

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE
INTEROFFICE MEMORANDUM

November 1, 2023

TO: Chief Executive Officer Rory Christian

FROM: DPS Staff (LIPA and PSEG LI 2023 Utility 2.0 and EE Plan Review Teams)

SUBJECT: Review and recommendations regarding the Long Island Power Authority and PSEG Long Island's 2023 Utility 2.0 Plan Annual Update and 2023 Energy Efficiency (EE) Plan

Table of Contents

Introduction 4

PSEG LI 2023 Utility 2.0 Annual Update Proposal Overview..... 4

Staff Review of Utility 2.0 Proposals and EE Plan 5

Public Comments on Utility 2.0 and EE Plans 7

Programs with Expanded Scope in 2024 8

 EV Make Ready Program/Fleet Make Ready..... 8

 Electric Vehicle (EV) Programs: 10

Ongoing Previously Approved Utility 2.0 Programs 15

 Integrated Energy Data Resource (IEDR)..... 15

 Residential Energy Storage System Incentive 17

 Connected Buildings 18

 Suffolk County Transit Bus Initiative..... 19

 Super Savers- Patchogue 20

Utility 2.0 Programs Becoming Operationalized in 2024..... 20

 Storage and EV Hosting Capacity Maps 21

 DER Visibility Platform 22

Completed, Cancelled, and On-Hold Utility 2.0 Programs 23

 Utility Scale Storage - Miller Place - Cancelled 23

2024 Energy Efficiency, (EE) Plan..... 25

 Introduction, EE Portfolio Budget and Target Summary..... 25

 Benefits Reporting, Evaluation and Measurement 26

 Disadvantaged Communities and Low-to-Moderate Income Customer Benefits: 27

 Residential Energy Affordability Program (REAP)..... 28

 Home Performance Program 30

 Home Comfort Program 31

 Home Comfort Market Development Fund..... 32

 Energy Efficient Products (EEP) Program..... 33

 Commercial Efficiency Program (CEP) 34

 All Electric Homes Program 35

 Multifamily Program..... 35

 Clean Green Schools 36

 Dynamic Load Management (DLM) Programs 37

 Behavioral Initiative (Home Energy Management) 39

 Community Solar..... 39

EE Labor and Outside Services	40
EE Marketing and Advertising	41

Introduction

This memorandum is provided to the Department of Public Service (DPS or the Department) Chair and the Long Island Power Authority (LIPA or the Authority) Board of Trustees on behalf of the Department Staff (Staff) team who conducted the review, and herein provide their recommendations regarding LIPA and PSEG Long Island's (PSEG LI or the Company) 2023 Annual Update of the Utility 2.0 Long Range Plan (2023 Utility 2.0 Plan or Plan), and 2024 Energy Efficiency Plan (EE Plan).¹

Pursuant to Public Authorities Law (PAL) §1020-f(ee); LIPA and its service provider PSEG LI annually submit to DPS a plan implementing distributed generation, energy efficiency (EE) measures, and advanced grid technology programs purposed with providing customers the tools to more efficiently and effectively manage their energy usage, utility bills, and improve system reliability and power quality. In accordance with Public Service Law (PSL) §§3-b(3)(a) and (g), DPS reviews and makes recommendations to LIPA with respect to the plans and related rates, and charges, including those recommendations concerning energy efficiency and renewable energy programs.

PSEG LI 2023 Utility 2.0 Annual Update Proposal Overview

On June 30, 2023, PSEG LI submitted to DPS its 2023 Utility 2.0 Plan, including its EE Plan for 2023. Leading up to this year's filing, DPS Staff worked closely with other state agencies, PSEG LI and LIPA to coordinate on the development of the Company's 2023 Utility 2.0 Plan. The Plan's framework organizes the Company's programs to align with five of New York State's strategic priorities during the transition to a green economy. The five strategic priorities include: 1) Moving Towards a Zero Emissions Grid; 2) Demand and Grid Edge Flexibility; 3) Customer Insights and Analytics; 4) Building Decarbonization and Envelope Improvements; and 5) Transportation Electrification. This framework allows customers to easily understand how the Utility 2.0 Plan helps the Company to achieve the state's multi-faceted clean energy goals on Long Island.

In the 2023 Utility 2.0 Plan, PSEG LI seeks funding to expand two existing programs: 1) The Make-Ready Program will be expanded to include The Fleet-Make Ready Program; and 2) The EV Program will be expanded to include both The Residential Charger Rebate Program and the EV Phase-In Rate. The filing also includes reconciled budgets and updates to previously approved initiatives including five active projects, two projects that will be operationalized by 2024, and one project that has been cancelled. Operationalized projects will be funded through PSEG LI's operating or capital budgets as part of programs outside of the Utility 2.0 framework, and therefore do not include a funding request in this filing.

DPS Staff recommends adoption of the proposed 2023 Utility 2.0 Plan in accordance with the discussion and recommendations contained herein. Staff also

¹ Matter 14-01299, In the Matter of PSEG LI Utility 2.0 Long Range Plan, PSEG LI Utility 2.0 Long Range Plan and Energy Efficiency Plan, 2023 Annual Update (filed June 30, 2023) (2023 Utility 2.0 & EE Annual Update).

recommends that PSEG LI continue utilizing quarterly reports in 2024 to provide updates on the status of Utility 2.0 Plan projects, which are currently being filed for previously approved Utility 2.0 projects, in accordance with prior DPS recommendations. DPS Staff will continue to monitor the approved programs in accordance with corresponding metrics and quarterly updates.

The company proposes a total budget of \$24.95M in 2024 for its Utility 2.0 Plan Programs. The Utility 2.0 program budget includes \$4.02M for the expanded scopes of the Make-Ready and EV Programs, plus \$20.93M for all active programs. The total budget of \$24.95M is broken down into \$10.12M for capital expenditures and \$14.83M for Operations and Maintenance (O&M) expenditures.² In addition to the funding request for the Utility 2.0 Programs, PSEG LI proposes a total budget of \$93.71M for its EE Plan Programs. DPS Staff reviewed the funding requests for all programs to determine the reasonableness of such requests.

PSEG LI's EE Plan includes eight ongoing programs which will contribute to the Company's energy efficiency savings targets in 2024. PSEG LI seeks EE funding of approximately \$93.71M for 2024 only, and projects a total energy savings of 762,509 Million British Thermal Units (MMBtu). The EE Plan also proposes to continue existing tariff-based programs including the Dynamic Load Management (DLM) programs, and Community Solar. DPS Staff recommends adoption of all the energy efficiency proposals in accordance with the recommendations contained herein.

Staff Review of Utility 2.0 Proposals and EE Plan

Staff conducted an extensive review of the proposals submitted by PSEG LI in its 2023 Utility 2.0 Plan. The substantive aspects of the proposals were reviewed for consistency with the State's strategic priorities, existing policies, and goals related to the State's energy efficiency and greenhouse gas emissions reductions as required by the Climate Leadership and Community Protection Act (CLCPA) and Public Service Commission (PSC or the Commission) Orders. Additionally, staff performed a thorough review of all program costs associated with each program and compared program updates with original program budgets, schedules, and analyzed realized benefits reported against Benefit Cost Analyses (BCA) previously reported submitted Benefit Cost Analyses (BCA).

DPS Staff reviews PSEG LI's Utility 2.0 and EE plan on an annual basis to track spending, implementation progress, and review newly proposed projects. While many projects span multiple years, and Staff's recommendations can impact potential funding levels over the life of the projects, Staff's recommendations primarily apply to the budget for the subsequent year. Staff recommends a total budget of \$24.88M for Utility 2.0 programs for 2024, which includes gross capital costs in the amount of \$10.12M, and gross O&M costs in the amount of \$14.76M. This reflects adjustments which result in a total decrease of \$75K for 2024 compared to PSEG LI's proposed budget.

² PSEG LI provided an update to the forecasted budget on August 25, 2023, to reflect updated information on projected O&M and Capital costs.

As noted in previous recommendations, DPS Staff emphasizes that it is critical for the Company to realistically consider resource availability within the organization when proposing projects and developing project timelines. It is also important for PSEG LI to conduct accurate cost estimating, and update project budgets and timelines as new information becomes available.

DPS Staff reviewed each program contained in the EE Plan to ensure alignment with New York State energy efficiency policies set forth by the PSC in Case 18-M-0084 as well as the CLCPA.³ Together with its nation-leading clean energy and climate friendly energy efficiency targets, the CLCPA mandates that Disadvantaged Communities are prioritized in spending plans and receive at least 35 percent, with a goal of 40 percent, of the benefits of clean energy and energy efficiency investments. It is critical for the utilities, including LIPA and PSEG LI, to develop spending plans to fully realize these goals.

The Climate Justice Working Group (CJWG) was formed to develop a framework that defines what populations are covered under the Disadvantaged Communities policies. In the development of the Disadvantaged Communities criteria, the CJWG considered 170 indicators of environmental burdens, climate change risks, population characteristics, and health vulnerabilities. Based on an assessment of data availability (high-quality, granular data available at a statewide level), the applicability of the indicator to the guidance for the Disadvantaged Communities criteria outlined in the Climate Act, and the level of correlation between the indicators, the CJWG down selected for a total of 45 indicators. The CJWG developed a methodology for combining these indicators to create a composite score that could be used to rank census tracts, with those of the greatest cumulative burdens scoring the highest. The CJWG then designated the top 35 percent of the census tracts as disadvantaged.⁴ Additionally, all customers who fall below 60 percent of the State Median Income (SMI), are included in the Disadvantaged Community group, regardless of where they live.

Pursuant to the July 20, 2023 Order by the Public Service Commission, the NYS Utilities and NYSEERDA are required to provide reporting on clean energy and energy efficiency investments within Disadvantaged Communities. On September 27, 2023, DPS issued Clean Energy Guidance Document CE-12: CLCPA-Disadvantaged Communities Investments and Benefits Reporting Guidance.⁵ NYSEERDA is also expected to release reporting guidelines in the near future. Staff emphasizes that PSEG LI and LIPA should begin tracking investments and benefits to Disadvantaged communities immediately to comply with the requirements set out in the CLCPA. Further, PSEG LI and LIPA should be preparing to comply with the reporting guidelines issued by DPS as well as those to be issued by NYSEERDA. Staff preliminarily recommends that PSEG LI provide quarterly reporting to staff in 2024 to track PSEG LI's and LIPA's progress toward compliance with these CLCPA goals.

DPS Staff also encourages LIPA and PSEG LI to actively participate with the Joint Management Committee, the Joint Utility working groups, DPS, and other stakeholders to

³ Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative.

⁴ <https://climate.ny.gov/Resources/Disadvantaged-Communities-Criteria> (accessed September 29, 2023).

⁵ <https://dps.ny.gov/clean-energy-guidance-documents>

align LIPA with the Investor-Owned Utilities (IOUs) to meet overarching state policy milestones, implement clean energy programs, and develop innovative pilot programs. Active participation is crucial toward aligning LIPA with industry best practices in these areas.

Public Comments on Utility 2.0 and EE Plans

On July 6, 2023, the Department issued a Notice Requesting Comments on PSEG LI 's 2023 Utility 2.0 Plan, and EE Plan.⁶ The Department received comments from 22 organizations including the New York Power Authority (NYPA), the City of New York, New York Battery Energy Storage Technology Consortium (NY-BEST), AeroSeal, ChargePoint, Citizens Campaign for the Environment (CCE), ConnectDER, Drive Electric Long Island, EV. Energy, Farmingdale State College, Flex Charging, FreeWire Technologies, Joint EV Industry Parties, Meltek, New York League of Conservation Voters (NYLCV), NineDot Energy, Suffolk County Community College, Community Development Corporation of Long Island (CDCLI), LI Food and Water Watch, Estee Lauder Companies, U.S. Green Building Council, and Stony Brook University. Also, four comments from the general public were received by the Department. All comments filed in this matter are available on the Department's Document Matter Management (DMM) website under Matter No. 14-01299. Staff reviewed and considered all comments and incorporated them into its review of each program. Staff recommends that PSEG LI also consider the public comments regarding each of the proposals contained in its filing.

