

Inclusive Community Solar Adder

Round 2 Draft Program Rules

August 8, 2022



NYSERDA

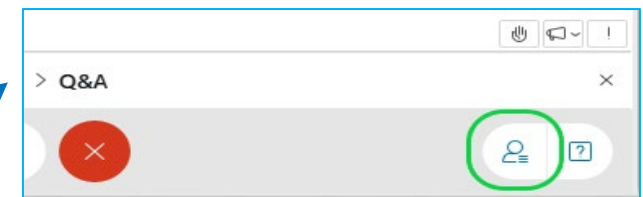
Meeting Procedures

Before beginning, a few reminders to ensure a smooth discussion:

- > Today's webinar is being recorded
 - A copy of the recording and presentation slides will be posted to NY-Sun's [Resources for Contractors](#) page
- > Members of the public will be muted upon entry

To ask questions:

- > Questions and comments may be submitted in writing through the Q&A feature at any time during the event. Questions will be answered at the end of the presentation.



If technical problems arise, please contact
Dylan.Cunningham@nyserda.ny.gov

Inflation Reduction Act Considerations

The Inflation Reduction Act (IRA), a bill proposed for passage in the U.S. Congress, may affect the recommendations made in these draft program rules herein if enacted. Although the financial impact of each item or combination of items under deliberation in the IRA are not calculated at this time, the potential impact of the proposed changes on individual project economics, as well as total program costs, are likely to be significant.

If the IRA is enacted, NYSERDA may update these rules to reflect relevant adjustments to the incentive rates.

Agenda

> Round 1 Recap

- Overview
- Results
- Lessons Learned

> Round 2 Proposed Design

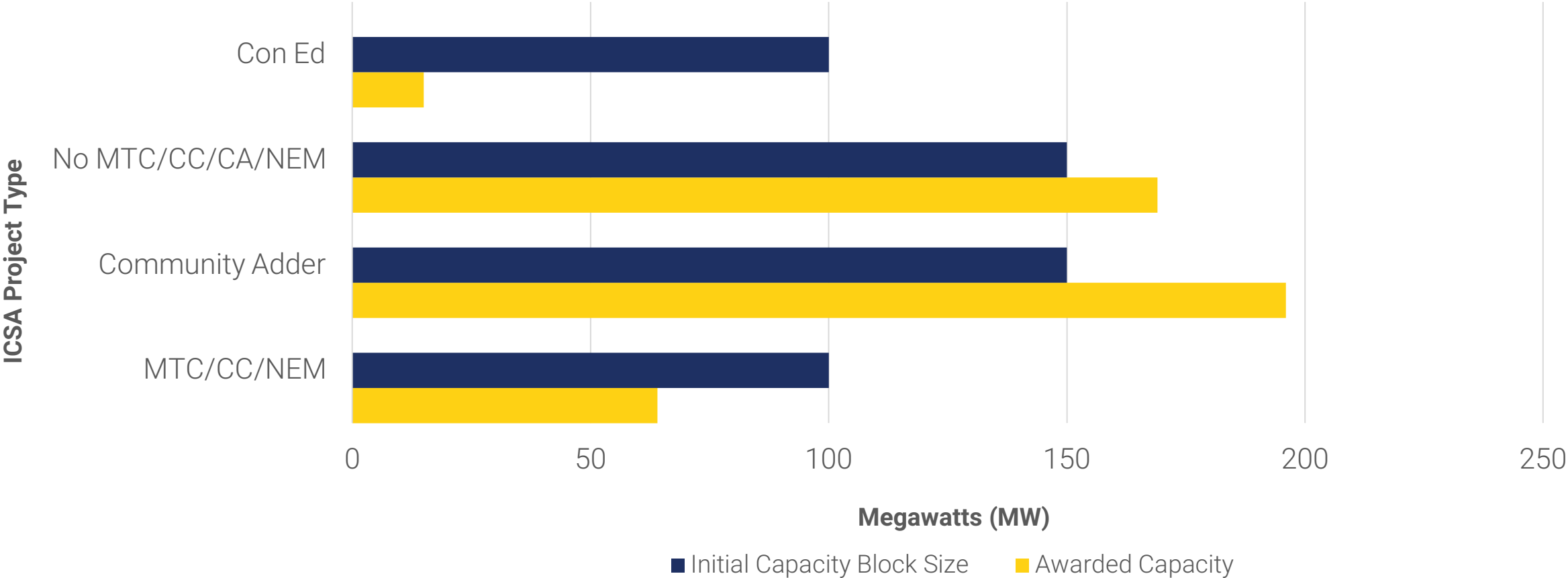
- Project Eligibility
- Subscriber Requirements
- Incentive Levels
 - Community Benefit Projects
- Eligible Subscribers
- Payment Process and Funding Structure
- Recordkeeping

