STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of Offshore Wind Energy	**Case 18-E-0071**
In the Matter of the Value of Distributed Energy Resources	**Case 15-E-0751**
Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard	**Case 15-E-0302**
In the Matter of Carbon Pricing in New York Wholesale Markets	**Matter 17-01821**

RESPONSE OF MULTIPLE INTERVENORS IN OPPOSITION TO THE PETITION OF THE AMERICAN WIND ENERGY ASSOCIATION AND ALLIANCE FOR CLEAN ENERGY NEW YORK

PRELIMINARY STATEMENT

Multiple Intervenors[1] hereby submits this response in opposition to the petition filed jointly by the American Wind Energy Association and the Alliance for Clean Energy New York (collectively, "Petitioners") on March 13, 2019.[2] The AWEA/ACENY Petition ostensibly

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[1] Multiple Intervenors, an active party in the above-captioned proceedings and matter, is an unincorporated association of approximately 60 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State.

[2] Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, and Matter 17-01821, *In the Matter of Carbon Pricing in New York Wholesale Markets*, "Statement of American Wind Energy Association and Alliance for Clean Energy New York in Opposition to Petition of Multiple Intervenors and Independent Power Producers of New York, Inc. and Petition of American Wind Energy Association and Alliance for Clean Energy New York for an Order Modifying the Clean Energy Standard Tier 1 Procurement Process" (hereinafter, "AWEA/ACENY Petition").

responds, belatedly, to the still-pending joint petition of Multiple Intervenors and the Independent Power Producers of New York, Inc., filed on July 9, 2018.[3] The primary purpose of the AWEA/ACENY Petition, however, appears to be to seek a substantial modification to the manner in which Renewable Energy Credits ("RECs") currently are procured pursuant to the Clean Energy Standard ("CES"). For the reasons set forth below, Multiple Intervenors urges the New York State Public Service Commission ("Commission") to: (a) reject the arguments, and the relief sought, in the AWEA/ACENY Petition; (b) grant the relief sought in the MI/IPPNY Petition (*i.e.*, the protection of New York consumers and the State's competitive wholesale electricity markets from potential double-payments for the same attribute) as soon as practicable, and prior to any new, statewide solicitations for RECs; and (c) consider utilizing dual fixed-price REC bids (with and without carbon pricing) to address double-payment concerns.

RELEVANT BACKGROUND

On August 1, 2016, the Commission adopted the CES.[4] While the CES has certain secondary objectives, its primary purpose is the reduction of greenhouse gas emissions, particularly carbon."[5] For instance, the CES established a goal "that 50% of New York's electricity is to be generated by renewable sources by 2030 *as part of a strategy to reduce statewide*

[3] Cases 18-E-0071, *In the Matter of Offshore Wind Energy*, 15-E-0751, *In the Matter of the Value of Distributed Energy Resources*, and 15-E-0302, *supra*, and Matter 17-01821, *supra*, "Petition of Multiple Intervenors and Independent Power Producers of New York, Inc. for Relief to Protect New York Consumers and the State's Competitive Wholesale Electricity Markets From Potential Double-Payments for the Same Attribute" (hereinafter, "MI/IPPNY Petition").

[4] Cases 15-E-0302 *et al.*, *supra*, Order Adopting a Clean Energy Standard (issued August 1, 2016) at 2 ("CES Order").

[5] *See*, *e.g.*, *id.* at 3-6.

greenhouse gas emissions by 40% by 2030."[6] The Commission described the CES as part of a long-term strategy "that aims to transform *and decarbonize* the way in which electricity is generated."[7] A critical component of the CES is a requirement that load-serving entities procure RECs in increasing amounts over time, with the cost of said RECs ultimately being borne by retail consumers through higher commodity charges.[8] Pursuant to Commission policy, the New York State Energy Research and Development Authority ("NYSERDA") procures RECs competitively utilizing solicited contracts with maximum durations of 20 years and fixed REC prices.[9]

While the Commission has implemented the CES, the New York Independent System Operator, Inc. ("NYISO") has advanced a proposal to incorporate carbon pricing into the State's competitive wholesale electricity markets.[10] Although the NYISO's carbon pricing proposal has not been finalized or subjected to a stakeholder vote, its most recent iteration would call for a New York regulatory agency to establish a social cost of carbon ("SCC"), in the form of a price per ton of CO_2 emitted, that emitting generation resources would incorporate into their

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[6] *Id.* at 2 (emphasis added; footnote omitted).

