

FOR CONSIDERATION

October 2, 2012

TO: The Trustees

FROM: Michael D. Hervey

SUBJECT: Remote Net Metering of Customer-Generation

REQUEST: Approval of Resolution Adopting Modifications to LIPA's Tariff for Remote Net Metering

Requested Action

The Trustees are being requested to approve a resolution adopting modifications to the Long Island Power Authority's ("LIPA") Tariff for Electric Service ("Tariff") to expand the net metering options available to non-residential customers consistent with the New York State Public Service Law and to increase LIPA's authorized capacity limit on net metering.

Background

Pursuant to Section 1020-g(h) of the LIPA Act, LIPA is required to implement policies and programs that provide for net metering to customer-generators consistent with Sections 66-j and 66-l of the Public Service Law ("PSL"). Chapter 35 of the Laws of 2011 amended PSL Sections §66-j and §66-l, effective June 1, 2011 (the "Law"), to implement remote net metering, which allows farm and non-residential customers with wind, solar or farm waste electric generating equipment at one location to utilize their excess generation to reduce their electric bills on accounts at other locations.

Staff proposes to implement such remote net metering consistent with the Law, which would allow a non-residential customer to designate a host account with solar, wind or farm waste generation, and have the excess generation monetized and allocated to a number of satellite accounts under the same name. Remote net metering would be limited to non-residential accounts with no more than 2,000 kW of eligible generating capacity at the host account.

Given the existing capacity limitation for net metering participation of 51.2 MW, it is expected that the cap will be reached at some point in 2013 under the current eligibility criteria. Based on the proposed expansion of net metering to include non-residential remote net metering, it is desirable to increase the cap on net metering from 51.2 MW to 150 MW at this time in order to ensure program continuity and to allow for the intended benefits of the legislation. I note that this expanded cap on net metering does not include wind net metering, which falls under a separate cap of 15.3 MW.

It is anticipated that implementing remote net metering would not result in any additional financial impact to LIPA because the anticipated lost revenues will be recovered through the Efficiency and Renewable cost recovery rider. Staff estimates that the reduction in Delivery Charge revenue associated with non-residential net metering would range from \$70,000 to \$87,600 per year for every MW of additional net metering installed. Accordingly, with an estimated aggregate enrollment of 50 MW of remote net metering, the estimated lost revenue would be between \$3.5 and \$4.4 million per year. Similarly, with an estimated increase in the aggregate net metering enrollment of 50 MW, the estimated lost revenue would be between an additional \$3.5 and \$4.4 million per year.

I note that public hearings were held on September 4, 2012 at the Omni Building in Uniondale and the H. Lee Dennison Building in Hauppauge. One member of the public from Long Island's solar industry commented favorably on the proposal. In addition, one written comment was received from the Solar Energy Industries Association in support of the proposal. No further comments were received and the public comment period has expired.

I further note that Staff has monitored the PSC processes that implemented the legislation for the regulated utilities, and believes that this proposal would provide LIPA customers with similar benefits as are available to other utility customers throughout New York State.

Recommendation

For the reasons stated, I recommend approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Attachment

Exhibit A	Resolution
Exhibit B	Proposal
Exhibit C	Tariff Leaves (redlined and clean versions)

**APPROVAL OF MODIFICATIONS TO LONG ISLAND POWER AUTHORITY
TARIFF FOR REMOTE NET METERING**

WHEREAS, the Long Island Power Authority's ("LIPA") Tariff for Electric Service ("Tariff") currently provides for net metering to certain customers for solar, wind and farm waste generation; and

WHEREAS, LIPA staff issued a proposal to modify LIPA's Tariff to institute Remote Net Metering, allowing non-residential customers with eligible renewable generation at one location to utilize their excess generation to reduce the electric bills at other electric accounts held by the same customer and to increase the authorized enrollment in net metering from 51.2 MW to 150 MW; and

WHEREAS, the proposed modifications are designed to make LIPA's Tariff consistent with Sections 66-j and 66-l of the Public Service Law ("PSL") as required under the LIPA Act; and

WHEREAS, absent an increase in the authorized cap for net metering, less than 13 MW remains available for net metering, including remote net metering; and

WHEREAS, following Public Notice in the State Register on July 18, 2012, two public hearings were held in Nassau and Suffolk counties on September 4, 2012, where comments were received from the public, and the public was afforded the opportunity to submit written comments by September 10, 2010; and

WHEREAS, the one oral comment received at the hearings and the one written comment received after the hearings were supportive of the proposal and do not otherwise warrant further modification to the Tariff at this time; and

WHEREAS, as discussed in the preceding Memorandum, the Proposal is in the public interest:

NOW, THEREFORE, BE IT RESOLVED, that the Proposal is hereby adopted and approved; and be it further

RESOLVED, that the attached Tariff leaves reflecting our action herein are approved.

