

Solar Communities Feed-in Tariff V

Frequently Asked Questions

The following Frequently Asked Questions (FAQs), which may be updated from time to time, are being provided for informational purposes only and any information, data, or comments provided in the FAQs are not to be construed as altering, modifying or replacing the requirements or contents of the Solar Communities FIT. Applicants are encouraged to carefully read and adhere to the requirements as articulated in the Tariff.

1. What is the relationship between the Long Island Power Authority (“the Authority” or “LIPA”) and PSEG Long Island in regard to the Solar Communities FIT?

PSEG Long Island, as agent of and acting on behalf of the Authority, will administer the Solar Communities FIT.

2. What is the Authority’s Solar Communities FIT?

The Solar Communities FIT is a program to further develop community solar primarily dedicated to Low- and Moderate-Income (LMI) customers. The Solar Communities FIT has the potential to greatly increase the community solar projects currently in the pipeline and to offer the benefits of these projects specifically to LMI customers. The owner of a selected solar photovoltaic (PV) electric system is paid a fixed rate for every kilowatt-hour generated over the 20-year term of the Power Purchase Agreement between the owner and LIPA. Output from these PV systems will be credited to eligible LMI customers, who will receive a discount on their bill each month. The Solar Communities FIT program, which complements increased incentives for VDER Community Solar, is designed specifically to create additional community solar development, to enable cost efficiencies by utilizing the Authority’s customer acquisition and marketing functions, to lower the cost of project financing by offering a stable price for the duration of the project’s contract, and to provide enhanced energy cost savings opportunities to participating LMI customers.

FAQs for Solar Project Developers:

3. What is the size of the program?

The Authority will award contracts for up to 20 MW (AC rating) under this program. This is approximately equivalent to 25 MW (DC rating). The Authority also has discretion to award contracts for an additional 10 MW_{AC} (15 MW_{DC}).

4. When will the Authority accept applications to the Solar Communities Feed-in Tariff?

The initial application submittal period commences on June 1, 2020 and will remain open until September 30, 2020. To provide for possible attrition in the initial pool of applications and ensure that the Authority acquires enough resources to meet its community solar development targets, additional applications will be accepted from October 1, 2020 through June 30, 2022. Those applications will be placed on a Waiting List. The Waiting List applications will be evaluated on a quarterly basis against remaining available Solar Communities FIT program capacity and price caps.

5. What projects are eligible to participate in the Solar Communities Feed-in Tariff?

New solar PV projects with a minimum rated output of 200 kW_{AC} and a maximum rated output of less than 5,000 kW_{AC} are eligible to participate in this program. Projects with a kW_{AC} rating outside this range will be considered unresponsive and rejected. A project must be installed and interconnected to the Authority's electric system with a dedicated meter. Solar PV systems must also use smart inverters that conform to the Authority's technical interconnection requirements.

6. Will the Authority be offering any specific sites for locating solar PV projects?

No, specific sites will not be offered by the Authority in support of the Solar Communities Feed-in Tariff. All siting related activity, including but not limited to acquisition, permitting and community acceptance, is the responsibility of the Generation Project owner.

7. Is it necessary to demonstrate site control as part of an application?

Site control is highly encouraged. While site control is not required for the initial application, it is required for the interconnection application that must be filed by accepted applicants within 10 business days of acceptance into the Solar Communities Feed-in Tariff program. Furthermore, accepted projects with an expected rated capacity of 200 kW_{AC} to 1,000 kW_{AC} risk withdrawal of their acceptance if they fail to demonstrate site control within 6 months following the date when a PPA is offered. Projects greater than 1,000 kW_{AC} risk withdrawal of their acceptance if they fail to demonstrate site control within 12 months.

8. For what costs is the Generation Project owner responsible?

The Generation Project owner is responsible for all interconnection costs and all other costs of developing, installing, operating and maintaining the proposed solar PV resource.

