



Case 20-E-0249 - In the Matter of a Renewable Energy Facility Host Community Benefit Program.

Department of Public Service Staff Report on the Implementation and Effectiveness of the Host Community Benefit Program

I. Introduction

This Report provides a status update on the Host Community Benefit (HCB) Program (the Program) as required by the Public Service Commission's (Commission) Order Adopting a Host Community Benefit Program (Adopting Order).¹ The Order identified that the initial interim report was to address implementation updates and the effectiveness of the Program to-date. Department of Public Service Staff (Staff) notes that to-date, the Commission has not approved the proposed Implementation Plans filed by the Utilities. Staff also notes that to-date, no applicable Large-Scale Renewable (LSR) generation facilities have commenced operation since the Program was adopted in 2021. Therefore, this report will provide information on the LSR energy projects procured to-date by New York State Energy Research and Development Authority (NYSERDA) that would be subject to the Program as well as the status of utility readiness to implement the Program credits.

¹ Case 20-E-0249- In the Matter of a Renewable Energy Facility Host Community Benefit Program, Order Adopting a Host Community Benefit (Adopting Order) (issued February 11, 2021).

II. Background

The Commission is responsible for ensuring that the State meets certain specified renewable energy and decarbonization targets defined in the Climate Leadership and Community Protection Act (CLCPA).² The CLCPA directs the Commission to establish, among other things, a program to ensure that by 2030, at least 70% of electric load is served by renewable energy (70 by 2030 Target). Additional Commission proceedings are underway to facilitate the implementation and achievement of the CLCPA goals.³

Clean Energy Standard

The Clean Energy Standard (CES) embodies both a Renewable Energy Standard (RES) and a Zero-Emissions Credit (ZEC) requirement. The CES Order authorizes the New York State Energy Research and Development Authority (NYSERDA), as central procurement administrator, to offer long-term contracts to renewable generators, on a competitive basis, for the purchase of Tier 1 Renewable Energy Certificates (RECs).⁴

The RES includes two “tiers.” Tier 1 currently obligates each load-serving entity (LSE) to procure qualifying RECs from NYSERDA or other sources to comply with the CES. NYSERDA procures Tier 1 RECs through a competitive solicitation process. A Tier 1 REC results from the production of one megawatt hour (MWh) of energy from eligible renewable generation sources. Once a project is operational, Tier 1 RECs are transferred from the renewable generator’s New York Generating Attribute Tracking System (NYGATS) account to NYSERDA’s NYGATS account and the renewable generator invoices NYSERDA for the Tier 1 RECs. NYSERDA accepts the Tier 1 REC transfer and pays the renewable generator.

² Chapter 106 of the Laws of 2019 (codified, in part, in Public Service Law (PSL) §66-p). The CLCPA became effective on January 1, 2020.

³ Case 22-M-0149 - Requirements and Targets of the Climate Leadership and Community Protection Act, Order on Implementation of the Climate Leadership and Community Protection Act (issued May 12, 2022).

⁴ Case 15-E-0302, Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Adopting the Clean Energy Standard (issued on August 1, 2016).

Host Community Benefit Program

The Host Community Benefit Program was established by the Commission in accordance with the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act).⁵ The Accelerated Renewables Act contains several provisions directing the Commission to ensure the electric grid will support the State's climate goals. Section eight of the Accelerated Renewables Act makes the Program applicable to facilities based on Tier 1 REC contracts supporting the CES resulting from NYSERDA solicitations issued after April 3, 2020.⁶ Participation in the Commission's Program applies to large-scale renewable (LSR) energy facilities (25 MW and greater) commissioned as of 2020.

The Commission's Adopting Order identifies that the Large-Scale Renewable site owners will be required to pay \$500/MW for solar facilities, or \$1,000/MW for wind facilities, each year for the first ten years of project operation. The Program is to be administered by the utility(ies) within the sited location,⁷ prorating the annual fee and applying the net benefit equally to applicable residential electric utility customers⁸ within a Host Community for applicable solar and wind projects.⁹

The Adopting Order acknowledged that it may be necessary for affected administrating utilities to file tariff revisions to provide for applying the proposed bill credit on customers' bills. Additionally, the Adopting Order directed administrating utilities to file

5 2020 New York State Session Laws Chapter 58, Part JJJ.

