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**NY-Sun's Inclusive Community Solar Adder
Request for Information (RFI) 4619**

**Proposed NY-Sun Inclusive Community Solar Added Incentive
Request for Information (RFI) 4619**

Submissions Requested: December 1, 2020 through January 28, 2021 by 3:00 pm Eastern Time

Introduction

The purpose of this Request for Information (RFI) is for the New York State Energy Research and Development Authority (NYSERDA) to engage with stakeholders across New York State to consider the design of a new Inclusive Community Solar Adder for community solar projects that serve low-to-moderate income households and disadvantaged communities.

On May 14, 2020, the New York Public Service Commission approved additional funding to support the NY-Sun program through 2025 to achieve New York's goal of 6 GW of solar by 2025, as codified in the Climate Leadership and Community Protection Act (CLCPA). This funding includes a budget carve-out for a Solar Energy Equity Framework of incentives for projects benefiting low-to-moderate income (LMI) customers, affordable housing, and environmental justice and disadvantaged communities. Per the CLCPA and May 2020 NY-Sun Order, NYSERDA is proposing to add a new incentive adder to its portfolio of program offerings that is specifically geared to make the community solar market more broadly accessible to LMI households and disadvantaged communities.

This RFI is divided in three sections: 1) a discussion of the issues and considerations involved in the development of the Inclusive Community Solar Adder, 2) a "Straw Proposal" that provides potential program details for stakeholder review and comment, and 3) a set of specific program design questions that we request stakeholders address to the extent that they are applicable to your own experience or business model.

Response Details

If you have questions regarding this RFI, please contact communitysolar@nyserda.ny.gov.

Responses must be provided to https://nyserda.seamlessdocs.com/f/LMI_DAC_Adder. Upon receipt, we may request further details or a call/meeting to discuss the respondent's submission.

DISCUSSION

Community solar offers tremendous potential to LMI households and disadvantaged communities. To date, these customers and communities have been underserved by New York's

solar market, and the Inclusive Community Solar Adder, alongside the other elements of the Solar Energy Equity Framework, seeks to dramatically increase their participation. The Straw Proposal presented in this RFI is informed by extensive stakeholder feedback and a deep analysis of the community solar market, project economics, and attempts to balance a number of factors. Our guiding principles are, first and foremost, to refocus the community solar market to help a large number of LMI households to get electric bill discounts; second, reduce barriers to serving LMI households and disadvantaged communities for community solar providers; and third, provide a transparent and inclusive program design.

Project Eligibility

First, we have taken into account the approximately 2,000 MWdc of community solar capacity that has already secured NY-Sun incentives. These “pipeline” projects are in various stages of development and it is not too late to redirect the customer acquisition strategies for many of these projects. By including NY-Sun’s community solar pipeline, the Inclusive Community Solar Adder would in turn offer more LMI New Yorkers and residents of disadvantaged communities the opportunity to benefit from community solar in the near future.

However, we have also tried to balance this opportunity against the greater financial support needed for new projects, given ongoing declines in the NY-Sun base incentive, Community Adder, and federal Investment Tax Credit (ITC), all while maintaining awareness of the significant, but ultimately limited, NY-Sun funding available for this purpose. We are therefore proposing that the Inclusive Community Solar Adder be retroactively available to some, but not all, community solar projects currently in the NY-Sun pipeline (i.e., projects that have secured NY-Sun incentives but have not yet been completed), and that different categories of projects receive adders of different sizes.

Project Requirements

As discussed in the Introduction, the main goal of the Inclusive Community Solar Adder is to increase access to the community solar benefits for low-to-moderate income New Yorkers and disadvantaged communities, who to date have not been able to participate in solar to the same extent as middle and upper income households in more affluent communities. In keeping with that goal, the main requirement for a project to receive the Inclusive Community Solar Adder would be allocating a minimum threshold of their output to LMI households and/or residents of disadvantaged communities. The minimum threshold requirements included in the Straw Proposal:

- significantly exceed the “baseline” level of participation by LMI subscribers and residents of disadvantaged communities in the current community solar market; and
- roughly match the proportion of eligible subscribers in the overall population, based on population estimates for the designated interim disadvantaged communities.

As of the issuance of the RFI, an analysis of the baseline level of participation by LMI subscribers and disadvantaged communities is ongoing, and will be used to inform the final program design. The proposed minimum threshold requirements for eligible subscribers in the

Straw Proposal are roughly equivalent to proportion of eligible subscribers in the applicable Regional Economic Development Council regions (approx. 17.9% in the Upstate regions, approx. 44.6% in New York City), based on the [interim disadvantaged communities criteria](#) set by New York State.

