New York Solar Energy Industry Association Comments to New York Department of Public Service/New York Public Service Commission

Regarding the Public Service Enterprise Group's Utility 2.0 Long Range Plan & Energy Efficiency and Demand Response Plan, 2020 Annual Update

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1) Introduction

The New York Solar Energy Industries Association (NYSEIA) through its Long Island Solar and Storage Alliance Steering Committee (LISSA) appreciates the opportunity to submit comments on Public Service Enterprise Group's (PSEG-LI) Utility 2.0 Long Range Plan & Energy Efficiency and Demand Response Plan, 2020 Annual Update ("LRP").

NYSEIA strongly supports New York State's (NYS) commitment to decarbonizing its electric sector under the Green New Deal and the Climate Leadership and Community Protection Act (CLCPA), and continues to advocate for the expansion of distributed solar energy and energy storage deployment throughout NYS as primary means towards achieving its CLCPA-mandated targets of 70% electric sector decarbonization by 2030 and 100% decarbonization by 2040. Given Long Island's significance as one of the state's major population and electric load centers, the fact that more than 90% of its electric grid is currently based on fossil fuels[1], and constraints on siting and transmission resources for the deployment of large ground-mounted renewable projects in the region, it is crucial that LIPA and PSEG-LI prioritize the development and deployment of distributed solar and storage projects if Long Island is to transition to a carbon-free electric grid in compliance with CLCPA mandates and timelines.

[1] Includes both distribution-level and transmission-level capacity. 2018 NYISO Gold Book, p.66 and DPS SIR Inventory Data. Excludes nuclear.

Long Island has long enjoyed a reputation as New York's largest and most vibrant distributed solar market, with installed capacity of 477 MW-AC at the end of 2019[2]. However, distributed solar installations on the Island have declined since 2016, with 2019 installations down over 15% since 2016.[3] In the rest of the state, deployment increased by over 66% during the same time period. LIPA and PSEG-LI's enhanced support for Community Solar through improvements to the Community Credit and the introduction of a dedicated Community Solar program for Low-and-Moderate Income (LMI) customers in early 2020 are important steps towards reversing this trend, but significant additional action and support is required by LIPA and PSEG-LI to achieve the volume of solar and storage deployments necessary to decarbonize Long Island's electric sector and ensure the State is in compliance with the CLCPA's 2030 and 2040 mandates, especially keeping in mind future load growth from the electrification of the transportation and heating sectors. It is within this overarching context that NYSEIA's detailed comments, provided in the following section, should be viewed.

2) **Detailed Comments**

a. *LIPA's allocated share of New York's CLCPA-mandated distributed solar target for 2025 is proportionally correct, but should serve as a minimum target considering the challenge of meeting 2030 and 2040 CLCPA mandates*

The CLCPA has mandated that NYS deploy 6 GW-DC of solar PV by 2025. Based off of Long Island's share of NYS peak load and its population, LIPA has determined that its share of the CLCPA goal is 750 MW-DC of solar PV by 2025. This allocation is proportionately correct, and LIPA/PSEG-LI should be credited for establishing a Long Island-specific mandate relating to this goal. However, given Long Island's well-established role as a leader in NYS's residential and small commercial solar market, and the significant lift required for Long Island to achieve its share of the state's out-year CLCPA goals of 70% and 100% electric decarbonization by 2030 and 2040 respectively given the share of fossil fuel generation on Long Island (over 90% as previously cited) compared to upstate regions, NYSEIA recommends that LIPA and PSEG-LI set a more aggressive goal for near-term DG solar deployments in the order of 1.2 GW-DC (i.e.

[2] DPS SIR Inventory Data, PSEG-LI.
[3] Ibid.