⁶ Matter 14-01299, supra, Notice Requesting Comments (issued July 6, 2022).

Programs with Expanded Scope in 2024

EV Make Ready Program/Fleet Make Ready

- A program to support and accelerate EV Supply Equipment (EVSE) infrastructure on Long Island (DCFC, L2 ports, and fleet electrification).
- Recommendation: Approve EV Make-Ready Program with modifications to plug targets, and approve Fleet Make-Ready program.
- Requested Budget: \$30.92 Million (2024-2025)
- Staff Recommended Budget Adjustment: None

PSEG LI first proposed its Make-Ready Plan in 2020 to align with the July 16, 2020, Commission Order in Case 18-E-0138, and began implementation in 2021. This year PSEG LI has expanded the program to include the Fleet-Make Ready Program which is based upon the DPS EV Make-Ready Program Midpoint Review and Recommendation Whitepaper released on March 1, 2023 (Midpoint Review).⁷ Under the new Fleet-Make Ready Program, PSEG LI plans to provide incentives to eligible fleet customers operating Light Duty Vehicles (LDVs) and Medium/ Heavy-Duty Vehicles (MHDVs) on Long Island over the next five years. PSEG LI has also proposed extending the original program by two years until 2027 with budget projections of \$12.56M for 2024, \$13.94M for 2025, and an estimated total budget of \$40.8M through 2027.

Make-Ready

As part of the Midpoint Review, Staff reevaluated PSEG LI's light duty make-ready plug goals as they relate to the 2025 Zero-Emission Vehicle (ZEV) goals. Staff worked with NYSEDA and National Renewable Energy Laboratory (NREL), to conduct an updated and thorough analysis of the charging infrastructure needed to meet the State's goal of 850,000 light-duty ZEVs deployed in New York by 2025. A major change from how Staff determined the estimate of plug needs in the original Make Ready Order is reflected in the NREL modeling based on a Cadmus 2025 EV model forecasting where EV adoption rates would be in 2025. Staff estimated that 21 percent (or 178,000) of the 850,000, EVs would be on Long Island in proportion to the number of registered vehicles on Long Island. Yet, the Cadmus model predicts that a little over 35 percent (or 296,901) of the 850,000 EVs in New York will be on Long Island. The Cadmus model is an econometric model that estimates higher adoption of EVs on Long Island because of higher incomes, higher EV availability, higher single family home ownership, and higher sedan ownership.

NREL completed a subsequent analysis using the more powerful EVI-Pro model tailored to New York State's new projections of residential charging availability, growing demand of for-hire vehicles, proliferation of longer range EVs, and advances in the

⁷ Case 18-E-0138, Proceeding on Motion of the Commission Regarding Electric Vehicle Supply Equipment and Infrastructure, DPS Staff Electric Vehicle Make-Ready Program Mid-Point Review and Recommendations Whitepaper (Issued March 1, 2023) (Midpoint Review Whitepaper).

availability of higher capacity fast charging.⁸ NREL developed per county L2 and Direct Current Fast Charger (DCFC) plug Low and High estimates. To translate this into a utility area specific estimate, Staff used Department of Motor Vehicles Light Duty Vehicle (DMV LDV) registration data to develop a percentage of each county that has registrations for each utility. These percentages were used to divide the plug estimates by utility. To obtain the final estimate, Staff calculated a mid-point between the high and low plug estimates and then subtracted out the existing plugs. Data of existing plugs was collected from a download of existing plugs from the Department of Energy's (DOE) Alternative Fuel Stations (AFS) website downloaded at the end of last year.⁹ The result is an estimate of 2,719 DCFC and 10,737 L2 plugs. This compares to the estimated 489 DCFC and 4,052 L2 plugs that PSEG estimates to meet the 2025 goals.

As of the end of 2022, PSEG LI has enrolled 181 Level 2 (L2) ports and 108 DCFC ports. PSEG LI's targets for 2022 were 637 L2 and 75 DCFC enrolled into the program, while PSEG LI was on track for DCFC plugs, it fell far short on L2 plugs. For 2023, PSEG LI's target is 450 and 110 respectively. PSEG LI has energized 63 L2 ports and 78 DCFC ports falling short of its goals. In order to reach its goals of 498 DCFC port and 4,052 L2 port PSEG LI proposes to push achievement of the goals out to 2027.

DPS continues to support the EV Make-Ready program as it plays a critical role in the transportation electrification efforts of the state. Given the current number of plugs installed to date it is not likely that they will achieve the plug targets previously set for 2025, however, Staff recommends that PSEG LI continue implementing the make-ready program to maximize the number of installations feasible by 2025. Additionally, Staff recommends that PSEG LI plan to meet the increased plug counts identified for Long Island in the mid-point whitepaper as explained above. Staff emphasizes the importance of meeting the total plug targets in their service territory to support the growing numbers of EVs.

Fleet Make Ready

In the Midpoint Review Whitepaper, Staff found that Medium and Heavy-Duty Fleet Make Ready programs benefit Disadvantaged Communities. More importantly, the Fleet Make-Ready Program aims to target Disadvantaged Community customers, to further New York State's CLCPA initiatives. Stakeholders in Make-Ready Proceedings voiced concerns that light-duty charging infrastructure alone would not sufficiently address EV charging needs in Disadvantaged Communities, given the lack of light-duty vehicle ownership in these communities. PSEG LI is targeting the public fleets market which includes local government, public service, not-for-profit organizations, and public transportation (e.g., school buses and transit buses). The program also includes The Fleet Advisory Service which covers both public and private fleets and is anticipated to launch in Q3 of 2023. This program includes both a Free Fleet Advisory Online Tool and a Fleet Advisor. PSEG LI is

⁸ Midpoint Review Whitepaper, p. 22.

⁹ https://afdc.energy.gov/fuels/electricity_locations.html#/analyze?fuel=ELEC (accessed on September 28, 2023).

in discussion with multiple LI school districts, coalitions, and associations to assist in their fleet electrification efforts.

Under the Fleet Make-Ready portion of the program, PSEG LI expects to enroll 135 projects capable of Electric Vehicle Supply Equipment installation to enable medium and heavy-duty fleet electrification by the end of 2028. These 135 projects are comprised of 89 Public Fleet and 46 public transportation projects. Make-Ready costs are broken up into two separate categories. PSEG LI plans to cover 100 percent of the Utility Side (US) category costs and up to 50 percent of the Customer Side (CS) category costs provided they're located in a Disadvantaged Community. It is anticipated that US costs will be higher for the Fleet Make-Ready Program as opposed to the original EV Make-Ready Program because most of the infrastructure is not in place for projects of this size and will therefore require major infrastructure upgrades. Additionally, Staff notes that a number of developers have submitted applications for Environmental Protection Agency (EPA) grants related to fleet electrification. If any of these EPA grants get awarded to LI applicants, staff has concerns that the forecasted budget may not be sufficient to support all projects. Staff recommends that PSEG LI & LIPA anticipate providing additional funding if needed.

DPS Staff recommends approval of the newly proposed Fleet Make-Ready program. PSEG LI is currently tracking the number of applications they receive in Disadvantaged Communities, and plan to report on how the program benefits customers in these communities. Staff supports these measures and recommends PSEG LI report this data to DPS and NYSERDA to remain in compliance with the finalized Disadvantaged Community reporting guidelines.

Electric Vehicle (EV) Programs:

- Programs that offer rebates to residential customers for EV charger purchases; Provides incentives and rebates for Public EV Charging facilities; and Develops Rates to alleviate EV related demand charges.
- Recommendation: Approve Residential Charger Rebate Program with modifications; Approve Demand Charge Rebates and development of EV Phase-In Rate.
- Requested Budget: \$4.23M in 2024
- Staff recommended budget adjustment: None

The goal of the EV Program is to increase adoption of EVs on Long Island, empower customers, accelerate the EV charging infrastructure market, improve system efficiency, and encourage off-peak charging. The EV Programs will shift in scope and continue to serve EV customers in 2024 and beyond.¹⁰ As explained below, PSEG LI plans to bring back the Smart Charger Rebate Program, and is also shifting the design of its current public charger incentive program to a demand charge rebate in 2024 and will implement an EV Phase in Rate in 2025.

¹⁰ 2023 Utility 2.0 & EE Annual Update, p. 53

Residential Charger Rebate Program

The Residential Smart Charger Rebate Program was originally launched in 2019 together with the Smart Rewards program as part of PSEG LI's transportation electrification efforts. Both programs were planned to run four years and sunset in 2022. PSEG Long Island plans to reintroduce the program in 2024 to help lower the upfront cost of purchasing EV charging equipment, as well as the time required to charge. The program plans to offer participants a cash rebate with the purchase of an Energy Star rated L2 charger. The proposed rebate is \$200 per charging port. For Disadvantaged Communities customers, the program will offer a higher incentive at \$300 per charging port. The number of chargers eligible for this rebate has also been expanded in comparison to the limited selection of smart chargers in the previous iteration of the program.

PSEG LI proposed this program to reduce upfront costs for chargers and reduce charging time associated with EV ownership. L2 chargers reduce charging time and enable an average customer to meet most of their charging needs during the super off-peak hours of the existing Time of Use rates, and the 3-period Time of Day (TOD) rates that will be available in 2024. Electric rates during the super-off peak period are cheaper and offer a financial benefit to customers who can shift usage to overnight. Level 1(L1) chargers operate at lower power levels between 1.5kW to 2.4 kW and have slower charging capabilities that may force customers to charge outside of the super-off peak periods with negative impacts on both the customer and the power grid. The analysis found that with L2 chargers, customers would be able to meet 76% of their charging need during super off-peak hours as compared to 40% during super off-peak hours with L1 chargers. Staff acknowledges that promoting higher adoption rates for residential L2 chargers will be beneficial for both customers and the grid, and recognizes that the residential charger rebate program will help achieve that goal by reducing the up-front cost of purchasing and installing L2 chargers. In addition, PSEG LI states this program will also encourage the use of safe and tested equipment because only Energy Star rated EV chargers are eligible for the rebate.

PSEG LI has requested \$1.21M for each year through 2028 to fund and implement the residential charger rebate. The program funding request includes \$1.18M in customer rebates and \$30,000 in administrative costs.¹¹ The funding request is primarily based on PSEG LI's assumption that they will distribute 5,000 rebates to customers each year starting in 2024. PSEG LI has allocated 35% or 1,750 annual rebates to customers located within designated Disadvantaged Communities or qualified LMI customers based on income level. Since 2019, PSEG LI has distributed a total of 6,087 rebates to customers in the previous iteration of the program. The number of rebates distributed annually has increased each year with 3,135 rebates claimed in 2022. Staff finds PSEG LI's projection of 5,000 rebates for 2024 appropriate based on this historical trend. The Company is also requesting \$126,100 in marketing funding for the EV program. The utility will handle outreach via their website, digital and print advertising, outreach events including signage

¹¹ Response to U2.0 DPS-23-002, Attachment 1.

and merchandise, print ads, social media campaigns, e-mail blasts, and Search Engine Optimization.¹²

In prior years PSEG LI restricted qualifying chargers to those with the capacity to send data to the utility, and only two L2 charger models qualified for the program due to this requirement.¹³ PSEG LI has proposed to expand the eligibility for L2 chargers in 2024 by dropping this data submission requirement. As of August 2023, over 200 Energy Star certified chargers will qualify for the proposed rebate, and the PSEG LI marketplace will carry a number of these models. Staff supports this change because it will provide more options for potential customers. DPS has received numerous comments from the public supporting the proposed Residential Charger Rebate Program. Rosemary Mascali from Drive Electric Long Island, Maia Roseval from Farmingdale State College, Mike Jaklitsch from Estee Lauder Companies, Maureen Dolan Murphy from Citizens Campaign for the Environment, Melanie Carsch from Suffolk Community College and other individuals have voiced their support for adoption of the program. These comments highlight both customer economic benefits and grid relief as potential results of the Residential Charger Rebate program.

