Meeting Agenda (October 11, 2017)

a. Welcome/Introductions

b. Process/Procedural Matters

c. Role of NYSERDA Programs to Expand LMI Access to CDG
   i. Overview of NYSERDA LMI Strategy
   ii. Review of Current and Proposed NYSERDA Programs
   iii. NY Green Bank Strategies to Mobilize Investment

d. Next Steps
   i. Open Discussion – how do all the pieces fit together?
   ii. Action Items

e. Adjourn

Meeting Summary

Process/Procedural Matters

After welcome/introductions, Marty Insogna of DPS reviewed the schedule for the final two LMI working group meetings. On October 25th, the WG will discuss how all the pieces discussed in various meetings fit together. The final meeting has been switched from November 9th to November 6th, and the WG will discuss an outline or slide deck prepared by Marty on the upcoming Staff report, due November 15th. All parties will also have the opportunity to file public comments after the report is submitted.

Discussion of NYSERDA Programs

Chris Coll from NYSERDA gave an overview of their current programs:

Chris gave an overview of NYSERDA's current LMI portfolio, which includes multiple initiatives that support energy efficiency in single family homes and multifamily buildings; access to solar PV; predevelopment of clean energy projects; high performance new construction; awareness and education. Chris also described how NYSERDA coordinates its programs with other state/utility programs. NYSERDA's energy efficiency programs impact about twenty thousand households per year, and $330 million is currently allocated across the portfolio through 2025. $700 million is the total budget (about $70 million a year for ten years) to provide access to clean energy for LMI customers. Additional details were provided in a document distributed by NYSERDA in advance of the meeting, "Clean Energy Fund Investment Plan: Low- to Moderate-Income Chapter".

Max Joel from NYSERDA discussed their investment plan for community solar:

Max clarified that the investment plan NYSERDA filed last week is not the final word on the plan for LMI community solar, but believes the plan outlined would be a major step forward. The plan aims to reduce the energy burden and make community solar more available for low income households. Low income is defined as 60% of the state median income.

Max introduced the plan by describing the goals of the program:

- Extend community solar access to ten thousand low income households across NY.
  - These households would not be charged for participation, are not subject to credit checks, and are not penalized for leaving the program.
- Provide significant cost savings on electric bills for local clean energy.

Max then discussed the barriers the program tries to address/eliminate – issues that disproportionately affect low income households:

- Perceived financing risk;
- Participation obstacles – high credit requirements, long contract terms, and termination fees;
- Project costs – particularly from customer acquisition, management, and replacement.

Max next outlined NYSERDA's implementation strategies:

- Soliciting for and contracting directly with community solar project developers to dedicate capacity to low income customers.
- Contracts will last up to ten years.
    - Unless a customer chooses to unsubscribe he/she is eligible for the length of the term (and there would be no penalty for leaving the program).
- NYSERDA will play the role similar to that of an anchor commercial customer.
    - Solar project owners place high value on having a large, low risk institutional contractual counter party.
    - By acting in this capacity and issuing competitive RFPs, NYSERDA will be able to secure output from projects at much lower costs than individual residential customers.
    - Cost savings delivered to low income customers should exceed NYSERDA's program costs.
- NYSERDA can take tap into the current large community solar pipeline, to get projects going more quickly.
- NYSERDA will play a leading role in organizing customer outreach and enrollment.
    - Focus outreach at the community level.
    - NYSERDA already has a well developed infrastructure for low income customer outreach, income qualification, and enrollment.
        - Can leverage existing energy efficiency programs such as Empower.
        - This will significantly reduce customer acquisition and management costs.
- Reducing costs of community solar subscriptions.
    - Subscriptions for low income customers will be offered at no charge to the customers, while maintaining proximately same savings as if the customer participated in a non-LI community solar program.
    - To accomplish this, the kWh participation levels would be reduced by basically the same factor that the savings rate is increased. This is best demonstrated with an example:
        - Two customers each have an annual electric usage of 10,000 kWh.
        - One customer gets a 10,000 kWh solar subscription in a market-rate solar program.
            - The customer is billed by the developer for 80% of the value of the community solar credit, and the reaming 20% is savings to the customer.
        - The customer gets a 2,000 kWh solar subscription in the LI program.
            - This customer is billed nothing, so 100% of the credit is savings to the customer.