9. What projects are ineligible to participate in the Commercial Solar Feed-in Tariff?

Solar PV projects already interconnected to the Authority's electric distribution system as of the date of applying to this program are not eligible to participate. Solar PV projects that are in the Smart Grid SGIP queue or NYISO interconnection queue prior to being accepted for this Solar Communities FIT are not eligible to participate unless they withdraw from such queue. Eligible PV systems are

precluded from participating in the Commercial System Relief Program or the Distribution Load Relief Program.

10. Can an applicant's bid contain a minimum project size along with its proposed project size?

Yes. An applicant has the option, but not the obligation, to provide alternative capacity amounts either as one or more discrete MW_{AC} quantities or as a range, provided that alternative capacity amounts are all less than the bid project size and greater than or equal to 200 kW_{AC}. Alternative capacity amounts will be considered in the evaluation process in the event that an otherwise acceptable bid would have been rejected due to program limits and/or capacity injection constraints at the selected point of interconnection. In no circumstances will providing alternative capacity amounts make it less likely that a bid's full proposed project size would be accepted. Alternative sizes are considered only in cases when the proposed project size would not have been accepted otherwise. Also, note that the bid price for the proposed project will be applied to any alternative capacity amounts.

11. How much will project owners be paid under the Solar Communities Feed-in Tariff program?

Successful applicants to the Solar Communities Feed-in Tariff program will be paid their as-bid rate (in \$/kWh to the nearest \$0.0001/kWh) as submitted for the evaluation period in which it is accepted. Once the applicant and the Authority sign a Power Purchase Agreement, the rate for the project will remain fixed for the entire 20-year term of the agreement. The amount of electricity output generated by the project will be measured using a dedicated meter for the approved project.

12. How will successful applicants to this program be paid?

Successful applicants will be paid by check or wire transfer on a monthly basis for all Solar Products delivered to the Authority in the prior month pursuant to the fully executed PPA. Payments will not be made as a credit on a customer bill.

13. Does the program have a Price Cap?

Yes. The Solar Communities Feed-in Tariff program has two price caps. First, no bid will be accepted that exceeds \$0.1649/kWh, which was the clearing price of the last solar feed-in tariff (Commercial Solar FIT III). Second, bids will be evaluated against a downward sloping bid price cap that declines from \$0.1649 per kWh to \$0.1300 per kWh, depending on the AC capacity of the proposed projects. The more capacity clearing in the program, the lower the offer cap will be for each successive bid. The slope declines linearly for the first 15 megawatts (AC) starting at \$0.1649 and ending at \$0.1450. The slope then becomes steeper for the last 5 megawatts (AC) so that the price accepted for the 20th MW will be no more than \$0.1300 per kWh.

14. How do I learn more about the specifics of the sloped bid price cap?

The formulas for determining the price cap based on the amount of accepted MW is in the Statement of Solar Communities FIT located in the Tariff and found on the same website as these FAQ's. There is also a simple spreadsheet calculator model available on the same website that demonstrates the sloped bid price cap and allows a user to calculate the price cap for any amount of accepted MW.

15. How does the award process work for bids received during the initial enrollment period (June 1 to September 30, 2020)?

The application will be posted on the website. Applications must be received between June 1 and September 30, 2020. Applicants must indicate the proposed price (in \$/kWh), size of their project and its interconnection point within the LIPA system, by circuit and substation. All applications received during the initial enrollment will first be ranked from the lowest to the highest price bid, and from the smallest to the largest project size for bids at the same price. Bids will also be screened to ensure they do not exceed the available capacity on any single circuit or substation. Bids will be accepted in priority order provided they do not exceed the sloped bid price curve described in FAQ #13 and #14. Furthermore, a limitation of 10 MW (AC) capacity at a single sub-station will be imposed to ensure not all available program capacity will be proposed in a single location.