PSEG LI's proposal for this program requires customers to purchase eligible L2 chargers directly from the PSEG LI marketplace for an instant rebate.¹⁴ Customers eligible for the increased Disadvantaged Communities rebate would be provided with unique promo codes to be used at the marketplace. While this may streamline operations for PSEG LI, a single redemption option tied to PSEG LI marketplace reduces customer choice to a limited number of models. Staff recommends that other redemption options are developed for this program that allow customers to purchase an L2 charger from other retailers, marketplaces, or manufacturers directly, and apply for the rebate within a specified timeframe from the purchase date. This will expand customer options to larger numbers of L2 charger models with a wide range of pricing options.

Staff recommends the Residential Charger Rebate program be adopted with the above stated modifications. In addition, PSEG LI should track customer participation rates in Disadvantaged Communities to align with the DPS reporting requirements, and study charging patterns of customers to refine the program as more relevant data becomes available. Staff also notes that the company should utilize the marketing funding to maximize customer awareness about the charger rebate, and educate rebate recipients about the TOD rate option with a super-off peak pricing period.

DCFC Incentive / Phase-In Rate

The EV Program began in 2019 and consists of multiple programs primarily aimed at increasing the adoption of EVs on Long Island. These programs incentivize residential and commercial EV charger construction and promote charging during off-peak hours. The

¹² Response to U2.0-DPS-23-053.

¹³ Response to U2.0-DPS-23-056.

¹⁴ Response to U2.0-DPS-23-066.

DCFC Per Plug Incentive (PPI) program began in 2019 to promote construction of new DCFC stations and to provide relief for high demand charge costs. This program is currently only being offered to new customers through the remainder of 2023.

PSEG-LI has enrolled 22 PPI program customers since the inception of the program in 2019, with 1 enrolled in 2019, 5 enrolled in 2020, 3 enrolled in 2021, 11 enrolled in 2022, and 2 enrolled in 2023 Year-To-Date (YTD).

In 2024 the Company proposes to offer a Demand Charge Rebate (DCR) of 50 percent for both new customers and existing PPI customers. The DCR is intended to provide relief to DCFC sites that may have occasional spikes in peak usage due to simultaneous EV charging, resulting in a disproportionately high demand charge. New customers will only be offered the DCR, while customers already participating in the PPI program will be offered the option to either remain in the PPI program or opt-in to the DCR on January 1, 2024. Throughout 2024, the Company will track enrollment to the new DCR program and perform analysis comparing the enrollment levels between the PPI and DCR programs.

The Company plans to implement the EV Phase-In Rate starting in 2025, which is a rate based on Time of Use and customer load factor percentage (the ratio of actual electrical usage divided by peak usage). Once the EV Phase-In Rate is available for participation, PSEG LI plans to cancel the DCR program and any remaining customers participating in the PPI program. The Company states its plan is in alignment with the January 2023 PSC Order that established alternatives to demand-based rates for EV charging (January 2023 Order).¹⁵

PSEG LI is requesting \$1.27M for the 2024 Capital Budget to develop the Phase-In Rate, and \$1.75M in O&M funding to operate the DCR/PPI program in 2024. According to the Company, the \$1.27M in Capital spending is needed for Information Technology (IT) development costs as well as a third-party implementation consultant to offer the EV Phase-In Rate beginning in 2025, while the \$1.75M in O&M costs will go toward DCR/PPI program implementation and incentives in 2024.

The January 2023 Order adopts several immediate solutions and a near-term solution to develop Phase-In Rates. The immediate solutions differ by utility service territory and EV charging use cases. As an immediate solution, the January 2023 Order directed Con Edison and Orange and Rockland (O&R) to implement a DCR that provides a 50% rebate against traditional demand charges for public DCFC sites, paired with a Commercial Managed Charging Program (CMCP) for all other use-cases. The CMCP is intended to encourage customers to charge during off-peak overnight hours, and provides use-case-specific adders for transit charging and other EV charging use cases. The January 2023 Order directed Central Hudson, National Grid, NYSEG, and RG&E (the Upstate Utilities) to implement the DCR and begin development of a CMCP for future implementation. Further, the January 2023 Order directed all of the IOUs to discontinue

¹⁵ Case 22-E-0236, Proceeding to Establish Alternatives to Traditional Demand-Based Rate Structures for Commercial Electric Vehicle Charging, Order Establishing Framework for Alternatives to Traditional Demand Based Rate Structures (Issued January 19, 2023).

their respective PPI programs for new enrollees, allowing existing customers to select between continuing to participate in the PPI program or switching to one of the new offerings, and directed all of the IOUs to re-allocate the already-collected PPI program funding toward funding a new program intended to incentivize EV charging customers to install peak demand reduction technologies and strategies.

Following the implementation of the immediate solutions, the Order directed all the IOUs to begin developing an EV Phase-In Rate, which would operate in conjunction with the CMCPs to simultaneously provide relief against high demand charges and provide an incentive for customers to adapt their charging habits to benefit the grid. Outlined in the DPS Whitepaper published in September 2022, The EV Phase-In Rate Solution would scale based on customer annual load factor. The rate structure starts with a TOU energy charge, and as customer load factor increases, the level of demand charge increases up to an annual load factor of 25 percent.¹⁶

DPS Staff finds that PSEG LI's proposal to discontinue the PPI Program, implement a DCR, and begin working toward offering the EV Phase-In Rate is consistent with the January 2023 Order. However, PSEG LI's plan does not include development of a CMCP or a program to incentivize demand reduction technologies/strategies.

DPS Staff has reviewed the budget including the rationale and its development methodology. After reviewing workpapers and budget scenarios provided by the Company, Staff finds that the 2024 budget is adequate and was accurately calculated for both Capital and O&M.

As stated in the public comments, Anthony Willingham of Joint EV Industry Parties supports the 50% demand rebate and PSEG LI implementing Phase-In rates come 2025. NYPA is in support of the Phase-In model but believes the DCFC target is not sufficient.

Staff recommends that the LIPA Board approve the Company's plan to continue to offer the PPI for the remainder of 2023 and offer these customers the option to switch to the Demand Charge Rebate in 2024, while working toward implementing the EV Phase-In Rate for 2025. It is further recommended by Staff the Company track the enrollment of participants in each program in 2024 to gauge the level of interest from ratepayers. The Company is strongly encouraged to continue to develop the EV Phase-In Rate program details internally and in consultation with DPS. It is anticipated the Company will complete the necessary IT work to deliver on its plan to implement the EV Phase-In Rate during 2025.

Staff recommends the Company develop a CMCP to offer in conjunction with the EV Phase-In Rate during 2025. As expressed in the January 2023 Order and outlined above, the CMCP and the EV Phase-In Rate are intended to work in concert with each other. The EV Phase-In Rate acts to provide business-model support for EV charging customers, while the CMCP provides incentives for EV charging customers to shape and manage their load for mutual grid benefit and participant financial gain. While the January

¹⁶ Once customers achieve annual load factors greater than 25 percent, they will no longer be eligible to participate in the EV Phase-In Rate.

2023 Order only required Con Edison and O&R to immediately implement a CMCP, it did require that the Upstate Utilities file plans to implement value-based CMCP proposals for consideration to operate alongside the EV Phase-In Rate.¹⁷ Although Staff prefers that PSEG LI implement CMCP as soon as possible, since the service territory already has the communicating interval metering necessary to implement such a program, we also recognize the challenges of designing a new program this late into 2023 for a 2024 rollout. Accordingly, Staff recommends the LIPA Board direct PSEG LI to begin development of a CMCP for implementation in 2025 to coincide with the EV Phase-In Rate offering.

In addition, Staff recommends that the Company also consider offering a demand reduction technology incentive program. Neither the EV Phase-In Rate nor the CMCP provides a direct incentive for customers to install peak demand management devices, and installation of such devices offers both challenges and advantages for participants in either program.¹⁸ PSEG LI differs from the IOUs, however, in that the IOUs' PPI program funding was collected upfront, and a significant regulatory asset balance remains for the IOUs to use toward this new program. Also, since this program model would require PSEG LI to spend the money on a year-ahead basis, it may need to collect incremental revenues to cover the costs of this new program offering.

Ongoing Previously Approved Utility 2.0 Programs

Integrated Energy Data Resource (IEDR)

- A project to implement a statewide platform that allows stakeholders to utilize customer and system data.
- Requested Budget: \$4.58M in 2024.
- Staff recommendation: Approve Program and adopt PSEG LI's proposed budget adjustments.

On February 11, 2021, the PSC issued the Order Implementing an Integrated Energy Data Resource ("IEDR Order") that directs the development of a state-wide data platform for energy-related information.¹⁹ The New York State Energy Research and Development Authority (NYSERDA) is leading the development of the IEDR platform to

¹⁷ A "value based" CMCP would provide participants with incentives based on the incremental value to the grid of off-peak charging and avoiding charging demand during specified peak periods. This contrasts with the "business model support" CMCP incentives for certain EV charging use-cases that Con Edison and O&R were directed to offer in addition to the value-based incentives.

¹⁸ Effective use of peak demand management devices might increase a customer's load factor and thus reduce the discounts available through the EV Phase-In Rate, and reduction of a customer's potential peak demand could reduce the amount of incentives available for peak shaving through the CMCP. On the other hand, energy storage devices, among others, could be used to decrease the total metered demand under the EV Phase-In Rate, and would potentially be useful in earning off-peak charging incentives under the CMCP.

¹⁹ Case 20-M-0082, Proceeding on Motion of the Commission Regarding Strategic Use of Energy Related Data, Order Implementing and Integrated Energy Data Resource (Issued and Effective February 11, 2021), pp. 1-3.

meet the requirements of the IEDR Order to address energy-related data access needs. As the program sponsor, NYSERDA is responsible for defining, initiating, overseeing, and facilitating the IEDR development.²⁰ The IEDR Order also mandates that each utility file a quarterly report on their associated IEDR enablement project planning and investment.²¹

The IEDR program is divided into two phases. Phase 1 includes the release of two versions of initial products: an Initial Public Version (IPV) and a Minimum Viable Product (MVP). The IPV is focused on identifying and addressing three priority use cases. NYSERDA released the IPV with use cases for hosting capacity maps, and installed and planned Distributed Energy Resources (DER) in March 2023. The MVP release plans will deliver five additional use cases, including DER Siting, Electronic Infrastructure Assessment Tool (EIAT) Hosting Capacity & DER Map Enhancement, Billing Data Access, Rate Options, and Rate Data Access. NYSERDA envisions completing the MVP release by Q4 2023, though PSEG LI anticipates challenges in meeting the release date due to pending cybersecurity and liability requirements and the time required for PSEG LI solutions to meet the requirements.²² As part of the Phase 1 development, NYSERDA established a core program team, including Deloitte Consulting, LLP as program manager, Pecan Street Inc. as Utility Data Advisor, and E Source as the Development Team.

The IEDR Order requires Phase 2 to expand and enhance the platform by adding an additional forty use cases. Phase 2 is expected to be completed 30 to 36 months after the Phase 1 MVP release. NYSERDA submitted the IEDR Program Phase 2 Proposal on May 12, 2023, that proposed a plan for six releases, with four to seven use cases per release from approximately December 2023 to July 2026. The six planned releases aim to expand phase 1 successes, accelerate climate action, and deliver advanced capabilities.²³ The Phase 2 proposal is yet to be approved and subject to change.

PSEG LI's initial budget estimates for IEDR were based on the original project schedule that NYSERDA developed.²⁴ In addition, the IEDR Phase 2 proposal identifies potential risk for delays due to utility data availability and implementation of the Data Access Framework Order.²⁵ These ongoing delays in the IEDR platform's timeline have led to PSEG LI's proposed budget adjustment for future years and an updated 2023 forecast. The originally approved 2023 capital budget was \$4.61 million. This budget included \$1.58 million allocated to cover LIPA's contribution to NYSERDA's IEDR platform and \$3.03 million designated to fund PSEG LI's direct costs related to IEDR. The new forecast for the capital budget for this year has been adjusted down to \$775,000, shifting \$2.25 million of the 2023 capital budget to 2024. Additionally, the \$1.58 million LIPA contribution for the IEDR platform was removed from the capital budget, as it will be paid directly by LIPA without impacting the Utility 2.0 budget. The originally planned O&M budget of \$0.1 million for 2023 has also been deferred to 2024.

