

Inclusive Community Solar Adder

Program Design Revisions

May 19, 2021



NYSERDA

Introduction

**NEW
SLIDE**

- > On March 25, 2021, NYSERDA presented a proposed design for the Inclusive Community Solar Adder
- > Following additional stakeholder feedback, NYSERDA has made several adjustments to the program design
- > Slides 18, 26, and 27 show the adjusted program design, with key changes highlighted in yellow
- > Outside of the highlighted changes, all content is the same as the March 25 presentation
- > Changes were made to:
 - > Income verification through geo-eligibility
 - > Available incentive capacity for projects that have not received the MTC/CC or CA
 - > Environmental Justice incentive requirements

Agenda

Background

- > Inclusive Community Solar Adder Overview
- > Development Timeline and Additional Analysis

Inclusive Community Solar Adder Final Proposed Design

- > Project Eligibility
- > Subscriber Requirements
- > Eligible Subscriber Definitions
- > Other Requirements
- > Proposed Incentive Levels
- > Incentive Payment Process and Schedule

Next Steps and Release Timeline

Inclusive Community Solar Adder

Goal: Increase access to community solar for low-to-moderate income (LMI) households, helping people save money on their electric bills; reduce operating costs for affordable housing and nonprofits serving disadvantaged communities (DACs).

- > The Inclusive Community Solar Adder (ICSA) was approved in the May 2020 NY-Sun Order as part of \$135 million Solar Energy Equity Framework.
- > ICSA will work within the existing CDG rules and NY-Sun program structure. All NY-Sun Participating Contractors can receive the Adder for eligible projects.
- > Available to projects serving low-to-moderate income subscribers, affordable housing, and other facilities serving disadvantaged communities.
- > Estimated Impact: **25,000–50,000** LMI households, affordable housing providers, and facilities serving disadvantaged communities will receive bill savings from **~250–500** MWdc of community solar.

Program Development Timeline

May 2020	Public Service Commission directed NY-Sun to develop the Inclusive Community Solar Adder as part of the Solar Energy Equity Framework
Summer 2020	Initial program design developed
September 2020	Initial program design presented in a webinar on September 24, 2020
Fall 2020	NY-Sun conducted follow-up conversations with industry and advocates about the initial program design
Late Fall 2020	Program design is adjusted based on webinar feedback and stakeholder conversations
December 2020	Request for Information (RFI) with proposed program design released for stakeholder review and comments
January 2021	35 RFI responses received
February/March 2021	NY-Sun conducts additional conversation with select RFI respondents to get clarity on their comments

Customer Demographics Analysis

Goal: Estimate income distributions of NY-Sun program participants and evaluate geography-based program eligibility.

> Methodology:

- Collected anonymized location data from residential solar participants
 - Residential Rooftop Program
 - Affordable Solar Program
 - Solar for All
 - Community Solar (anonymized data provided by 7 Upstate CDG providers)
- Compared customer location data to interim Disadvantaged Communities and HUD LMI Tabulations
- Residential Rooftop and Affordable Solar: Conducted a customer survey with questions about income and other demographics

Customer Demographics Analysis

Sector	Total Sample	% in DACs
Community Solar (Upstate) *	19,071	8%
Solar for All (Upstate) *	6,011	26%
Residential On-Site (Statewide) *	81,916	8%
Affordable Solar (Statewide) *	617	12%
<i>Upstate Population</i> **	<i>~8.3 million</i>	<i>~15-20%</i>
<i>NYC Population</i> **	<i>~8.4 million</i>	<i>~45%</i>

* This data is counting households.