If an applicant submits more than one application with exactly the same bid price and project size, the applicant must identify a priority order for such projects to be used in the evaluation process.

16. How will projects be screened to ensure they do not exceed the capacity on any single circuit or substation?

Each project application will be reviewed by the Authority using the Smart Grid SGIP preliminary screening process to determine on a preliminary basis whether the distribution circuit and/or substation proposed for interconnection is capable of accepting the capacity proposed by the applicant. In the event that more than one application from this Solar Communities FIT is made for the same circuit or substation, the applications will be considered in order of their bid price such that the lowest bid will receive preference until the available capacity is consumed.

17. Can I receive Federal and/or State incentives or grants and be eligible for the Solar Communities FIT?

Yes. Other federal and state tax incentives or grants may be used to help reduce the cost or finance the system, as long as they conform to the rules in place for those incentives or grants. These could include, but are not necessarily limited to tax credits, accelerated depreciation, and grants. The Generation Project owner is expected to use their best judgment as to the future availability of Federal and/or State incentives or grants when developing its bid price proposal.

18. Can I participate in the Net Metering Tariff and the Solar Communities Feed-in Tariff?

No. Under this FIT, the output of the solar PV system is sold directly to the Authority and separately metered.

19. How long will this program be available?

The FIT application submittal process begins on June 1, 2020 and ends on September 30, 2020. The Authority will continue to accept applications for the Waiting List until such time that the full 20 MW_{AC} (or greater amount up to 30 MW_{AC}, at the Authority's discretion) have been awarded and all accepted projects have achieved commercial operation, or June 30, 2022 (whichever comes first).

20. How does the award process work for projects on the Waiting List?

After the initial enrollment period, there will be quarterly evaluation periods for each three-month period ending December 31, March 31, June 30, and September 30. Applications that have not been accepted in prior evaluation periods, and new applications received during the current evaluation period, will be on the Waiting List. The Authority will evaluate bids on the Waiting List after the conclusion of each quarterly evaluation period using the same criteria as in the initial enrollment period. Projects selected from the Waiting List will be offered an award under the same terms as projects accepted during the initial enrollment period.

21. What price is paid to projects that are selected off the Waiting List?

Projects selected from the Waiting List will be offered their as-bid prices.

22. What are the interconnection requirements?

Different requirements may apply for projects intending to connect to the distribution system (point of interconnection on 13 kV or lower) or the transmission system (point of interconnection on 23 kV or higher). Solar Communities PV systems interconnecting at the distribution level must comply with the Smart Grid Small Generator Interconnection Procedures (SGIP). Solar Communities PV systems interconnecting at the transmission level must adhere to NYISO's Small Generator Interconnection Procedures as well as the SGIP. The Solar PV systems must also use smart inverters that conform to the Authority's technical interconnection requirements.

The Generation Project owner will be responsible for any and all interconnection and system upgrade costs.

23. What happens to qualified applications that are not selected?

Applications that are not selected will be placed in an excess queue ("Waiting List") with an option to be removed at the Generation Project owner's discretion. Waiting List projects may be accepted in subsequent evaluation periods depending on available program capacity. Waiting List projects may also resubmit with a lower price without incurring a new application fee, provided that price is the

only modification to the application.

24. Who owns the renewable energy credits or other environmental attributes of the system?

The Authority will own the solar renewable energy credits (RECs) and any other beneficial environmental attributes that may arise from or accrue to the project.

25. Do I need to be a customer?

No, you do not need to be a customer in order to install a system eligible for this FIT. However, the system must be installed within the Authority's service territory.

26. Is there a price escalator?

No. The PPA price will be fixed for 20 years.

27. Can I sell my project or transfer ownership to a 3rd party?

Yes. A project can be sold or transferred to a third party subject to the terms and conditions in the PPA.

28. Can I own more than one project?

Yes.

29. Can there be more than one owner per project?

Yes, but only one person or legal entity can sign the PPA and will be held responsible for executing the terms and conditions of the PPA.

