ACE NY
ALLIANCE FOR CLEAN ENERGY NEW YORK, INC.
Promoting Clean Energy, A Healthy Environment And A Strong Economy For The Empire State.

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By Electronic Delivery

November 12, 2013

Honorable Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Agency Building 3, Empire State Plaza
Albany, New York 12223-1350

RE: Case 03-E-0188 – Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard

Dear Secretary Burgess,

Enclosed for filing are the reply comments of the Alliance for Clean Energy New York (ACE NY) in response to the *Notice Soliciting Comments and Notice of Technical Conference* issued by the Public Service Commission in the above-referenced proceeding on September 13, 2013.

Respectfully submitted,

Valerie Strauss, Executive Director
Alliance for Clean Energy New York, Inc.

New York State
Public Service Commission

Case 03-E-0188 **Proceeding on Motion of the Commission Regarding a Renewable Portfolio Standard**

REPLY COMMENTS OF THE ALLIANCE FOR CLEAN ENERGY NEW YORK

I. Introduction

The Alliance for Clean Energy New York (ACE NY) respectfully submits these brief reply comments. Our original comments can be found in our submission dated November 4, 2013, and the joint comments of the Natural Resources Defense Council and the Pace Energy and Climate Center, filed on October 28, 2013, of which ACE NY is a signatory.

As many commenters have stated previously, the Renewable Portfolio Standard (RPS) and the Energy Efficiency Portfolio Standard (EEPS) are the foundation of the state's investment in clean energy infrastructure and have been highly successful in spurring investment in New York State and providing environmental and energy security benefits. As such, these programs should be continued, albeit with certain changes to make them more effective at lower cost over time. The creation of a Green Bank may help speed the rate at which some programs can transition away from incentives entirely, however, the immediate future is not the time for dramatic changes that will imperil clean energy investment in the state.

The most immediate need remains a long-term commitment to increased reliance on clean energy through expanded statewide targets for efficiency and clean generation, with a timeline extended beyond 2015 and transparency in program design and implementation, as well as regular and consistent procurements.

The following reply comments address several points or themes of other active parties in this proceeding, but this filing should not be construed as support for positions or statements to which we have not responded.

II. Program Costs and Benefits

ACE NY's original comments and those of others point to various reports on clean energy funds documenting the benefits of the programs that these funds support. Despite this strong case, Multiple Intervenors argues that the surcharges jeopardize business expansion and retention,[1] while the Joint Utilities argue that money spent on clean energy under these programs is money not spent elsewhere in the economy, or for energy resources not supported by the programs.[2] There is no proof, however, that the collections are responsible for limiting business expansion (the more likely cause is the recent recession) and these comments ignore the business opportunities *created* by the programs. Furthermore, without these programs, New York would lose investment dollars in clean energy infrastructure to other states. Lastly, as noted in earlier comments filed by ACE NY and NRDC/Pace, it makes no sense to consider losses to polluting generation as a program cost when a decline in polluting generation is precisely the goal.

III. Out-of-State and Utility-Owned Project Eligibility

ACE NY appreciates the Joint Utilities' support for continuing the RPS beyond 2015.[3] Contrary to the Joint Utilities, Hydro-Quebec and others, however, we do not believe that

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[1] Multiple Intervenors, *Comments of Multiple Intervenors on the 2013 RPS Program Review* (October 28, 2013), pp. 2-5.

[2] Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., Central Hudson Gas and Electric Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, *Comments of the Joint Utilities* (October 28, 2013), p. 41.

[3] *Joint Utilities*, pp. 43-44.

allowing out-of-state hydropower is appropriate or useful in furthering the state's clean energy goals in a manner that provides the greatest benefits to New Yorkers. In fact, it is puzzling to see commenters suggest that the benefits of the program should be increased while simultaneously endorsing eligibility for out-of-state projects, when doing so would dramatically reduce in-state economic development benefits.

The Joint Utilities also request the ability to access RPS funds for utility-owned renewable generation.[4] ACE NY opposes this request, as we have done in the past, because the RPS collections are not an appropriate source of funding for the investor-owned utilities. If utilities wish to own generation, that issue should be discussed in an appropriate Public Service Commission proceeding and any approval (which ACE NY is not hereby endorsing or supporting) should dictate that funding for such investments be supplied directly by the utility and not by RPS funds.

IV. Clean Energy Markets

The market for clean, renewable energy has changed since the inception of the RPS, but fallacies about the marketplace and integration of renewables have not. The Joint Utilities argue that the integration costs for adding wind to New York's grid are substantial.[5] Not all studies of wind integration have found this result however, and, importantly, the New York Independent System Operator (NYISO) has been at the forefront of instituting the mechanisms needed to ensure that this is not the case. In restructured wholesale markets there are tools to ensure that wind can be reliably integrated at the lowest costs. The forecasting system and market rules for wind energy in New York appear to be working,

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[4] *Joint Utilities*, p. 46.
[5] *Joint Utilities*, p. 40.

and NYISO studies have not seen adverse grid impacts or such increased costs for the level of wind penetration envisioned with fulfillment of the RPS goals.

Wind energy, which the RPS reports show is the primary and most cost-effective resource under the RPS, is in fact cost-competitive or nearly so with non-renewable fuels on a levelized basis. Given the capital-intensive nature of development it is difficult for projects to be built on that basis alone, although once built, the fuel-free nature makes the operating costs of wind energy lower than that of fossil generation. This is why an RPS, and perhaps future Green Bank offerings, plays such an important role in advancing toward a clean energy economy.

Multiple Intervenors argues that the voluntary market should be taking over from the RPS over time.[6] We believe that Multiple Intevernors is incorrectly viewing voluntary retail green market purchases as a substitute for state support or investor-owned utility purchases of renewable generation. The voluntary retail market is an important one that should be encouraged to grow (as it has done), however, large-scale projects of the magnitude needed for environmental and energy security reasons will not be built without some form of long-term contracting, which is not currently done by the investor-owned utilities.

V. Distributed Generation

The Joint Utilities[7] and Multiple Intervenors[8] both correctly note that the phase-out of state incentives for PV proposed by the NYSERDA seems to rely on the continuation of net metering with a retail rate credit, as well as continuation of federal policy support in the

[6] *Multiple Intervenors*, p. 2 and pp. 22-23.
[7] *Joint Utilities*, pp. 37-38.
[8] *Multiple Intervenors*, pp. 22-24.

form of tax credits. Given the uncertainty in federal policy and the market, a predetermined timeline for the phasing out of any incentive program (including that for the Main Tier resources, as Multiple Intervenors also calls for) is ill advised.

Furthermore, the comments of the Joint Utilities regarding the shifting of costs from those with net-metered installations to those without appears to ignore benefits to the grid, the economy and the environment, which in turn benefit all New Yorkers. Regardless, we would welcome the opportunity to explore how clean distributed generation can contribute even more in times of peak load (as discussed by the Joint Utilities) and how a wider variety of project sizes could contribute to the state's clean energy portfolio.

VI. Conclusion

Thank you for the opportunity to provide these additional comments. ACE NY looks forward to participating in the ongoing dialogue on creating a robust and long-term vision for clean energy in New York State.

Respectfully Submitted,

Valerie Strauss

Valerie Strauss
Executive Director