Round 1 Overview

Increase access to community solar for low-to-moderate income (LMI) households, help 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, and launched on July 20, 2021.
- > ICSA incentive award is based on project type and planned capacity allocated to eligible subscribers
- > ICSA payment is based on actual, documented capacity allocated to eligible subscribers
- > At least 20% of project capacity needed to be allocated to eligible residential subscribers

Round 1 Results



Lessons Learned

- > Appetite for community solar industry to sign-up underserved communities as subscribers **at scale**.
- > Trend: using the **same acquisition strategy across multiple projects**.
- > Having discrete subscriber targets proved limiting. Providers felt the need to **overestimate** so that they don't miss out on opportunity.
- > Interest from providers to go **above and beyond** the standard CDG offering: increase access to community solar and demonstrate a greater commitment to underserved communities.
- > Need from customers for greater clarity on the product offering.

Round 2 Stakeholder Feedback Process

Round 2 Proposed Design released August 3, 2022

NYSERDA will accept stakeholder feedback two ways:

1. **Written feedback:**

- All emails must be sent by Thursday, September 15th at 3pm
- Email communitysolar@nyserda.ny.gov
- Subject Line: *ICSA Round 2 Feedback: Organization Name*

2. **Phone call:**

- NYSERDA will be available to take feedback via phone
 - Between August 9th and 18th
 - Between September 8th and 14th
- Email Dylan Cunningham (dylan.cunningham@nyserda.ny.gov) at least 72 hours in advance of the desired time to schedule a 30-minute call

Inclusive Community Solar Adder: Round 2 Proposed Design

- > Project Eligibility
- > Subscriber Requirements
- > Incentive Levels
 - Community Benefit Projects
- > Eligible Subscribers
- > Payment Process and Funding Structure
- > Recordkeeping

For each section:

- > New Design
- > Design Change Explanation

Project Eligibility

Project Eligibility

Round 2 Proposed Design

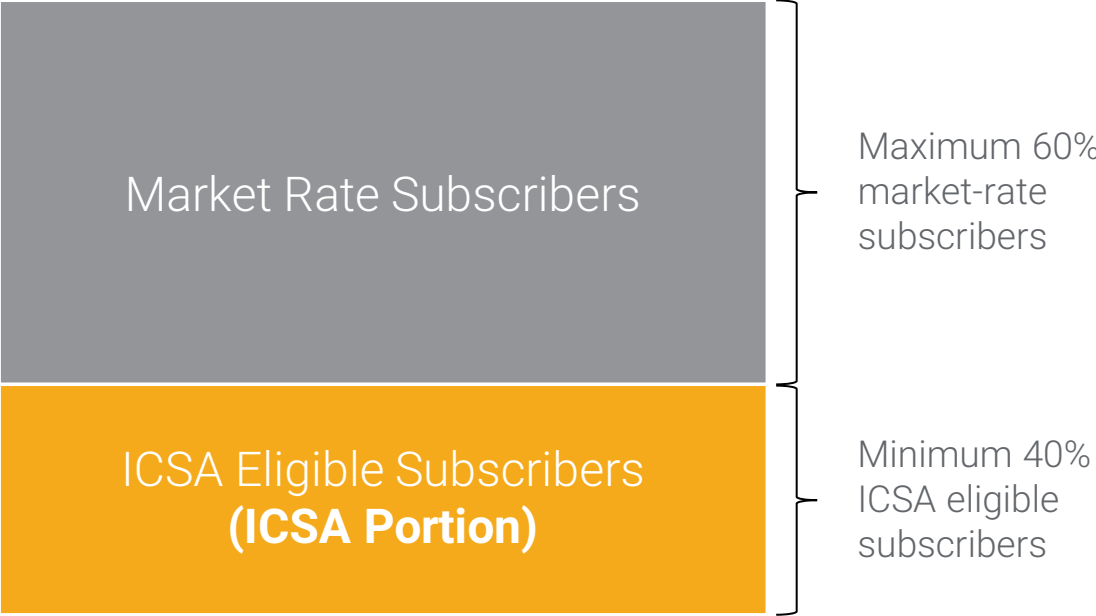
- > Dedicate no less than 40% of the **project capacity** (Wdc) to eligible subscribers,
- > Dedicate no less than 50% of the **ICSA portion** of the project capacity (Wdc) to eligible residential subscribers. Refer to the *Eligible Subscribers* section below for further explanation.