30. Can there be multiple projects at a given site?

No. Sites are limited to one project.

31. Can I terminate the agreement before the end of the term?

No. The term of the PPA will be twenty (20) years from the commercial operation date of the project and cannot be terminated early; however, an event of default or force majeure may cause the PPA to be terminated. The Authority will not allow a project that has had its PPA terminated early due to a Seller default to re-enter the FIT or to switch to the net meter tariff.

32. What happens if the project is rendered non-operational at any point?

Following commercial operation, if a project is rendered inoperable for longer than 12 months, regardless of the cause, the Authority may terminate the PPA and cease payments to the owner.

33. What happens at the end of the PPA term?

At the end of the PPA term, the system owner may keep, dismantle or sell the system, and its continued operation and interconnection to the Authority’s grid would be subject to the terms and conditions in place at the time the PPA expires. The system owner will be responsible for complying with all laws and regulations in effect at the end of the contract term applying to system removal, safe disposal of equipment, and site restoration.

34. What is the latest Commercial Operation Date (COD) that would be accepted?

The executed PPA will define the target COD which is 1 year for projects sized 200 kW – 999 kW and 2 years for projects sized 1 MW – 5 MW. It also defines the process, if needed, for requesting an extension of the TCOD. This includes the seller demonstrating to our reasonable satisfaction such a request for an extension. That extension would be for an additional 12 months. The extension request notice must be given no later than 20 business days prior to the TCOD.

35. Is there an application fee?

Yes. At the time of application for the Solar Communities FIT, the Proposer will need to provide a copy of the certified check. Then, within three (3) business days of the application they must submit a certified check payable to PSEG Long Island for the higher of (a) \$1,000; or (b) \$1 per kilowatt capacity (AC rating) of the proposed project for each application. The application fee will be non-refundable. Certified checks should be delivered to:

PSEG Long Island
ATTN: Power Program Operations
175 E. Old Country Road – Suite 1-16
Hicksville, NY 11801

37. In what format should bids be submitted?

An application form will be available on the Manager’s website.

38. Can multiple projects be included under one application?

No. Each project requires its own application.

39. Is there a recommended or approved list of consultants or contractors?

No, Generation Project owners are free to use whatever resources they choose.

40. How do I submit additional information regarding my project that cannot be inputted directly into the FIT application?

Applicants may submit additional project information that cannot be entered directly into the FIT application as a separate attachment to their application.

41. Will the Authority provide water, or any other utility, to the project?

No. Water, or any other utility, are the responsibility of the Generation Project owner.

42. When will developers be notified about winning bids?

It is anticipated that notification of initial awards of Power Purchase Agreements will occur in the fourth quarter of 2020. This estimated schedule is subject to change.

43. Are applications for mutually exclusive proposals on the same site allowed?

Yes. Applications for mutually exclusive proposals on the same site are allowed provided that the applicant identifies on its application the other mutually exclusive proposals. Applicants should identify the other mutually exclusive proposals in the "Other pertinent information relating to this proposal" section of the FIT application form.

44. Would the Project owner bear the risks and costs of output losses (e.g., associated with any lines and/or other equipment) that may occur from the generator up to the point of interconnection to the Authority's system?

Yes. The Project owner would bear the risks and costs of any output losses up to the point of interconnection to the Authority's system. The electricity output of the Project will be measured at the point of interconnection to the Authority's system using a dedicated meter and payments to the Project owner will be based on that output amount.

45. If LIPA orders the Project owner to reduce plant output, will LIPA pay for the energy that was not delivered but was available to deliver?

