

## **Expanded Solar For All (E-SFA) Program Phase 1 Lessons Learned**

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*CASE 19-E-0735 - Petition of New York State Energy Research and Development Authority  
Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025.*

April 4, 2024

# Introduction

The New York State Public Service Commission approved the first phase of the Expanded Solar for All (“E-SFA”), a program jointly run by National Grid and NYSEDA to provide community solar and associated guaranteed bill savings to customers participating in the National Grid’s Energy Affordability Program (EAP).<sup>1</sup> The Public Service Commission Order approving Expanded Solar For All Program with Modifications issued on January 20, 2022, authorized NYSEDA and National Grid to implement “Phase 1” of E-SFA by procuring up to 300 MWdc of participating community solar projects and implementing a system to distribute the resulting bill credits to all National Grid electric EAP customers.

Phase I of the E-SFA program is now substantially complete. As of the end of 2023, NYSEDA has issued two rounds of a competitive solicitation to procure up to 300 MWdc of community solar, and National Grid has introduced a new “EAP + Community Solar” bill credit for approximately 160,000 participating EAP customers. This report offers the “lessons learned” by NYSEDA and National Grid from the implementation of E-SFA Phase 1, and supplements prior E-SFA filings by both parties.

## Lessons Learned

### Procurement Strategy

The NYSEDA procurement process was generally successful. Across both rounds of the competitive procurement, a total of 83 projects with 503.6 MWdc of capacity submitted applications for the 300 MWdc available. This appears to reflect sufficient market interest in the program, despite the limited windows (May-June 2022 and October-November 2023) during which bids were accepted.

NYSEDA made an important adjustment between the first (2022) and second (2023) rounds of competitive procurement. In the first round, projects were required to bid a compensation level of no greater than 80% of the project’s Value Stack credits (resulting in at least 19% of credits going to participating customers and up to 1% to National Grid) but could also request additional NY-Sun incentive funding. In the second round, the maximum allowable compensation level bid was increased to 89%, but the additional incentive option was removed.

Based on the results of each round, NYSEDA has concluded that the procurement structure used in the second round was more effective.<sup>2</sup> While the first round may ultimately yield greater customer savings on a “per MW” basis, this is offset by the lower ratepayer costs as well as the overall simplicity of the bid process of the second round.

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<sup>1</sup> CASE 19-E-0735 - Petition of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Approving Expanded Solar for All Program with Modifications (effective January 20, 2022).

<sup>2</sup> As of this filing, the final stage of the enrollment process for projects selected in round 2 is not closed. As of the March 9, 2024, deadline, 22 projects selected through the NYSEDA procurement have commenced enrollment in E-SFA with National Grid. Per the RFP rules, 4 additional projects have been selected to replace those that did not commence enrollment by the deadline, which may result in minor adjustments to the total capacity and average compensation level for round 2. Future awards of federal Low Income Communities Bonus Tax Credit allocations to selected round 2 projects may also result in future adjustments to compensation levels.

Of note, prior to launching the round 2 RFP, NYSEDA conducted an analysis to estimate the potential range of compensation level bids that could be received based on project economics assumptions and pipeline information derived from publicly available sources such as the VDER Calculator, NY-Sun Open NY pipeline data, and Utility Interconnection Queue data. This “missing money” analysis used the same methodology as previous NYSEDA analyses used to assess incentive rates and capacity targets, including for the Distributed Solar (10 GW) Roadmap filed in December 2021 and the “Post-10 GW Potential” Report filed in January 2024. The actual average of the bids received —86.7%— was in line with the results of this analysis. This indicates that either the competitive procurement method used in Phase 1, or the alternative “standard offer” method also considered could be used in future procurements based on reliable analysis. It will be necessary to perform updated iterations of this analysis in future years as project development costs and anticipated VDER compensation levels change.

### Market Impact

Since the issuance of the Commission Order authorizing Phase I, over 1,350 MW of community solar projects in the National Grid service territory have received NY-Sun awards, reflecting a high degree of market activity outside of E-SFA. This indicates that the E-SFA Program implementation has not negatively impacted the community solar markets. Even if all eligible E-SFA applications received during the Phase 1 procurement would have been accepted (i.e., had Phase 1 been an “uncapped” program), the program would have subscribed only the minority of community solar projects advanced during this period.

Each round of the E-SFA procurement was conducted in parallel with the availability of the NY-Sun Inclusive Community Solar Adder (ICSA), which supports “opt-in” community solar projects serving disadvantaged communities.<sup>3</sup> The two programs are aimed at the same general pool of eligible projects, and project owners who had submitted ICSA applications were given the option of also submitting E-SFA bids. However, of the 113 projects that have submitted ICSA applications to date only nine submitted E-SFA bids, of which five ultimately enrolled into E-SFA rather than ICSA. This indicates that the E-SFA Program can successfully co-exist with other programs serving disadvantaged communities, and New York residents in general, where community solar remains uncapped and receives balanced compensation levels and incentives.