20% of the 2025 target), with the proportional allocation of 750 MW being a minimum target for 2025.

b. *PSEG-LI and LIPA must establish a roadmap for compliance with 2030 and 2040 CLCPA mandates*

Long Island is the heart of the state's solar market, with almost 30% of the state's installed distributed solar capacity.[4] However, as referenced earlier, distributed solar installations and deployment have been declining on Long Island in recent years, while they have increased substantially in other parts of the state. At the same time, renewables comprised only 8% of overall electric capacity on Long Island in 2018, compared to 26% for the rest of the state.[5] To ensure that Long Island adheres to the out-year CLCPA mandates of 70% renewable energy by 2030 and 100% carbon free electricity by 2040, NYSEIA strongly recommends LIPA/PSEG establish a concrete roadmap for the region to achieve its share of these targets as soon as possible, with the specific contributions of distributed solar, transmission-level solar, onshore wind and off-shore wind outlined. In order to track Long Island's progress towards CLCPA mandates, NYSEIA also recommends that LIPA and/or PSEG-LI maintain a webpage providing detailed quarterly and annual accounting of Long Island's electric generation and load profile, including the contribution of renewable energy vis-à-vis fossil fuel generation.

c. *PSEG/LIPA must increase their investments in distributed solar incentives going forward, including offsetting the possible loss of the Community Credit for Community Solar past 2020*

The historical success of the distributed solar market on Long Island was made possible by the availability of robust incentives in the form of rebates for residential and commercial solar systems through NYSERDA's NY-Sun program. However, residential and commercial incentives expired in 2016 and 2019 respectively, and the only proposed investment in solar incentives for Long Island going forward at this time is an allocation of $1.2 million to extend the $200 per kilowatt (kW) rebate for Community Solar projects up to 750kW in size, detailed in

[4] DPS SIR Inventory Data, PSEG-LI.
[5] Includes both distribution-level and transmission-level capacity. 2018 NYISO Gold Book, p.66 and DPS SIR Inventory Data. Excludes nuclear.

PSEG-LI's Energy Efficiency and Demand Response (EEDR) Plan for 2021.[6] This is a small fraction of the proposed 2021 investment in efficient products of $18.93 million and commercial efficiency of $35.05 million.[7] PSEG-LI/LIPA's relative lack of support for solar going forward is made symbolically evident by the title of the EEDR plan itself, which references energy efficiency (EE) and demand response (DR) programs, but not solar, energy storage, or other renewable generation technologies. In previous years, this plan was referred to as the "Energy Efficiency and Renewables Plan" (EERP). Overall, significantly more investment in distributed solar and storage incentives is required by PSEG-LI and LIPA to place the region on a sustainable path to a carbon-free electric future in compliance with 2030 and 2040 CLCPA mandates.

Further, the 2020 LRP states that the $200 per kW rebate "will further support the local availability of community solar when coupled with recent modifications to increase the community credit as part of the Value of DER (VDER)".[8] However, the availability of the Community Credit past 2020 is currently under review due to concerns around the 2 percent net revenue impact cap regarding spending for compensation related to the Value of Distributed Energy Resources (VDER) tariff for distributed generation.

At a current value of 5 cents per kilowatt-hour (kWh), the Community Credit comprises roughly 25 to 30 percent of overall Community Solar compensation through VDER, and is central to maintaining the economic feasibility of such projects. If the Community Credit is not extended in 2021 and beyond, it is imperative that PSEG/LIPA increase the magnitude of the Community Adder rebate to offset this loss and maintain the financial feasibility of the community solar segment on Long Island, which has only begun to scale up deployment.

d. Significant proactive investments in distribution infrastructure are needed to realize CLCPA goals, and are not mentioned in the LRP

Constraints to existing hosting capacity on Long Island's distribution grid to accommodate a higher volume of distributed generation, as well the high costs associated with the upgrades necessary to increase hosting capacity, have long been first-order barriers to scaling up

[6] PSEG-LI Utility 2.0 Long Range Plan & Energy Efficiency and Demand Response Plan, 2020 Annual Update, p. xx
[7] Ibid.
[8] Ibid.

distributed solar and storage deployments on Long Island. As directed by the New York Public Service Commission for other utility territories in the state[9], PSEG-LI and LIPA should conduct a comprehensive study for the purpose of identifying distribution upgrades and local transmission upgrades that are necessary or appropriate to facilitate the timely achievement of the CLCPA targets, with the following aims:

i. Evaluate the local transmission and distribution system of the individual service territories, to understand where capacity "headroom" exists on the existing system;
ii. Identify existing constraints or bottlenecks that limit energy deliverability;
iii. Consider synergies with traditional Capital Expenditure projects - drivers of synergies could include aging infrastructure, reliability, resilience, market efficiency, and operational flexibility;
iv. Identify least-cost upgrade projects to increase the capacity of the existing system;
v. Identify potential new or emerging solutions that can accompany or complement traditional upgrades;
vi. Identify potential new projects which would increase DER hosting capacity on the local distribution system to allow for interconnection of new renewable generation resources;
vii. Identify the possibility of fossil generation retirements and the impacts and potential availability of those interconnection points.