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

LIPA Staff proposes revisions to the Tariff for Electric Service regarding the net metering of non-residential solar, photovoltaic, farm waste, farm wind, and non-residential wind electric generators. Specifically, Staff proposes additions to the General Terms and Conditions of its Tariff to implement recent New York State legislation instituting Remote Net Metering.

Background and Proposal:

Chapter 35 of the Laws of 2011 (the "Act") amended New York State Public Service Law Sections §66-j and §66-l, effective June 1, 2011, to allow non-residential customers with eligible renewable generation at one location to utilize their excess generation to reduce the electric bills at other electric accounts held by the same customer. Prior to the Act, New York utilities were required under the Public Service Law to provide for the interconnection and net energy metering of wind, solar and farm waste generating equipment owned or operated by a "customer-generator", including residential, farm service and non-residential customers. The amendments to the Public Service Law authorized farm and non-residential customers to more practically utilize renewable energy resources by allowing the use of remote net-metering.

In this regard, the prior law required the customer-generator's load and generation equipment to be located at the same site and measured on a single meter. In some instances, it is not practical or possible to utilize electricity on the immediate site where it is produced. In other cases, customers may have multiple meters for multiple buildings/facilities. As the law did not allow customers to utilize the electricity they produced on more than one meter, or on a meter not connected to the site of electricity production, the Legislature amended the Public Service Law to permit farm and non-residential customers to be able to generate electricity at one location and, via remote net metering, obtain credit for such electricity generation at another location. Accordingly, remote net metering is seen as a tool for encouraging non-residential customers to install more renewable generation to meet more of their overall electric consumption at individual locations than would be economical if they had to size their generation to serve each account separately.

Staff proposes changes to the Tariff that implement remote net metering in the Authority's Service Area in compliance with the Act. As proposed, eligible remote net metering customers must designate a Host Account (the site where the eligible generator is interconnected with the distribution system) and one or more Satellite Accounts held by the same customer which receives the benefits from any excess generation. Customers must also designate the percentage of excess credits to be applied to the Satellite Account(s) and the percentage, if any, to remain at the Host Account. The customer will be able to designate additional Satellite Accounts, remove existing Satellite

accounts, and change the percentage allocations among the Satellite accounts, once per year effective on January 1st.

In a month where the Host Account generates more electricity than it consumes, the excess energy will be converted to the equivalent monetary value at the per kWh rate applicable to the Host Account's service classification. That monetary credit will first be applied to the Host Account's electric bill (to offset demand charge, daily or monthly service charges, payments in lieu of taxes or other assessments) and any remaining monetary credit will be allocated to the Satellite Accounts based on the percentage designated by the customer. The portion of the excess bill credit designated to each Satellite Account will be applied to their next bill, and if the credit designated for an individual Satellite Account exceeds the charges on that bill, the remaining balance of the credit allocated to that individual Satellite Account will be returned to the Host Account for distribution in the following month. Once every 12 months, on the customer's anniversary date, any credits still remaining with the Host Account will be converted back from monetary credits to kWh credits, and purchased by LIPA at the same rate for annual reconciliation specified for stand-alone net metering customers.

The following additional points should be noted regarding the remote net metering proposal:

- Customers do not need to own the property or the generating equipment at the Host Account site or the Satellite Account sites, but the same customer needs to be responsible for the accounts at each of the designated host and satellite locations.
- Remote net metering is limited to non-residential accounts with no more than 2,000 kW of eligible generating capacity at the Host Account.
- Eligibility for remote net metering is limited to solar photovoltaic, farm waste, and wind customer-generators. These technologies are already defined in the Tariff.
- The monetary credits will be calculated using the same per-kWh charges that apply to customers without the eligible generation, including the Energy Charge (per-kWh) component of the Delivery Charge, the entire Power Supply Charge and the entire Efficiency and Renewables Charge¹. The specific Service Classification will be determined based on the size of the facilities that LIPA needs to provide to the Host Account.

Staff also proposes to increase the cap on participation in net metering beyond the 51.2 MW² currently authorized within the Tariff to 150 MW. The existing cap, which equates to 1% of LIPA's peak load in 2005, was specified within the net metering legislation

¹ Monetary credits will not be calculated for the Visual Benefits Assessment which is applicable only within the Designated Area of the Town of Southampton. The Visual Benefits Assessment is intended to recover specific costs related to improvements within the Town and is not transferable between accounts or outside the Designated Area.