        - The savings is equivalent: 20% savings on 10,000 kWh equals 100% savings on 2,000 kWh.
    - The fact the customers are not billed, would not need credit checks, and would not have penalties for leaving the program reduces the program costs:
        - No billing cost, lower customer acquisition/management cost, and a higher retention rate.
            - Less expensive in terms of public investment needed.
            - Less likely to interfere with customers' energy affordability bill discount.
            - Less likely to reduce cost savings opportunities for energy efficiency measures in the home.
    - As a reference point or example, a low income customer with average usage receiving the higher (tier 3)_bill discount would, all together with multiple programs (community solar, bill assistance, and energy efficiency programs) save about 50% on their energy costs, with significant variation by utility.

    - Community solar subscriptions may be most helpful, incrementally, to LI customers not able, for whatever reason, to take advantage of other savings programs such as weatherization/energy efficiency services. However, there are scenarios where customers that have participated in weatherization/energy efficiency programs may also be good candidates for participating in shared solar programs. In particular, customers that were only able to undertake limited energy efficiency improvements; renters; or households that have high electric baseloads due to reliance on electric baseboard heating or presence of life sustaining medical equipment, would be good candidates for share solar subscriptions.

Finally, Max described potential project models for the NYSERDA program:

- Wants to encourage a range of project models that would be inclusive of moderate income customers, affordable housing, and other designs.
- Envisions that most of the responses to RFPs will be from large ground-mounted systems that are already in the development pipeline.
- There could be plans involving aggregating affordable housing rooftops to use them as sites for projects that would supply subscriptions, and in return the affordable housing owner would receive a roof leasing payment.
- The project, or portion of a project could be cooperatively owned.
    - A portion of each member's bill savings could be pooled and put in a savings account – these savings could eventually be returned to the customer or could be funneled into improving the project.

Max also noted that NYSERDA's program has the potential to interact with other key agenda topics of this working group such as adders, consolidated billing, and bill discounts.

Questions and discussion about NYSERDA's investment plan:

Bob Wyman asked what percent of the total population of qualified low income customers is represented by the 10,000 household goal. NYSERDA and the working group expressed uncertainty about the precise percentage, but generally agreed that it was small. Bob followed up inquiring into how NYSERDA plans to pick the 10,000 households out of the total qualifying population.

- Max indicated that a good place to start may be NYSERDA's existing programs such as their low income energy efficiency program. These customers are income qualified and have already expressed interest in community solar. In particular, some of these customers have not been able to receive the full scope of efficiency services, so they could be priority customers. Another way to prioritize customer outreach could be by geographic vicinity to the project in question.

There was further discussion about ways to find, select, and qualify these 10,000 households for the program. This led to conversation about requalification periods. Someone asked whether the developer would have the option to choose customers that they would like to enroll. Max explained that developers would have this option, but potential participants would all be subject to the same income qualification process. However, if a participant is already in a program with an income eligibility component, they would not need to requalify.

Steve Wemple from ConEd received confirmation that customers of NYPA and LIPA, who are not paying into the clean energy fund, are not eligible for NYSERDA's program. It was also confirmed that multi-family master-metered buildings are not eligible. Steve then asked whether NYSERDA planned to purchase the full output or a portion of the full output of the projects.

- Max answered that it would most likely be a portion, and upon inquiry from Brock Gibian of Ecogy Solar, Max clarified that the size of this portion would not have a strict limit. With regard to the portion of the output that NYSERDA does not contract, the developer has the opportunity to enroll its own CDG subscribers.
- Steve followed up wondering if NYSERDA could leverage the developer's mechanism to bill if NYSERDA wanted to introduce a customer copay. Steve thought that there may be some variations of this model involving a revenue component for NYSERDA that could work.
    - NYSERDA explained that they had looked into such options, and had priced out what it would cost to bill low income customers, and their conclusion is that it is not viable to have a revenue component for NYSERDA. Any other variation would make the program too expensive for ratepayers to deliver the savings to the low income customer.

Bob Wyman commented that it seems as if this program is solely focused on providing cheap power to low income customers, but does not necessarily address the broader goals of the working group.

- Max replied that the program's technical aspects related to procuring generation address providing cheap power to low income customers, but other components of the program focus on the broader goals. For instance, a successful solar project necessitates community engagement, therefore the engagement/participation goal of this working group would come from the community outreach component of the investment plan.
    - One party suggested that there should be more qualitative work involved in customer outreach beyond simply who does and does not qualify – outreach should prioritize those who can promote this program and help to foster an environment of community engagement and purpose.
        - Max agreed, and remarked that this is exactly what NYSERDA's strategy and hope is, even if it is not explicitly stated in their filed plan.
- Valerie Strauss from AEA proposed that NYSERDA dedicate a portion of the RFPs to parties that have demonstrated an ability to promote the goals that the working group has spoken about.
    - NYSERDA thought this was a good idea, and agreed that the economic development adder in the RPS is a great structure to draw inspiration from, but was concerned that the RFP mechanism has a strict project maturity to it, and so the RFPs may not have the flexibility to incorporate such a proposal.