[7] *Id.* at 77-78.

[8] *See id.* at 2 and 14-17.

[9] Case 15-E-0302, *supra*, Order Approving Phase I Implementation Plan (issued February 22, 2017) at 4, 30. Other aspects of the Commission's policies to reduce carbon emissions in the electric generation sector – such as compensating Distributed Energy Resources ("DER") through Value of Distributed Energy Resources ("VDER") tariffs and subsidizing offshore wind generation projects through the future use of Offshore Wind Renewable Energy Credits ("ORECs") – are addressed briefly in the MI/IPPNY Petition. (*See* MI/IPPNY Petition at 3-5.)

[10] Although Multiple Intervenors has yet to advocate a formal position with respect to the NYISO's carbon pricing proposal, it has expressed numerous concerns associated therewith that have yet to be resolved. The relative merits or demerits of carbon pricing are not at issue in these proceedings at this time – rather, the instant controversy pertains to the prospect of double-payments by consumers if carbon pricing were to be implemented by the NYISO.

energy market bids and pay to the NYISO when called upon to operate.[11] Thus, under the NYISO's carbon pricing proposal, energy market prices would rise, likely materially, whenever emitting resources are on the margin, and end-use consumers ultimately would bear the economic cost of carbon pricing, although the carbon charge payments made by emitting resources – estimated to comprise roughly half of the resulting market price increases – would be used as an offset in the NYISO's settlement process.[12]

The NYISO's carbon pricing proposal, if implemented, would create a situation whereby consumers essentially are responsible for compensating certain renewable generation projects twice for the same carbon-free attributes – *i.e.*, once on the retail side (*e.g.*, via REC contracts and VDER tariffs that compensate such projects for carbon-free generation output), and a second time on the wholesale side (*i.e.*, via higher energy market prices and revenues due to carbon pricing). Such double-payments, if allowed to occur, would result in substantial harm to New York consumers and the State's competitive wholesale electricity markets, as well as windfalls to certain renewable projects with existing REC contracts and VDER tariff compensation commitments. In an effort to prevent those substantial harms from occurring, Multiple Intervenors

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[11] *See, e.g.*, NYISO Presentation, *IPPTF Carbon Pricing Proposal* (dated December 7, 2018) at 3-4; available at https://www.nyiso.com/documents/20142/3911819/Carbon-Pricing-Proposal%20December%202018.pdf/72fe5180-ef24-f700-87e5-fb6f300fb82c. Subsequent to the issuance of its December 7th carbon pricing proposal, the NYISO has modified selected aspects thereof on a piecemeal basis.

[12] *Id.* at 9-10. *See also* The Brattle Group, *Pricing Carbon into NYISO's Energy Market to Support New York's Decarbonization Goals* (dated August 10, 2017) at 43 (projecting that the possible implementation of carbon pricing in the State's competitive wholesale electricity markets utilizing a $40 per ton carbon charge would, in 2025, lead to an increase in energy prices of approximately $18.80 per MWh in 2025, offset in part by a return of carbon revenues of approximately $9.40 per MWh); available at https://www.nyiso.com/documents/20142/3911819/Carbon-Pricing-Proposal%20December%202018.pdf/72fe5180-ef24-f700-87e5-fb6f300fb82c.

and IPPNY sought relief from the Commission via their still-pending petition. (*See* MI/IPPNY Petition at 2-7.)

Although the Commission has yet to rule on the MI/IPPNY Petition, it has recognized that "the double payment issue has potential to be substantial" and opined that such issue should be addressed by the NYISO as part of any carbon pricing proposal.[13] The NYISO responded by advancing a proposal that would have imposed the same carbon charge applicable to emitting generation projects on non-emitting projects that already were being compensated for carbon-free generation attributes through retail rate mechanisms, such as RECs.[14] In response to objections by certain stakeholders, the NYISO subsequently withdrew that proposal.[15] Consequently, the latest iteration of the NYISO's carbon pricing proposal includes no mechanism or provision that would address, or in any way prevent, the double-payment problem described in the MI/IPPNY Petition.[16]

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[13] *See* Case 18-E-0071, *In the Matter of Offshore Wind Energy*, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (issued July 12, 2018) at 59-60 ("OSW Order").

