

Maureen O. Helmer
Partner

May 13, 2016

VIA ELECTRONIC MAIL

The Honorable Kathleen H. Burgess
Secretary
New York Public Service Commission
Empire State Plaza
Albany, NY 12223-1350

Re: Case 15-E-0302 – Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard.

Dear Secretary Burgess:

On behalf of Brookfield Renewable, please accept the attached Reply Comments in response to the Commission's January 25, 2016 White Paper on the Clean Energy Standard in the above-referenced proceeding.

Very truly yours,



Maureen O. Helmer
Counsel for Brookfield Renewable

MOH:lm
Attachment

cc (via email): Jeff Bishop, Brookfield Renewable

Proceeding on Motion of the Commission to
Implement a Large-Scale Renewable Program
and a Clean Energy Standard.

BROOKFIELD RENEWABLE
REPLY COMMENTS REGARDING
THE CLEAN ENERGY STANDARD

Brookfield Renewable respectfully submits the following reply comments in response to the various initial party comments regarding the Department of Public Service Staff (“Staff”) White Paper on the Clean Energy Standard (“CES”) in this docket (collectively the “White Paper”).¹ Brookfield Renewable strongly supports the Public Service Commission’s (“Commission’s”) proposal to adopt the CES to meet the State’s aggressive goal of obtaining 50% renewable resources by 2030 (the “50 x 30 goal”). However, as noted in the many comments submitted in this proceeding, the CES construct as proposed will require some

¹ Case 15-E-0302 – *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Staff White Paper on Clean Energy Standard (Jan. 25, 2016) (“White Paper”).

modification to ensure that the 50 x 30 goal is met in the most efficient, cost effective, and non-discriminatory manner. To that end, Brookfield Renewable supports consolidation of sub-tiers 2A and 2B into one tier and supports long-term Power Purchase Agreements (“PPAs”) with credit-worthy entities for *all* tiers, not just Tier 1. Brookfield Renewable also encourages the Commission to adopt binding targets consistent with and scalable to the targets in the CES, and to set robust Alternative Compliance Payments (“ACP”) levels that support a healthy market, as echoed in various comments submitted by other parties. Overall, the comments reverberate that the cornerstone to a successful CES will be a liquid, adequate, and consistent Renewable Energy Credit (“REC”) market and an ACP that is technologically-neutral and sets a sufficient upper boundary to the REC market.

REPLY COMMENTS

1. The Proposed Tiered Structure Should be Modified to Encourage Competition and Reflect the Realities of the Market for Existing Renewables

To encourage competition as well as effectively meet the interim and overall targets of the CES in the most cost-effective manner, Brookfield Renewable strongly supports the recommendations to modify the proposed structure and minimize the number of tiers.

As noted by the New York Power Authority (“NYPA”), Tiers 1 and 2 should be consolidated into one tier to promote competition among renewable resources.² In a similar vein, the CES should be non-discriminatory, as advocated by Entergy, based on a policy that is technology neutral.³ Brookfield Renewable agrees. At minimum, Tiers 2A and 2B should be consolidated into one tier for legacy resources as all legacy hydropower is valued or has the

² New York Power Authority (“NYPA”) Comments at 12.

³ Entergy Comments at 7; Institute for Policy Integrity at NYU School of Law Comments at 11.

potential to be valued the same as other resources in adjacent territories including Connecticut and Massachusetts. In concurrence with HQUS, it should be noted that similar to a Tier 2A resource coming off a long-term contract, legacy hydropower resources, which are currently classified as Tier 2B, can qualify in renewable energy programs in surrounding markets. Furthermore, Transmission Developers, Inc. (“TDI”) noted that leakage of clean energy exports out of New York may occur if projects are drawn to participate in the New England Clean Energy RFP or any future RFP due to inadequate value recognition in New York.⁴ Several significant New York renewable market participants, including Brookfield Renewable, have in fact submitted proposals for existing assets and development of assets in response to the New England RFP. This and other opportunities provide evidence that ample demand does, in fact, exist in surrounding markets supporting the urgency that the competitive distinction in the CES tiers should be removed and the sub-tiers consolidated into one tier.

While the social benefits of hydropower identified by Ampersand Hydro are unique and undeniable,⁵ in lieu of suggestions of an adder or multiplier, Brookfield Renewable respectfully recommends that the operative analysis be based on whether the resource has low environmental impacts, not based on the size of the facility. As such, Brookfield Renewable believes that the best way to account for the social benefits of hydropower is to value Low Impact Hydropower Institute (“LIHI”) certified facilities on par with Tier 1 resources, as previously explained in our initial comments and as further explained below.