** This data is counting people/population.

Customer Demographics Analysis: Results

- > Many Solar for All and Affordable Solar participants (already demonstrated income eligibility) live outside of DACs
- > Geographic distribution of residential rooftop and community solar customers are very similar
- > **~15%** of residential rooftop customers are LMI
- > Customer surveys are an excellent way to get demographic data
- > Geo-eligibility alone is a limited way to determine demographics
- > NYSERDA will continue to explore how geo-eligibility can be utilized to:
 1. reduce verification burden
 2. ensure LMI households and DACs are served

RFI Response Details

- > 35 responses received:
 - Broad swath of responses from EJ and DAC advocates, CDG developers, CDG subscription providers, and Financiers
- > RFI Responses were instrumental in helping us finalize program design.
 - We appreciate all the time and effort taken to respond to the RFI

Inclusive Community Solar Adder: Proposed Design

- > Project Eligibility
- > Subscriber Requirements
- > Eligible Subscriber Definitions
- > Project Requirements
- > Incentive Levels
- > Payment Process

For each section:

- > Straw Proposal Details
- > RFI Responses
- > Proposed Design Details

Project Eligibility: Straw Proposal

- > Upstate community solar projects would only be eligible for the Inclusive Community Solar Adder if they are eligible for/have received the Community Adder, or meet the requirements of the Community Adder if those funds have been exhausted
- > Upstate projects that receive Phase One NEM, the Market Transition Credit, or Community Credit would **not** be eligible for the Adder
- > Con Edison community solar projects would be eligible whether or not they have received/are eligible for the Community Credit

Project Eligibility: RFI Responses

- > Some in favor of **proposed** eligibility requirements (new projects & CA recipients only)
- > Some in favor of **including more project types** (MTC, CC, and Phase One NEM)
- > Some requested **retroactive crediting** for installed projects
- > Specific questions about CCA eligibility
- > Support requested from EJ advocates and non-profits for **community-led projects**

Project Eligibility: Proposed Design

- > All pipeline projects **will** be eligible, with different adder "tiers" for different project types
- > Projects can apply for the Adder up until commercial operation
- > Operational projects **will not** be eligible

Subscriber Requirements: Straw Proposal

> Option 1

- Projects in the Upstate region would be required to allocate at least 20% of project generation to eligible residential subscribers.
- Projects in the ConEdison region would be required to allocate at least 40% of project generation to eligible residential subscribers (this requirement reflects the higher proportion of LMI households and disadvantaged communities in the ConEd region).

> Option 2

- Projects in the Upstate region would be required to allocate at least 15% of project generation to eligible residential subscribers and allocate at least 20% of project generation to eligible affordable housing/nonresidential subscribers.
- Projects in the ConEdison region would be required to allocate at least 30% of project generation to eligible residential subscribers and allocate at least 20% of project generation to eligible affordable housing/nonresidential subscribers.

> Higher incentive level, applied on a sliding scale, for projects that allocate a greater percentage of their generation to eligible residential subscribers above the minimum requirements

- Projects in the Upstate region would receive a higher incentive level based on actual allocations, up to 40% of project generation
- Projects in the ConEdison region would receive a higher incentive level based on actual allocations, up to 60% of project generation

Eligible Subscriber Definitions: Straw Proposal

> Eligible Residential Subscribers

- Any residential electric utility customer, including homeowners, renters, and residents of multifamily buildings can be eligible.
- Sub-metered residents can also be eligible if there is direct savings pass-through from a community solar subscription on a master-metered account.
- Any residential subscriber who lives in a designated disadvantaged community would be considered eligible without further documentation. A map of interim disadvantaged communities and address locator can be found on NYSERDA's website.
- Any residential subscriber who does not live in a designated disadvantaged community would be considered eligible if they have a documented household income under 80% of Area Median Income (AMI) or 80% of State Median Income (SMI), whichever is higher.
- Once a subscriber has been deemed eligible and allocated to a project, they will be considered eligible for the duration of the project, including if they choose to move within the utility service territory.

> Eligible Affordable Housing/Nonresidential Subscribers

- Affordable housing would be defined as a regulated affordable housing property that predominately serves LMI households.
- RFI sought stakeholder feedback on how to best define and determine eligibility for non-residential subscribers (for example, nonprofit organizations) that are located within a disadvantaged community and primarily serve residents of the disadvantaged community.