Jessica Azulay from Alliance for a Green Economy asked for clarification on how many MW in solar NYSERDA is anticipating "buying" with this plan. Max answered that the goal number is 16 MW and explained that the low subscription size for a low-charge model is what necessitates such a small amount of total MW.

Jessica commented on the distinction between a low income subscriber getting a smaller discount on a subscription offsetting their full usage versus getting a 100% discount on a smaller subscription through the proposed NYSERDA program. She thought we should prioritize those former projects that offer subscriptions that offset a customer's full usage. With the former subscription we could potentially leverage dollars LI customers are already paying to generate more solar development or get more low income solar capacity. Both setups have the same net savings to the customer, but the latter does not incentivize the amount of solar that could be developed, which with the former could be as high as 100% of a customer's usage.

- NYSERDA understood the concern that the proposed setup gives the customer capacity subscription that offsets a limited part of their usage and restricts the customer from getting more, but NYSERDA was wary to loosen this restriction because that would introduce risk into the project that this program had intended to eliminate.
- In response, Jessica suggested that we think about several pathways: 1) a pathway to show that low income customers will pay their subscriptions; 2) a pathway beyond these 10,000 customers; 3) a pathway for low income customers to participate as other customers in a community solar project; and 4) a pathway for low income customers to actually invest their own money towards clean energy. She recommended that we find a

way to develop this solicitation so that it encourages models that keep costs down but also gets to these questions.

  - Max agreed that these were definitely important questions to consider, but reiterated that the models need to be secure for the low income customer and keep risks down for the low income customer.

Marty expressed some confusion about the ten-year timeframe of the projects in NYSERDA's plan. He understands that the goal to provide greater certainty for the developer, but was puzzled on how to square the ten-year timeframe with the 25-year term length of most projects. NYSERDA answered that this was the best method they came up with to balance the financing needs of the developer with the welfare of the low income customer and the administrative concerns of NYSERDA.

Steve Wemple was concerned about how to ensure that NYSERDA's program does not interfere with the other models being tested by utilities such as ConEd. Max assured him that NYSERDA would set up regular meetings and coordinate extensively with ConEd to make sure these negative consequences do not occur.

Sam from Project Economics wondered what NYSERDA envisioned for "year eleven" for the 10,000 households and how NYSERDA sees its continued involvement. Max described how customers would stay in contact with the developer past the ten-year contract timeframe, and that while NYSERDA would not remain the primary counterparty past ten years, another party such as a local government or community investor could take over the contracts and continue the benefits. Ideally these local governments or investors would begin to get involved in the projects/communities before the ten-year timeframe reached its end.

Discussion of Green Bank

Rodrigo from NY Green Bank walked through an overview of Green Bank:

Rodrigo described Green Bank as a state-sponsored financial entity that mobilizes private investment to make investments in certain projects. Green Bank aims to follow a replicable investment strategy that can be standardized throughout the market and used to create scale. Green Bank's objectives are to reduce the cost of capital of projects and deliver a risk-adjusted rate of return, while capturing the credit risk and lack of capital in the market.

Green Bank does not discriminate based on term length of contracts, but does not do retail level deals. In general, they have no strict minimum on transaction size, but their smallest deals tend to be around $1 million. Green Bank finds deals through an open RFP process – parties with an attractive investment plan go the Green Bank website and provide requested information. Recently Green Bank has been working to incorporate a greater focus on the LMI community, and working towards implementing CDG-type RFPs. Rodrigo also discussed how Green Bank helps to reduce risks, such as customer churn, in given projects.

For more information on Green Bank's transactions, see the website where they post transaction profiles on who is involved, what the transaction is about, and related barriers.

Next Steps

Staff requests that by October 20th, parties submit questions regarding low income CDG that will be points for discussion during the meeting on the 25th. Marty requested that no more than three questions be submitted per party. Further, parties are to submit answers to the following two questions: *What is the most important issue for this group to address in the staff report?* and *What is the issue area that the group has most significantly neglected?*