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Gavin J. Donohue, *President &
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December 14, 2012

Via email at secretary@dps.ny.gov and rps@dps.state.ny.us

Jaclyn A. Brillling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Re: PSC Case Number 03-E-0188 and I.D. No. PSC-44-12-00005-P

Dear Secretary Brillling:

According to the notice on page 54 of the October 31, 2012 New York State Register, the New York State Public Service Commission (PSC) is seeking public input during a 45 day comment period on a petition by the Distributed Wind Energy Association (DWEA) and Sustainable Energy Developments, Inc. (SED) to change the Renewable Portfolio Standard (RPS) as it relates to on-site wind development. In particular, the petition requests that the PSC establish competitive access for customer-sited and community wind energy projects into the RPS Main Tier.

IPPNY is a not-for-profit trade association representing the independent power industry in New York State. IPPNY's members¹ are companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY represents a number of companies that generate electricity using renewable energy resources, such as wind. IPPNY has been an active participant in the PSC's RPS proceeding, and we submit the following comments on the petition by DWEA and SED.

In particular, on October 2, 2012, DWEA and SED submitted a petition to the PSC requesting certain changes to the RPS program to facilitate the interconnection and economic viability of community wind projects in New York State. IPPNY believes that that all resources eligible

¹ All of the views expressed in IPPNY's comments do not necessarily represent the positions of each of our members. Since IPPNY represents a broad spectrum of companies, we anticipate some of our members also may submit comments on their own.

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under the RPS Main Tier and the Customer-Sited Tier deserve to compete on equal ground. We neither support nor reject many of the petition's proposed revisions; however, the petition's proposed amendment that would allow community/distributed wind to earn a "1.5 times price multiplier" is a modification with which we strongly disagree and urge the PSC to reject. The proposed price multiplier would establish a disadvantage for renewable energy resources, such as wind, and create an unfair advantage for distributed wind, leading to additional costs for New York ratepayers.

Unfair Advantage

In order to streamline access for smaller scale projects into the Main Tier, the petition argues that community wind projects receive a "1.5 times price multiplier." The petition goes on further to state that implementing such a measure would "level the playing field for community/distributed wind development." We fundamentally disagree with this statement. Implementing a mechanism in the RPS that provides a single resource type with a 50 percent "bonus" payment over all other competing resources distorts competition and unfairly favors that resource. If implemented, this change would have the opposite effect from what the petition suggests. Instead of "leveling the playing field," the revision would provide community/distributed wind with an artificial advantage over other competing resources. This outcome would set an unfavorable precedent whereby the PSC would pick specific winners and losers in competitive RPS procurements.

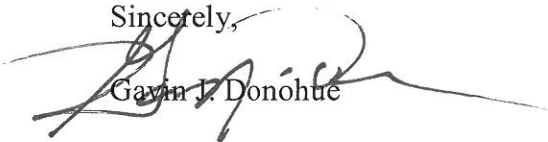
Additional Ratepayer Costs

Further, providing community/distributed wind projects with a 50 percent "bonus" will result in higher costs to New York ratepayers. The higher costs will be realized either through reduced total megawatts (MW) procured under each competitive solicitation or through additional solicitations needed to reach the same MW procurement level. If the given pool of dollars available for a single competitive procurement remains the same as it is under today's program, then the New York State Energy research and Development Authority (NYSERDA) will not be able to procure as many MWs as it previously did, since a certain portion of those MWs attributable to community/distributed wind will cost NYSEDA, and thus New York's ratepayers, 50 percent more. Alternatively, if NYSEDA decides to procure a fixed level of MWs, it will need to increase the pool of money necessary to procure those MWs as compared to the amount required to procure the same number of MWs under the current RPS. Both of these scenarios will result in an identical outcome – a higher cost of renewables for New York ratepayers.

New York's current RPS model is working to help the state meet its renewable goals at the most cost-effective price to New York ratepayers. Resources currently bid into the state's competitive solicitations and are evaluated based upon a number of criteria in order to ensure they bring the greatest benefit to the state and ratepayers while meeting public policy goals. Implementing an artificial payment adder for a specific resource, as the petition requests, will undermine the competitive nature of the RPS program and negatively impact ratepayers. It is on this basis that we strongly urge the PSC to reject the petition's proposal for implementing a "1.5 times price multiplier" for community/distributed wind projects.

Thank you for the opportunity to provide these comments, and IPPNY urges you to incorporate them into your decision-making. If you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin J. Donohue", with a long horizontal flourish extending to the right.

Gavin J. Donohue