[14] NYISO Presentation, *Carbon Pricing: Treatment of Existing REC Contracts* (dated October 11, 2018) at 3-4; available at https://www.nyiso.com/documents/20142/3715284/20180924%20NY%20REC%20Resources.pdf/0b79de72-a948-22d8-9439-3cce7bad4c61; *see also id.* at 2 (indicating that the intent of such proposal "is to eliminate the potential for double payment to suppliers whose carbon dioxide emissions reductions are already captured by NY REC contracts entered into before the approval of Carbon Pricing market rules by NYISO stakeholders).

[15] NYISO Presentation, *Carbon Pricing: Treatment of Existing REC Contracts – Proposal Update* (dated December 3, 2018) at 3-4; available at https://www.nyiso.com/documents/20142/3760282/20181203%20Carbon%20Pricing%20-%20NY%20REC%20Resources%20vFinal.pdf/1aac0a92-bcff-f19f-d58f-c4c94b397168.

[16] NYISO Presentation, *IPPTF Carbon Pricing Proposal* at 10-11.

Over eight months after the MI/IPPNY Petition was filed and served on all parties to these proceedings and matter, Petitioners filed the AWEA/ACENY Petition. Petitioners primarily advance three arguments therein. First, Petitioners argue that because RECs are not based solely on carbon-free generation attributes, there would be no double-payment issue were the NYISO to implement carbon pricing. (AWEA/ACENY Petition at 1-2, 4-6.) Second, Petitioners argue that the Commission should reject any proposals to address the double-payment issue retroactively to renewable generation projects with existing REC contracts. (*Id.* at 2, 7-8.)[17] Third, Petitioners argue that the Commission can "resolve the 'double payment' issue" by modifying the existing CES procurement process by procuring RECs that are indexed to NYISO wholesale electricity prices. (*Id.* at 3, 9-14.)

Multiple Intervenors submits this response in opposition to the AWEA/ACENY Petition and advances three primary positions herein. First, notwithstanding Petitioners' arguments to the contrary, the possible implementation of carbon pricing by the NYISO raises substantial issues of double-payments that would be extremely detrimental to New York consumers and the State's competitive wholesale electricity markets. Second, for numerous reasons, Petitioners' arguments in support of indexed RECs should be rejected. Finally, as an alternative to indexed RECs, the public interest would be far better served by the solicitation of dual fixed-price REC bids, with one price applicable absent carbon pricing and the other price applicable only if carbon pricing is implemented in some form by the NYISO. Unlike Petitioners' advancement of indexed RECs, Multiple Intervenors' approach would address the substantial

[17] Inasmuch as the MI/IPPNY Petition did not seek retroactive relief – which Petitioners acknowledge (*see id.* at 2) – and the NYISO's proposal to impose the carbon charge on existing REC contract holders to eliminate double-payments had been withdrawn over three months earlier, the issues addressed by this particular argument currently are not before the Commission.

concerns regarding double-payments without shifting the risks of wholesale market revenues and associated volatility from renewable developers and owners (where they belong) to captive consumers (where they do not belong).

ARGUMENT

POINT I

THE IMPLEMENTATION OF CARBON PRICING WOULD RESULT IN SUBSTANTIAL DOUBLE-PAYMENTS BY CONSUMERS FOR THE SAME ATTRIBUTES

Petitioners argue that carbon pricing, if implemented, would not provide REC contract holders with double-payments. (AWEA/ACENY Petition at 1-2, 4-6.) Petitioners are wrong. While the amount of the double-payments admittedly is open to dispute, there is – or should be – no real question that such double-payments would occur, at the expense of consumers, as already recognized by the Commission (discussed *infra*).

The crux of Petitioners' position is that RECs compensate renewable generation projects for more than just carbon abatement and, therefore, no double-payments would exist if carbon pricing is implemented. The position lacks merit, however, because: (a) there is no doubt that renewable generation projects would realize higher wholesale energy market revenues, funded ultimately by consumers, if carbon pricing is implemented, and that such incremental revenues would be realized due solely to the carbon-free attributes of their output; and (b) while reaping incremental wholesale revenues due to carbon pricing, many renewable generation projects simultaneously would realize REC payments – again funded ultimately by consumers – due in whole or very-large part to the exact same carbon-free attributes.