Subscriber Definitions & Requirements: RFI Responses

- > Respondents **across the board favor** inclusive non-residential subscriber definition
- > **Reduced income verification process** encouraged across the board
 - Some favored using **geo-eligibility**
 - Others expressed concern of **geo-eligibility limits**. Given the age of census data and the swiftness of community demographic changes, higher income residents in DACs may be targeted.
 - Some suggested **attestation** - customers certify they are low-income in application and state conducts random audits to confirm
- > Minimum % LMI should be the **same** in Upstate and Downstate
- > **Limits to getting financing** should be considered when setting requirement. Some expressed past difficulty in financing projects to have over 30% LMI or non-traditional anchor tenants.

Subscriber Definitions & Requirements: Proposed Design

- > Projects in Upstate and ConEd region will now have the **same** minimum and maximum allocation requirements
 - Minimum is set at **20% residential allocation**
 - Adder will now **ramp up to 100%**: Projects that are 100% filled with eligible subscribers (residential only or residential/non-residential mix) will receive the highest adder available
- > Eligible residential subscriber definitions will **remain the same**
- > Eligible non-residential subscriber definition will initially **remain the same**, with the addition of **small (non-demand metered) nonprofits located in disadvantaged communities**
- > NYSERDA is interested in working with stakeholders to explore **expanding** the program to include **small businesses in disadvantaged communities** at a later date

Income Verification: Revised Design



- > Four allowed pathways to demonstrate income verification
 1. **Categorical Eligibility:** Customer demonstrates eligibility by providing proof of another assistance program (SNAP, HEAP, Section 8, Utility Bill Assistance, etc.)
 2. **Geo-verification**
 - Interim Disadvantaged Communities (DACs) Maps will be used to identify geo-eligibility
 - If the developer intends to use geo-verification, they must demonstrate in the Marketing and Implementation Plan that they will prioritize LMI households within DACs
 - Developers may also use a simple self-attestation form to be provided by NYSERDA, in which subscribers can confirm that they meet program income requirements
 3. **Affordable Housing Residential Eligibility:** All residents of a regulated affordable housing property can be deemed eligible if the developer can demonstrate the property meets the eligibility requirements of NYSERDA's Multifamily Affordable Housing Adder
 4. **Propose Another Pathway:** Developer can propose an income verification method not listed above, program staff will review and confirm its ease of customer use, statistical weight, and accuracy

Income Verification: Proposed Design

- > Verification Requirements for Project
 - Contractors will be required to submit the names, addresses, and contact information of **all** subscribers to a project receiving the adder, **and** will need to indicate how each adder-eligible subscriber was verified
 - Contractors will be required to maintain eligibility documentation and provide that to NYSERDA upon request
 - NYSERDA will conduct random, periodic "audits" of project documentation
- > Misrepresentation of subscriber eligibility will result in the project and/or contractor being removed from the Adder program. **No penalties for subscribers under any circumstances**
- > NYSERDA will periodically survey subscribers to evaluate the effectiveness of the program
- > **Support and participation** from developers ensures increased access of community solar with **minimal additional process burden** for the customer
- > **Committed to make verification easier:** We will need to perform additional analysis to optimize verification
 - NYSERDA-led surveys of CDG customers with support of industry

Other Requirements: Straw Proposal

- > Projects would **not** be allowed to require minimum FICO scores for the portion of the project used to demonstrate eligibility for the LMI adder; or would have to provide an alternative option, such as utility bill payment history, for subscribers that do not meet project FICO requirements.
- > When applying for the Inclusive Community Solar Adder, projects would be required to provide a **sample contract** that will be used for residential subscribers. Sample contracts would be required to include guaranteed savings and meet all requirement of the UBP-DERs.
- > Projects would also be required to provide a **marketing plan** that specifically describes how eligible residential subscribers will be engaged by the project, including a description of how the marketing-related requirements of the UBP-DERs will be met.