²⁰ *Id.*, pp. 23-24.

²¹ *Id.*, p. 37

²² PSEG LI Performance Metrics, PS&CE 11- Implementation of Utility 2.0 Projects, Project Implementation Plan for IEDR, PSEG Long Island (Submitted June 16, 2023), p. 9.

²³ Case 20-M-0082, *supra*, IEDR Phase 2 Proposal (Filed May 12, 2023) (IEDR Phase 2 Proposal), pp. 14-15.

²⁴ Case 20-M-0082, *supra*, IEDR 2023 Q2 Report (filed July 28, 2023), pp. 4-6.

²⁵ IEDR Phase 2 Proposal, pp. 20-21.

PSEG LI's IEDR project aims to provide data to NYSERDA's IEDR platform. As part of the efforts, PSEG submitted the Project Implementation Plan (PIP) for IEDR to LIPA, and LIPA approved the plan in July 2023. PSEG LI is currently working with vendors on cybersecurity review and data requirements for MVP use cases. Also, PSEG LI plans to develop a Limited DSA and a Full DSA specific to PSEG LI that is based on the Joint Utilities (JUs) DSA.²⁶

Staff finds that PSEG LI's proposed budget adjustment on the IEDR platform for 2023 and 2024 is reasonable considering the impact of the project timeline changes from NYSERDA. In addition, PSEG LI is proposing a budget shift which does not result in a total budget increase for the period of 2023 and 2024. Therefore, Staff recommends adopting PSEG LI's proposed budget adjustments. Further, Staff recommends PSEG LI provide a quarterly update to DPS on the status of ongoing and planned projects and investments. This will align PSEG LI with the IOU's and keeps them in alignment with the Commission's IEDR Order.

Residential Energy Storage System Incentive

- A program that provides residential customers with financial support to purchase Behind-the-meter energy storage systems paired with solar.
- Recommendation: DPS Staff recommends adoption of this program.
- Requested Budget: \$2.0 Million (2023-2025).
- Staff Recommended Budget Adjustment: None

PSEG Long Island proposes to continue with the existing state-supported incentive program that provides residential customers with financial support for purchasing and installing Behind the Meter (BTM) Energy Storage Systems (ESS) paired with solar. As a continuation of NYSERDA's NY SUN Retail Energy Storage Incentive Program, PSEG LI will make funds available once the current NYSERDA funding expires, and anticipates a total of \$1.8 million in total incentives to be paid over the three-year period from 2023 through 2025. The total incentive funding will be split between two blocks, each with \$900k in funding. The first block provides an incentive of \$200 per kWh of storage for non-LMI customers, capped at \$5,000 per project, and \$400 per kWh for LMI customers, capped at \$10,000 per project. The second block of funding provides an incentive of \$150 per kWh of storage for non-LMI customers, and an incentive of \$300 per kWh of storage for LMI customers. The utility also projects to spend \$57,000 and \$140,600 for marketing and outreach in 2023 and 2024 respectively.²⁷ PSEG LI will use marketing and outreach methods including promotions on their website, press releases, digital brochures & billing inserts, targeted social media campaigns, email blasts, Search Engine Optimizations, and Search Engine Marketing.²⁸

²⁶ Matter 14-01299, *supra*, Utility 2.0 Quarterly Report 2023 Q2 dated August 7, 2023, p. 20.

²⁷ Response to U2.0-DPS-23-053.

²⁸ Response to U2.0-DPS-23-053.

Customers are required to enroll their systems in PSEG Long Island's DLM Tariff program to be eligible for the upfront incentive. PSEG LI will also advise these participants to enroll in the TOD rates when they are available. DLM participants receive performance incentive payments annually based upon the average DLM measured load relief the battery contributes to the grid during critical periods.²⁹

Staff recommends approval of this program as it aligns with the goals of the CLCPA to move towards a zero-emissions grid by making energy storage more accessible to customers. Energy storage can reduce demand on the grid and help defer construction of new grid infrastructure by acting as a resource during times of peak demand. Energy storage systems also benefit customers through increased resilience during outages, and enables customers to lower their electric rates through strategic use of the battery. Customers on time varying rates such as Time of Use or Time of Day rates can charge the battery at cheaper rate periods, or store excess solar generation, and utilize the battery storage for use during higher pricing periods. This program also works towards achieving New York's target of 6,000 megawatts of energy storage deployed by 2030.

Connected Buildings

- Technology pilot to install smart panels in homes and study potential benefits.
- Recommendation: DPS recommends the program continue as proposed.
- Requested Budget: \$0.13M
- Staff Recommended Adjustment: (\$0.075)

The Connected Buildings Pilot is a program designed to install smart panels in residential homes. Once installed, the smart panels can provide enhanced insight and control of consumption, which may lead to more efficient and optimized energy management, potential bill savings, improved grid value through reduced supply and infrastructure costs, increased resiliency, and also support beneficial electrification. The updated budget for the pilot in 2024 is \$0.13M.

The pilot started in 2022, but due to delays, is expected to be completed by the end of 2024 as opposed to the original completion date of 2023. The delays have been the result of unfavorable market conditions, and contractual delays with the third-party manufacturer and vendor. The manufacturer is also currently working on a data sharing agreement which will require customer authorization. Based on recent correspondence, the Company indicated that the data sharing agreement will be ready for execution by the end of September 2023. The company is hopeful to complete installation of the 75 smart panels by the end of 2023. As of September 2023, 12 are already installed with rebates paid, 47 are pre-approved, and the remaining 16 are signed up and in the process of finalizing paperwork. This will leave one year to gather data for the final report by Q1 of 2025. There were no public comments received regarding this program in 2023.

²⁹ 2023 Utility 2.0 & EE Annual Update, p. 71.

Smart Panels offer several potential benefits. They enable customers to respond to utility price and dispatch signals to reduce load as part of a demand response program. They may also offer increased resilience for customers with battery storage by enabling them to prioritize and control loads while monitoring consumption and battery power. Customers may also see bill savings resulting from increased insight into their energy usage. Smart panels may also reduce DER installation costs by eliminating the need for throw-over disconnect switches, dedicated subpanels, and in some cases eliminating the need for service and main panel upgrades. This program will provide insight to all of these use cases.

Staff continues to support the Connected Buildings Pilot with the same modifications that were suggested in prior recommendations.³⁰ Additionally, PSEG LI indicated that it erroneously included \$74,500 in the budget for Marketing and Outreach. The company explained that it would no longer need this funding as it was being done by the developer as part of their existing interaction with the customer.³¹ Accordingly, DPS recommends removing this amount from the budget. DPS staff also encourages the company to remain on schedule to complete installation of the 75 panels by the end of the year.

Suffolk County Transit Bus Initiative

- A program to install electric charging infrastructure in West Babylon and Ronkonkoma to support the Suffolk County Transit Bus Fleet.
- Recommendation: Recommend
- Requested Budget: \$0.85 Million (2023-2024)
- Staff Recommended Adjustment: Approve with no adjustment(s).

The Suffolk County Transit Bus Initiative aims to provide PSEG LI with valuable insight regarding medium and heavy-duty fleet electrification by working with Suffolk County to deploy Electric Buses. The project is on-going but has been delayed from its original 2022 implementation by approximately 6 months due to supply chain issues affecting the purchasing and delivery of the electric buses. The project was further delayed by a malware attack that Suffolk County experienced in September 2022, delaying the Suffolk County RFP process, which resulted in later than expected delivery of electric buses. The make-ready infrastructure envisioned by the project is expected to be installed and ready by the end of 2024 to support the charging requirements of 40 buses. However, Suffolk County anticipates the initial purchase of 10 buses won't be delivered and begin operation until the end of 2024. Despite the delays, PSEG LI expects the pilot to be completed by the end of 2024.

DPS Staff recommends that PSEG LI proceed with this project as proposed. Staff and commenters have recognized that transportation electrification will benefit

³⁰ 2022 U2.0 Recommendations Staff Memo, p. 18; 2021 Utility 2.0 & EEDR DPS Recommendation Staff Memo, p. 9

³¹ Response to U2.0-DPS-23-063

Disadvantaged Communities, which is a key component of the CLCPA.³² PSEG LI should also track the program costs to update the cost estimate to further expand the Suffolk Transportation Services' (STS) electrification project. Further, PSEG LI should also track electric consumption data for the project to advise STS on how to manage its electric load and costs, and plan for additional expansion of the EV bus fleet. Finally, PSEG LI should report on the progress of the project and how the make ready services helped STS' business case for the expanded conversion of transit buses to electric propulsion.

Super Savers- Patchogue

- A targeted NWA program aimed at reducing peak load on constrained circuits through an array of measures.
- Recommendation: Continue the DER payment to contractor throughout 2025 and provide a quarterly update to DPS staff.
- Requested Budget: N/A
- Staff Recommended Adjustment: N/A

Super Savers is a Non-Wires Alternative (NWA) that aims to reduce peak demand by 4 MW in North Bellmore and 2 MW in Patchogue to defer traditional capital investment. The initial pilot program in North Bellmore helped PSEG LI learn how to encourage community adoption of EE and DER measures and assess load shedding feasibility for infrastructure upgrade deferral. The program was extended to 2022 in North Bellmore, and expanded to include Patchogue, running until 2023 with payments to the implementation contractor continuing until 2025. PSEG LI does not request any funding for 2024. By the end of 2022, the North Bellmore program achieved a 2.3 MW peak demand reduction (56% of the 4MW goal), while the Patchogue program achieved 52% (1.04) of its 2 MW target. Marketing efforts, such as emails, mailings, door-to-door outreach, and telecommunications, contributed to demand reduction for residential and commercial customers through lighting upgrades and DER measures.

The Patchogue program will be completed in 2023, with DER payments to the contractor continuing until 2025. Despite not meeting all peak demand reduction targets, this program avoids additional generation capacity and energy need in the area, which helps save or postpone potential T&D capital investment. Utility 2.0 programs like Super Savers faced challenges during the COVID-19 pandemic, leading to a shift to digital and mail campaigns, resulting in increased enrollment. Specific email outreach targeted technologies like smart thermostats to attract customers spending more time at home. Staff recommends PSEG LI complete this program in Patchogue by 2023, continue the DER payment to the contractor throughout 2025, and provide updates to DPS staff on a quarterly basis.

Utility 2.0 Programs Becoming Operationalized in 2024

³² 2021 Utility 2.0 & EEDR DPS Recommendation Staff Memo, p. 19.

The following projects will migrate from Utility 2.0 to PSEG LI's core operations beginning in 2024. They will be funded through the base budget, which is separate from Utility 2.0 funding, and therefore, has no associated budget request beyond 2023 in this or future Utility 2.0 filing(s).

All the programs discussed below were components in prior iterations of the Utility 2.0 plan and were supported by DPS. Many of the objectives of these programs have been achieved and numerous benefits have been realized for rate payers.

Storage and EV Hosting Capacity Maps

- A project to implement both EV and storage-specific hosting capacity maps that provide information on the amount of energy storage and EV charging infrastructure that can be interconnected at a particular location.
- Recommendation: Complete and Operationalize Project
- Requested Budget: \$0
- Staff recommended adjustment: No Adjustment.

PSEG Long Island plans to implement both EV and Storage Hosting Maps in 2023. The Storage Hosting Capacity Maps aim to provide information and guidance on the amount of energy storage that can be interconnected at a particular location without creating adverse system conditions. Similarly, the EV hosting capacity map will provide information on favorable locations for EV charging infrastructure on the LIPA distribution system. PSEG LI plans to host both the EV and Storage capacity maps on the same platform as their existing PV solar hosting capacity map. Developing the EV and Storage hosting capacity maps will put PSEG LI in alignment with the IOUs in New York State. In addition, these maps will help facilitate storage integration and EV charging equipment deployment throughout LIPA's service territory.

