Joint Comments of Iberdrola Renewables, Inc. and Invenergy Wind Development, LLC
New York Department of Public Service
RE: Case 03-E-1088 – Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard

August 19, 2011

Introduction

Iberdrola Renewables, Inc. ("IRI") is a renewable energy developer wholly owned by Iberdrola S.A. Iberdrola S.A. owns Iberdrola USA (formerly Energy East) which includes the NYSEG and RG&E utility service territories in New York.

IRI's North American headquarters is in Portland, Oregon, but includes a very strong eastern U.S. and New York focus. The company maintains an office in New York City. IRI is part owner, along with EDPR (formerly Horizon Wind Energy) of the Maple Ridge Wind Farm in Lewis County. Maple Ridge is the largest commercial-scale wind farm in the eastern U.S. The company is completing construction of the 74 MW Hardscrabble Wind Farm in Herkimer County. Both Maple Ridge and Hardscrabble have won NYSERDA main tier contracts. IRI is committed to helping the state meet its renewable portfolio standard ("RPS") and greenhouse gas reduction goals through the responsible siting of on-shore, commercial-scale wind farms and is currently developing numerous projects, in various stages, throughout central and western New York.

Invenergy Wind Development LLC ("Invenergy") is a limited liability company organized and existing under the laws of the state of Delaware and having its principle place of business in Chicago, IL. Invenergy and its affiliated companies develop, own and operate large-scale renewable and other clean generation facilities in North America and Europe. Invenergy is committed to clean power alternatives and continued innovation in electricity generation. Invenergy and its affiliated companies have developed and placed in service twenty six wind farms and five natural gas-fueled generating facilities. The aggregate capacity of these facilities is approximately five thousand megawatts. Invenergy is nation's largest independent wind power generation company.

IRI and Invenergy ("the companies") thank the Public Service Commission ("PSC" or "Commission") for the opportunity provide comments on Covanta's petition for Waste-to-Energy ("WTE") facilities to be RPS eligible resources. In our view, neither existing nor new WTE facilities should be deemed RPS eligible for reasons set forth below.

Should Existing WTE Facilities be Eligible for the RPS?

Covanta's petition is unclear as to whether it believes that existing WTE should be RPS eligible, so the companies will address that issue. In our view, it is clear that existing WTE facilities should not be considered for either main or maintenance tier eligibility. New York's RPS, from its inception, has recognized that valuable rate-payer funds should be focused on encouraging

new renewables, providing main-tier status to existing WTE facilities would be completely antithetical to this philosophy.

Further, nor does it make sense for these power plants to be considered for the maintenance tier, since all of these facilities receive revenue streams in the form of tipping fees, in addition to energy sales. The maintenance tier is focused only on publicly beneficial resources which need additional revenue to be viable. Covanta has not presented any evidence in its petition that existing WTE facilities meet this test.

The state's ten existing WTE facilities total 327 MWs. In 2007, the last year for which IRI has data, these plants produced 1,923,473 MWHs.[1] Inclusion of existing WTE facilities in the maintenance tier would cost the state approximately $14,500,000 annually or over $145,000,000 over the typical ten-year NYSERDA contract term.[2] This financial commitment would displace the equivalent of approximately 300 MWs of wind energy, without providing New York rate-payers with any additional environmental, fuel diversity, or economic development benefits.

The companies strongly encourage the Commission to reject appeals for existing WTE facilities to receive RPS benefits of any kind.

Should New WTE Facilities be Eligible for the RPS?

Covanta's argument for RPS eligibility seems to be premised on a lifetime emissions comparison with landfill gas, which is an eligible main tier technology, and claims that WTE facilities are more environmentally sustainable than landfill gas. The comparison to landfill gas is tenuous as it makes up virtually none of main tier RPS supply. NYSERDA is currently contracting with less than one MW of landfill gas to meet main tier requirements.[3] To date, NYSERDA has contracted with 1,290.57 MWs of main tier resources, of which only 129.5 is biomass.[4] Excepting the approximately one MW landfill gas project, all of these biomass contracts were conversions from fossil fuel plants. As a result, these units will be reducing emissions from the state's baseline compared to the continued use of fossil fuels at these power plants. As demonstrated in the next paragraph. This would not be the case with a new WTE facility which

[1] Environmental Protection Agency, eGrid2010 Version 1.1 Plan File (Year 2007 Data).

[2] New York State Renewable Portfolio Standard, Performance Report, Program Period ending March, 2010. P. 7, A-2. (Calculation based on the average per MWH cost of maintenance tier contracts for the Boralex Chateaugay Biomass Plant and Lyonsdale Biomass).

[3] Ibid. Appendix A.

[4] Ibid.

would add emissions, especially when compared to preferred main tier resources such as wind and hydro, which make up the vast majority of main tier RPS resources.

NYSERDA RPS contracts have largely focused on emission-free resources such as wind and hydro. WTE's environmental profile does not compare favorably to these resources. According to EPA's eGrid database, New York's ten WTE facilities emitted 10,765.9 tons of nitrogen oxide; 30,656.46 tons of sulfur dioxide; 2,274,610 tons of carbon dioxide, and; 1,628,031 lbs. of methane (a much more potent, albeit shorter-lived, greenhouse gas than carbon dioxide) in the last year for which we have data (2007).[5] Such facilities also produce other harmful toxic emissions: including dioxin, mercury, and hazardous ash which must be disposed in hazardous waste landfills.

Solid waste incineration is not a preferred waste management strategy under the state's solid waste management plan. WTE facilities produce significant emissions compared with preferred renewables such as wind and hydro. In short, WTE's emissions profile and fuel source (solid waste, which the state prefers to reduce and recycle) is not a true renewable resource worthy of RPS eligibility.

Conclusion

For the reasons set forth above, the companies recommend that neither existing nor new WTE facilities be granted RPS status in any form.

The companies thank the Commission for the opportunity to provide these comments. Please contact me at ethumma@ibedrolaren.com or 484-654-1887 if you have questions regarding our testimony.

Respectfully Submitted,

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Respectfully Submitted,

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[5] Environmental Protection Agency, eGrid2010 Version 1.1 Plant File (Year 2007 Data)