In addition, we are proposing a higher incentive level for projects that dedicate a percentage of their output to eligible subscribers above and beyond the minimum requirements. We have also tried to encourage benefits for providers of affordable housing and other services within disadvantaged communities, as well as offer greater flexibility for community solar project owners, by proposing an option focused on affordable housing or non-residential “anchor” subscribers.

Subscriber Requirements

Given the need for community solar project owners to provide the most customer-friendly experience possible to the benefit of all LMI households in New York, we have proposed multiple ways for a community solar customer to qualify as an “eligible residential subscriber” and count towards the project-level requirements. These include a simple, streamlined option for any resident of a disadvantaged community to be consider eligible. We have also proposed that affordable housing providers and nonresidential utility customers serving residents of disadvantaged communities (for example, local nonprofit organizations) be considered eligible to count towards meeting the project-level requirements.

Subscription Terms

Beyond the minimum allocation requirements, we also recognize the need to ensure that projects receiving the adder include customer-friendly contract terms, and that consumer protection requirements are strictly enforced. Related requirements are described in the Straw Proposal.

Additional Benefits to Disadvantaged Communities

Benefits of solar development have proven to go beyond utility bill cost savings as New York State continues to increase the clean energy workforce year over year. In 2019, New York State ranked 3rd in the nation with 12,000 full and part time solar jobs. NYSERDA offers [workforce development programs](#) to support training and job opportunities in solar and other clean energy industries. Additional funding is available for workers in “priorities populations,” including low income workers, residents of disadvantaged communities, and formerly incarcerated workers. NYSERDA intends to leverage these resources for the communities served by the Inclusive Community Solar Adder to the maximum extent possible. Solar developers will be encouraged to use NYSERDA’s workforce development funding to support training and job opportunities for community residents, and the results of this effort will be tracked and reported.

STRAW PROPOSAL

Project Eligibility

We are proposing the following eligibility rules for the Inclusive Community Solar Adder:

- Projects must meet the requirements of the NY-Sun Commercial/Industrial or NY-Sun Nonresidential incentive program;
- Projects that have already secured NY-Sun incentives may apply for the Inclusive Community Solar Adder, as an additional incentive on top of what they already secured, at any point prior to completing the project (i.e., submitting a commercial operation invoice to NYSERDA);
- Community solar projects that are in the Upstate region (areas served by the National Grid, RG&E, NYSEG, CHG&E, and O&R utilities) 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. (We are proposing that Upstate projects that receive Phase One NEM, the Market Transition Credit, or Community Credit would **not** be eligible.)
- Community solar projects in the ConEdison region would be eligible whether or not they have received/are eligible for the Community Credit.

Subscriber Requirements

We are proposing that projects must meet minimum requirements for allocating generation to eligible residential subscribers (defined in the next section). Two options would be available for projects, including one for projects that also allocate generation to eligible affordable housing/nonresidential subscribers (defined in the next section).

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, as detailed in the Discussion section.

Option 2

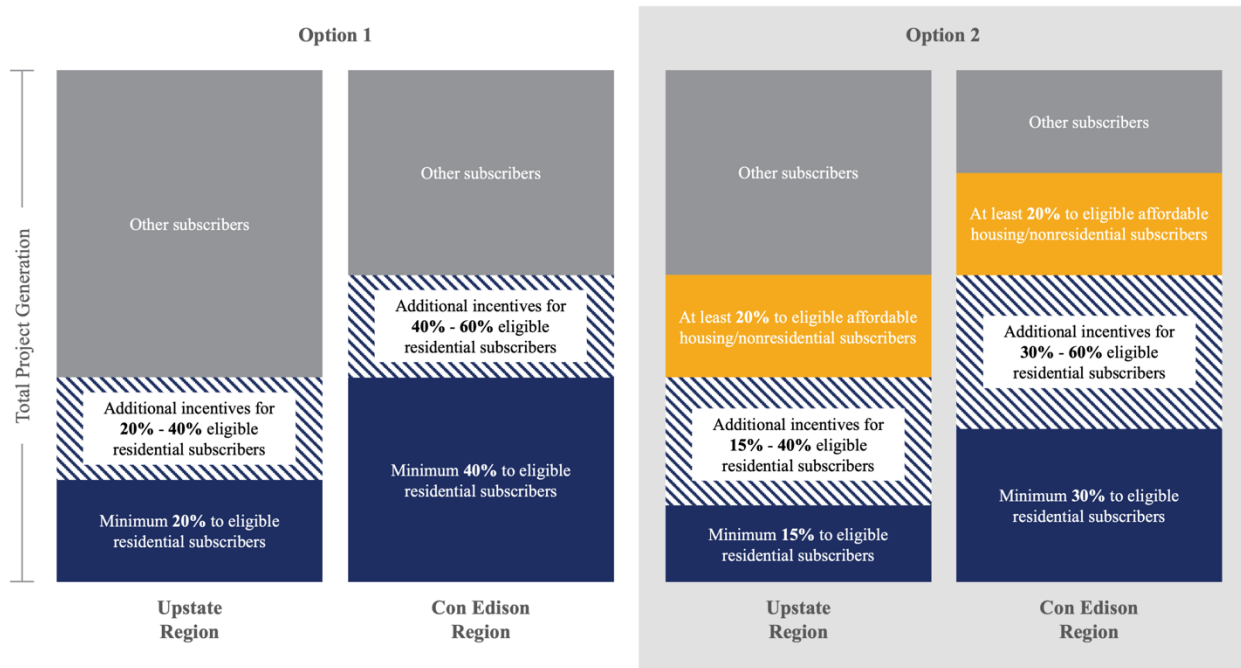
- Projects in the Upstate region would be required to allocate at least 15% of project generation to eligible residential subscribers, and allocate at least 20% of project generation to eligible affordable housing/nonresidential subscribers.
- Projects in the ConEdison region would be required to allocate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