PSEG LI has updated the forecast of capital expenditures to 0.94M in 2023, a reduction of \$1.0M from the forecast in the 2022 Utility 2.0 filing. Despite the update to the previous budgeting forecast, PSEG LI's plan for EV and Storage maps deployment schedule remains the same. Both hosting capacity maps are on track to be published on PSEG Long Island's website by the end of 2023.³³ PSEG LI will continue to maintain and update the maps after the development stage with budgets drawn from the Company's core operations outside of Utility 2.0 budget and scope.

PSEG LI will require users to go through a Clear Check process to gain access to the EV and Storage hosting capacity maps. PSEG LI's current solar PV hosting maps utilize the verification method. This requirement is distinct for PSEG LI hosting capacity maps as other New York State IOUs currently do not have a clear check or similar verification requirements in place for the public. While Staff recognizes the need for maintaining system security for the project, Staff encourages PSEG LI to periodically examine the verification process and work to streamline and reduce the time required for users to obtain access.

³³ 2023 Utility 2.0 & EE Annual Update, p. 30.

In their public comment, the City of New York supported PSEG LI's plan to expand upon the previous Hosting Capacity Maps project to include Storage and EV Hosting Capacity Maps. In addition, the City of New York encouraged PSEG LI to solicit input from stakeholders and developers to improve on the functionality and usefulness of the Hosting Capacity Maps. ChargePoint, Inc. also supported the development of EV Hosting Capacity Maps in their public comment.

The hosting capacity maps will act as useful informational tools for developers and customers interested in storage or EV charging development. Therefore, this project will act as an important driver in achieving Long Island's portion of CLCPA goals. Staff recommends that PSEG LI continue to study and leverage JU best practices and complete the development of the proposed maps by the end of 2023.

DER Visibility Platform

- A platform to monitor and manage Distributed Energy Resources (DER).
- Recommendation: Complete and Operationalize Project.
- Requested Budget: \$0.
- Staff Recommended Adjustment: No Adjustment.

The DER visibility project was originally proposed in 2020, to be implemented in 2021. The project was delayed due to internal IT resource constraints, and procurement delays, however, PSEG LI currently expects the project to go live by the end of 2023.³⁴ The company projects \$2.90 million in capital costs in 2023 to complete implementation of the system. The DER visibility project will be operationalized in 2024, therefore, no additional funding is requested to support the program under the Utility 2.0 budget. The project will be funded under PSEG LI's base budget and anticipates O&M costs of \$0.07 million in 2024 and \$0.08 million in 2025 for ongoing maintenance and operation.

The DER Visibility Platform will allow PSEG LI distribution operators to manage and monitor all renewable generation resources over 1 MW on the grid. There are at least 27 such DERs currently operating in PSEG LI's service territory and the company expects that 30 additional large scale DER sites could be interconnected within the next 2 years. Additionally, projections indicate that up to 50 new sites could potentially be added annually in later years. The DER Visibility platform directly supports increases in DER penetration by limiting the potential adverse effects associated with DER operation like load masking. By providing visibility on DER output and SCADA³⁵ data simultaneously, operators can make informed decisions in grid operation and design.

PSEG LI has completed development of the interfaces for the Geographic Information System (GIS), Weather System, and SCADA system. The company indicates that remaining tasks include integrating all the DERs into the platform, and complete

³⁴ Response to U2.0-DPS-23-065

³⁵ SCADA (Supervisory Control and Data Access) is the system that provides Non-DER operational data.

performance & cybersecurity testing. DPS continues to support this project as it directly supports NYS clean energy goals by enabling higher levels of renewable energy to be interconnected to the grid while maintaining system reliability. DPS recommends that PSEG LI continue to advance progress on the required tasks to complete successful implementation by the end of 2024.

Completed, Cancelled, and On-Hold Utility 2.0 Programs

The following programs have been completed, cancelled, or are currently on hold, and will not continue or operate in 2024.

Utility Scale Storage - Miller Place - Cancelled

- A project to install energy storage to increase the capacity of Long Island's Miller Place Substation.
- Recommendation: Adopt PSEG LI's proposal to cancel this project.
- Requested Budget: \$0.00
- Staff Recommended Adjustment: No Adjustment(s).

The Utility Scale Storage project was proposed in 2018 to install a 2.5MW/12.5MWh battery storage system to increase capacity at the Miller Place substation as an alternative to the traditional capital investment in grid infrastructure. The Project was originally scheduled to be operational in 2022 but experienced multiple delays. PSEG LI issued the RFP in 2019, however, the procurement process experienced delays and as of March 2023, a contract had not yet been signed with a supplier due to price uncertainties related to supply chain issues as well as installation details. As a result of the price increases and uncertainties experienced, the project was no longer economically viable when compared to the traditional infrastructure solution. In the first quarter of March 2023, PSEG LI and LIPA jointly decided to pursue the traditional Transmission and Distribution (T&D) solution instead of the battery storage project.

DPS Staff agrees that the Miller Place battery storage project should no longer be pursued due to the price increases and the project's poor economics compared to the traditional solution. The actual duration of the procurement process for the Miller Place project was significantly longer when compared to the baseline schedule. It is critical to adhere to original project schedules to avoid price increases and system operational issues. Although the economics of the Miller place project may no longer be viable, storage solutions offer multiple benefits as cited in previous Utility 2.0 recommendations, and the Company should continue to consider them when possible.³⁶

³⁶ 2021 Utility 2.0 & EEDR DPS Recommendation Staff Memo, p. 31.

2024 Energy Efficiency, (EE) Plan

Introduction, EE Portfolio Budget and Target Summary

PSEG LI's 2024 EE Plan (2024 EE Plan) was submitted as an appendix to the 2023 Utility 2.0 Plan. The EE and Utility 2.0 plans are submitted together as part of PSEG LI and LIPA's compliance with PAL §1020-f(ee). The 2024 EE plan includes various programs designed to incentivize customers to buy products and implement measures to lower energy consumption and reduce fossil fuel usage. PSEG LI's proposed EE budget for 2024 is \$93.71M. Of the total budget, \$79.82M is applied directly to programs which are expected to provide 762,509MMBtus in reduced energy usage. The budget also includes expenses associated with Dynamic Load Management and Community Solar programs. The remaining costs in the budget include administrative, advertising, outside services, internal labor costs, and a market development fund to support existing program budgets. In 2024, LIPA anticipates that NYSERDA will provide \$20 million of Regional Greenhouse Gas Initiative (RGGI) funding, which supports LIPA's EE budget.

Enacted on July 18, 2019, the Climate Leadership and Community Protection Act (CLCPA) aims to reduce greenhouse gas emissions 40 percent by 2030, and 85 percent by 2050. To achieve the aggressive goals of the Climate Act, New York has committed unprecedented investments and established multiple efforts in the broader context of economy-wide carbon reduction, including a goal to achieve two million climate friendly homes.³⁷ The act also established enhanced targets for energy efficiency and codified the goal of reducing on-site energy consumption by 185 trillion Btus by 2025 through energy efficiency measures. These increased efficiency goals help the State achieve the larger goals of the CLCPA. All of the programs in PSEG LI's EE plan perform an important role in achieving these targets.

PSEG LI's EE programs target multiple market sectors. Residential customers are provided incentives and rebates on various products and home energy system upgrades, while commercial customers are targeted with multifaceted programs. Many of the programs in the EE plan are a continuation of those offered in previous years. The largest program in the plan, from an energy savings perspective, is HEM (Behavioral) program (177,816 MMBtus), while the Commercial Efficiency Program has the highest level of funding (\$32.09 million).

The Operations Services Agreement between LIPA and PSEG LI provides the ability to pass budget amendments in any given year which can effectuate a transfer of funds both into, and out of the EE portfolio. This may include, for example, a transfer of funds originally approved for the EE plan to other Capital programs or O&M programs like vegetation management. Staff recommends PSEG LI and LIPA avoid using EE plan

³⁷ <https://www.nyserdera.ny.gov/About/Newsroom/2022-Announcements/2022-01-05-Governor-Hochul-Announces-Plan-to-Achieve-2-Million-Climate-Friendly-Homes-By-2030> (Accessed on September 26, 2023).

funding for anything other than programs that work toward the 2024 EE Plan's goals because of the high priority of achieving the State's CLCPA goals.

Benefits Reporting, Evaluation and Measurement

LIPA and PSEG LI should continue to work with stakeholders to provide adequate reporting of spending and energy related metrics. Reporting should be done accurately, and provided timely and consistently to all stakeholders including NYSERDA, LIPA, DPS. NYSERDA is responsible for tracking each utility's progress towards multi-year energy efficiency goals. As such, PSEG LI should submit Clean Energy Dashboard (CED) scorecards to NYSERDA on a quarterly basis in the approved format.

When reporting progress towards EE goals, PSEG LI should be providing the verified gross savings as directed in DPS Clean Energy Guidance Document CE-08.³⁸ Verified gross savings are established through an annual evaluation of the EE programs performed by an independent third party. The evaluation examines the methodology used to estimate the claimed savings and tests it against actual results to establish the verified gross savings and realization rates for each program. The realization rate is the ratio of verified savings to claimed savings expressed as a percentage. Realization rates from the most recent annual evaluation should be incorporated into calculations for future savings projections and PSEG LI's Technical Resource Manual (TRM) should be updated with correlating findings.

Since 2020, PSEG LI has included an auxiliary usage resulting from heat loss associated with installing LED lighting in its EE savings calculations. This assumed effect results in less energy savings being stated in the company's reporting and projections. In conversations with LIPA and DPS, the company has stated that it plans to stop including this factor in its calculations. Staff supports them making this change.

As mentioned earlier in the memo, beginning in Q3 of 2023, the NYS Utilities are required to provide reporting on the accrued benefits to Disadvantaged Communities. On September 27, 2023, DPS issued Clean Energy Guidance Document CE-12: CLCPA-Disadvantaged Communities Investments and Benefits Reporting Guidance. NYSERDA is also expected to release reporting guidelines in the near future. Staff emphasizes that PSEG LI and LIPA should begin tracking investments and benefits to Disadvantaged communities immediately to comply with the requirements set out in the CLCPA. Further, PSEG LI and LIPA should be preparing to comply with the reporting guidelines issued by DPS as well as those to be issued by NYSERDA. Staff preliminarily recommends that PSEG LI provide quarterly reporting to staff in 2024 to track this data.

³⁸ <https://dps.ny.gov/system/files/documents/2022/11/ce-08-gross-savings-verification-guidance.pdf>

Disadvantaged Communities and Low-to-Moderate Income Customer Benefits:

PSEG LI offers LMI customers enhanced incentives through three independent programs, Home Comfort LMI, Home Performance with Energy Star (HPwES LMI), and REAP. Combined, the EE Plan identified that LMI spending across the three programs are proposed to provide about \$12.19M in rebates and \$0.5M for marketing and outreach.³⁹ The proposed LMI spending accounts for about 14% of the total EE budget and 29% of residential spending, which is a significant increase in the residential percentage over the previous years' plan. PSEG LI is also actively looking for ways to improve the efficiency of its LMI programs. The Company states that it is collaborating with NYSERDA and Key Span Energy Delivery Long Island (KEDLI) to coordinate the administration of their LMI programs in the future. Currently however, the EE Plan explains that due to contractor obligations, there appear to be limited opportunities to coordinate with other Program Administrators such as NYSERDA and KEDLI.

Public comments supported the need for investments for LMI customers. New York City believes that spending on LMI customers should be increased based on CLCPA standards⁴⁰ and Gwen O'Shea of Community Development Corporation of Long Island (CDCLI) stated that their research indicates that between 2017 and 2022, 28% of customers who received weatherization assistance were located in Disadvantaged Communities. O'Shea suggests a collaborative effort be made between CDCLI, PSEG LI, and National Grid to help customers take advantage of available programs to holistically meet their energy needs.

PSEG LI's enhanced rebates for heat pumps and weatherization under the Home Comfort and Home Performance Programs utilize a maximum income limit of 60 percent State Median Income (SMI), while the REAP program utilizes an 80 percent SMI limit to allow participation. As stated in previous recommendations, it is important to recognize the high cost of living on Long Island and ensure PSEG LI customers, who are struggling financially, have access to levels of support proportionate with the remainder of the state. DPS therefore supports raising the income limit to 80 percent of the SMI or the Area Median Income (AMI), whichever is greater, for all LMI offerings. However, DPS encourages LIPA to ensure that adequate budgets are allocated to programs that specifically support low-income customers, and that PSEG LI track participation and expenditures for both low and moderate-income customers.