6 A REC is a certificate, created by a tracking system, such as the New York Generation Attribute Tracking System (NYGATS), that represents the attributes of one megawatt hour of electricity generated from a renewable source like solar or wind. See 15-E-0302 for more information. <https://dps.ny.gov/case-15-e-0302-clean-energy-standard>

7 This responsibility is directed towards any electric utility under section 66 of the public service law and serving customers within a host community.

8 The Program would apply to residential customers of the investor-owned and municipal electric utilities as identified in the Initiating Order.

9 The bill credit would be applied after all other adjustments to the bill have been made to ensure that the Program does not interfere with any other programs, such as the Energy Affordability Program, Community Choice Aggregation, Budget Billing, or Community Distributed Generation programs.

draft implementation plans to identify administrative processes and costs associated with implementation of the Program. Such plans were filed in September 2021 and are currently pending Commission consideration and approval.¹⁰ The Adopting Order also identified that should municipal electric utilities become affected, they will have to file implementation plans well in advance of the awarded facility's commencement of operations date, also requiring Commission approval of its Implementation Plan and any necessary tariff amendments.

Office of Renewable Energy Siting (ORES)

The Accelerated Renewables Act also created a newly established Office of Renewable Energy Siting (ORES), within the New York State Department of State. ORES replaces the siting and certification procedures set forth in Article 10 of the Public Service Law for renewable energy projects. Additionally, ORES is to establish and implement a streamlined review process for siting and permitting of renewable energy projects with a nameplate generating capacity of 25 megawatts (MW) or more throughout the State. A listing of ORES approved projects can be found on its website.¹¹

III. Current Status of Host Community Benefit Program

NYSERDA Responsibilities

As procurement administrator of Tier 1 RECs, the Adopting Order directed NYSERDA to file notices within the Department's Document Matter Management (DMM) system upon entering and execution of Tier 1 REC generation contracts that would be required to fund an HCB.¹² To date, eight applicable contracts have been executed by NYSERDA, illustrated below. The table below illustrates projects as awarded.

¹⁰ Case 20-E-0249-supra, Ruling on Extension Request (issued August 8, 2021).

¹¹ <https://ores.ny.gov/permit-applications>

¹² Case 20-E-0249-supra. See Correspondence letters filed by NYSERDA.

Host Community Benefit Project Tracking as of May 2023							
Date Filed in DMM	Facility Name	Nameplate Capacity (MW)	Utility Territory	Potential Host (s)	Technology	Total Annual HCB \$	10-Year
3/31/2021	Hecate Energy Cider Solar	500	National Grid	Towns of Elba; Oakfield	Solar	\$250,000	\$2,500,000
3/31/2021	Homer Solar Energy	90	National Grid	Towns of Homer; Cortlandville; Solon	Solar	\$45,000	\$450,000
3/31/2021	Tracy Solar	119	National Grid	Towns of Orleans; Clayton	Solar	\$59,500	\$595,000
7/26/2021	Mill Point Solar	250	National Grid	Town of Glen	Solar	\$125,000	\$1,250,000
8/11/2021	SunEast Flat Creek Solar	200	National Grid	Town of Root	Solar	\$100,000	\$1,000,000
11/23/2021	Rutland Center Solar 1	110.2	National Grid	Towns of Rutland, Watertown	Solar	\$55,100	\$551,000
3/31/2021	Moraine Solar Energy	93.55	NYSEG	Town of Burns; Village of Canaseraga	Solar	\$46,775	\$467,750
7/26/2021	Harvest Hills solar	200	NYSEG	Town of Genoa; Village of Venice	Solar	\$100,000	\$1,000,000
Total to date Estimated Developer Fees							\$7,813,750
*Does not include administrative fee to be retained by implementing utility.							
Note: Estimated based on NYSERDA Award (final amounts to be confirmed at Operational Certification)							

Utility Readiness

The Adopting Order identified that the electric utilities will be the Program Administrators responsible for implementing the HCB Program. Administrative duties include receiving the developer fee, identifying applicable and eligible customers, applying the bill credit to those customers’ bills each January, as well as reconciliation of customers and/or bill credits ongoingly.

