

Suffolk Closeup - Are Rate Payers Required To Pay LIPA For Services Not Provided?

By Karl Grossman · smithtownmatters.com · 4 min

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lynn arthur

SUFFOLK CLOSEUP



It's a change in the distribution of electricity and gas that is called Community Choice Aggregation. CCA is a program which a municipality can adopt that covers ratepayers in its area.

The municipality could require all or some portion of the supply to be generated by renewable sources such as solar and wind. Thus, CCA would encourage the use of renewable energy.

Also, the municipality through a "CCA administrator" could seek competitive bids for electricity and gas. In this way, CCA would facilitate the purchase of energy on the open market so ratepayers would not have to settle for the price set by their area's utility.

However, in regard to cost-savings, Lynn Arthur, who has been a leading proponent of CCA on Long Island, says the Long Island Power Authority has undermined that aspect of CCA here. Ms. Arthur, energy chair of the Southampton Town Green Sustainability Advisory Committee, says LIPA is having CCA placed under its "Long Island Choice" program with "an adjustment" charged that would be equivalent to the difference between the price obtained by a CCA and what LIPA's electricity operator, PSEG Long Island, charges.

This, says Ms. Arthur, is an exception to how CCA works everywhere else in the state. "In fact, it creates two classes of municipalities—those which would have CCA in its pure form and here on Long Island, having the LIPA version of CCA."

"What is the justification," she asks, "to require residents to pay LIPA for services not provided?" LIPA's "required payment," she says, "could significantly impede the Long Island CCA program and therefore undermine a critical renewable energy program."

However, Justin Bell, vice president of public policy and regulatory affairs at LIPA, in answer to my query to LIPA about this said it is an incorrect description of what LIPA has arranged. Bell wrote: "For a CCA customer, energy and other services are procured by the CCA instead of by LIPA. Since LIPA doesn't have to supply the energy and other services, LIPA gives the CCA and its customers bill credits equal to the market value of those services. This means that a CCA could save money for customers if the CCA is able to procure the energy and other services at below-market prices."

Mr. Bell further wrote: "Since the CCA gets these services somewhere else, in order to be fair, the utility credits, i.e. deducts, the cost of these services on the bills we send to CCAs and their customers." He said: "This approach is fair to both customers that buy power through a CCA and those that don't. Neither has an advantage relative to the other. Any other arrangement—for example, if LIPA gave Choice customers an above-market discount—would be a subsidy from the rest of LIPA customers to CCA customers."

New York State's Public Service Commission in 2016 opened up having municipalities

in the state arrange for CCA programs. More than 100 municipalities have passed enabling legislation providing this. The Town of Southampton was the first on Long Island to do so.

Brookhaven Town Supervisor Edward Romaine is a strong supporter of CCAs.

"CCA is the most powerful way to green the grid quickly," said Ms. Arthur. "It's the single biggest action a municipality can take. You can basically take a whole town of people and switch them at one time over to renewable energy. People can do individual renewable energy projects. But to have a whole town switch to renewables, that's a giant step."

But energy savings is also what makes CCA a good program, she declares. For example, said Ms. Arthur, among the New York State municipalities that have gone ahead with a CCA program has been Westchester County and in the past two years CCA has saved \$15 million for the 130,000 ratepayers in Westchester, she said.

As the New York State Energy Research and Development Authority explains on its website: "The purpose of Community Choice Aggregation is to allow participating local governments to procure energy supply service...for...energy customers in the community." Through a CCA "customers will have the opportunity to have more control to lower their overall energy costs, to spur clean energy innovation and investment, to improve customer choice and value, and to protect the environment, thereby fulfilling an important public purpose."

LIPA was created in 1985 and says on its website that it has a "mission to enable clean, reliable, and affordable electric service for our customers."

Ms. Arthur says a campaign is being launched to get LIPA to eliminate what she describes as its "fee" plan for participants in a CCA. She says more information is on the website www.choicecommunitypower.com. Says Ms. Arthur: "The power of public pressure is very important."



Karl Grossman is a veteran investigative reporter and columnist, the winner of numerous awards for his work and a member of the L.I. Journalism Hall of Fame. He is a professor of journalism at SUNY/College at Old Westbury and the author of six books.