² This cap excludes wind customer-generation, which has a separate net metering cap of 15.3 MW as specified in PSL 66-1. No change in the cap on wind net metering is proposed.

(PSL 66-j) as the minimum requirement. However, it has been LIPA's policy to actively promote solar customer-generation, and Staff estimates that the 51.2 MW cap will be exceeded sometime in 2013, based on current projections. The authorization for remote net metering will only increase customer interest in net metering and both stimulate and accelerate the development of solar customer-generation. Since net metering privileges are a key incentive that support the development of solar customer-generation (along with the rebates offered by LIPA), Staff's proposal avoids the potential situation where LIPA is rebating solar installations on the one hand, but denying net metering privileges to those same customers on the other hand.

The recommended cap is intended to produce a balanced distribution of LIPA's solar generation resources among the several tariff and program initiatives:

50 MW	individual net metered installations (based on existing cap)
50 MW	individual net metered installations (projected by 2016 if cap is increased)
<u>50 MW</u>	<u>remote net metered installations (proposed)</u>
150 MW	subtotal for net metering cap (proposed)
50 MW	feed-in tariff installations (proposed, through 2014)
<u>50 MW</u>	<u>large scale installations (existing BP and EnXco projects)</u>
100 MW	subtotal for direct purchase of solar PV generation

250 MW total solar installations authorized (assuming proposed initiatives)

Financial Impacts:

Staff estimates that the reduction in Delivery Charge revenue ("lost revenue") associated with non-residential net metering ranges from \$70,000 to \$87,600³ per year for every MW of solar remote net metering installed. Assuming an aggregate enrollment of 50 MW for remote net metering under the expanded cap on participation, the estimated lost revenue would be between \$3.5 and \$4.4 million per year.

The lost revenues associated with remote net metered solar generation are recoverable through the Efficiency and Renewables Charge, since the current Renewable Resource Program guidelines provide a limited rebate incentive (currently not to exceed \$65,000⁴) for the installation of remote net metering projects. Furthermore, the treatment of remote net metering customers and the associated lost revenues under the solar entrepreneur program would be included as part of the annual budget process presented to the Trustees as required by the Tariff, so that the Trustees can review the issue on a periodic basis.

³ Lost revenues from customers with large solar generation are approximately 4¢/kWh and each MW of solar generation produces from 1,750 to 2,190 MWhs of energy. Solar photovoltaic generation continues to be the most popular form of renewable generation on Long Island and will most likely be the source of generation for remote net metering.

⁴ \$1.30 per watt times 50,000 watts (50 kilowatts).

Assuming continued recovery of the lost revenues through the Efficiency and Renewables Charge, there would be no impact on LIPA's overall revenue. Furthermore, residential customer's bill will not be impacted, as the remote net metering program as proposed will redistribute the recovery of lost revenues to large non-residential demand-metered customers only.

Proposed Tariff Changes:

1. Addition of Remote Net Metering Provisions for Non-Residential Solar, Farm Waste, Farm Wind and Non-Residential Wind Customer Generators

Affected Tariff Leaves: Leaves 1, 34G, 34I, 34J, 35, 37, 37A, 38 and 38A.

Reason for Tariff Change

To implement remote net metering in accordance with Chapter 35 of the Laws of 2011.

2. Increase the Cap on Participation in Net Metering for Customer Generators excluding Wind Customer Generators

Affected Tariff Leaves: Leaf 34B.

Reason for Tariff Change

To authorize the additional participation that is expected from remote net metering.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariffs for Electric Service will implement remote net metering in the Authority's Service Area in accordance with Chapter 35 of the Laws of 2011. The proposed revised Tariff Leaf Nos. 1, 34B, 34G, 34I, 34J, 35, 37, 37A, 38 and 38A are attached.

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I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering (continued):**

- (8) A Non-residential Solar or Wind Electric Customer-generator shall be net metered if the rated capacity of the Solar Electric Generating Equipment is equal to or less than 2,000 kilowatts. If the rated capacity of the Solar Electric Generating Equipment is greater than the limits specified herein, net metering shall not apply and the Customer-generator may be served under Service Classification 11-Buy-Back service.