The total LMI budget proposed for plan year 2024 includes incentives as well as contractor service fees paid to Travelers Research Corporation (TRC). Upon reviewing PSEG LI's LMI program budgets, Staff found inaccuracies within the budgets that should be addressed by PSEG LI. For instance, after reviewing the proposed spending, Staff cannot reproduce the proposed budget, nor the estimated MMBtu savings illustrated in the 2024 EE Plan utilizing the Company's "2024 Planning Tool". Staff noticed that the proposed REAP budget within the 2024 Planning Tool did not accurately reflect the proposed budget within the plan. Staff also found inconsistencies within the Home Comfort

³⁸ For REAP, Implementation costs are included within the Incentives. Of the total, about 60% goes towards incentives.

⁴⁰ Matter 14-01299, supra, Comments of the City of New York (Filed August 21, 2023).

LMI budget when compared to the planning tool and was not able to recreate the savings estimate and budget illustrated in the EE Plan. PSEG LI should be providing accurate cost support for its EE programs and savings projections.

In addition, it is important to ensure collaboration between the program administrators responsible for implementing income-based clean energy programs on Long Island to increase the impact of public funds dedicated to addressing energy affordability on Long Island, to streamline program access for customers and reduce administrative burden for service providers, and to ensure energy equity across NYS by ensuring that income-eligible Long Island residents have access to similar services available to income-eligible customers in other parts of the state. LIPA should regularly coordinate with DPS, NYSEERDA, HCR, and OTDA to align programs and services, where possible. In addition, LIPA should work with these agencies to develop a holistic strategy for addressing energy affordability on Long Island.

Staff supports PSEG LI's LMI programs as they are critical to achieving climate justice and the goals of the CLCPA. However, it is imperative that accurate support is provided as highlighted above. This will be even more important as spending for LMI and disadvantaged communities potentially increases to meet CLCPA goals. Additionally, as explained below in the REAP program analysis, it is important that these programs are managed correctly. DPS recommends that PSEG LI continue to review its rebates for LMI customers and explore developing additional program offerings that help customers who are struggling financially.

The CLCPA mandates that a minimum of 35 percent, with a goal of 40 percent of energy efficiency spending be allocated to provide benefits for Disadvantaged Communities. Between its LMI offerings, and other EE spending that benefits Disadvantaged Communities, PSEG LI is currently projecting that approximately 25 percent of the EE benefits accrue to Disadvantaged Communities. Staff notes that not all spending within LMI programs will count towards the 40 percent Disadvantaged Community benefits goal of the Climate Act, as moderate-income investments outside of Disadvantaged Communities would not be counted towards the 40 percent benefits goal. DPS emphasizes the importance for PSEG LI and its contractors to develop strategies and allocate resources to achieve the 40 percent benefits goal. This will require an approach that supports investments across all sectors to reduce fossil fuel combustion in Disadvantaged Communities on Long Island. Achieving the 40 percent benefits goal will require the company to assess historic investments and develop strategies to increase investment and benefits that accrue within Disadvantaged Communities.

Residential Energy Affordability Program (REAP)

The REAP program offers LMI customers incentives on direct installation of energy efficiency measures. The program provides income eligible customers services such as free home energy surveys and energy education and tips. In 2023 the program was enhanced and began offering Smart Thermostat installations to customers. The income eligibility limit of the program was updated in 2023 from 80% Median Area Income to 80% of the State Median Income.

PSEG LI and the REAP contractor communicate directly with customers, homeowners, and renters, and indirectly through over 200 organizations such as social agencies to spread awareness for the program. In the 2022/2023 calendar years, PSEG LI stated that the REAP contractor team was present at more than 50 plus events at central community locations, such as libraries, churches, fairs, and hosted open house events to spread program awareness. The utility and contractor also collaborate to send bill inserts, targeted direct mail, emails, and call and canvass for potential participants.⁴¹ Customers can also contact the REAP team through the PSEG LI website and e-blasts, which will direct customers to a mini-application.⁴²

The proposed REAP budget for 2024 is \$4.07M with projected savings of 10,475 MMBtus. DPS notes that the draft plan provided in the 2nd quarter of 2023 forecasted a REAP budget of \$2.62M with the same level of savings. PSEG LI explained that the significant increase in cost was due to its contractor projecting higher costs associated with managing and implementing the program in 2024. Additionally, as a comparison, DPS notes that the REAP budget and projected savings for the 2023 year are \$1.9M and 10,884 MMBtus, respectively.

According to the 2022 Annual Evaluation of PSEG LI Energy Efficiency Measures, the REAP program had a realization rate of 35 percent. This is extremely low for any program, and effectively means that 65 percent of the expected savings did not actually occur. For comparison, PSEG LI's EE portfolio as a whole had a realization rate of 88 percent. Additionally, PSEG LI has not updated its projection for the 2024 savings to account for the poor realization rate. As a result, it is reasonable to assume that the savings projections for 2024 are overestimated and that REAP is currently less cost effective than it appears.

DPS supports the REAP program as it aims to provide benefits to Low- and Moderate-Income customers. However, in consideration of the significant cost increases projected for 2024, combined with the poor realization rate, DPS questions the effectiveness of the program. DPS recommends that PSEG LI and TRC manage the program more effectively to achieve more than the estimated 2,000 REAP visits utilizing the budget. Additionally, the methodology of the customer interaction and direct install measures should be analyzed for potential improvements. If the program's cost effectiveness cannot be improved, the company should consider reallocating a portion of the budget to more effective LMI programs such as Home Performance or Home Comfort Plus.

Additionally, Staff recommends LIPA separately track budgets and expenditures dedicated to supporting low and moderate income customers to help ensure that each customer segment is receiving adequate support and to allow for more straightforward reporting on Disadvantaged Community benefits.⁴³

⁴¹ 2023 Utility 2.0 & EE Annual Update, p. A-30.

⁴² 2023 Utility 2.0 & EE Annual Update, p. A-35.

⁴³ Case 18-M-0084, supra, Statewide Low-to-Moderate Income Portfolio Implementation Plan Version 3, (filed May 1, 2023).

Home Performance Program

The U.S. Department of Energy's (DOE) HPwES program is a comprehensive whole house approach for improving home envelopes and heating systems. Beginning in 2024 the US DOE will sunset the HPwES program. In its place, PSEG LI will continue the efforts administered by this program with a new Home Performance Weatherization Program. The program offers a free Home Energy Assessment (HEA) to all eligible single-family home residents, to identify areas within residential homes that require improved efficiency, safety, and comfort. The program's budget for 2024 is \$7.58M, and projected EE savings are 29,236 MMBtus. This is largely the same as the program's 2023 budget and savings projections of \$7.5M and 31,426 MMBtus respectively.

The Home Performance program provides rebates for weatherization measures and promotes whole house solutions by offering a \$500 participation bonus for customers who complete projects containing both whole house air source heat pumps and weatherization. Program updates in 2024 include window rebates for customers who install a Whole House Cold Climate Air Source Heat Pump, Insulation, and Air Sealing. However, the direct install offering of the program aimed toward electric heat customers will be discontinued in 2024 due to reduced demand. Additionally for 2024, the programs' rebate per project will be reduced.

Enhanced rebates are available for low-income customers. PSEG LI works with Energy Finance Solutions (EFS) to qualify income eligible customers, for which the criteria will continue to be based on 60% of the State Median Income. Participating Home Performance partners may also offer low-interest on-bill recovery loans and smart energy loans for qualified market rate and income eligible customers.⁴⁴

Public comments were submitted by Fred Harrison of LI Food and Water Watch, who believes that the 60% mark is too low and that more customers should be deemed income eligible. Harrison also objects to the offering rates per project being reduced.⁴⁵ Additionally, Maggie McCarey of AeroSeal suggests that the list of permitted sealants be expanded to include new, high-performance sealants to increase access to duct sealing and ensure the process is carried out more effectively, and that rebates should be increased. McCarey also recommended that the program provide more frequent enrollment periods for contractors to join the program.

PSEG LI allocates \$2.66M of the budget to cover Program Administration costs including contractors' fees, labor, evaluation, & advertising.⁴⁶ The company promotes the Home Energy Assessment at PSEG LI sponsored events, home shows, street fairs,

⁴⁴ 2023 Utility 2.0 & EE Annual Update, p. A-37.

⁴⁵ Matter 14-01299, supra, Fred Harrison Comments (filed August 12, 2023).

⁴⁶ 2023 Utility 2.0 & EE Annual Update, Table A-19 Home Performance Value Streams, pp. A-42 - A-43.

through direct mailings, on the PSEG Long Island website, and through the Home Performance partners who perform the assessments.

DPS staff supports the Home Performance program. The measures in this program reduce a home's carbon emissions and further New York State's CLCPA efforts. DPS recommends that PSEG LI plan to increase weatherization efforts significantly in coming years to align with state policies. Additionally, in response to the public comments, DPS recommends that PSEG LI continuously evaluate the efficacy of new products, including high performance sealants, and consider including them in the list of permitted sealants.

Home Comfort Program

The Home Comfort Residential Heating and Cooling Program offers rebates to residential customers towards the purchase and installation of Air Source Heat Pumps (ASHPs), Geothermal Heat Pumps, Heat Pump water heaters, tankless water heaters, associated controls, and tune ups. ASHPs are usually two to three times more efficient than traditional fossil fuel space heating. The Home Comfort program has seen significant growth in recent years as heat pump deployment expands, and is currently exceeding its expected Year-to-Date (YTD) savings for 2023 with 111,680 MMBtus saved compared to the YTD target of 72,500 MMBtus. The budget for 2024 is \$17.91M with projected savings of 111,645 Btus. The program is increasingly targeting Whole House Cold Climate Air Source Heat Pump over partial load projects as well, with a projected 2,710 units in 2024, which is roughly 89% greater than the 1,436 units planned in 2023.⁴⁷

LIPA issued the UCS-44 Next Level Heat Pump Deployment Final Report - Barriers and Actions to address obstacles that need to be overcome for Long Island to reach its portion of NYS's 2030 heat pump goals. PSEG LI and LIPA are working to develop a strategy to reach these goals, including earmarking \$1 million within the Home Comfort program towards these efforts.

PSEG LI has combined the Home Comfort application with the Home Performance application in an effort to promote whole-house solutions by offering Heat Pump, weatherization, and other measures in one application. As of 2024, customers who install a Whole House Cold Climate Air Source Heat Pump, Insulation, and Air Sealing will be eligible for rebates on windows as well.

PSEG LI has \$5.51M in funding out of the \$17.91M budget for the Residential Home Comfort Program budget to be allocated for Program Administration Costs consisting of contractors' fees, labor evaluation, as well as advertising costs⁴⁸

⁴⁷ 2023 Utility 2.0 & EE Annual Update, p. A-23.

⁴⁸ 2023 Utility 2.0 & EE Annual Update, Table A-12 Residential Home Comfort Value Streams, p. A-28 - A-29.

The total LMI budget for the Residential Home Comfort Program is \$4.5M. ⁴⁹The rebate for income eligible customers in 2024 is proposed to be adjusted from the 2023 offering of \$2,000 per ton, to a structure which starts at \$4,000 for the first ton, and then is reduced by \$1,000 for each incremental ton until it is equivalent to the standard program offering of \$1,000 per ton. Based on PSEG LI's analysis, the effective rebate will be about \$2,700/ton for the average income eligible customer whose system requires 3.6 tons. Enhanced rebates for LMI customers are also offered on the application for weatherization, controls, heat pump water heaters, and windows.