Explanation

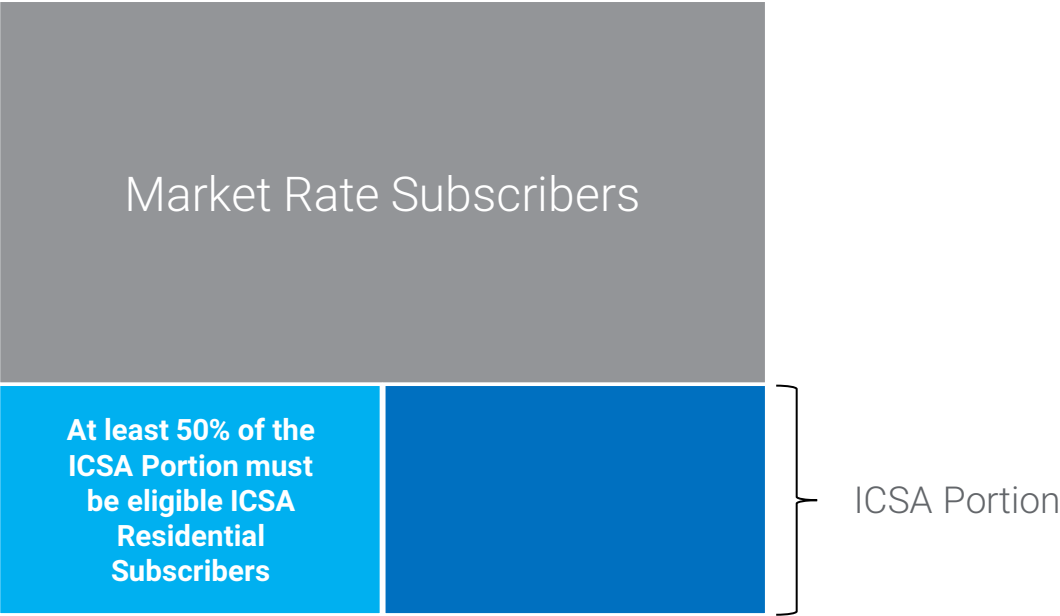
- > April 2022 Order, Commission directed
 - 40% of the 4GW Target “targeted towards LMI residents, and those living in regulated affordable housing, and disadvantaged and EJ communities under SEEF.”
 - ½ of the SEEF target must be focused on “projects that provide LMI residential customers with direct, guaranteed bill savings.”
- > ICSA is a significant program under SEEF. Important to set these required capacity targets to meet the directives.

Project Eligibility – Target Explanations

Minimum 40% of the project capacity



50% of the ICSA Portion has to be residential subscribers



Incentive Levels

Incentive Levels

Round 2 Proposed Design

Upstate

- CA or MW block only: **\$0.10/w**
- MTC/CC/NEM: **\$0.05/w**
- Required Discount: **10%**

ConEd

- **\$0.30/w**
- Required Discount: **15%**

Explanation

- > Rates determined by modeling current projects costs and revenues
- > Incentive levels and discount rates may be adjusted if current conditions change

Community Benefit Projects

Community Benefit Projects

Round 2 Proposed Design

- > The Environmental Justice Added Incentive from Round 1 has been reconceived. It is now a new incentive level for Community Benefit Projects that is available for both Upstate and Downstate projects.
- > To be designated as a Community Benefits project, each Project must have 4 out of the 6 identified features.

