program should also be reported. She also mentioned the importance of credit education in CDG outreach. Someone commented that it was also important to educate developers about working with the LMI segment. Another party suggested that perceived risk of LMI customers was more on the financier side than the developer side. That participant also suggested a guarantee to make financiers whole if the project collapsed with a mass exodus of LMI customers, and also suggested that successful pilot projects would raise financier confidence.

Another party commented that it would be effective to leverage county government existing structures for reaching LMI individuals, as opposed to over focusing on CBOs.

Presentation 2: Shiva Prakash from New York Lawyers for the Public Interest

Shiva discussed the identification of environmental justice (EJ) communities, highlighting how many existing policies and jurisdictions already have criteria. She highlighted that programs relied on racial demographics and income thresholds; other programs also consider health and air quality disparities (e.g., EJ considerations in NYC when siting power plants). She agreed with other studies' suggestions that one should think broadly about income verification/eligibility, potentially relying on multiple metrics. Finally, she supported proposals that strive to extend benefits to master-metered affordable housing.

Asked to clarify by Max Joel of NYSERDA, Shiva mentioned how eligibility criteria would include both EJ community certification and individual eligibility.

Sara Margaret Geissler from ConEd asked if there was a special focus in defining EJ considering proximity to generation, as opposed to proximity to energy projects generally or to other potential sources of poor air quality (like bus depots). Shiva answered that the proposal took a more expansive view on what might be used to define an EJ community, but she recognized that proximity to specific energy infrastructure could be explored as a proxy. Max Joel commented that siting a CDG project in an EJ community based on proximity to energy infrastructure or bus depots, for example, at some level reflects the concept that the CDG might mitigate local pollution issues. He added that a nearby power plant may not back down even with the presence of local solar.

Participants discussed how existing EJ community designations may be too broad. Asked for more details of NYLPI's EJ proposal, Shiva mentioned the importance of going through a larger stakeholder process (in this WG or otherwise) taking into account the experience of organizations on the ground in EJ communities, so she was hesitant to put forward a fully designed program at this stage.

Staff asked: 1) What are we trying to accomplish with this new subsidy; and, 2) how might we better focus the criteria for the subsidy, versus using the blunt instrument of DEC or NYC EJ maps. Shiva agreed that more targeted criteria are appropriate, but that EJ organizations should be part of process. Marty offered Shiva the opportunity to expand on the use of additional criteria for EJ community definitions, and Shiva agreed. Shiva discussed how the value of the LMI engagement went beyond the quantifications under the Value Stack, but it was more the holistic benefit of empowering LMI customers in relation to CDG and their energy needs.

A participant asked about funding for additional EJ research, and Marty mentioned there potentially was funding, but not time or funding for original research, but rather for something like a literature review.

The discussion also put forward the concern that CDG benefits for centrally metered LMI multi-family buildings could end up flowing only to the property owner.

Chris Coll mentioned that the Governor's Office is starting a working group on EJ issues, and that issues raised in this LMI WG could be passed to the Governor's Office WG.

Presentation 3: Jen Metzger from Citizens for Local Power

Jen proposed Community Choice Aggregation (CCA) for CDGs, e.g., opt-out participation in CDGs, where municipalities enter into the agreements with developers. She mentioned that while the recent Commission Order on CCAs addressed specifically CCAs and ESCOs, CCAs for CDG could also be beneficial. She mentioned that a portfolio of CDGs in a CCA would increase the per customer benefit of the CCA, and how CCAs reduce the risk factor to developers/funders, eliminate credit thresholds for LMI participants, eliminate customer acquisition cost, reduce customer management costs, and reduce financing cost. Overall, CCAs reduce costs to both developers and funders. CCAs would supplement, not replace, other CDG initiatives. She pointed out that the Commission might need to waive the minimum 1,000 kWh subscription threshold. She also advocated for CCA costs to be on utility bill, to eliminate customer confusion and non-payment.

In the discussion, one party commented on the difficulty for municipalities to convince citizens that a project is a good idea. He raised the concern that the administrative burden of administering LMI adders and certification and recertification would be prohibitive for developers. Jen answered that local communities had a desire for local community solar, and CCAs would reduce costs of CDG. Marty raised the issue that CCAs would only serve a small part of the load in many circumstances, aside from large solar in a very small community. Jen discussed that there are rural areas with interest in community solar. Another party thought the discount to utility pricing would need to be substantial. Jen mentioned that the length of the contract would be important. Another participant asked how one would assess CCA/CDG projects for cost savings after they are up and running and how ultimate customer interaction would occur. Jen answered that municipalities would need commitments from developers up front.

Sara Margaret Geissler from ConEd asked whether participation in CCA/CDG would be automatic for LMI but not for other customers. Jen said it would work as an opt-out for all customers. Valerie Strauss from the AEA suggested the benefit of trying multiple approaches for LMI CDG, and that different approaches may work better in different parts of the state.

On a separate topic, Sara Margaret commented that the proposal for giving 90% of value stack to the developer and the rest to the customer for savings could have competition issues, and the Commission might be wary of hard-coding developer margins.

