

April 20, 2020

VIA ELECTRONIC MAIL

Honorable Michelle L. Phillips
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 18-E-0071 - In the Matter of Offshore Wind Energy

**JOINT UTILITIES COMMENTS ON THE NYSERDA PETITION FOR
2020 OFFSHORE WIND PROCUREMENT AUTHORIZATION**

Dear Secretary Phillips:

Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, Joint Utilities) offer these comments in response to the New York State Energy Research and Development Authority's (NYSERDA) *Petition Regarding Offshore Wind Procurement, Authorization for 2020 Procurement* (Petition).¹ The Joint Utilities continue to support the State's clean energy goals including the procurement of 9,000 MW of offshore wind by 2035.² As described below, the Joint Utilities recommend a coordinated and integrated approach to develop offshore and onshore transmission facilities. In addition, the Joint Utilities recommend consideration of the use of NY Green Bank, Clean Energy Fund (CEF) and/or Regional Greenhouse Gas Initiative (RGGI) funds to defray the administrative cost of offshore wind procurement to customers. The Joint Utilities also request involvement in the development of NYSERDA's implementation and compliance plans for New York load-serving entities (LSEs) regarding offshore renewable energy credit (OREC) procurement.

Transmission Development

NYSERDA proposes to move forward with the Phase 2 procurement process simultaneously with nascent consideration of transmission options. NYSERDA recognizes that additional analysis is needed to address the considerable increase in the State's offshore wind

¹ Case 18-E-0071, *In the Matter of Offshore Wind Energy* (Offshore Wind Proceeding), [NYSERDA] Petition Regarding Offshore Wind Procurement, Authorization for 2020 Procurement (filed January 28, 2020) (Petition). Pursuant to the NYS Register (dated February 19, 2020), p. 21, comments are due on April 20, 2020. I.D. No. PSC-07-20-00007-P.

² Offshore Wind Proceeding, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (issued July 12, 2018) (Offshore Wind Phase 1 Order).

goal established in the Climate Leadership and Community Protection Act³ and delays in identification of new lease areas for development.⁴

The Joint Utilities appreciate the Public Service Commission's commitment to considering a thoughtful approach to the offshore and onshore infrastructure needed to address the State's offshore wind goals. Developing wind generation at this scale and importing it into dense load centers with limited physical space and available interconnection infrastructure poses complex challenges. A well-planned and coordinated effort to integrate New York State's offshore wind resources with the land-based electric grid will yield cost-effective and efficient outcomes for customers and maximize environmental benefits. Moreover, while the projects in the 2019 offshore wind solicitation identified available points of interconnection in New York City and Long Island, the availability of additional cost-effective points of interconnection is limited. Subsequent projects will experience complexity in the New York State Independent System Operator (NYISO) interconnection process and may face increased project costs and higher likelihood of energy curtailments as interconnection and transmission routing becomes more challenging. These impacts may be seen in this second round of offshore wind solicitations and could impact the economic viability of future projects. For these reasons, a coordinated approach to transmission is required to make New York's goal of 9,000 MW of offshore wind both cost-effective and feasible.

As part of this effort, the Joint Utilities also stand ready to work with the Commission on the comprehensive grid study required by the recent Accelerated Renewable Energy Growth and Community Benefit Act (Act)⁵ and to construct required distribution and transmission investments so that renewable energy can be reliably and cost-effectively delivered to customers. Development of coordinated transmission for offshore wind fits well within the framework outlined in the Act and its direction to use competitive public policy processes. While underwater transmission may best be served by the competitive processes already developed as part of the NYISO's Public Policy Transmission Process, onshore facilities needed to cost-effectively and expeditiously accommodate these new resources while addressing integration with the local system can be undertaken by the local utilities under the appropriate processes.