No. However, such a scenario is not expected to occur frequently. The Solar Power Purchase Agreement for the Solar Communities Feed-in Tariff Program (“PPA”) obligates the Authority to “purchase and receive or cause to be received, one hundred percent (100%) of the Solar Products generated by the Facility up to the Nameplate Capacity.” (See PPA Article 5.1) The Facility will not be ordered to reduce output as a result of economic dispatch. Nevertheless, certain circumstances may cause LIPA to order the Project to generate electricity at a level below its full capability for limited periods of time, without compensation for the undelivered energy. These include, without limitation, curtailment resulting from system maintenance or reliability emergencies.

46. How can I determine if the LIPA facilities near the site I am considering are adequate for the project size I will be proposing?

In accordance with SGIP procedures, developers can submit an interconnection inquiry to PAMFITLI@pseg.com describing the project’s details, location and size range. “Technical staff from PSEG Long Island discusses the scope of the interconnection with the potential applicant (either by phone or in person) and provide a copy of the SGIP document and any LIPA specific technical specifications that may apply. A PSEG Long Island representative will be designated to serve as the single point of contact for the applicant (unless PSEG Long Island informs the applicant otherwise) in coordinating the potential applicant’s project with PSEG Long Island.” SGIP procedures are located at: <https://www.psegliny.com/aboutpseglongisland/ratesandtariffs/sgip/-/media/82F7DB1527E8422E98C693458F3D372B.ashx>

Updated August 31, 2020

Addendum to #9 – An application whose project is already in the Smart Grid SGIP or NYISO Interconnection queue will not be accepted. If, the application is received prior to September 16, 2020, we will attempt to notify the bidder and provide an opportunity to remedy the deficiency. Then, if the bidder withdraws the application into the Smart Grid SGIP or NYISO Interconnection queue and re-submits the FIT V application prior to September 30, 2020, we will then review it following the first enrollment period. Once notified of award, the solar generation project then must apply within 10 business days for interconnection under the Smart Grid SGIP or NYISO Interconnection procedures.

Addendum to # 16 – The initial application must contain the Preferred Feeder and Voltage information and substation name, as well as the project address and location being adequately described with Google Map. However, we recognize that the location can change following the submission of an application to the Smart Grid SGIP or NYISO Interconnection procedures due to the availability of substation interconnection headroom. That value is unknown until a study confirms it afterwards. The application may then be amended afterwards to a new location provided the bid price does not change and the project size does not increase.

Updated June 07, 2021

47. If a project was previously awarded for the lower amount of their alternate size kW range, what happens to the remaining amount and how is that amount treated for future evaluation?

The remaining kW range not awarded will be placed on the Waiting List at the same price as in the original application. In the event that another previously awarded project is dropped from selection, is cancelled, or if the overall program size is increased, then all the projects on the Waiting List will be considered for selection and evaluated based upon their offered price.

In FAQ #23, we note that projects on the Waiting List may revise their offered price. The same applies to projects on the Waiting List that were previously awarded for the lower amount of their alternate size kW range. Those awardees may lower their offered price for the kW amount on the Waiting List. If accepted for an additional award, the awardee would receive both - the price awarded for the project size that was first selected plus the new price for the kW amount selected from the Waiting List. If already executed, the PPA may be amended with a single price point being pro-rated as the average of the two. Alternatively, a separate PPA may be issued for the portion (kW) of the project that was selected from the Waiting List.

For example, Developer A bids 2,000 kW at \$0.1300/kWh with an alternate size of 1,100 kW – 2,000 kW. An award is made for 1,100 kW at the \$0.1300/kWh. The remaining 900 kW is put on the Waiting List at \$0.1300/kWh. At a later date, Developer A lowers the price for the Waiting List value (900 kW) to \$0.1200/kWh. At a subsequent quarterly evaluation period, additional capacity has opened up. In conducting a review of all applications on the Waiting List, Developer A's project may get selected for 900 kW at the \$0.1200/kWh. If it's a single PPA, it will be for 2,000 kW at \$0.1255/kWh. Otherwise, one PPA for 1,100 kW at \$0.1300/kWh and another for 900 kW at \$0.1200/kWh.