b) Total Capacity Limitations on Net Metering for Customer-Generators

- (1) The Authority will sign a contract with each of the Residential and Non-residential Solar, Farm Waste, Micro-Combined-Heat-and-Power and Fuel Cell Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Solar, Farm Waste, Micro-Combined-Heat-and-Power, and Fuel Cell Electric Generating Equipment owned and/or operated by Customer-generators in the Authority's Service territory is equal to 150,000~~51,200~~ kW, which exceeds the minimum representing one percent (1.0%) of the Authority's electric peak demand for the year 2005 that is required by law.
- (2) The Authority will sign a contract with each of the Residential, Farm Service and/or Non-residential Wind Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Wind Electric Generating Equipment owned or operated by the Customer-generators in the Authority's service territory is equal to 15,300 kW, which represents three-tenths percent (0.3%) of the Authority's electric peak demand for the year 2005.
- (3) The Authority reserves the right to authorize additional generating capacity.

c) Requirements for Installation and Operation

- (1) Wiring and switches for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Fuel Cell, Wind or Hybrid Electric Generating Equipment, owned and/or operated by Customer-generators to supply their load and feed energy to the Authority's electric system, shall be arranged in parallel so as to permit the flow of current from the Authority to the Customer-generator and vice-versa.
- (2) Solar, Farm Waste, Micro-Combined-Heat-and-Power, Fuel Cell, Wind or Hybrid Electric Generating Equipment installed in parallel with the Authority's system must comply with the Authority's "Interconnection Guide for Independent Power Producers".
- (3) The Authority shall require a Customer-generator who owns and/or operates Farm Waste, Micro-Combined-Heat-and-Power, Fuel Cell, Wind, Solar or Hybrid Electric Generating Equipment to pay for the installation of dedicated transformer(s) if it is determined that dedicated transformer(s) is (are) necessary to protect the safety and adequacy of electric service provided to other Customers.
- (4) The Authority may require a Customer-generator who owns and/or operates Solar, Farm Waste, Micro-Combined-Heat-and-Power, Fuel Cell, Wind or Hybrid Electric Generating Equipment to comply with additional safety or performance standards than those specified in the Authority's "Interconnection Guide for Independent Power Producers", perform or pay for additional tests, or purchase additional liability Insurance when the total rated generating capacity of the electric generating equipment that provides electricity to the Authority through the same local feeder line exceeds twenty (20%) of the rated capacity of the total feeder line

I. General Information (continued):

C. General Terms and Conditions (continued):

Net Metering (continued):

Summary of Eligibility for Net Metering

Segment	Installed Generating Capacity	Excess Generation in Billing Period*	Excess Generation on Anniversary Date*
Residential Customer-Generator	Not to exceed 25 kW in any combination of solar and/or wind electric generation	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
	At least 1 kW and not to exceed 10 kW of micro-combined-heat-and-power and/or fuel cell electric generation	Purchased by LIPA the Authority at SC-11 Avoided Cost Rate on leaf 34H	Not applicable
Farm Service Customer-Generator	Solar electric generating equipment not to exceed 25 kW	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
	Wind electric generating equipment not to exceed 500 kW	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
	Farm waste electric generating equipment not to exceed 1,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
	Any combination of solar, wind and farm waste electric generating equipment not to exceed 1000 kW total, of which solar cannot exceed 25 kW solar	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
Non-residential Customer-Generator	Not to exceed 2,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H.
Any Customer that exceeds the Limits specified above or installs electric generating equipment that does not qualify for Net Metering or Remote Net Metering		Not eligible for Net Metering. Energy may qualify for purchase under SC-11.	Energy may qualify for purchase under SC-11.
* Note: On termination of service, any remaining excess generation will be purchased by LIPA the Authority at the SC-11 Avoided Cost Rate on leaf 34H for the month in which service was terminated.			

I. General Information (continued):**C. General Terms and Conditions (continued):**16. Remote Net Metering:a) Customer Requirements and Eligibility

(1) Non-Residential Solar Electric Customer-generators and Farm Waste Customer-generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-j. Non-Residential Wind Customer-generators and Farm Wind Customer-generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-l.

(2) A Customer-generator who qualifies as stated above may designate all or a portion of their excess net metering credits generated by such equipment to any account in the same name as the Customer-generator. LIPA reserves the right to obtain proof that all accounts are held by the qualifying Customer-generator. For purposes of remote net metering, the account where the generator is connected will be defined as the Host account and those eligible accounts that are designated by the Host account to receive excess net metering credits will be defined as Satellite accounts.

(3) The terms and conditions for net metering applicable to the Host Account are contained in Section I.C.15, except as modified below.

b) Net Metering Credits

(1) The Host account must designate their Satellite accounts and the percentage of their net metering credits designated to these Satellite accounts when submitting their initial remote net metering application. After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's remote net metering arrangement to be effective on January 1 of each year thereafter, with 30 days advance notice.