e. PSEG/LIPA should support and raise awareness about Community Solar

To promote the sustainable growth of the Community Solar market on Long Island, NYSEIA recommends that PSEG-LI and LIPA make simple, low-cost investments focused on marketing and customer education for two user groups: building and land owners as host sites, and individual ratepayers as subscribers. These can include, but are not limited to:

- Showcasing Community Solar at least quarterly starting in Q1 2021 as an ongoing marketing campaign from PSEG-LI/LIPA including bill inserts, letters, emails, postcards, and newsletters have been sent to customers across Long Island;
- Creating an easily accessible section of PSEG/LIPA's website and existing marketplace dedicated to Community Solar to build awareness, educate, and connect residential

[9] *Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, May 14, 2020.

ratepayers to projects with subscriber openings. Specifically, NYSEIA recommends a diverse multichannel education and awareness campaign, including educational videos, social media, customer service representative referrals and direct customer marketing engagement;

- Collaborating with the NYSEIA/LISSA developer community to efficiently and cost-effectively build a customer experience on the existing marketplace to guide newly educated residential ratepayers to projects with subscriber openings;
- Undertaking actions to educate commercial customers regarding the concept and viability of becoming a host site for Community Solar.

While some of these initiatives can be carried out through the proposed upcoming Enhanced Marketplace program, the Community Solar market on Long Island is already in the process of ramping up, and NYSEIA recommends the above measures should not be delayed due to the rollout of the Enhanced Marketplace program, and should proceed in parallel with the implementation of this program.

f. Customer-Sited Energy Storage

To promote the adoption of customer-sited energy storage, PSEG is considering a program with three deployment models: (i) Community Storage, for customers who might deploy storage in grid locations offering limited grid value; (ii) Premium Power, for network locations where it is difficult to site storage; and (iii) Customer Incentives, for customers who plan to independently deploy storage via third-party vendors.

NYSEIA applauds PSEG-LI's initiative in creating this program to expand customer-sited energy storage. NYSEIA specifically recommends that the Community Storage deployment model should encourage behind-the-meter (BtM) storage over other sites when customers are willing to pay for storage. NYSEIA supports the Premium Power model under the assumptions that the customer owns their own storage device, or it is owned by a third party company, creating a competitive ownership model. NYSEIA also supports the Customer Incentive model, and encourages PSEG-LI to institute territory-wide support for customers buying their own storage device to ensure peak reduction.

g. Enhanced Marketplace

NYSEIA supports the creation of the Enhanced Marketplace program and supports the inclusion of solar PV, storage, and Community Distributed Generation products in the Marketplace, so long as the program is aimed at providing leads to a competitive market and PSEG-LI/LIPA will not own the devices. NYSEIA strongly advocates that PSEG-LI should not be in the business of choosing products "for sale" or providing the platform to do so; instead, PSEG-LI should be advocating for the adoption of DER and EE technologies and providing a secure platform to fairly pair inquiries for the products and services with qualified merchants and contractors.

3) Conclusion

NYSEIA and LISSA appreciate the opportunity to provide comments in response to PSEG's Utility 2.0 Long Range Plan, 2020 Annual Update. We look forward to working with PSEG and LIPA to implement our recommendations as we work together to transition Long Island to a cleaner, carbon-free future in line with CLCPA mandates. Please contact Shyam Mehta, Executive Director of NYSEIA, with any questions about this submission.

Respectfully submitted,

/s/
Shyam Mehta
Executive Director, New York Solar Energy Industries Association (NYSEIA)
shyam@nyseia.org

/s/ Tara McDermott
Chair, Long Island Solar and Storage Alliance (LISSA)
Director of Customer Experience and Stakeholder Relations, EmPower Solar
tmcdermott@empower-solar.com

/s/
Danielle Schultz
Policy Associate, New York Solar Energy Industry Association (NYSEIA)
danielle@nyseia.org