



December 17, 2012

**New York State
Public Service Commission
Case 03-E-0188**

Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard

**COMMENTS OF RIDGELINE ENERGY ON PROGRAMMATIC SUGGESTIONS TO THE CUSTOMER-SITED TIER OF THE
RENEWABLE PORTFOLIO STANDARD SUBMITTED BY DWEA AND SED**

Introduction:

Ridgeline Energy LLC (Ridgeline) is a renewable energy developer with a number of projects in operation and under development across the United States. Ridgeline is currently completing construction on a 120MW wind energy project in Idaho scheduled for completion prior to December 31, 2012. With an office in Albany, Ridgeline is invested in the New York market and is developing Community Scale wind projects that connect to the State's sub-transmission voltage lines and are sited inside transmission constrained areas.

The Community Scale model incorporates the extensive experience in New York wind development of Ridgeline's team. These projects are designed to best serve the communities in which they are located, bringing substantial economic development (but a limited footprint) while helping the State meet its renewable energy goals. When connecting to sub-transmission voltage lines that have available capacity such projects also provide all the system benefits associated with distributed generation. Ridgeline's Community Scale wind projects provide economic benefits to the local community at a level disproportionate to their relatively modest size, and footprint, and create jobs and direct commercial opportunities for the surrounding region and the State of New York.

Comments on SED/DWEA Proposed Programmatic Change:

The petition set forth by Sustainable Energy Developments Inc. (SED) and the Distributed Wind Energy Association (DWEA) correctly cites the disproportionate benefits of Community Scale projects, when compared to large Main Tier projects. This is true whether there is a community ownership component or not because the amount of money generated in PILOT payments, lease payments, job creation and wages is effectively the same as for the community ownership structure. Additionally, the petition identifies that the current RPS programs reward larger projects in the Main Tier and the smallest projects in the Customer Sited Tier but fail to properly compensate projects in the middle for the benefits they provide.

In each competitive Main Tier solicitation, NYSERDA develops a Maximum Allowable Bid Price (MABP). Bids above the MABP are not considered for an award. The MABP is non-public and is derived by NYSERDA using a model that incorporates market feedback regarding costs. The intent of the MABP is to cap the return a developer could achieve, and the corresponding ratepayer expense, for a project that is awarded a REC contract in a competitive solicitation. Among the potential bidders in any given solicitation, larger projects are supported by economies of scale where certain costs that do not increase linearly with size. For example development, construction, financing and other fixed operating costs, are spread over larger project capacity. The MABP designed to limit the return for a larger project can be set at a price above what a Community Scale project must bid to receive a reasonable anticipated return (commensurate or even lower than a larger REC award winner). Thus, despite the fact that a Community Scale project offers disproportionate economic benefits, the Community Scale project's bid will likely be discarded because it exceeds the MABP.

As a result of this unfortunate and presumably unintended consequence of the Main Tier procedures, Community Scale distributed generation wind projects which generate disproportionate economic benefits to communities are at a disadvantage in the RPS. Given the environmental and economic benefits of such Community Scale projects as noted in the SED/DWEA petition, we support the addition of a "Community Scale Tier" in the RPS for projects up to 20 or 25MW. In establishing a "Community Scale Tier" one logical capacity limit for projects in this Tier would be 20MW, the size cap identified by the Federal Electric Regulatory Commission for small generating facilities, while an alternative could be 25MW, the threshold for Major Electric Generation Facilities under Article 10.

Without programmatic changes to the Main Tier of the RPS to address Community Scale projects, the design of the current system deprives the state of renewable energy capacity additions and economic development activity. Ridgeline appreciates the Commission's consideration of the comments set forth above and looks forward to further discussion regarding programmatic changes to the RPS to best achieve New York's renewable energy goals.

Sincerely,



Owen Grant
Project Manager