(2) The Satellite account must meet the following requirements:

a) The Satellite account must be designated as premises owned or leased by the non-residential Host account and in the same name within LIPA's billing system as the Host account Customer-generator.

b) Both the Satellite account and the Host account must be within LIPA's service territory

c) The Satellite account must be in the same load zone as the Host account as of the date of the initial application of the Host account to be eligible for remote net metering and must remain in the same load zone as the Host account to continue to be eligible to receive excess net metering credits.

d) Only one Host account can be designated for each remote net metering arrangement and no Satellite account can be a Customer-generator.

I. General Information (continued):**C. General Terms and Conditions (continued):**16. Remote Net Metering (continued):

- (3) In the event that the amount of electric energy supplied by LIPA to the Host Account during the billing period exceeds the amount of electric energy provided by the Host account to LIPA during the same billing period, LIPA shall charge the Host account the rates provided in the Service Classifications applicable to the Host account Customer-generator for only the net amount of energy provided to the Host account, plus the amount of demand actually recorded in that billing month and other charges as applicable. The appropriate Service Classification for the Host account will be determined on the basis of the larger of the load at the Host account or the generation at the Host account.
- (4) In the event that the amount of electric energy provided by the Host account to LIPA in any billing period exceeds the amount of electric energy supplied by LIPA to the Host account during the same billing period, the Host account shall be regarded as having received no electric energy (kWh) during that billing period.
- a) Demand and other applicable charges will still apply to the Host account and the Satellite accounts. Host Accounts and Satellite accounts will be subject to applicable actual demand charges consumed in the billing period. LIPA will not adjust the demand charge to reflect demand ratchets or monthly demand minimums that might be applied to a standard tariff for net metering purposes.
- b) If the Host account has excess on-site generation, the excess generation shall be converted to a monetary credit at the Host account's applicable tariff per kWh rate and applied as a direct credit to the host account's outstanding electric charges.
- c) In the event that the excess on-site generation of the Host account as described in b) above exceeds all components of the host account's outstanding LIPA balance, the remaining monetary credit will be allocated to the eligible designated Satellite accounts in the following manner:
- (1) Any remaining monetary credit will be applied to the eligible designated Satellite accounts at the percentage designated by the Customer-generator and in the order that each subsequent Satellite account bills in LIPA's billing system. This process will continue through each day in the current and subsequent billing cycle until each Satellite account has been billed. The monetary credit applied to each satellite account shall not exceed the Satellite account's charges for that billing period. Any allocated credits that exceed the amount that can be used by a Satellite account in that billing cycle will be returned to the Host account.
- (2) If a monetary credit remains with the Host account after all the designated Satellite accounts have been billed, the remaining monetary credit will be applied as a direct monetary credit to the Host account. The monetary credit remaining will be redistributed in any subsequent billing cycle to the designated satellite accounts prior to the annual reconciliation.
- (5) Annual Reconciliation of Remaining Credits.

Any monetary credits remaining with the Host account on the annual Anniversary Date will be converted back to kWhs and reconciled in accordance with the annual reconciliation procedures for net metering of an individual account.

I. General Information (continued):**C. General Terms and Conditions (continued):****Customer-Owned Electric Generating Equipment (continued):****167. Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes**

- a) If the internal wiring of a building was installed before January 1, 1977, a Customer may purchase electricity metered through a single master meter for the entire building and collect no more than the cost for the electricity, as billed by the Authority, from the tenants as part of their rent.
- b) Private or governmental owners or operators of rental units may replace master-metering with sub metering if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
 - (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered residential rate would be to each tenant, and
 - (4) Complaint procedures and tenant protections that are consistent with the rights and protections set forth in this Tariff.

I. General Information (continued):**C. General Terms and Conditions (continued):****Resale, Redistribution, and Submetering of Electricity for Residential Purposes (continued):**

- 5) Where one or more tenants are not shareholders or owners: it is certified to the satisfaction of the President and Chief Executive Officer's designee that at least 70 percent of all shareholders or owners want sub-metering and that all of the non-shareholder or non-owner tenants approved the plan for sub-metering that meets the conditions in 2-4 above, or
 - (6) Where one or more non-shareholder or non-owner tenants refuse to agree to sub-metering, the President and Chief Executive Officer's designee approves an application that meets the conditions in *b.1-6* above.
- e) New or Renovated Cooperatives and Condominiums may use sub-metering if:
- (1) All the tenants are shareholders or owners, and
 - (2) The President and Chief Executive Officer's designee approves an application which verifies that: the sub-metered building will be a cooperative or a condominium, and
 - (3) The sub-meterer meets the conditions in *b.3,4* and 6 above and that the rate cap, grievance procedures, and protections referred to shall continue until a cooperative or condominium board takes control of the building, and
 - (4) When the board takes control of the building, it certifies to the satisfaction of the President and Chief Executive Officer's designee that it will sub-meter electricity using a plan that meets the conditions in *b.3,4* and 6 above, and
 - (5) Savings from sub-metering shall be used for energy conservation.
- f) Sub-metering shall be permitted in campgrounds, recreational trailer parks and marinas.
- g) The applications for permission to sub-meter that are required under C.~~15~~17 should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553.
- h) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.~~15~~17 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- i) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meterer.

