

September 9, 2019
LIPA Board of Trustees
333 Earl Covington Boulevard
Uniondale, NY 11533

Dear LIPA Trustees:

Following the passage of [world-leading climate change legislation](#), New York State is mobilizing to accelerate solar energy deployments, including a commitment to deploy six gigawatts of distributed solar by 2025. However, upcoming changes approved by LIPA will significantly reduce the incentive for community solar installations from a level that is only minimally viable today.

On July 24th of this year, LIPA Board Trustees [voted unanimously](#) to replace the current net energy metering (NEM)-based compensation for subscribers of Community Solar¹ systems by a value-based compensation framework (VDER) and set the Community Credit for such systems at 2.25 cents per kilowatt-hour in keeping with the level set by the Public Service Commission for upstate New York. This is a highly concerning development for the following reasons:

1. It would result in overall compensation levels for solar energy that are almost 40 percent below current levels and devalues solar electricity compared to fossil fuel energy.
2. It results in compensation levels that are significantly lower than those required to offer reduced or discounted energy to the LMI community on Long Island.
3. It ignores the fact that solar development costs and electricity retail rates are significantly higher in Long Island than upstate New York and are more in keeping with New York City. (Note that the Community Credit for Con Edison territory has been set at 12 cents per kilowatt-hour by the PSC – more than 400 percent higher than for Long Island)
4. It ignores the fact that every other utility territory outside Long Island still receives significant upfront solar incentives from NYSERDA, while Long Island systems receive no solar incentives whatsoever.
5. It results in economic returns significantly lower than those required by investors, making development of such projects financially unviable.

Long Island ratepayers, communities and institutions have long wanted and deserved to access and generate their own clean energy. The Community Solar model allows them to do exactly that. However, without a compensation level that results in financially viable projects, Community Solar will simply not get off the ground on Long Island, and hundreds of thousands of residents and local organizations will be prevented from accessing clean energy; moreover, the overall solar market on Long Island and associated job growth from this sector will continue stagnating counter to the rest of the state and the nation.

For these reasons, we, the below signatories, advocate for the following tariff amendments relating to compensation for Community Solar systems in Long Island:

1. Increasing the Community Credit in Long Island to be brought to a fair level from the current 2.25 cents to 10 cents per kilowatt-hour.
2. Allowing Community Solar systems sized under 750 kilowatts the option to continue with net energy metering (NEM)-based compensation, as is currently the case for the commercial segment.

¹ Community Solar utilizes unused commercial rooftops and ground areas to develop solar projects, the renewable energy value from which is exported directly to subscribers on Long Island. This NYSERDA-designed program is strategically designed to offer discounted energy to Low- and Moderate-income households, fixed-income seniors, renters, small businesses, non-profits, and those that cannot feasibly or affordably site solar on their own roof. Given the slowdown in residential solar installations and the expiration of non-residential NYSERDA incentives for solar on Long Island, Community Solar is the primary engine for future solar growth and clean energy job creation in the region, and can provide affordable access to clean energy for potentially all 1.1 million electric customers on Long Island.