PSEG LI will use \$1.2M of the advertising budget to cover mass media advertising in addition to segmentation and propensity modeling to targeting customers that are motivated to buy a heat pump.⁵⁰ The Company also advertises via radio, digital banners, social media, connected TV (Hulu, YouTube, etc.) emails, and direct mail amongst other channels.⁵¹ The Home Comfort Program Outreach strategy utilizes numerous public platforms such as internet keyword searches, radio and newspaper advertisements, industry networking events and speaking engagements, and collaboration with New York State's Clean Heat Program Marketing and Advertising. In addition, PSEG LI started surveying Home Comfort Partners and doing case studies, post-installation customer surveys, education and training opportunities, and collaborating with NYSERDA and the Long Island Clean Energy Hub to develop training, heat pump promotion, and workforce development initiatives.⁵² PSEG LI states that an incremental \$300,000 of funding was requested for 2024 to further support outreach and marketing. The additional funding money would go towards initiatives such as ICF's Sightline propensity and analytics tool, enhancements to the PSEG Long Island Home Comfort website including the creation of a contractor look up feature on PSEG LI's website, as well as the ability to read testimonials/case studies of customer air source heat pumps success stories.⁵³

DPS supports the Home Comfort Program as the program plays a critical role in working towards New York State's goal of reducing greenhouse gas emissions by at least 85% by 2050. DPS also supports the proposed change in LMI incentive structure for 2024. PSEG LI should track the number of Heat Pumps installed in Disadvantaged Communities and report such data to DPS and NYSERDA to comply with the guidelines. Finally, PSEG LI should notify DPS and LIPA, and coordinate with both parties prior to making any changes to rebate levels offered through this program.

Home Comfort Market Development Fund

For 2024's EE Plan, PSEG LI requests \$1 million in funding for a Home Comfort Market Development Fund. PSEG LI states that specific uses for the funding have not yet been determined but anticipates the funds may go towards new efforts either with

⁴⁹ 2023 Utility 2.0 & EE Annual Update, Table ES-3. 2024 Income-Eligible Customer Goals in the EE Plan, p. xii.

⁵⁰ Response to U2.0-DPS-23-062.

⁵¹ Response to U2.0-DPS-23-062.

⁵² 2023 Utility 2.0 & EE Annual Update, p. A-26.

⁵³ 2023 Utility 2.0 & EE Annual Update, p. A-27.

NYSERDA, community groups, or efforts that PSEG implements alone. Potential uses for this funding include for workforce development, financing programs for low-income customers, community engagement, new technology demonstrations, and/or midstream offerings.⁵⁴

Staff supports these potential efforts and PSEG-LI's engagement with NYSERDA on these topics. Staff recommends that the funding be focused to primarily benefit low-income customers, with secondary priorities to residential energy efficiency and building electrification, and that funding be spent on measures and actions that target place-based expenditures to enable DAC benefit accruals, as opposed to administrative and implementation costs. Staff also opines that PSEG-LI utilize funds to implement programs that solely benefit customers in their service territory whenever possible.

Energy Efficient Products (EEP) Program

The EEP program aims to increase the purchase and usage of energy efficient appliances, beneficial electrification equipment and efficient lighting by Long Island customers. It accomplishes this by providing incentives to manufacturers/retailers and rebates to customers for energy efficient measures such as ENERGY STAR- certified linear LED lighting/appliances, heat pump pool heaters, advanced power strips, and water heating equipment. As a result of the finalization of the Energy Independence and Security Act of 2007 (EISA), which eliminates the sale of low efficiency incandescent bulbs, LED lighting has effectively been eliminated as a program measure. As lighting represented a source of significant savings opportunity that will no longer be incentivized, this has led to significant decreases in the projected budget and savings for the EEP Program. For 2024, the program anticipates a budget and anticipated savings of \$8.82M, and 148,847 MMBtus respectively, as compared to the 2023 budget and savings \$16.9M and 339,857 MMBtus respectively.

PSEG Long Island continuously adjusts their program offerings to remain in alignment with the latest efficiency standards and ENERGY STAR requirements. Additionally, and as mentioned above, common and specialty LED lamps will no longer be incentivized in 2024 due to federal regulations, however, linear LED fixtures will continue to be rebated. The Company will continue the Appliance Recycling Program, but the promotion of battery-operated lawn equipment, which was removed in 2023, will not return in 2024.

Subcontractor TRC is responsible for coordinating this program and conducting the marketing and outreach. Platforms include limited time offer e-blast promotions, bill inserts, digital display ads, point of purchase material at retailers, the PSEG LI website and Online Marketplace, and an increased social media presence to engage customers and promote the EEP Program. PSEG LI also plans to run ads on connected TV (YouTube, Hulu, etc.) and at public locations including billboards, buses, and LIRR posters.⁵⁵ The Outreach plan also includes live in-person outreach such as Food Bank events, in-store presentations,

⁵⁴ Response to U2.0-DPS-23-047.

⁵⁵ Response to U2.0-DPS-23-062.

community partner events, and Home Shows in Nassau and Suffolk Counties.⁵⁶ The Company says that their outreach strategies have proven to be successful in engaging and informing customers about the benefits of adopting ENERGY STAR and beneficial electrification products, and they expect to continue these outreach strategies in 2024.

DPS continues to support the EEP Program as it has consistently been one of the largest sources of energy savings for multiple years. DPS supports the elimination of battery-operated lawn equipment from the program. Additionally, DPS acknowledges the impact that the federal lighting regulations will have on the program, however, PSEG LI and its contractor TRC should continuously and aggressively advertise and promote the program to customers.

Commercial Efficiency Program (CEP)

Since 2014, PSEG has been offering the CEP, which provides complimentary energy assessments and rebates to eligible nonresidential customers for energy conservation measures and engineering/design services. The CEP offers rebates designed to offset installation costs and costs associated with projects that go through the technical assistance program for multiple conservation measures including indoor and outdoor lighting, HVAC equipment, heat pumps, elevator modernization, refrigeration equipment, water heater equipment, and beneficial electrification measures. CEP participation occurs on a customer opt-in basis in consultation through partnerships with installation contractors and Lead Partners. All contractors and Lead Partners are vetted by PSEG LI before being approved to be CEP participants.

As explained above in the EEP Program, LED lighting has effectively been eliminated as a program measure. This has impacted the scope of the CEP resulting in decreased budget and savings projections in 2024. The budget and energy savings in 2024 are projected to be \$32.09M and 237,533 MMBtus respectively, compared to \$38.9M and 286,309 MMBtus in 2023. Additionally, as most LED lighting fixtures are starting to be phased out in 2024, the rebates for the CEP will be based on energy savings, whereas in previous years rebates were distributed on a per fixture basis.⁵⁷

PSEG LI allocates \$10.47M from the \$32.09M CEP budget for Program Administration Costs, including contractors' fees, labor, evaluation, and advertising costs.⁵⁸ The utility has designated \$200,000 in funds to promote small business energy efficiency programs in the form of testimonial ads that demonstrate savings to customers.⁵⁹ PSEG LI also plans to utilize advertising platforms including print, radio, digital banner ads, social media, connected TV (Hulu, YouTube etc.), billboards, posters on busses and the LIRR, emails, and more.⁶⁰

⁵⁶ 2023 Utility 2.0 & EE Annual Update, p. A-19.

⁵⁷ 2023 Utility 2.0 & EE Annual Update, p. A-52.

⁵⁸ 2023 Utility 2.0 & EE Annual Update, Table A-24., pp. A-55 - A-56.

⁵⁹ Response to U2.0-DPS-23-062.

⁶⁰ Id.

DPS Staff continues to support the CEP as it provides essential energy efficiency measures to nonresidential customers. DPS staff recommends that PSEG LI improve program tracking so that accurate data is available for the number and types of measures implemented, and the associated dollars spent on each measure.

All Electric Homes Program

The All-Electric Homes program incentivizes retrofitting of existing homes or construction of new residential homes to be “All Electric”. To qualify for the program customers must install electric-end use equipment in a new residence or convert all existing fossil fuel equipment in an existing residence. PSEG LI maintains partnerships with installation and implementation contractors, called Lead Partners. The program is mostly operated through these partnerships.

There are two tiers of eligibility for the program depending on which measures a customer implements.⁶¹ Tier 1 provides a 10 percent bonus for all incentivized measures and Tier 2 provides a 25 percent bonus on all incentivized measures. Additionally, Eligible contractors can receive a \$2,000 incentive for completion of an All-Electric new construction or retrofit project. Battery operated lawn care equipment has been removed from the list of eligible measures based on DPS recommendations.

Awareness and participation are promoted at industry events as well as on the PSEG LI website. Educational materials will also be distributed to developers, lead partners, and customers to increase understanding of the benefits associated with an All Electric Home.⁶² In public comments, Maggie McCarey of AeroSeal recommends that the program be expanded to include advanced duct and envelope sealing as part of Tier I or these measures should be incentivized alongside electrification measures.

Staff supports the All Electric Homes Program in furtherance of the State’s goal to achieve 2 million climate-friendly or electrified homes by 2030. PSEG LI proposes a budget of \$0.5M for the program, of which \$0.43M is allocated for Program Administration Costs, consisting of contractors’ fees, labor, and evaluation, and advertising.⁶³ Staff notes that the program administration cost is excessive relative to the total budget. Additionally, DPS notes that program participation levels have been low. PSEG LI should increase its promotional efforts and ensure its contractors, developers, and lead partners are encouraging customers to take advantage of this program to increase participation.

Multifamily Program

The Multifamily Program helps new and existing multifamily developers and building owners of residences with 5 or greater units in constructing and retrofitting their buildings

⁶¹ 2023 Utility 2.0 & EE Annual Update, Tables A-20 and A-21, p. A-44.

⁶² 2023 Utility 2.0 & EE Annual Update, pp. A-45 - A-46.

⁶³ 2023 Utility 2.0 & EE Annual Update, Table A-22 All Electric Homes Program Value Streams, p. A-47.

to become more energy efficient.⁶⁴ The program was launched in Q4 of 2020 when PSEG LI separated its multifamily initiatives from other programs to be consistent with other program administrators in the state, and has expanded its offerings and energy savings since it began. The program is expected to continue growing in 2024 with a projected budget and EE savings for 2024 of \$6.53M and 46,382 MMBtus respectively, as compared to a budget and EE savings of \$0.79M and 8,928 MMBtus in 2023. Additionally, with current savings of 13,583 MMBtus as of August of 2023, the program will significantly exceed its annual target for 2023.

The Multifamily Program offers rebates for many of the same measures offered in the Home Comfort and Energy Efficient Products programs, as well as the commercial measures. This includes Heat Pumps, Energy Star appliance bundles, water heaters, smart thermostats, elevator modernization projects and more. As part of the program, developers have installed “in-unit” air source heat pumps, custom heat pumps, and variable refrigerant flow (VRF) systems.

In 2023, Common Area Heating, Ventilation and Air Conditioning (HVAC) measures are projected to represent 27% of Multifamily savings. For 2024, common area HVAC is projected to represent 86% of savings. While this will go a long way towards supporting New York State’s heat pump goals, Staff recommends that residence units are not neglected in these buildings. Common areas should not be the only planned electrification projects for a building.

PSEG LI is still assessing which individual units within buildings enrolled in the Multifamily Program meet Disadvantaged Communities income criteria. Once the utility has compiled this information, they claim that they will be able to develop strategies for Disadvantaged Communities spending compliance in the 2024 program year.⁶⁵

Staff supports the continued expansion of the Multifamily Program in 2024 and beyond in accordance with the above recommendations. Additionally, staff recommends that PSEG LI target projects located in Disadvantaged Communities and those that benefit Low Income Customers. The company should track the benefits going to these populations and report this data to DPS and NYSERDA to comply with the DAC reporting guidelines.

Clean Green Schools

PSEG Long Island is not proposing any funding to the Clean Green Schools Initiative in 2024. No schools in PSEG Long Island’s service territory were selected by NYSERDA for the program in its most recent offering, which will result in no expenditures taking place for Long Island schools next year. PSEG Long Island plans to remain in contact with NYSERDA regarding the initiative, but no budgetary requirements will be reflected in the plan.

⁶⁴ 2023 Utility 2.0 & EE Annual Update, p. A-48.

⁶⁵ 2023 Utility 2.0 & EE Annual Update, p. A-48.