I. General Information (continued):

C. General Terms and Conditions (continued):

**Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes
(continued):**

- j) The Authority (including the President and Chief Executive Officer's designee) may require any Applicant or customer to provide satisfactory proof that all the electrical power being supplied to the Applicant or Customer is being used or will be used according to the conditions in C.4517, and the Authority may discontinue service if the Customer does not comply with these conditions.

I. General Information (continued):**C. General Terms and Conditions (continued):****178. Resale, Redistribution, and Sub metering of Electricity for Nonresidential Purposes**

- a) Customers or Applicants may sub meter electricity in properties used for nonresidential or commercial purposes if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
 - (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub-metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered commercial rate would be to each tenant, and
 - (4) Reasonable complaint procedures and tenant protections, and
 - (5) A method for notifying, in writing, all tenants of the proposal to sub-meter. The notification shall include the name, title, address and telephone number of the President and Chief Executive Officer's designee, and
 - (a) A summary of the information given to the President and Chief Executive Officer's designee in 1-4 above, and
 - (b) An invitation to make comments to the President and Chief Executive Officer's designee.
 - (6) A guarantee that the method of calculating the rate and the rate cap, complaint procedures, and tenant protections shall be explained in plain language and be part of all leases governing sub-metered premises.
- b) The applications required under a. above should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553
- c) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.4618 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- d) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meterer.

I. General Information (continued):

C. General Terms and Conditions (continued):

178. Resale, Redistribution, and Sub-metering of Electricity for Nonresidential Purposes

- e) The Authority (including the President and Chief Executive Officer's designee) may require any Applicant or Customer to provide satisfactory proof that all the electrical power being supplied to the Applicant or Customer is being used or will be used according to the conditions in C. ~~46~~18, and the Authority may discontinue service if the Customer does not comply with these conditions

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I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering (continued):****b) Total Capacity Limitations on Net Metering for Customer-Generators**

- (1) The Authority will sign a contract with each of the Residential and Non-residential Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Electric Generating Equipment owned and/or operated by Customer-generators in the Authority's Service territory is equal to 150,000 kW, which exceeds the minimum one percent (1.0%) of the Authority's electric peak demand for the year 2005 that is required by law.
- (2) The Authority will sign a contract with each of the Residential, Farm Service and/or Non-residential Wind Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Wind Electric Generating Equipment owned or operated by the Customer-generators in the Authority's service territory is equal to 15,300 kW, which represents three-tenths percent (0.3%) of the Authority's electric peak demand for the year 2005.
- (3) The Authority reserves the right to authorize additional generating capacity.

c) Requirements for Installation and Operation

- (1) Wiring and switches for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment, owned and/or operated by Customer-generators to supply their load and feed energy to the Authority's electric system, shall be arranged in parallel so as to permit the flow of current from the Authority to the Customer-generator and vice-versa.
- (2) Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment installed in parallel with the Authority's system must comply with the Authority's "*Smart Grid Small Generator Interconnection Procedures*".
- (3) The Authority shall require a Customer-generator who owns and/or operates Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind, Solar or Hybrid Electric Generating Equipment to pay for the installation of dedicated transformer(s) if it is determined that dedicated transformer(s) is (are) necessary to protect the safety and adequacy of electric service provided to other Customers.
- (4) The Authority may require a Customer-generator who owns and/or operates Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment to comply with additional safety or performance standards than those specified in the Authority's "*Smart Grid Small Generator Interconnection Procedures*", perform or pay for additional tests, or purchase additional liability Insurance when the total rated generating capacity of the electric generating equipment that provides electricity to the Authority through the same local feeder line exceeds twenty (20%) of the rated capacity of the total feeder line.