The Commission's current policies regarding RECs, as well as compensating renewable generation projects for an Environmental Value under VDER tariffs and the future use of ORECs, are fundamentally about carbon abatement. For instance, RECs are a major component of the CES, which was enacted "in furtherance" of New York State's goal to reduce greenhouse gas emissions and "combat climate change."[18] The Commission discussed the negative consequences of unabated climate change as further justification for the CES,[19] and literally referred to RECs as "*carbon-free energy generation attributes*."[20] The Environmental Value in VDER tariffs, which were created to further the goals of the CES, including addressing climate change,[21] is based on the higher of *the latest REC price or the social cost of carbon*, both of which encompass carbon-free generation attributes.[22] Similarly, the Commission's planned reliance on ORECs also have been linked predominantly to the State's carbon abatement goals. For instance, the Commission has referred to ORECs as "*carbon-free energy generation attributes*,"[23] and justified their use, in material part, on the need to "*build a low-carbon energy system*."[24]

[18] CES Order at 2-3, 65-66.

[19] *Id.* at 4-6.

[20] *Id.* at 68; emphasis added.

[21] Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources*, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) at 4.

[22] *Id.* at 15-16.

[23] OSW Order at 14 (emphasis added).

[24] *Id.* at 17 (emphasis added).

Thus, there should be no real dispute that the exclusive, or predominant, objective behind RECs, the Environmental Value in VDER tariffs, and ORECs is carbon-free generation – the very same attributes that would be rewarded with incremental compensation were the NYISO to implement carbon pricing. Thus, focusing on RECs in response to the AWEA/ACENY Petition, if one concludes that RECs compensate renewable generation projects for carbon-free attributes, then the implementation of carbon pricing would result in clear double-payments at the expense of consumers. Even if, *arguendo*, as Petitioners strain to argue, RECs compensate renewable generation projects for attributes in addition to carbon abatement, the possible implementation of carbon pricing still would result in duplicative payments because renewable generation projects would realize higher wholesale energy revenues due solely to their carbon-free attributes while being paid for RECs predominantly – but possibly not exclusively – for the exact same carbon-free attributes.

Importantly, the Commission already has recognized that the possible implementation of carbon pricing by the NYISO would create a double-payment issue that is substantial. Although addressing ORECs at the time, the Commission's concerns apply equally, if not more so, to RECs and compensation of the Environmental Value in VDER tariffs:

> [T]he NYISO is considering revisions to wholesale market pricing to internalize carbon values. Renewable providers with fixed OREC contracts *would potentially receive a windfall from such a development, receiving both an increase in revenues from wholesale markets and a fixed OREC price*, each reflecting the value of low-carbon characteristics …. If the NYISO implements carbon pricing in the manner described, *the double payment issue has potential to be substantial*. This problem will exist, however, not only for fixed OREC contracts not yet signed, *but also for REC contracts* already signed under the RES program.[25]

[25] OSW Order at 59-60 (emphasis added).

There is supporting evidence that the double-payment concern first advanced in the MI/IPPNY Petition would be quite substantial if carbon pricing is implemented. At a NYISO stakeholder meeting held on May 21, 2018, stakeholders were advised that pursuant to prior Renewable Portfolio Standard contracts and contracts from the first CES solicitation, "NYSERDA has current commitments to pay an average of approximately $100 million in REC payments per year from 2022 through 2041."[26] Those payments – which arguably would constitute a double-payment by consumers and a windfall for REC contract holders if carbon pricing is implemented – do not include REC contracts that became effective after NYSERDA's May 21, 2018 statement, or Environmental Value payments under VDER Tariffs and any potential ORECs.

For the foregoing reasons, and contrary to Petitioners' arguments, the implementation of carbon pricing would result in substantial double-payments by consumers for the same attributes. As Multiple Intervenors and IPPNY asserted some time ago, there is a compelling need for action to protect consumers and competitive wholesale electricity markets from the possibility of double-payments if carbon pricing is implemented:

> Multiple Intervenors and IPPNY, representing large non-residential energy consumers and independent electric generators, respectively, have diverse – and sometimes adverse – interests on wholesale and retail electric issues. On this issue, however, Multiple Intervenors and IPPNY … are in complete accord. Suppliers should not be paid twice for the same attribute. If, *arguendo*, carbon pricing is implemented, then, absent the requested relief, such double-payments could occur, and they also could be substantial in magnitude and long-lasting.

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[26] *See* NYSERDA, *5/21/18 IPPTF NYSERDA Statement*, available at https://www.nyiso.com/documents/20142/1397776/052118%20ipptf%20nyserda%20statement.pdf/e016ec8e-d4cc-5e18-0dd4-7f9e2294cdcb.