Explanation

- > The reconfiguration and expansion of the Environmental Justice Adder will enable projects statewide to offer more robust benefits and deeper savings to disadvantaged communities. This update is in line with the recommendation of the New York State Climate Action Council Draft Scoping Plan.

Community Benefit Projects - Criteria

Round 2 Proposed Design

- > In addition to a **20% bill discount**, each Project must have 3 of the 5 following features:
 - Close partnership with a DAC org that is participating in project development
 - Workforce training and hiring commitments
 - A community-based or participant ownership model
 - A dedicated strategy to target individuals in DACs with Limited English Proficiency
 - Siting within a DAC that will only serve the surrounding community

Explanation

- > Based on the lessons learned during the initial round of the ICSEA where the market participants responded with project ideas that creatively removed barriers for underserved communities. For this round, it is NY-Sun's intent to be less prescriptive and encourage more projects to exercise that creativity and flexibility.
- > However, to ensure that projects receiving the higher incentive level are robustly serving the DACs beyond what ICSEA projects are required to do, the program rules propose safeguards.

Community Benefit Projects – Incentive Levels

Round 2 Proposed Design

- > The customer bill discount required for Community Benefit Projects is **20%**.
- > Incentive levels differ by project type:
 - Upstate CDG project that received MW Block and/or Community Adder: **\$0.20/W**
 - Upstate CDG project that received Phase One NEM, the Market Transition Credit, or the Community Credit: **\$0.15/W**
 - ConEd CDG project: **\$0.40/W**

Explanation

- > The higher incentive level will allow increased benefits and deeper savings for participating customers.

Eligible Subscribers

Eligible Subscribers: Categorical

Round 2 Proposed Design

- > Projects can also use the Affordable Solar document retention process to retrieve income identifying information

Explanation

- > Gives providers more options to verify customers without collecting and storing sensitive customer information
- > Customer can be qualified as eligible through an existing NYSERDA process

Eligible Subscribers: Geo-Eligibility

Round 2 Proposed Design

- > Subscriber eligibility is demonstrated by residence in a Disadvantage Community (DAC)
- > DACs will be based on the final DAC criteria once adopted by the Climate Justice Working Group

Explanation

- > Proposed DAC Criteria more robust than interim criteria: 45 indicators (including income) are being used to identify DACs
- > Proposed DAC Criteria: income not the only indicator that qualifies a resident as disadvantaged → income attestation no longer necessary
- > Criteria is still in draft form → NY-Sun will not allow projects to use DAC criteria for geo-eligibility in invoices for ICESA payment until after the DAC criteria are finalized and adopted by the Climate Justice Working Group

Eligible Subscribers: Public Schools

Round 2 Proposed Design

- > Public Schools can now be considered as eligible non-residential subscribers if they qualify for the new NYSERDA Clean Green Schools programs for High Need communities (PON 2924)

Explanation

- > NYSERDA's new Clean Green Schools program (PON 4924) identifies schools that are High Need or are located in DACs. The team that manages PON 4924 collaborated with New York State's Department of Education on developing the list.

Eligible Subscribers: Master-Metered AH

Round 2 Proposed Design

- > For Master-Metered properties that are heavily regulated and are restricted from passing through savings onto customers, we propose an alternate pathway for them to be considered eligible residential subscribers.

Explanation

- > Certain affordable housing properties are restricted from providing additional dollars or value other than what is prescribed in their regulatory agreement.
- > Only available to master-metered properties owned and managed by non-profit or public entities.

Applying for the ICOSA

ICSA Application: Portfolio Submission

Round 2 Proposed Design

- > Projects can apply as a portfolio if they have the same customer acquisition provider, subscription manager, marketing and sales strategy, and customer service process
- > After the first application (Primary) is approved by NYSERDA, providers can submit other apps in the portfolio (Subsequent Applications)

Explanation

- > This process was created after direct feedback from contractors and acquisition companies. We observed in the first round of the ICSA that many contractors would use the same acquisition provider, subscription manager, acquisition strategy, and customer engagement protocol for their entire portfolio of projects.