The Adopting Order directed the utilities to collaborate with Staff to facilitate a consistent approach to development of the Implementation Plans and to file draft Implementation Plan for Commission review and approval. To date, the Commission has not taken the utilities’ draft Implementation Plans up for consideration. At this time, Staff

anticipates adjustments to administrative costs and processes varying significantly, in sum, from the draft implementation plan filings, at the time the HCB Program becomes operational in each utility territory.

Staff's assessment includes anticipated commencement dates of the facilities awarded to-date by NYSERDA. Additionally, the Adopting Order recognized that the utilities anticipated needing to rely on a number of manual processes to implement the HCB Program, but also recognized that a number of utilities were also undergoing, or planning to undergo, IT system upgrades in the coming years which may facilitate automation of some of those processes. Further, a number of the utilities have undergone, or are undergoing, major-rate proceedings, whereby the identified labor costs for manual tasks may not be sufficiently accurate by the time an eligible project begins operations. These variables will have an impact on the methodology the Commission may adopt to contemplate the appropriate administrative fee and cost recovery methodology.

NYSERDA and the near-term anticipated affected utilities, National Grid and NYSEG, have confirmed that there is not expected to be an applicable facility interconnecting and commencing operations until at least 2025. Staff will continue to work with NYSERDA and affected utilities to monitor interconnection schedules and assure that each affected utility will have HCB Program implementation readiness in advance of such time that an applicable facility may commence interconnection.

Benefits to Residential Customers

In adopting the developer fee of \$500 and \$1,000 per MW for solar and wind projects, respectively, the Commission sought to provide residential customers a “meaningful” financial benefit while also recognizing that any fee charged to developers has a direct impact on all customer bills, as the utilities must collect the cost of its supply through supply chargers to all customers.¹³ The Adopting Order directed the bill-credit be applied in each January of the compliance period, to be applied in addition to any other bill credit or bill discount the customer may be eligible for.

¹³ Case 20-E-0249, supra, Adopting Order, page 14.

Each project will provide an annualized benefit over a ten-year period, beginning with the first January following commencement of an applicable project's interconnection. There may be instances over time whereby a customer may receive multiple benefits, on staggering periods, if multiple applicable facilities are approved and built within the a given town.

As discussed by the Commission in the Adopting Order, benefits received would be applied cumulatively, not reducing a customer's eligibility for other available bill credits, such as the Energy Affordability Program (EAP) credits.¹⁴ Further, low-income electric utility customers' receipt of benefits under the HCB Program would not impact the pursuit of other rebates or incentives through other energy efficiency or clean energy programs, nor eligibility guidelines as the bill credits will not reduce the customer's billable usage or constitute as income by the applicant.

At this time, it isn't possible to assess the effectiveness of the bill-credit implementation process given there are not-yet any eligible projects in operation. A comprehensive biennial review of the CES is slated for 2024, consistent with what the Climate Act requires.¹⁵ The upcoming 2024 CES Interim Review should recognize the HCB Program developer fee as a component of the total cost of implementing the CES. Given market conditions will mature and vary overtime, Staff will continue to assess and monitor the impact of the HCB on residential electric customers to determine whether modification to the developer fee is warranted to maintain the "meaningful benefit" criteria set forth by the Accelerated Renewable Act.

¹⁴ Case 4-M-0565- Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers.

¹⁵ Case 22-M-0149 - supra. Order on Implementation of the Climate Leadership and Community Protection Act (issued May 12, 2022).