I. General Information (continued):

C. General Terms and Conditions (continued):

Net Metering (continued):

Summary of Eligibility for Net Metering

Segment	Installed Generating Capacity	Excess Generation in Billing Period*	Excess Generation on Anniversary Date*
Residential Customer-Generator	Not to exceed 25 kW in any combination of solar and/or wind electric generation	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	At least 1 kW and not to exceed 10 kW of micro-combined-heat-and-power and/or fuel cell electric generation	Purchased by the Authority at the Avoided Cost Rate on leaf 34H	Not applicable
Farm Service Customer-Generator	Solar electric generating equipment not to exceed 25 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Wind electric generating equipment not to exceed 500 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Farm waste electric generating equipment not to exceed 1,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Any combination of solar, wind and farm waste electric generating equipment not to exceed 1000 kW total, of which solar cannot exceed 25 kW solar	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
Non-residential Customer-Generator	Not to exceed 2,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
Any Customer that exceeds the Limits specified above or installs electric generating equipment that does not qualify for Net Metering or Remote Net Metering		Not eligible for Net Metering. Energy may qualify for purchase under SC-11.	Energy may qualify for purchase under SC-11.
* Note: On termination of service, any remaining excess generation will be purchased by the Authority at the Avoided Cost Rate on leaf 34H for the month in which service was terminated.			

I. General Information (continued):**C. General Terms and Conditions (continued):****16. Remote Net Metering:**a) Customer Requirements and Eligibility

- (1) Non-Residential Solar Electric Customer-generators and Farm Waste Customer-generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-j. Non-Residential Wind Customer-generators and Farm Wind Customer-generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-l.
- (2) A Customer-generator who qualifies as stated above may designate all or a portion of their excess net metering credits generated by such equipment to any account in the same name as the Customer-generator. LIPA reserves the right to obtain proof that all accounts are held by the qualifying Customer-generator. For purposes of remote net metering, the account where the generator is connected will be defined as the Host account and those eligible accounts that are designated by the Host account to receive excess net metering credits will be defined as Satellite accounts.
- (3) The terms and conditions for net metering applicable to the Host Account are contained in Section I.C.15, except as modified below.

b) Net Metering Credits

- (1) The Host account must designate their Satellite accounts and the percentage of their net metering credits designated to these Satellite accounts when submitting their initial remote net metering application. After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's remote net metering arrangement to be effective on January 1 of each year thereafter, with 30 days advance notice.
- (2) The Satellite account must meet the following requirements:
 - a) The Satellite account must be designated as premises owned or leased by the non-residential Host account and in the same name within LIPA's billing system as the Host account Customer-generator.
 - b) Both the Satellite account and the Host account must be within LIPA's service territory
 - c) The Satellite account must be in the same load zone as the Host account as of the date of the initial application of the Host account to be eligible for remote net metering and must remain in the same load zone as the Host account to continue to be eligible to receive excess net metering credits.
 - d) Only one Host account can be designated for each remote net metering arrangement and no Satellite account can be a Customer-generator.

I. General Information (continued):**C. General Terms and Conditions (continued):****Remote Net Metering (continued):**

- (3) In the event that the amount of electric energy supplied by LIPA to the Host Account during the billing period exceeds the amount of electric energy provided by the Host account to LIPA during the same billing period, LIPA shall charge the Host account the rates provided in the Service Classifications applicable to the Host account Customer-generator for only the net amount of energy provided to the Host account, plus the amount of demand actually recorded in that billing month and other charges as applicable. The appropriate Service Classification for the Host account will be determined on the basis of the larger of the load at the Host account or the generation at the Host account.
- (4) In the event that the amount of electric energy provided by the Host account to LIPA in any billing period exceeds the amount of electric energy supplied by LIPA to the Host account during the same billing period, the Host account shall be regarded as having received no electric energy (kWh) during that billing period.
 - a) Demand and other applicable charges will still apply to the Host account and the Satellite accounts. Host Accounts and Satellite accounts will be subject to applicable actual demand charges consumed in the billing period. LIPA will not adjust the demand charge to reflect demand ratchets or monthly demand minimums that might be applied to a standard tariff for net metering purposes.
 - b) If the Host account has excess on-site generation, the excess generation shall be converted to a monetary credit at the Host account's applicable tariff per kWh rate and applied as a direct credit to the host account's outstanding electric charges.
 - c) In the event that the excess on-site generation of the Host account as described in b) above exceeds all components of the host account's outstanding LIPA balance, the remaining monetary credit will be allocated to the eligible designated Satellite accounts in the following manner:
 - (1) Any remaining monetary credit will be applied to the eligible designated Satellite accounts at the percentage designated by the Customer-generator and in the order that each subsequent Satellite account bills in LIPA's billing system. This process will continue through each day in the current and subsequent billing cycle until each Satellite account has been billed. The monetary credit applied to each satellite account shall not exceed the Satellite account's charges for that billing period. Any allocated credits that exceed the amount that can be used by a Satellite account in that billing cycle will be returned to the Host account.
 - (2) If a monetary credit remains with the Host account after all the designated Satellite accounts have been billed, the remaining monetary credit will be applied as a direct monetary credit to the Host account. The monetary credit remaining will be redistributed in any subsequent billing cycle to the designated satellite accounts prior to the annual reconciliation.
- (5) Annual Reconciliation of Remaining Credits.