ICSA Application: Subsequent App Attestation

Round 2 Proposed Design

- > Projects that are part of the project portfolio and submitted after the Primary Application must attest that they are identical in their acquisition provider, subscription manager, acquisition strategy, and customer engagement protocol.

Explanation

- > NY-Sun needs written attestation that the applications submitted subsequent to the Primary Application are identical in their acquisition provider, subscription manager, acquisition strategy, and customer engagement protocol.

ICSA Application: Portfolio List

Round 2 Proposed Design

- > As part of the Primary Application, a list of all the projects (including the NY-Sun application number, their site address, KW capacity, and utility) that will be submitted subsequently as part of this portfolio.

Explanation

- > It is important for NY-Sun to gauge the scale of the planned acquisition strategy proposed in the Primary Application.
- > Submitting the list of all the planned projects in the portfolio is simply for awareness: contractors are not required to submit all the projects on the list, and NYSERDA may not approve all the projects in the portfolio.

ICSA Application: Customer Docs

Round 2 Proposed Design

- > The **actual** Community Distributed Generation Disclosure Form and **actual** residential subscriber contract a customer will be subject to must be submitted with every ICSA application.

Explanation

- > It is important for NY-Sun to maintain the actual contract and CDG disclosure form for each ICSA project in the event of any project changes or a customer complaint.

ICSA Application: Contractual Agreement

Round 2 Proposed Design

- > Contractual agreement between the primary contractor account and the subscription provider confirming they are working together.

Explanation

- > NY-Sun is looking for more maturity in the customer acquisition planning process for this Round of the ICSA, including confirmation of who will be performing acquisition and subscription management for the project(s).

ICSA Application: Customer Experience

Round 2 Proposed Design

- > A video screen-capture of the journey that a customer experiences as they sign up for the community solar product. NYSERDA may request a dummy log-in to experience the customer sign-up process if the video does not sufficiently capture the experience.

Explanation

- > NY-Sun needs to understand how the community solar subscription details are being presented to the customer when they are signing up for community solar.

ICSA Application: Door to Door Sales

Round 2 Proposed Design

- > Customer acquisition strategies that use door-to-door sales are not allowed for ICSA-funded projects. Failure to adhere to this requirement may result in NYSERDA rescinding the award or rejecting invoice(s).

Explanation

- > NY-Sun has seen an uptick in complaints from customers relating to their interactions with door-to-door sale contractors.
- > It is imperative that eligible subscribers for this program are appropriately educated about community solar and its benefits, so they feel comfortable and confident signing up for the product.
- > NY-Sun feels the nature of door-to-door sales does not allow for that slower transactional process, and unless there is better oversight around it, we do not feel comfortable funding projects that use it as a tactic to sign up customers.

ICSA Application: Project Changes

Round 2 Proposed Design

- > A contractor is required to notify NYSERDA if specific changes occur after the Primary or Subsequent Application is approved.

Explanation

- > It is imperative that NY-Sun be made aware of any changes to a project that might impact the customer and confirm whether those changes are consistent with the program rules.

Funding, Payments, and Recordkeeping

ICSA Application: Funding Amount

Round 2 Proposed Design

- > Each approved ICSA application will be contracted with a 40-60% Eligible Subscriber Target. The funding amount included in the ICSA award letter will be calculated as the ICSA incentive rate * 60% of the CDG project's total capacity.
- > Contracted Projects that allocate more than 60% of their project capacity to Eligible Subscribers are eligible to receive additional funds at the ICSA rate for the applicable project type for that additional capacity, pending fund availability.