⁴ Transmission Developers, Inc. Comments at 4.

⁵ See generally Ampersand Hydro March 14, 2016 Comments.

2. RECs Must Be Consistently Valued and the ACP Must Be Sufficiently High to Encourage Compliance.

As Gravity Renewables noted, in order for the CES to be effective and economical, RECs will need to be consistently valued.⁶ Brookfield Renewable adamantly agrees. In addition, as noted by Ampersand Hydro, the current depressed wholesale power rates in the New York Independent System Operator (“NYISO”) footprint make further investment – in both new and existing New York projects – unattractive unless future market arrangements allow for REC payments closer to New England Class I levels.⁷ This will be particularly relevant and important to mitigate attrition of legacy resources that have ample competitive opportunities outside of New York.

In concert with a consistent REC value, Brookfield Renewable agrees with comments submitted by the New York Solar Energy Industries Association and the Renewable Energy Industry (the Advanced Energy Economy Institute, the Alliance for Clean Energy New York, Inc, the American Wind Energy Association, the Distributed Wind Energy Association, and the Northeast Clean Energy Council) that the ACP must be set above market price and at a level high enough to encourage Load Serving Entities (“LSEs”) to contract for renewables, whether new or existing.⁸ Further, Brookfield Renewable supports the recommendation from the Clean Energy Organizations Collaborative (“CEOC”) that the ACP should be periodically revalued

⁶ Gravity Renewables Comments at 6.

⁷ Ampersand Hydro March 14, 2016 Comments at 3.

⁸ New York Solar Energy Industries Association Comments at 3; Renewable Energy Industry (the Advanced Energy Economy Institute, the Alliance for Clean Energy New York, Inc, the American Wind Energy Association, the Distributed Wind Energy Association, and the Northeast Clean Energy Council) Comments at 13.

over a multi-year horizon to ensure that the rate is effective and promoting compliance and best practices.⁹

While some comments suggest the ACP should prioritize incremental renewable energy development,¹⁰ a properly functioning ACP is necessary for both legacy as well as new renewables. Both existing and new resources will be required to meet the interim and overall targets, and the costs for New York would be considerably higher if it was left with only contracts for new renewables due to a loss of legacy resources, either through decommissioning or long-term contracts through another state or region. As such, in order to mitigate attrition, legacy resources will need to be valued closer to or consistent with new projects in terms of both RECs and the ACP, such as is the case in the NYISO capacity market – where the same capacity benefits are compensated the same, regardless of resource.

3. Establish Mandatory Targets and Interim Goals

The targets established under the CES need to be mandatory in order for the CES to be effective in meeting the aggressive 50 x 30 goal. To that end, Brookfield Renewable joins with New York Solar Energy Industries Association in its recommendation that firm targets should be established beyond 2020, through at least 2030, and that targets should be maintained through 2050.¹¹ Other comments also support the creation of interim targets,¹² which Brookfield

⁹ Clean Energy Organizations Collaborative (Acadia Center, Citizens Campaign For The Environment, Citizens For Local Power, Environmental Advocates of New York, National Wildlife Federation, Natural Resources Defense Council, The Nature Conservancy, New York Public Interest Research Group, Pace Energy and Climate Center, Sierra Club) Comments at 6.

¹⁰ Solar Energy Industries Association and Vote Solar (“Solar Parties”) Comments at 17.

¹¹ New York Solar Energy Industries Association Comments at 1.

¹² NRG Energy, Inc. Comments at 2.

Renewable agrees will help ensure compliance with the CES and aid participants in planning for future compliance or development.

As New York Solar Energy Industries Association pointed out, targets should be front-loaded to take advantage of important cost reducing federal incentives.¹³ In particular, the Commission should increase targets for 2017 through 2021 to take advantage of these and reduce the overall program cost. Contrary to the belief that back-loading targets would allow for technological advances with potential concomitant cost reductions, or the prospect of additional federal tax incentives,¹⁴ reliance on such future, speculative events could hinder the State's ability to achieve its aggressive 50 x 30 goal. Furthermore, if early targets are insufficient, other out-of-state near-term market opportunities for New York's new or existing renewables will be more attractive to pursue, thus reducing the long-term cost-effectiveness of the program. Therefore, under any circumstance, targets should be mandatory and should not be back-loaded.

4. All Privately Owned Hydropower Should Be Eligible to Participate in the CES

a. Hydropower will be crucial in attainment of the 50 x 30 target.