(MI/IPPNY Petition at 10-11.) While Multiple Intervenors appreciated the Commission's desire – expressed in the OSW Order – to have the NYISO eliminate the possibility of double-payments as part of its carbon pricing proposal, the NYISO has withdrawn a prior proposal that would have had such effect, thereby leaving the Commission – the agency responsible for regulating RECs, VDER tariffs, and ORECs – as the sole entity able to resolve double-payment issues in the event that carbon pricing is implemented. Under no circumstances should the Commission disregard, or exacerbate, double-payment issues at the expense of consumers.

POINT II

THE COMMISSION SHOULD REJECT PETITIONERS' PROPOSAL THAT THE EXISTING CES PROCUREMENT PROCESS BE MODIFIED TO UTILIZE INDEXED RECs

For the reasons set forth in Point I, *supra*, the possible implementation of carbon pricing by the NYISO raises the specter of substantial double-payments by consumers: once via retail rate mechanisms such as RECs, VDER tariffs, and ORECs that compensate renewable generation projects for carbon-free attributes, and a second time via higher wholesale energy market prices that would reward the same generation projects for the same carbon-free attributes. While disputing the possibility of double-payments by consumers, Petitioners also argue that double-payment issues could be resolved through the use of indexed RECs, whereby the compensation paid to renewable generation projects would vary based on wholesale energy and capacity market revenues. (AWEA/ACENY Petition at 9-14.) For the reasons set forth below, the Commission should reject Petitioners' proposal that the existing CES procurement process be modified to utilize indexed RECs.

Pursuant to Petitioners' proposal, RECs would become variable, increasing as wholesale energy and capacity prices decrease, and vice versa. (*Id.* at 9-10.) Indexing would, in effect, "provide a hedge against market volatility" for developers. (*Id.* at 10.) Petitioners aver that providing renewable generators eligible for RECs such a built-in hedge would reduce capital costs, and thereby reduce REC prices, in a manner that ultimately would benefit consumers. (*Id.* at 10-11.) Multiple Intervenors does not agree that indexed RECs necessarily would result in lower costs for consumers. More importantly, indexed RECs would have the effect of shifting the risks of wholesale market prices and associated volatility from private renewable developers that currently are willing to assume such risks to captive consumers forced to fund RECs indirectly. Such "risk shifting" would be detrimental to consumers and contrary to the public interest.

In accordance with the current CES procurement process, renewable generation projects submit fixed-price REC bids to NYSERDA. If selected for a REC contract, a project is paid a fixed price, on a per MWh basis, for its carbon-free generation attributes, and the remainder of the project's revenues come from wholesale market revenues (or bilateral contractual arrangements that, upon information and belief, are based heavily on projected wholesale market revenues). Thus, renewable generation owners currently bear the risks of wholesale market prices and associated volatility, and that is fair. After all, such owners choose willingly to develop renewable generation projects and assume those risks. Indeed, part of the Commission's motivation in opening the generation market to competition several decades ago was a desire to have developers assume generation-related risks that previously were imposed on captive consumers. Unlike developers, however, consumers have no say as to whether, when, or where a particular renewable generation project should be developed, or how much should be bid to supply

RECs. As a matter of equity, market risks should be borne by the parties that can and do choose to assume them.

Furthermore, consumers are very limited as to what they can do to budget for, or hedge against, indexed REC costs, which may fluctuate wildly with market price swings. As the State mandates the procurement of ever-increasing amounts of renewable resources, the annual cost of RECs to consumers will rise, likely substantially. If RECs were to be indexed to wholesale market prices, this financial obligation on consumers may be quite volatile, be nearly impossible for the vast majority of consumers to budget, and could become especially costly during periods of lower market prices. Renewable developers, on the other hand, are capable of hedging against market price uncertainty and, as Petitioners acknowledge, *do* protect themselves from these risks by obtaining hedges. (*See* AWEA/ACENY Petition at 7-8.) Inasmuch as renewable generation developers are able to procure hedges against wholesale market price volatility, there is no compelling need to transition to indexed RECs, which simply would shift risks from willing developers to captive consumers.