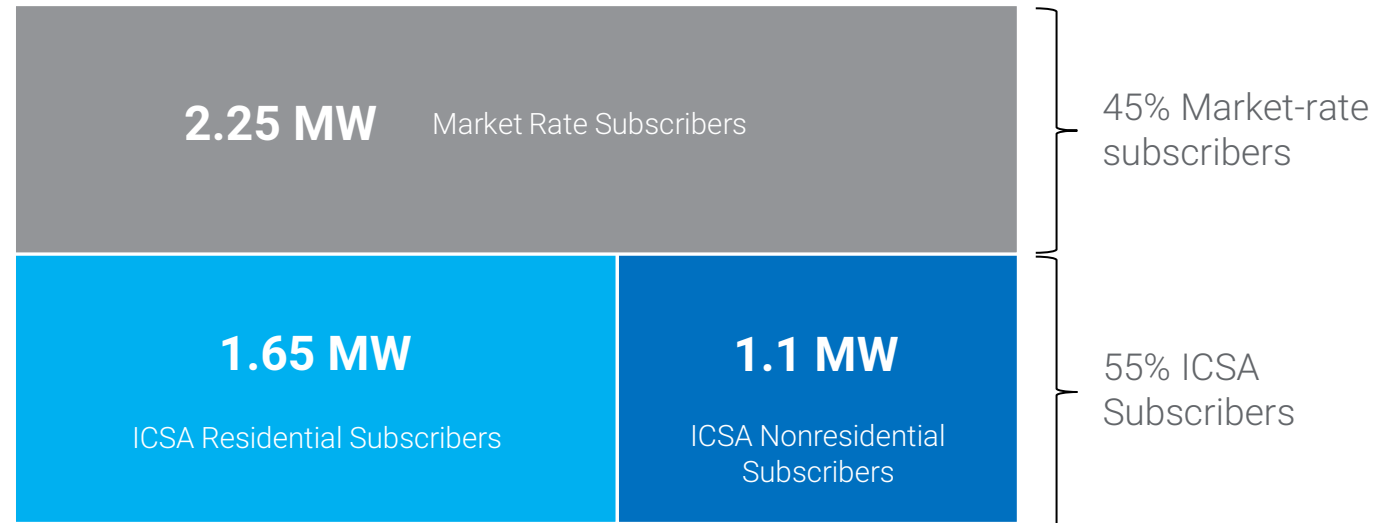
Explanation

- > The design of the ICSA Round 1 compelled project teams to apply for the highest subscriber target of the ICSA, as teams could not be compensated if they applied for a lower subscriber target and subsequently exceeded it.
- > This change has everyone starting at the same subscriber target (40-60%) and, if they exceed 60%, can be compensated for that effort.

Project Funding: Example 1

Scenario A:

- > A project allocates 40% to 60% of the project capacity to eligible subscribers.
- > At least 50% of those eligible subscribers are Eligible Residential Subscribers.



Example First Invoice Payment

$$5,000,000 \text{ Wdc} * 55\% * \$.10/W * 50\% = \$137,500$$

Project Funding: Example 2

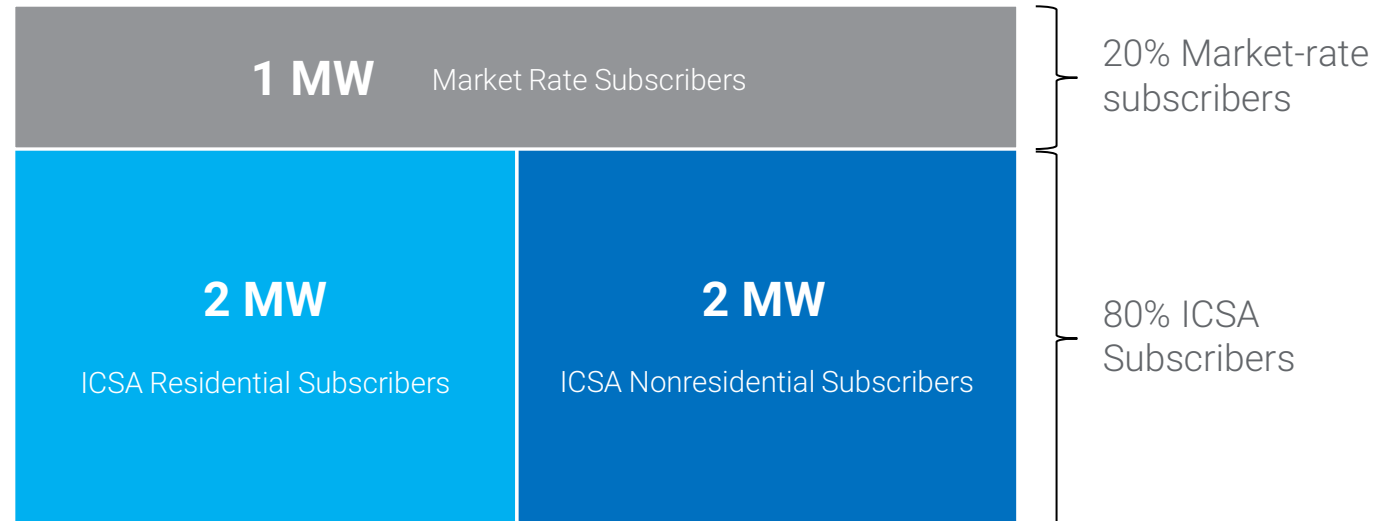
Scenario B:

- > A project allocates more than 60% of the project capacity to eligible subscribers.
- > At least 50% of those eligible subscribers are Eligible Residential Subscribers.

Payout:

- > Projects are eligible to receive additional funds at the ICSA rate for the applicable project type for that additional capacity, pending fund availability.

Payout for Actual Targets Achieved



Example First Invoice Payment

Awarded amount:

$$5,000,000 \text{ Wdc} * 60\% * \$.10/W * 50\% = \$150,000$$

Additional Capacity from Separate Fund:

$$5,000,000 \text{ Wdc} * 20\% * \$.10/W * 50\% = \$50,000$$

Total: \$200,000

Project Funding: Example 3

Scenario C:

- > A project allocates more than 40% of project capacity to eligible subscribers.
- > Less than 50% of those customers are Eligible Residential Subscribers.

Payout:

- > If a project is unable to achieve a minimum residential subscriber portion of 50%, the ICSA payment will be recalculated and paid based on the residential portion achieved.

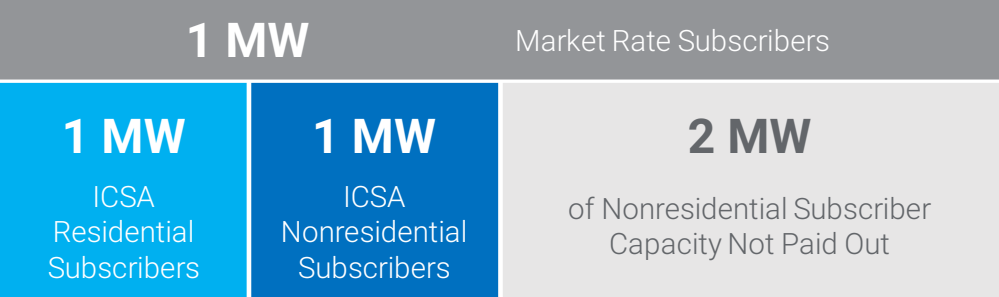
For Example:

If a 5 MW project fills 1 MW with residential ICSA subscribers and 3 MW with nonresidential ICSA subscribers, NYSERDA would only payout double of what was achieved for the residential ICSA subscribers achieved. (1 MW * 2 = 2 MW).

