

FAQ for Commercial Demand Customers as of October 16, 2019:

Who is eligible for Phase I NEM?

- Commercial Demand Customers with a project that is a Renewable Energy System and:
 - At the same location and behind the same meter as the electric customer whose usage they are designed to offset and;
 - Has a rated capacity of 750 kW AC or lower and;
 - Has an estimated annual output of less than or equal to 110% of the customer's historic annual usage in kWh.

What is a Renewable Energy System?

- On June 18, 2019, the Climate Leadership and Community Protection Act was signed into law and defines a Renewable Energy System as a system that generate electricity or thermal energy through use of the following technologies: solar thermal, photovoltaics, on land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity.

What Projects are Subject to Value Stack Crediting?

- Mass Market Customers with a Stand Alone Storage project.
- Commercial Demand Customers with projects for which any of the following is true:
 - Are not a Renewable Energy System
 - Have a rated capacity higher than 750 kW AC
 - Have an estimated annual output of more than 110% of the customer's historic annual usage
 - Are Stand Alone Storage.
- Community Distributed Generation Project Hosts, Commercial Demand Customers who participate as satellites, and Mass Market Customers who participate as satellites and submit completed applications after January 1, 2020.
 - For applications prior to January 1, 2020 Mass Market Satellites will receive compensation under Phase I NEM.
- Remote Net Metering Projects including hosts and all satellite accounts.

What is a Stand Alone Storage Project?

- A Battery Storage Project that is not paired with energy generation such as solar or wind.

What is Value Stack Crediting?

- Value Stack Crediting is a credit on your bill for on the net hourly kWh injections onto the grid. The Value Stack is a total of 6 components. Not all projects will receive credit for all of the components.

What are the components of Value Stack Crediting?

- **Energy**– Set at the wholesale market price for energy, using the day-ahead hourly locational-based marginal pricing (LBMP), inclusive of T&D losses.
- **Environmental benefits (“Value of E”)**– The greater of
 - (i) the New York State Energy Research and Development Authority (“NYSERDA”) posted Tier 1 renewable energy credit (“REC”) price or
 - (ii) the social cost of carbon, as of the operational date for the Customer-generator.
 - The environmental benefit is paid only to projects that sell their RECs to LIPA and is locked in for 25 years from in-service date (Commercial Operation Date - C.O.D.).
 - Only projects with a Renewable Energy System are eligible to receive the Environmental Value.

- **Capacity** – Compensation based on NYISO market capacity costs.
 - For non-dispatchable projects the customer may choose one of three alternative compensation methods.
 - For dispatchable projects the customer must choose the Alternative 3 Compensation method.
 - **Alternative 1** (default) – The sum of the project’s net calendar month injections (kWh) multiplied by the Alternative 1 VDER Value Stack Capacity Component value(\$/kWh) for that month.
 - **Alternative 2** – The sum of the project’s net injections (kWh) for each of the Capacity Alternative 2 Contracted Hours multiplied by the Alternative 2 VDER Value Stack Capacity Component (\$/kWh).
 - Capacity Alternative 2 Contracted Hours: The hours of 2:00pm to 7:00pm within a weekday, Monday through Friday, from June 24th to August 31st excluding Independence Day for a total of 240 or 245 hours, depending on the calendar for that year.
 - **Alternative 3** –The Customer-generator’s Capacity Value (“Capacity Tag”) multiplied by the current Monthly Spot Market Capacity Price.
- **Avoided demand (“D” or “DRV”)** – Based on the value of reducing the distribution grid’s peak load.
 - The DRV is a calculated value using the Authority’s most recent marginal cost of service study and is locked in for a 10 year period based upon the project in-service date.
 - DRV compensation will be calculated by multiplying the sum of the projects net injections during the DRV/LSRV Contracted hours by the DRV rate (see the LIPA Electric Service Tariff for the details of the contracted hours).
 - Customers may choose to waive the DRV compensation of the Value Stack and opt-in to participating in the Commercial System Relief Program (CSRP); opting into the CSRP is a one-time irreversible decision.
- **Locational System Relief Value (“LSRV”)**
 - The LSRV is a location-specific supplement to the DRV based on additional avoided costs at specifically defined locations on the Authority’s system.
 - The LSRV (\$/kW-year) is currently set at 50% of the DRV.
 - The LSRV will be fixed for 10 years based upon the project in-service date.
 - Customer-generators will receive an LSRV payment based on Load Relief when a LSRV Planned Event is called.
 - Customer-generators will receive payment based on the lowest hourly net kW injection during the called events.
 - There must be a minimum of 10 called events each year.
 - If there are not 10 called events, the customer-generator will be paid for the calls that did not occur based on their lowest hourly injection of called events for that year.
- **CDG Community Credit**
 - CDG Large Offsite Projects, **with Renewable Energy Projects**, will receive a CDG Community Credit as part of the Value Stack Calculation Bill Credit for 25 years from their in-service date.
 - Mass Market CDG Participants who receive the Value Stack Calculation Bill Credit will also receive the CDG Community Credit for 25 years from their in-service date.