### Inclusion of Affordable Housing Residents

In 2022, NYSEDA sought and received a determination letter from the U.S. Department of Housing and Urban Development (HUD) stating that E-SFA credits would be excluded from the calculation of utility allowance and annual income for residents of affordable housing regulated under applicable programs. This step ensured that affordable housing residents would be able to fully participate in E-SFA without risking an increase in housing costs commensurate with their utility bill savings. HUD has since released further guidance that effectively extended these exclusions to community solar more generally nationwide.<sup>4</sup>

### Customer Response

Over a period of several weeks, beginning in November 2023, National Grid provided all eligible customers with letters providing the opportunity to opt-out of, and FAQ sheets regarding, the E-SFA Program. Emails were also sent to all eligible customers who had email addresses on file with National Grid.

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<sup>3</sup> <https://nyserda.ny.gov/icsa>

<sup>4</sup> <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-09hsgn.pdf>

To date, National Grid regards the opt-out process as having been quite successful. As of January 31, 2024, only 394 of the 164,192 eligible customers have opted-out of the E-SFA program. As described by the representatives in the Call Center, many of the calls received about the program were from customers who initially wanted to opt-out, but after the program was explained to them in greater depth and their questions were answered, they ultimately choose not to opt-out.

### Utility Implementation and Operations

The cost for implementing the customer opt-out event, as discussed above, has been approximately \$100,000<sup>5</sup>. Given the large cost component of providing all eligible customers with mailings providing the opportunity to opt-out, and the low number of customers who choose to opt-out, National Grid recommends finding an alternative method for providing customers the opportunity to opt-out of the forthcoming Statewide Solar for All program. Not only are the costs per opted-out customer quite high, but the administrative burden on the utility and possible confusion to customers should not be discounted.

Customer credit allocation has proven to be a relatively simple process to implement. In November 2023, National Grid manually calculated the customer bill credit as described in its Implementation Plan.<sup>6</sup> That amount, while a small amount for the initial year of implementation (\$0.16/month), was programmed into the billing system to be applied every month to each participating customer's electric bill. Despite the size of the initial year customer bill credit, it was important to operationalize the customer bill credit process in preparation for future program years where the customer bill credit will increase to a more meaningful amount as more projects come online.

At the time of this report, only three E-SFA enrolled projects are operational and as a result, very little operational learnings regarding project billing are available. However, utilizing similar protocols and procedures implemented with the Net Crediting Program has been successful thus far.

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<sup>5</sup> Full cost information for calendar year 2023 is available in the National Grid Annual E-SFA Report, filed 3/28/2024 <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={3024868E-0000-CD15-ACF5-CF21ADA3A451}>

<sup>6</sup> National Grid E-SFA Implementation Plan v3, filed October 3, 2023. <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={A077F68A-0000-C958-AB14-8CAF9BBD65F4}>

# Appendix/Tables

**Table 1. Phase 1 RFP Timeline**

<b>Milestone</b>	<b>Date Achieved</b>
RFP Round 1 Issue Date	May 3, 2022
RFP Round 1 Closed	June 23, 2022
Round 1 Selection Notification Completed	August 15, 2022
Round 1 NYSERDA Contracting Completed	September 15, 2022
RFP Round 2 Issue Date	October 5, 2023
RFP Round 2 Closed	November 30, 2023
Round 2 Selection Notification Completed	January 9, 2024
Round 2 Project Enrollment Deadline	March 9, 2024

**Table 2. RFP Round 1 Results<sup>7</sup>**

	<b>Number of Projects</b>	<b>Capacity (MWdc)</b>	<b>SEEF Funds Committed (\$)</b>
Submitted Bids	49	273.6	
Selected for Participation	29	156.0	
Commenced Enrollment in E-SFA Tariff	21	121.4	\$15,464,848

**Table 3. RFP Round 2 Results**

	<b>Number of Projects</b>	<b>Capacity (MWdc)</b>	<b>SEEF Funds Committed (\$)</b>
Submitted Bids	34	230.6	
Selected for Participation	26	176.2	
Commenced Enrollment in E-SFA Tariff (as of March 9, 2024)	22	148.8	\$0

<sup>7</sup> NYSERDA filed a more detailed report discussing the Round 1 procurement results and the use of SEEF funds. <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={DE1E27D2-B2F6-4524-B29F-90CD677CEDCC}>