



renewable attributes while at the same time managing impacts on customers by requiring facilities to demonstrate a financial need.

The Joint Utilities also support the Staff Report’s focus on providing for the continued operation of these facilities using the “to-go cost” standard. This approach appropriately captures the residual value of these assets for customers who have already paid for many of these facilities’ costs through contracts with the New York State Energy Research and Development Authority (“NYSERDA”) under the original Renewable Portfolio Standard (“RPS”) program.<sup>4</sup> Providing market-based compensation, or compensation tied to the cost of building a new resource, as advocated by the Alliance for Clean Energy New York (“ACE-NY”) in a recent filing<sup>5</sup> would overcompensate these resources and contravene the intent of the Commission’s August 2016 *Order Adopting a Clean Energy Standard* (“CES Order”), which expressly declined to adopt a market-based Tier 2 Renewable Energy Credit (“REC”) program.<sup>6</sup>

The Joint Utilities note that by allowing renewable resources built with the support of RPS REC contracts from NYSERDA to be eligible for Maintenance Tier support, the Staff Report would appropriately pay for and cost-effectively retain the residual value of those resources. If this approach is ineffective in retaining renewable attributes for customers, future residual value associated with renewable resources could also be secured for customers over the long term through the cost-effective utility ownership model.<sup>7</sup>

As the Commission considers the recommendations included in the Staff Report, the Joint Utilities reiterate their broad support for the approaches outlined therein and offer the following specific suggestions:

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<sup>4</sup> Case 03-E-0188, *Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard*, Order Regarding Retail Renewable Portfolio Standard (issued September 24, 2004).

<sup>5</sup> See CES Proceeding, Cover Letter to Secretary Burgess from Alliance for Clean Energy New York, Inc. filing the report of Synapse Energy Economics, Inc., *Policies to Cost-Effectively Retain Existing Renewables in New York* (dated December 22, 2017).

<sup>6</sup> CES Proceeding, Order Adopting a Clean Energy Standard (issued August 1, 2016), pp. 115-117.

<sup>7</sup> CES Proceeding, Comments of the Indicated Joint Utilities on the New York Clean Energy Standard White Paper – Cost Study (filed June 6, 2016), p. 3.

- The Commission should retain the Staff Report’s proposed limit that return on new capital expenditures should be for only those expenditures that are required to maintain the safe and reliable operation of the facility.<sup>8</sup> Discretionary capital improvements should not be recoverable through this mechanism.
- The Commission should direct Department of Public Service Staff to work with the Joint Utilities to establish appropriate collection mechanisms for the funds needed to implement an expanded Maintenance Tier.
- The Commission should direct NYSERDA to use existing funds already provided to NYSERDA to support the Maintenance Tier program before collecting additional monies from utility customers.
- The Commission should require NYSERDA to file annual reports on the progress of the revised Maintenance Tier program, including financial information on funds expended and the sources of those funds.

The Joint Utilities support efforts to allow the voluntary market to have a larger role in contributing to the statewide CES goal. Three of the investor-owned electric utilities in the state (National Grid, NYSEG and RG&E) currently offer voluntary purchases of green energy to their full-service supply customers and many energy supply companies (“ESCOs”) also offer products that bundle electric commodity with green attributes. These voluntary purchase programs support existing renewable generators and are an important market option for existing CES renewable baseline resources that are not currently under a contract for their attributes. In addition to receiving maintenance support, provided that the facility can meet the economic needs test for such support, an at-risk facility could also participate in the voluntary market. The Commission should consider if there are cost-effective financial or non-financial incentives that could be provided to an at-risk facility seeking Maintenance Tier support that would encourage the facility to execute a voluntary market contract such that the net cost of the Maintenance Tier support is lower than it would be in the absence of the facility’s participation in the

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<sup>8</sup> CES Proceeding, Staff Report, pp. 12-15.

voluntary market. The Commission should also consider ways that utility-based voluntary programs could be enhanced, for example by allowing utilities to propose marketing budgets to better support their green energy offerings for full-service supply customers. Finally, the Joint Utilities note that there are many examples of companies and state organizations with sustainability goals that include supporting additional local renewable generation facilities. The Commission should encourage the development of innovative product offerings that would allow such companies to meet their internal clean energy goals while also supporting the existing renewable generation based in New York State.

The Joint Utilities appreciate the opportunity to file these comments for consideration.

Dated: January 8, 2018

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