Dynamic Load Management (DLM) Programs

PSEG LI operates several DLM Programs, including a 21-hour advance notice peak-shaving Commercial System Relief Program (CSRP), a 2-hour advance notice reliability-based Distribution Load Relief Program (DLRP) – both of which are aimed more towards larger Commercial and Industrial customers – and a Direct Load Control (DLC) Program aimed at Residential and Small Commercial customers.⁶⁶ The company proposes a combined budget of \$2.4M for these programs. The CSRP and DLC Programs are consistent with the other DLM Program offerings available throughout New York State, but the DLRP is operated in a manner inconsistent with other New York State utilities. In addition, as discussed both in Staff's recommendations related to the Company's 2020 and 2021 Utility 2.0 filing and EEDR Plan and again in greater detail below, the Company has not performed a BCA to justify the CSRP, DLRP, and DLC Program incentive rates that it pays to Program participants, and that are then collected from customers. The budget request for this program is \$2.40M.

In 2020, 2021, and 2022 Staff recommended that LIPA require additional reporting requirements for its DLM Programs to bring them into alignment with the annual statewide review of the DLM Programs that Staff undertakes each year. Specifically, Staff recommended that LIPA should require PSEG LI to file its DLM Program Annual Reports on November 15 of each year, and to post a copy of such filing onto PSC's DMM system in Case 14-E-0423.⁶⁷ As of this writing, PSEG LI has not filed either its 2020, 2021, or 2022 DLM Program annual report on DMM in Case 14-E-0423. Staff continues to recommend that LIPA require PSEG LI to file its annual DLM Reports in the statewide DLM Program proceeding to ensure that all DLM Program annual reports are filed in a single statewide docket.

In 2020 Staff recommended that LIPA direct PSEG LI to include a full BCA consistent with the requirements in the BCA Framework Order⁶⁸ as part of its DLM Program Annual Report demonstrating the cost-effectiveness of the Programs.⁶⁹ Underlying Staff's 2020 recommendations is the fact that the Company initially developed its proposed payment structures for the CSRP, DLRP, and DLC Program in 2016 based on the payments then-available at the other utilities and did not perform a BCA on any of the DLM Program components at that time and hasn't performed a BCA since. Staff continues to recommend that LIPA direct the Company to develop BCAs consistent with the directives of the BCA Framework Order, and to file such BCA results related to its DLM Programs.

Staff cannot overstate the importance of developing and maintaining cost-effective DLM Programs. Providing a cost-effective alternative to building new distribution infrastructure is the primary purpose of the DLM Programs. The Commission has affirmed this position in its determination's multiple times, canceling certain DLM Program

⁶⁶ PSEG LI also refers to its DLC Program under its marketing name, "Smart Savers Program."

⁶⁷ 2020 Utility 2.0 & EEDR Recommendation Memo, pp. 38-39.

⁶⁸ Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Establishing the Benefit Cost Analysis Framework, (Issued January 21, 2016).

⁶⁹ 2020 Utility 2.0 & EEDR Recommendation Memo, p. 39.

components which were not cost-effective and not expected to become cost effective in the near future,⁷⁰ and establishing expectations that demand response pilots would only be graduated to full program status if such programs are expected to be cost-effective.⁷¹ Since PSEG LI has never filed a BCA on any of its DLM Program components, Staff cannot fully ascertain whether such programs are currently cost-effective or have ever been cost-effective. The Reservation Payments and Performance Payments applicable to the CSR and DLRP, as well as the various participation incentives available under the DLC Program, should be designed to result in cost effective programs and be adjusted if necessary to establish or maintain cost-effectiveness. It is incumbent on PSEG LI and LIPA to be transparent regarding the performance of their DLM programs and a failure to provide these analyses is in direct contravention of DPS' recommendations.

Absent a firm commitment from PSEG LI to develop and file DLM Program BCAs consistent with the Commission's BCA Framework Order as part of the DLM Program annual reports, and/or a commitment from LIPA to do similarly, DPS Staff is unable to determine whether continued expenditure of customer funds on the Company's DLM Programs is prudent.

In public comments, Frank Bruckner of Meltek Inc. claims that PSEG LI doesn't emphasize this program and that the utility has been resistant to promoting the program to residential customers. Bruckner also suggests that PSEG LI's EE team share their research on how customers can save energy and money on their bills with PSEG LI's demand response team.

The utility has not indicated that any funds are requested for outreach or advertising under the Dynamic Load Management (DLM) Programs aside from the \$2.4M program budget. Approved thermostat providers market and promote the program to potential customers, and customers voluntarily enroll in the Smart Savers Program through the smart thermostat electronic application. Staff notes that PSEG LI does have a page on their website that advertises the programs.⁷² DPS Staff recommends that PSEG LI prioritize the recommendations above to evaluate the cost effectiveness of the DLM programs and file the required reports. After this, if the programs are shown to be cost effective, PSEG LI should also investigate the best ways to grow the programs in an efficient and cost-effective manner.

⁷⁰ Case 14-E-0423, et al., Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs, Order Adopting Program Changes with Modification and Making Other Findings (issued April 23, 2018) (2018 DLM Programs Order) AND Case 14-E-0423, et al., supra, Order Adopting Program Changes with Modifications and Making Other Findings (issued March 18, 2019).

⁷¹ Case 17-G-0606, Petition of Consolidated Edison Company of New York, Inc. for Approval of the Smart Solutions for Natural Gas Customers, One Commissioner Order Approving Extension of Gas Demand Response Pilot Program (Issued June 23, 2021).

⁷² <https://www.psegliny.com/saveenergyandmoney/energystarrebates/SmartSavers> AND <https://www.psegliny.com/businessandcontractorservices/businessandcommercialsavings/csrp> (Accessed on September 29, 2023).

Behavioral Initiative (Home Energy Management)

The Home Energy Management (HEM) program was launched in Q3 of 2017 and is designed to motivate PSEG LI customers to increase their understanding of all aspects of their energy needs and take active control of their energy usage through the distribution of Home Energy Reports. PSEG LI states that the program has led to increased customer satisfaction, increased customer knowledge of energy consumption, increased customers' ability to manage their energy usage, increased adoption of existing EE offerings, and improved customer access to energy efficient products and clean energy service providers.⁷³

In 2024, PSEG LI plans to increase the treatment group from approximately 400,000 to approximately 700,000 residential customers. Additionally, all residential customers will be given access to the HEM MyEnergy engagement portal and online Home Energy Assessment function. The projected budget and energy savings are also increasing as a result in 2024 to \$3.04M and 177,816 MMBtus, respectively, as compared to \$2.00M and 111,770 MMBtus in 2023.

PSEG LI states that one of the main driving factors behind the program expansion is the introduction of TOD rates in 2024. The HEM reports will be a helpful tool for customers to track energy usage and encourage energy management. PSEG LI does not request funding for advertising or outreach under the Behavioral Initiative (HEM) program. DPS staff recommend that PSEG LI market and advertise these reports to customers as part of the TOD plan.

DPS Staff supports the expansion of this program to the larger group of customers. While the roll-out of TOD rates is currently delayed, DPS believes that these reports will still be an effective tool for customers to manage their energy usage before TOD rates are available.

Community Solar

This program allows solar companies to construct community solar projects on Long Island, which customers can subscribe to and receive energy credits, which reduce their own PSEG LI electric bill. The funding for this program is used to support existing projects. LIPA and PSEG LI continue to implement this program through its tariff. The proposed 2024 EE budget reflects a small carryover of Community Solar projects that are expected to receive an incentive in 2024. PSEG LI continues to administer the NY-Sun Incentive program for projects that receive Green Jobs – Green New York financing and Affordable Solar incentives for income-eligible households. Incentives are available for new residential and commercial projects that pair solar PV with energy storage, and those customers are also afforded enrollment opportunities in the DLM tariff to allow for capacity-based payments for system or local relief. PSEG Long Island expects that 2024 will be the

⁷³ 2023 Utility 2.0 & EE Annual Update, p. A-59.

last year funding to support photovoltaics will be included in the EE Plan. In 2024 the projected budget will slightly decrease for this program from \$0.40M to \$0.25M.

EE Labor and Outside Services

PSEG LI has requested \$3.37M for labor, and another \$2.66M for outside services related to the energy efficiency plan. The Company uses this funding to fund internal labor costs for EE programs and third-party vendor/consulting costs related to developing the plan.

Labor:

PSEG LI's labor costs stated in the plan have decreased since 2020 due to the reallocation of pension and other post-employment benefit expenses to a common account rather than to individual departments. However, the \$3.37M budget request for 2024 represents a 5% increase from the prior year's budget request of \$3.20M. The 2024 budget includes an estimated \$2.53M in wages and salaries as well as \$0.84M in fringe benefits. The Company stated that the budget increased to reflect estimated annual cost escalation of wages, salaries, and fringe benefits.⁷⁴ The Company stated that the percentage increase of 5% is comparable to the US Bureau of Labor Statistics Employment Cost Index for Wages and Salaries, June 2023, Northeast Census Region. There are no new Full Time Employees contemplated for the 2023 Energy Efficiency Budget.⁷⁵

Outside Services:

Outside Service costs are paid to external parties to support the preparation of the Utility 2.0 and EE filing, and the management/analysis of the associated programs. The \$2.66M budget request for 2024 represents a 23% increase from the prior year's budget request of \$2.16M. The budget for 2024 includes an estimated \$1.46M for an energy consultant to support PSEG LI personnel in the preparation of the Utility 2.0 filing and Utility 2.0 program management support. The remaining \$1.20M is budgeted for an evaluation consultant to calculate energy, demand, and environmental impacts achieved from each Energy Efficiency program. The Company stated that the increased budget includes an additional \$0.5M allocated to outside support for a comprehensive five-year EE plan that will take into consideration all New York State policy goals and associated guidance from New York State.⁷⁶

Staff recommends the EE Labor Budget and the EE Outside Services Budget be adopted as proposed as they provide critical services to effectuate the plan and evaluation of the plan. Staff notes that the company should review the scope of work with all its

⁷⁴ Response to U2.0-DPS-23-050.

⁷⁵ Response to U2.0-DPS-23-061.

⁷⁶ Response to U2.0-DPS-23-052.

contractors to ensure there is no overlap in services provided, and thus no wasteful spending.

EE Marketing and Advertising

As included in PSEG LI's 2024 Energy Efficiency budget, the Company is requesting approval for \$2.6M in funding for their Marketing and Advertising campaigns.⁷⁷ This budget is utilized to conduct marketing and advertising through multiple platforms as explained in each program above.

PSEG LI's main marketing message for the EE program emphasizes that participation will help customers "save energy and money." J.D. Power research indicates that customers who participate in PSEG LI's EE programs trust and think more highly of the company. Included in its strategy to spread awareness of their EE Programs, PSEG LI uses J.D. Power as well as its own demographic data target niche sectors of the populations.⁷⁸

PSEG Long Island's 2024 EE Plan includes \$500,000 specifically for Marketing & Outreach of LMI programs.⁷⁹ The 2024 EE Plan also indicates that PSEG LI is working with its strategic marketing and advertising agency to devise a plan which will include targeted outreach and increased awareness of EE programs to residential and business customers located in Disadvantaged Communities, which will help meet New York's goal of providing at least 35% of EE benefits to customers located in Disadvantaged Communities or in income-qualified households.⁸⁰

Staff requested from PSEG LI a breakdown of the projected \$2.6M advertising costs for their EE Plan. Staff also compared actual spending from 2022 and 2023 to the budgeted amounts and observed that advertising spending came in under budget.

DPS recommends approval of the proposed \$2.6M advertising budget for the EE portfolio. Staff notes that the utility has underspent the projected budgets in recent years and emphasizes the significance of executing adequate and sufficient outreach to truly maximize the potential of the EE programs.

⁷⁷ 2023 Utility 2.0 & EE Annual Update, Table ES-2. Summary of Proposed Programs and Budgets in the 2024 EE Plan, P. x.i

⁷⁸ 2023 Utility 2.0 & EE Annual Update, p. A-13.

⁷⁹ 2023 Utility 2.0 & EE Annual Update Table A-3. 2024 Income-Eligible Customer Goals, p. A-7.

⁸⁰ 2023 Utility 2.0 & EE Annual Update, p. A-14.