Other Requirements: RFI Responses

- > Almost **universal agreement** on no FICO score
- > Agreement on the value of marketing plans, but clear criteria is needed
- > Clear and accurate consumer marketing should be required

Other Requirements: Proposed Design

- > Projects **not** allowed to require minimum FICO scores **remains the same**
- > Submission of a sample contract and compliance with UBP-DERs **remains the same**
- > Guaranteed savings of **10% or more**
 - Net Crediting Rule: Same guaranteed savings for the **entire project**
- > NYSERDA will require submission of an Implementation Plan, which will include:
 - Marketing Plan: Details of how the developer will target outreach to LMI customers and disadvantaged communities, including information on targeted geographies and example marketing materials. Plan must demonstrate that the targeted % of eligible subscribers will be successfully reached
 - Description of sales process and ongoing subscriber management
 - Description of any additional community benefits related to the project, such as local hiring, partnerships with community organizations, or others
 - NYSERDA will **provide additional guidance** on the Implementation Plan requirements

Incentive Levels: Straw Proposal

- > Proposed range of **\$.05 per Watt DC** to **\$.10 per Watt DC** for the portion of the project allocated to eligible subscribers

Incentive Levels: RFI Responses

- > **Some expressed that** incentives are not high enough, especially for projects with no Community Adder or Community Credit
- > Some expressed that proposed incentives were appropriate for projects that do have CC/CA
- > Several suggested greater incentives for **higher % LMI served and/or higher guaranteed savings, and for projects sited in Environmental Justice communities**
- > **Concerns** about how much of the benefit from the incentive will flow to LMI households, both in terms of net subscriber savings and indirect benefits to disadvantaged communities

Incentive Levels: Proposed Design

- > Different per Watt incentive levels will be given for **different project types**:
 - Upstate NEM, MTC, CC
 - Upstate Community Adder
 - ConEd
- > Capacity blocks **for each type**
- > Bonus incentive for **projects sited in EJ communities** burdened by electric power generating facilities
- > Projects must **identify and justify** targeted range of eligible subscribers in application to secure adder incentives:
 - 20-40%
 - 40-60%
 - 60-80%
 - 80-100%

Environmental Justice Incentive



- > **Bonus EJ Incentive** for projects that are located in and benefit environmental justice communities impacted by pollution from power generation
- > Additional \$.10/W (\$.20/W total) for capacity allocated to eligible subscribers
- > Bonus EJ Incentive applies for projects **meeting each of the following criteria:**
 1. Sited within predefined "preferred load areas", designated by Con Edison for the [2019 Bulk Energy Storage RFP Appendix E](#). Demand reduction in these areas is projected to provide distribution and transmission relief, as well as emissions reductions from peaker power plants.
 2. Sited within a [DEC Potential Environmental Justice Area](#)
 3. At least 40% of project capacity must be dedicated to eligible subscribers from the surrounding community, defined as the same or adjacent zip code
 4. The project Implementation Plan must demonstrate close partnership(s) with local community organizations and stakeholders throughout the project development process; including siting, construction, and customer outreach
 5. The project must provide additional community benefits beyond cost savings to subscribers.
- > NYSERDA will continue to work with EJ stakeholders to refine these requirements

Incentive Levels: Revised Design



Project Type	Adder \$/Watt*	Adder Capacity Block (MW)*
Upstate-MTC or Community Credit	\$0.05	150
Upstate-Community Adder	\$0.10	150
Upstate-No MTC, CC, or CA	\$0.20	100
<i>Upstate Total</i>		400
ConEd Projects	\$0.10	100
Grand Total		500

*Only applies to the capacity dedicated to eligible subscribers.