Referencing programs in California and Massachusetts, Steve Wemple offered an idea that instead of the dilution of solar flowing to customers in a CCA with CDG, customers might directly green up their energy supply mix with a contract or ownership, using other existing programs. Jen answered that CCAs in California are load serving entities, but CCAs in NY are not, so CCAs could not directly contract to purchase renewable energy and sell it to customers. Sara Margaret Geissler mentioned sensitivities about customer choice with opt-out programs. Jen mentioned the requirements on municipalities to educate the public on CCAs.

Marty acknowledged CCA/CDG issues of a) overcoming the 1,000 kWh minimum and b) solving the consolidated billing questions, but asked what other impediments there were. Jen answered it was not clear, but that the proposal may require Commission approval. Kelly Roache mentioned a Massachusetts opt-out solar program and said she will share information about the program with the group.

Presentation 4: Sheryl Musgrove from Pace Energy and Climate Center

Sheryl stressed that the structure of the adders and eligibility for them were interrelated. Pace's study provided various eligibility definitions from other jurisdictions/programs, with a proposed definition consistent with the NYSERDA program, NYC's definition, and the recommendations of CDG Low Income Customer Collaborative Report and the CF LMI Working Group Report. The study provided definitions of EJ/underserved communities and multi-family affordable housing buildings. With enrollment, the study listed best practices from various reports, and suggested that any adopted enrollment program should adopt most of those best practices.

Asked by Max Joel about ongoing re-verification of individuals and building, Sheryl was open to a discussion on this issue, and mentioned as an example a Colorado program with a three-year requalification time frame with a grace period. Max mentioned that some buildings might have a fifteen-year requirement to serve low income renters. What would policy be for CDG if a building was thirteen years into that and might cease to be low income in two years? The group discussed how different programs (utility assistance, home ownership) have different recertification. Marty cast the issue in terms of how much of an error rate might be tolerated with people rising out of LMI status but still retaining the benefits, where the tradeoff may depend on the length of the program. One party mentioned how under tiered LMI adders, customers might stay in the program but at different benefit rates. Max asked for recommendations from the participating groups on recertification (e.g., what frequency).

Sage Green from PUSH Buffalo stressed that there may be stipulations from funders of solar, and that issues of change of status could be dependent on specific agreements. What happens for centrally-metered LMI buildings after solar funding is paid off, or if the building is no longer LMI, was also discussed.

Another participant asked whether pre-existing local government programs that certify income could be leveraged, suggesting governments could be compensated for this. Marty mentioned the complications of sharing information on LMI customers given confidentiality and privacy concerns, and that, as a practical matter, it may not work to add this additional administrative responsibility to government employees and agencies.

Valerie Strauss asked whether the adder would be used to help the developer finance the project, or if it would be savings for the LMI customer directly, raising the concern that if the project depended on the participants being LMI individuals, then recertification would add additional uncertainty to funders. Someone commented that adder should be for customer. Another party commented that it was important to make sure that LMI customers were not charged a higher rate because they had an adder.

Steve Wemple noted that programs will need to address subscribers who leave service area, and suggested that, even if a customer no longer qualifies as LMI, he/she should still be able to participate in the program as non-LMI. Steve mentioned that in ConEd's programs, when someone no longer has a qualifying income, customers stay on the program for six months (often customers go back to qualifying status). If the customer ultimately is not eligible, then ConEd looks to identify another low income customer to fill in. Steve mentioned that the potential geographic aspect of LMI eligibility is likely not feasible with current billing capabilities, but could be thought of longer term. He noted the importance of making sure benefits flowed to LMI customers, not just to landlords.

Presentation 5: Valerie Strauss with AEA

Valerie discussed issues around master-metered buildings. She referenced the potential use of existing programs in LMI CDG, such as low-income tax credits eligibility and affordable housing programs. She repeated the frequent theme of ensuring LMI customers actually get the benefits. She advocated going beyond utility assistance as the eligibility criteria.

More discussion on master-metered buildings ensued, focused around how to make sure benefits flow to LMI participants, not just to landlords

Comments from phone:

One participant asked about the interaction of the LMI adder with value stack WG. Marty answered that the value stack monetizes costs that would be avoided from the existence of a CDC project. On the other hand, the LMI adder is a subsidy, so while one could justify the size of the LMI adder based on potentially quantifiable societal benefits, it nonetheless is not a cost avoided for utility. Some discussion ensued clarifying this issue.

Emmett Smith from Azure Mountain Power mentioned how the EJ adder addressed real costs born by customers in the EJ community (even if they were not costs able to be avoided by the utility). Emmett also pointed out that the ability to compete with the utility on price is a barrier to CCA.

Agenda d): Next Steps

No call for papers in advance of next meeting: Rather, participants will have opportunity to provide feedback to NYSERDA on their programs during the meeting itself. NYSERDA mentioned they plan to discuss their low-income shared solar program that is in development, their thoughts on how existing programs could be leveraged to in a low-income CDG initiative, as well as how NYSERDA might provide additional supports to the LMI CDG market. ConEd asked that NYSERDA discuss credit support and Green Bank programs; NYSERDA will take that into consideration.