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Towns accuse LIPA of stifling energy competition



Town of Brookhaven Supervisor Ed Romaine, seen in 2019, said after months of trying to get a community choice program off the ground for electricity, has appealed to LIPA to make alterations that will facilitate it. Credit: Newsday / Steve Pfost

By Mark Harrington

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Brookhaven and Southampton town officials this week charged LIPA is continuing to block their efforts to contract alternative energy suppliers to offer cheaper, greener power to their constituents, prompting them to call for state legislation to force the authority to comply with state law.

LIPA earlier this year adjusted its official rule book to allow for programs already in place across the state called Community Choice Aggregation, which let local municipalities pool together their constituent residents and businesses for increased buying power when seeking an outside energy company for cheaper, or greener, power.

But officials in Brookhaven and Southampton, which have approved local laws to accommodate the choice power-supply programs, say LIPA's approach to community choice renders their programs unfeasible for suppliers and customers.

Brookhaven Supervisor Ed Romaine, who has tangled with LIPA for years in an attempt to jump-start the programs that promise competitive energy costs to LIPA's, said after months of trying to get a community choice program off the ground for electricity, he has appealed to LIPA to make alterations that will facilitate it.

Romaine said he hasn't been happy with LIPA's foot-dragging over the years, and he has suspicions of why the authority is making it so difficult.

"They don't want to see their control of energy slip away," Romaine said of LIPA. "That's disappointing when 1.3 million people could benefit from lower electric rates. ... They have a tariff that would discourage people from buying power from sources other than them."

LIPA in a letter to Romaine last week, said it was working on a "collaborative process" to modify its program to "further facilitate customer participation," while recognizing the need for "all customers to share in the costs of maintaining a reliable electric grid."

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Nevertheless, Brookhaven and Southampton appealed to Assemb. Fred Thiele (I-Sag Harbor) to draft legislation that would force LIPA to structure its program like those in the rest of the state, which approved the concept in 2016.

bill "a priority."

Thiele on Thursday called the

"Currently, LIPA has no incentive to implement a real CCA program and are not subject to the same oversight as privately owned utilities in the state," he said. "As a result, Long Islanders are saddled with a program that doesn't work."

LIPA in a statement said it has been "working with public officials, industry representatives, and interested stakeholders as we enhance our green choice and aggregation programs and will be participating in the ongoing review of retail competition on Long Island launched on October 16 by the DPS. We look forward to the feedback of all stakeholders."

It's not just Brookhaven complaining.

Town of Hempstead Supervisor Don Clavin said while the town was "actively exploring the implementation of cost-saving Community Choice Aggregation options for Hempstead residents, some obstacles currently prevent it from being as beneficial to ratepayers as it is in other regions of the state."

Clavin said changes are needed to LIPA tariffs "that are critical to ensure the viability of CCAs across Long Island. We are in communications with other townships and municipalities to work with stakeholders to ensure a fair and equitable system for all."

"They are dragging their feet," said Frank Zappone, deputy supervisor for Southampton Town, calling LIPA's program "more than just an obstacle, it's a roadblock to a successful community choice program."

He noted that LIPA's program is based on one created more than 10 years ago called Long Island Choice, which was supposed to encourage competition from energy service companies. But those companies have largely

abandoned the Long Island market because of restraints in the LIPA rules.

Zappone said the town has been in discussions with LIPA for the past several months to work on adjustments to the program. The town wants its community choice program in place by 2021, and Zappone believes the Thiele legislation may be the best way to leverage LIPA into amending its program to work for customers.

In a September letter to LIPA's top executive and its board, Jessica Stromback, managing director of Joule Assets, which manages Southampton's community choice program, said she was "concerned because it has become clear to us that the structure of the LIPA Choice Tariff will not allow for a competitive CCA electricity supply process."

She said the structure of the LIPA program "blocks our authority, Governor Cuomo's agenda, as well as our own important municipal agenda."

She cited LIPA billing limitations and a rule that requires all outside energy service companies to pay a charge for energy and capacity costs. Those purportedly pass-through costs, she wrote, ensure that "no competitive suppliers will participate" in such a program, in part because suppliers would "lose money in the event that market prices are high."

Stromback concluded that LIPA's plan, as currently written, "undermines important aspects of the Governor's Climate Action Plan" by limiting bids from green power firms and by creating "two classes of New York citizens."

"Due to the damaging impact of the current tariff structure, Long Island residents are denied the right to act out their priorities through their locally elected officials in the same way as those in the rest of the state," she wrote.

LIPA chief Tom Falcone in a response said the utility can't shift potential costs of the program to those customers who don't subscribe.

"It was never the goal of the state's community choice aggregation framework to significantly shift cost responsibility away from CCA participants onto those customers and municipalities that choose not to participate" in them, Falcone wrote. "Neither is that a policy that LIPA could support."

The structure of LIPA's program ensures that "all customers bear a proportional share of LIPA's fixed costs of providing service to everyone," he said.

Thiele said LIPA's actions point to problems beyond just the current community choice program.

"Whether it's storm response or [community choice aggregation,] the issue is the same: the lack of oversight and accountability. Long Islanders deserve better," he said.

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