Any monetary credits remaining with the Host account on the annual Anniversary Date will be converted back to kWhs and reconciled in accordance with the annual reconciliation procedures for net metering of an individual account.

I. General Information (continued):**C. General Terms and Conditions (continued):****17. Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes**

- a) If the internal wiring of a building was installed before January 1, 1977, a Customer may purchase electricity metered through a single master meter for the entire building and collect no more than the cost for the electricity, as billed by the Authority, from the tenants as part of their rent.
- b) Private or governmental owners or operators of rental units may replace master-metering with sub metering if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
 - (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered residential rate would be to each tenant, and
 - (4) Complaint procedures and tenant protections that are consistent with the rights and protections set forth in this Tariff.

I. General Information (continued):**C. General Terms and Conditions (continued):****Resale, Redistribution, and Submetering of Electricity for Residential Purposes (continued):**

- (5) Where one or more tenants are not shareholders or owners: it is certified to the satisfaction of the President and Chief Executive Officer's designee that at least 70 percent of all shareholders or owners want sub-metering and that all of the non-shareholder or non-owner tenants approved the plan for sub-metering that meets the conditions in 2-4 above, or
 - (6) Where one or more non-shareholder or non-owner tenants refuse to agree to sub-metering, the President and Chief Executive Officer's designee approves an application that meets the conditions in *b.1-6* above.
- e) New or Renovated Cooperatives and Condominiums may use sub-metering if:
- (1) All the tenants are shareholders or owners, and
 - (2) The President and Chief Executive Officer's designee approves an application which verifies that: the sub-metered building will be a cooperative or a condominium, and
 - (3) The sub-meterer meets the conditions in *b.3,4* and 6 above and that the rate cap, grievance procedures, and protections referred to shall continue until a cooperative or condominium board takes control of the building, and
 - (4) When the board takes control of the building, it certifies to the satisfaction of the President and Chief Executive Officer's designee that it will sub-meter electricity using a plan that meets the conditions in *b.3,4* and 6 above, and
 - (5) Savings from sub-metering shall be used for energy conservation.
- f) Sub-metering shall be permitted in campgrounds, recreational trailer parks and marinas.
- g) The applications for permission to sub-meter that are required under C.17 should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553.
- h) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.17 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- i) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meterer.

I. General Information (continued):

C. General Terms and Conditions (continued):

**Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes
(continued):**

- j) The Authority (including the President and Chief Executive Officer's designee) may require any Applicant or customer to provide satisfactory proof that all the electrical power being supplied to the Applicant or Customer is being used or will be used according to the conditions in C.17, and the Authority may discontinue service if the Customer does not comply with these conditions.

I. General Information (continued):**C. General Terms and Conditions (continued):****18. Resale, Redistribution, and Sub metering of Electricity for Nonresidential Purposes**

- a) Customers or Applicants may sub meter electricity in properties used for nonresidential or commercial purposes if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
 - (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub-metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered commercial rate would be to each tenant, and
 - (4) Reasonable complaint procedures and tenant protections, and
 - (5) A method for notifying, in writing, all tenants of the proposal to sub-meter. The notification shall include the name, title, address and telephone number of the President and Chief Executive Officer's designee, and
 - (a) A summary of the information given to the President and Chief Executive Officer's designee in 1-4 above, and
 - (b) An invitation to make comments to the President and Chief Executive Officer's designee.
 - (6) A guarantee that the method of calculating the rate and the rate cap, complaint procedures, and tenant protections shall be explained in plain language and be part of all leases governing sub-metered premises.
- b) The applications required under a. above should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553
- c) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.18 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- d) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meterer.

I. General Information (continued):

C. General Terms and Conditions (continued):

18. Resale, Redistribution, and Sub-metering of Electricity for Nonresidential Purposes

- e) The Authority (including the President and Chief Executive Officer's designee) may require any Applicant or Customer to provide satisfactory proof that all the electrical power being supplied to the Applicant or Customer is being used or will be used according to the conditions in C.18, and the Authority may discontinue service if the Customer does not comply with these conditions