Actual Targets Achieved



Payout for Actual Targets Achieved



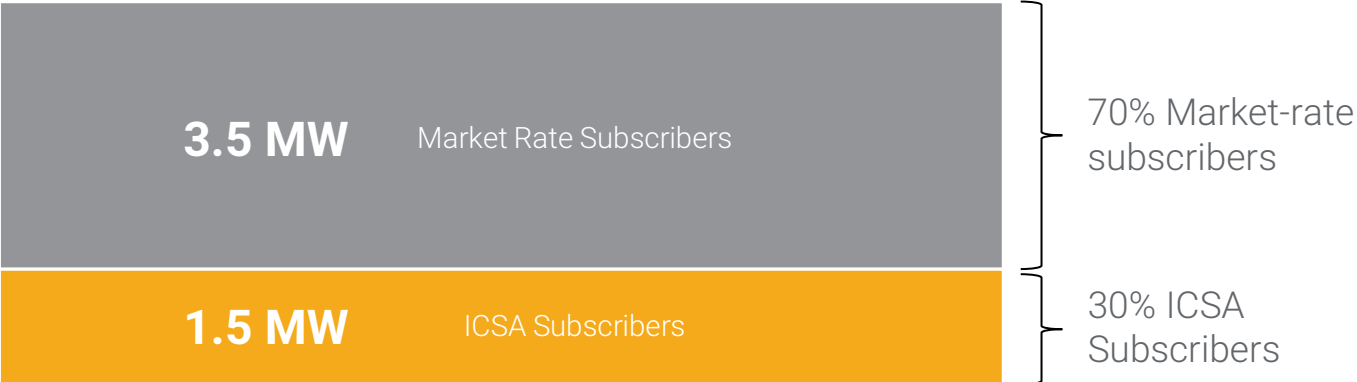
Example First Invoice Payment

$$5,000,000 \text{ Wdc} * 40\% * \$0.10/\text{W} * .50 = \$100,000$$

Project Funding: Example 4

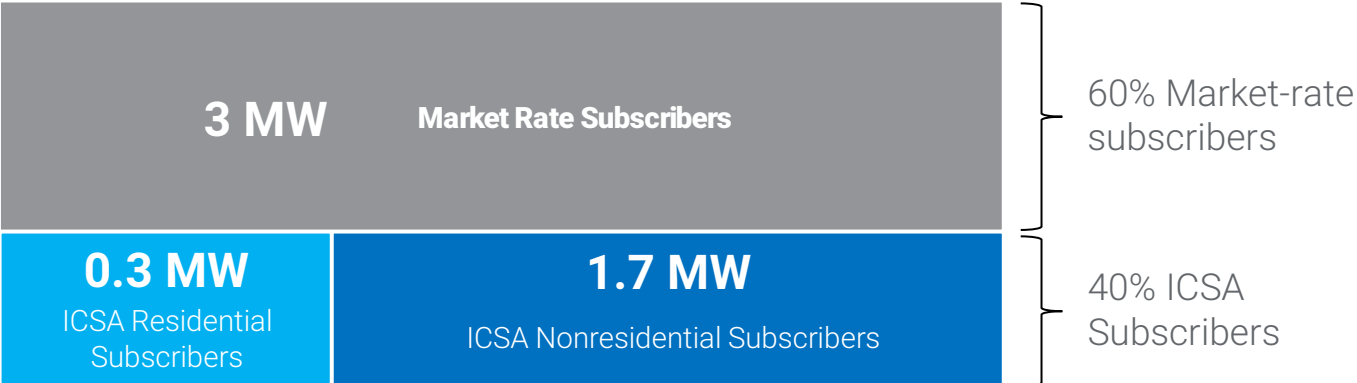
Scenario D:

- > A project allocates less than 40% of project capacity to eligible subscribers; or less than 20% of project capacity to eligible residential subscribers.



Payout:

- > If a project is unable to achieve the minimum eligible subscriber target of 40% it would be deemed ineligible for the ICSA and **would not be paid.**



ICSA Application: Recordkeeping

Round 2 Proposed Design

- > Contractors are required to ensure that a project receiving the Inclusive Community Solar Adder maintain the same percentage of income eligible households and the same bill discount rate for at least 25 years. Contractors must submit proof that the project still contains ICSA-eligible subscribers upon request.
- > If a project is reconfigured so that it no longer qualifies as an ICSA project, NYSERDA will require a return of the ICSA incentive funding from the Contractor, calculated based on the pro-rata share of a 25-year term over which the project was not an ICSA-eligible project.

Explanation

- > The Commission directs that the Solar Equity Energy Framework funds (of which the ICSA is drawn from) must be used in a thoughtful and comprehensive manner to benefit disadvantaged communities.
- > It is imperative that NY-Sun ensures that projects maintain the subscriber mixes long-term, so that, as the Commission directs, “there are quantifiable benefits to these communities, consistent with the CLCPA’s goals”.

Next Steps

NYSERDA will accept stakeholder feedback two ways:

1. **Written feedback:**

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Thank you!

Questions?

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