In light of the transmission planning study of the State's 9,000 MW offshore wind program that NYSERDA is now conducting, the Joint Utilities encourage the Commission and NYSERDA to consider how the results of that study could be used to benefit this next offshore wind solicitation. Depending on the timing of study results, NYSERDA could provide transmission guidance to bidders to improve the cost-effectiveness of their proposals. It is important to point out that the cost savings to customers of coordinated transmission could outweigh the benefits of capturing Investment Tax Credits and such trade-offs should be

³ Chapter 106 of the Laws of 2019. CLCPA is available at <https://legislation.nysenate.gov/pdf/bills/2019/S6599>.

⁴ Offshore Wind Proceeding, Petition, pp. 1-2.

⁵ The complete text of the Act, which was passed as part of the New York State Budget on April 3, 2020, is available at <https://nyassembly.gov/2020budget/2020budget/A9508b.pdf> at Section JJJ.

considered in the timing of the next offshore wind solicitation. Furthermore, the Joint Utilities support giving bidders ample time to prepare their bids, particularly considering the benefits of the transmission information in this NYSEERDA study and the potential challenges due to the COVID-19 pandemic. Providing the necessary information and sufficient lead time for bid proposal development can result in the most cost-effective bids and savings to customers. Such a large solicitation, with major cost implications for customers, should not be rushed at any stage, whether it be the timing of the release, bid development window, or NYSEERDA's evaluation.

While understanding the desire to proceed with an additional solicitation in 2020, the Joint Utilities recommend that the Commission initiate a parallel process leveraging the ongoing NYSEERDA transmission planning study to identify and authorize the development of coordinated transmission projects to support subsequent offshore wind solicitations. This process could facilitate either additional project-specific transmission lines or a common transmission network for the underwater transmission required to bring offshore wind to shore. The Joint Utilities agree with NYSEERDA that, at a minimum, necessary upgrades and reinforcements to the onshore system should be identified in coordination with the local utilities so the grid can be made ready to receive offshore wind injections and meet State goals.

Procurement Administration

The Joint Utilities appreciate NYSEERDA's description of the challenge of administering the planning and procurement of offshore wind resources, particularly at the scale New York needs to meet its goals. The Joint Utilities urge the Commission to periodically review the cost effectiveness of this program, consistent with the Commission's recognition of the importance of reviewing the administration of customer-funded programs that support renewable energy.⁶ Further, as the Joint Utilities recommended for Phase 1,⁷ the Commission should evaluate use of the NY Green Bank to support the financing of offshore wind projects to reduce the price of ORECs. In addition, the Joint Utilities recommend that the Commission should explore use of other monies already collected from utility customers such as RGGI allowances and CEF program funds to mitigate the costs of implementing offshore wind procurements.

Finally, the Joint Utilities note that the Petition addresses the administration of the OREC procurement obligation which applies to all LSEs. Specifically, NYSEERDA proposes to file for comment an implementation plan that will outline compliance calculations and include a standard purchase agreement for the LSEs.⁸ Since this proposal directly ties to the LSE obligation, the Joint Utilities request explicit collaborative involvement in the development of this implementation plan to facilitate its effectiveness.

⁶ See, e.g., Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Approving 2020 Clean Energy Standard Administrative Budget (issued November 14, 2019), pp. 10-11.

⁷ Offshore Wind Proceeding, Joint Utilities Comments on Offshore Wind Regulatory Program (filed June 4, 2018), p. 4.

⁸ Offshore Wind Proceeding, Petition, p. 12.

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Conclusion

The Joint Utilities urge the Commission to (1) adopt a coordinated and integrated approach for the development of offshore and onshore transmission facilities, (2) undertake a regular review of offshore wind procurement for cost-effectiveness, and (3) consider the use of NY Green Bank to support project financing and the use of CEF and/or RGGI as funding sources to help defray the administrative cost to customers of offshore wind procurement. The Joint Utilities further seek involvement in the development of NYSERDA's implementation and compliance plans for New York LSEs regarding ORECs. Finally, the Joint Utilities appreciate the opportunity to provide these comments.

Respectfully submitted on behalf of
the Joint Utilities,

/s/ Janet M. Audunson

Janet M. Audunson
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