In addition, we are proposing a 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.

Requirements for the Inclusive Community Solar Adder



Eligible Subscriber Definitions

Eligible Residential Subscriber

- 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 at <https://www.nyscrda.ny.gov/ny/disadvantaged-communities>.
- 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.

- We are seeking 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.

Other Requirements

We are proposing additional requirements for projects receiving the Inclusive Community Solar Adder. These include:

- 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 requirements 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.

Proposed Incentive Levels

We are providing, for stakeholder feedback, a range of potential incentive levels for the Inclusive Community Solar Adder.

- The proposed range is **\$.05 per Watt DC to \$.10 per Watt DC** for the portion of the project allocated to eligible subscribers.
 - For example, if the adder incentive level is set at \$.05/W, a 5 MWdc project that achieves the minimum required allocation for eligible residential subscribers (20%, equivalent to 1 MWdc in this example) would receive an additional \$50,000.
 - In this example, if the project achieved an allocation of 40% eligible residential subscribers (equivalent to 2 MWdc), it would receive an additional \$100,000.
- Based on the final incentive levels and program design, we will provide transparent guidance on the funding/capacity available through an online dashboard or similar means.

Incentive Payment Process and Schedule

We are proposing that the following payment schedule and process for the Inclusive Community Solar Adder:

- For projects receiving NY-Sun Commercial/Industrial incentives, the Inclusive Community Solar Adder be paid to the project at the same time as for the base NY-Sun incentive and, if applicable, Community Adder.

- This would include 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.
- Projects receiving the NY-Sun Nonresidential incentive would also receive payment of the Inclusive Community Solar Adder over three payments (50% at project completion, 25% on the first anniversary, 25% on the second anniversary).
- For each payment, the project would provide documentation of eligible subscriber allocations. This information can be provided securely to NYSERDA with subscriber information anonymized.
- The project 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.
 - For example, if a project is targeting the minimum 20% eligible residential subscriber requirement, the project will not receive the first adder payment at project completion if only 15% of the project is allocated to eligible residential subscribers.
 - In this example, if the remaining 5% is left unallocated, the project can still receive the second and third adder payments.
 - In this example, if the remaining 5% has been allocated to subscribers that are not considered eligible for the Inclusive Community Solar Adder, then the adder will be cancelled for the project.

QUESTIONS

Please provide your feedback on each of the main components of the Inclusive Community Solar Adder. We encourage you to respond to the specific details included in the Straw Proposal section, but general comments are also welcome. Please reference any specific experience, examples, or data that support your responses.

1. Project Eligibility
2. Subscriber Requirements
3. Eligible Subscriber Definitions
4. Other Requirements

5. Proposed Incentive Level
6. Payment Process and Schedule
7. Other/General Feedback

DISCLAIMER

This RFI does not commit NYSERDA to agree to participate in any transaction, proceed to negotiate any terms, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. NYSERDA reserves the right to discontinue or modify the RFI process at any time, and makes no commitments, implied or otherwise, that this process will result in a business transaction or negotiation with one or more Respondents. Respondents are advised that all costs associated with responding to this RFI will be solely at their expense.

FREEDOM OF INFORMATION LAW

Proprietary Information -The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA possesses. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501 <http://www.nyserda.ny.gov/About/-/media/Files/About/Contact/NYSERDA-Regulations.ashx>.

As a general rule, NYSERDA's records and the records furnished to NYSERDA are accessible to the public, subject only to exceptions enumerated in FOIL. All information submitted in response to this RFI will be considered nonconfidential/non-proprietary.