Finally, any claims that indexed RECs would lead to reduced costs are speculative at best. Currently, renewable generation developers interested in hedging against wholesale market price uncertainty and volatility are able to do so, and there does not appear to be any shortage of developers interested in bidding to supply fixed-price RECs. By their proposal, Petitioners seek to shift these risks from willing developers to captive consumers, thereby sparing developers from any need to procure hedges. Petitioners assume, without evidence, that developers then will pass 100% of the resulting cost savings to consumers in the form of lower RECs bids. Multiple Intervenors is skeptical that would occur. From the perspective of large energy consumers, the possibility of indexed RECs would lead to greater electric rate/cost uncertainty, and potentially much-higher costs if wholesale electric prices turn out to be less than projected – a scenario similar to New York's ill-fated Six-Cent Law, which cost consumers tens of billions of dollars in increased costs because utility long-run avoided costs did not act consistently with expectations. New York should not make the same mistake twice. Accordingly, Petitioners' proposal that the existing CES procurement process be modified to utilize indexed RECs should be rejected.

POINT III

THE USE OF DUAL FIXED-PRICE REC BIDS (WITH AND WITHOUT CARBON PRICING) WOULD ADDRESS DOUBLE-PAYMENT CONCERNS WITHOUT ANY DETRIMENTAL SHIFTING OF RISKS TO CONSUMERS

For the reasons set forth in Point II, *supra*, Multiple Intervenors opposes the proposed adoption of indexed RECs as part of the CES procurement process. A simpler – and less problematic – method for addressing double-payment concerns would be to rely on dual fixed-price REC bids: one bid reflecting the status quo and the other bid reflecting a carbon pricing regime.

Pursuant to this approach, developers would bid for fixed-price RECs in response to competitive solicitations, as is the case today. Additionally, developers would submit a second fixed-price (and presumably lower) REC bid that only would be applicable if and when carbon pricing were to be implemented. NYSERDA would evaluate both bids, and offer contracts that incorporate both bids.[27] This is a simple, workable solution that is tailored to address double-

[27] While NYSERDA theoretically could weigh the two bids based on its internal assessment of how likely carbon pricing is to be implemented, such weighting should not be disclosed publicly, thereby forcing developers to submit competitive bids under both scenarios.

payment concerns, is administratively achievable, and, importantly, does not shift risks from renewable generation developers to captive customers.

The dual-bid solution offers a host of benefits. First, unlike indexed RECs, the dual-bid solution is tailored specifically to the potential implementation of carbon pricing and addresses, prospectively, concerns regarding double-payments to renewable generation projects at the expense of consumers. Specifically, the second fixed-price REC bid only would be triggered upon the implementation of carbon pricing; thus, absent carbon pricing, the status quo would remain unchanged. Moreover, because the second bid presumably would be lower, reflecting the increased market revenues anticipated from carbon pricing, there would be no double-payments on a prospective basis.

Second, the dual-bid approach would not necessitate or involve any shifting of the risks related to wholesale market prices and associated volatility. Currently, such risks are on renewable developers, where they belong, as such entities are choosing proactively to invest private capital to develop generation projects (as opposed to captive consumers, who simply are being forced to fund RECs and other State policy initiatives). Unlike indexed RECs, which would shift these risks from developers to consumers, use of a dual-bid approach would keep the risks allocated to developers, as they would continue to receive fixed-price compensation for RECs and the remainder of their compensation via competitive wholesale electricity markets (or bilateral contracts reflective of same). In other words, the approach does not alter the existing payment streams available to renewable developers; it simply provides for a different (*i.e.*, reduced), but still competitively-determined, level of compensation to renewable generation projects in the event that carbon pricing is implemented, thereby addressing legitimate double-payment concerns.

Accordingly, the dual-bid approach addresses potential double-payments without any overspill (unlike Petitioners' proposal to implement indexed RECs, which goes well beyond the underlying concerns). The approach effectively would prevent windfalls from double-payments, while avoiding any detrimental shifting of risks from renewable generation developers to captive consumers. Whether carbon pricing will be implemented in the future still is an open question. Use of the dual-bid approach advanced herein would provide immediate relief to consumers if carbon pricing is implemented, but would maintain the status quo if it is not. The dual-bid approach also ensures that the near-term and the long-term cost impacts associated with a requirement to procure RECs are relatively predictable and not subject to volatility akin to market price volatility.

Accordingly, Multiple Intervenors urges the Commission to require renewable generation developers to submit dual fixed-price REC bids in response to future solicitations.

CONCLUSION

For all the foregoing reasons, Multiple Intervenors urges the Commission to (i) deny the AWEA/ACENY Petition in its entirety, and (ii) adopt Multiple Intervenors' recommended dual fixed-price REC bid approach for future implementation.

Dated: April 22, 2019
Albany, New York

Respectfully submitted,

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