Incentive Payment Process and Schedule: **Straw Proposal**

- > Nonresidential and Commercial/Industrial projects to be paid in **three installments**: one payment of 50% of the Adder upon project completion and payments of up to 25% of the Adder on the first and second anniversaries of project completion (subject to adjustment for project energy production).
- > For each payment, the project would provide documentation of eligible subscriber allocations.
- > Projects would also be required to provide documentation of eligible subscriber allocations for three additional years, on the third, fourth, and fifth anniversary of the project's completion. If the project has not maintained the required level of eligible subscribers, a portion of the Adder that has already been paid will be recaptured.
- > If the project does not fill the minimum required allocations for eligible subscribers at the first payment (project completion), the Adder could still be received for the following two payments if the requirements are met at that time. However, if the required minimum has not been allocated to eligible subscribers, the balance of the minimum allocation must be left unallocated.

Incentive Payment Process and Schedule: **RFI Responses**

- > Some **in favor** of a delayed incentive schedule
 - Main concerns: Misuse of upfront incentive and difficulty in recapture or clawback
- > **Some opposed** the schedule, favoring a shorter schedule or one-time payment
 - Main concerns: Ability to get a project financed
- > **Clawback and recaptures** had a mixed reaction

Incentive Payment Process and Schedule: **Proposed Design**

- > Payment schedule **remains the same** (50/25/25)
 - Payments will be adjusted for actual % of eligible subscribers
 - Payment will be made based on utility-approved allocation list and confirmation of crediting
- > Reporting requirements **remain the same**
 - Significant drop-offs in LMI participation over reporting period may result in contractor ineligibility for the ICSEA on future projects
- > No mechanism for clawback after payment period

Next Steps & Release Timeline

Next Steps

NYSERDA will accept **final feedback** on this design in two ways:

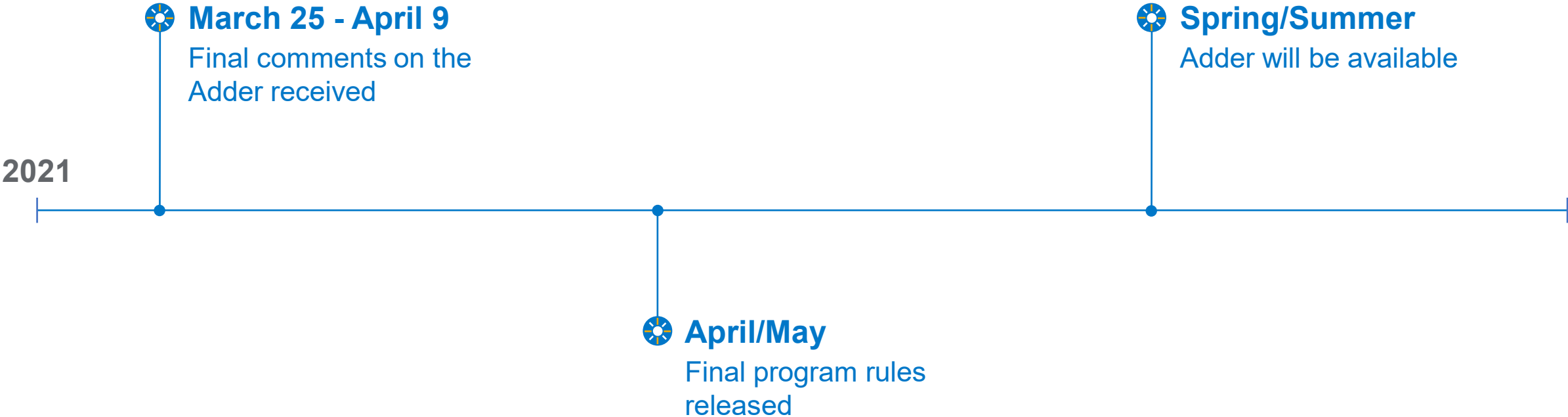
1. **Written feedback:**

- All emails must be sent by close of business Friday, April 9th
- Email communitysolar@nyserda.ny.gov
- Subject Line: *Written Comments to 3/25 webinar from "Name"*

2. **Phone call:**

- NYSERDA will be available to take feedback via phone the week of April 5th
- Email Dylan Cunningham (dylan.cunningham@nyserda.ny.gov) by close of business Friday, April 2 to schedule a 30-minute call

Release Timeline



Questions?