Attainment of the State's 50 by 30 goal through the CES in a manner that delivers economic and reliable energy will be challenging without inclusion of all privately owned hydroelectric generation. First, the quantity of clean, renewable energy generated from hydropower will be required to meet the CES targets. As noted by the NYISO, approximately 25,000 MW of solar resources, 15,000 MW of wind capacity, or 4,000 MW of *new* hydroelectric capacity will likely be required to meet the stringent targets.¹⁵ Brookfield Renewable believes

¹³ New York Solar Energy Industries Association Comments at 2.

¹⁴ NRG Energy Inc. Comments at 6.

¹⁵ NYISO Comments at 4.

that the loss of any existing hydropower generation or exclusion of any privately owned hydropower would significantly undermine and delay achievement of the targets, leaving the CES program vulnerable to failure and leaving the grid at risk to reliability and deliverability issues.¹⁶ Therefore, it is imperative that privately owned hydropower, both small and large-scale facilities, continue to be included in the CES.

b. Firming hydropower augments the reliability and deliverability of intermittent resources.

Second, the use of hydro to firm generation from intermittent resources will be key to ensuring that renewable energy is reliably delivered. As noted by TDI, if large scale hydropower is not eligible, the percentage of intermittent resources would increase from approximately 3% to approximately 23% in 2030.¹⁷ Brookfield Renewable agrees with TDI that such a drastic increase in intermittent sources could create reliability issues.¹⁸ The feasibility of installation of sufficient new resources to meet the goal may also be unrealistic given land-use planning constraints. At the present time, hydro is the only clean, renewable resource that can firm these intermittent resources and firm energy on new transmission lines to transmit electricity from upstate New York down to the load centers in the southern part of the State. Without legacy hydroelectric generation, fossil fuel generated electricity, primarily natural gas, will be required to supplement and secure the intermittent resources, resulting in a vicious circle of creating greenhouse gas emissions while trying to reduce them through the CES.

Therefore, Brookfield Renewable strongly supports the comments of TDI that recommend that the CES include procurement of hydropower to firm and integrate intermittent

¹⁶ Transmission Developers, Inc. Comments at 4-5.

¹⁷ *Id.* at 5.

¹⁸ *Id.* at 5.

resources into the grid.¹⁹ This combination of new intermittent Tier 1 resources with scheduled Tier 2 hydropower can provide needed capacity to southern New York.

c. Hydropower provides additional social and environmental benefits.

In addition to the direct benefits to the CES program, hydropower provides significant, tangible benefits to the environment and community. As noted in the comments of other hydropower providers, hydro facilities play a critical role in dam maintenance and repair, functions that would otherwise be the responsibility and financial burden of the state. Hydro facilities also promote environmental stewardship, water quality, and recreational opportunities. These and other benefits are quantified by the Low Impact Hydropower Institute (“LIHI”), which certifies hydropower facilities that meet its stringent criteria, as is further detailed in our initial comments. To expand upon comments of other hydropower providers regarding the social benefits of hydropower and ways to monetize that value, Brookfield Renewable reiterates its suggestion to consider new and existing LIHI Certified facilities as eligible for Tier 1, as it would encourage generators with hydro assets, both in development and operation, to invest additional capital to ensure hydro facilities meet the most stringent criteria for environmental protection.

Brookfield Renewable agrees with the comments by Ampersand Hydro and Gravity Renewables regarding small hydro, and notes that many of the same attributes noted applicable to small hydro apply to large-scale hydropower as well. All hydropower facilities play major roles as stewards of dams and the environment, as noted above, the latter of which can be measured and quantified through the LIHI standard. The market challenges facing small hydro

¹⁹ *Id.* at 4-5.

projects, such as the fact that current market mechanisms are either ending or ineffective leaving hydropower facilities and dams at risk of falling into disrepair or underinvestment, also apply to large-scale hydropower facilities. Therefore, it is vitally important that all privately-owned hydropower facilities are eligible and adequately represented on par with other renewable resources, without regard to the size or type of hydropower facility. To mitigate these risks and challenges and ensure parity, Brookfield Renewable recommends that the Commission expand eligibility for hydropower resources to include all privately-owned low carbon hydropower facilities including storage resources, not just low-impact run-of-river facilities and upgrades to existing resources with no new storage impoundments.

5. Long-term Bundled Power Purchase Agreements – in both Tier 1 and Tier 2 -- Should be Encouraged as a Procurement Tool

Numerous, diverse parties support the Staff’s finding in its White Paper that the use of long-term, bundled Power Purchase Agreements (“PPAs”) with credit worthy parties will result in the lowest-cost development of the renewable projects necessary for New York to reach its ambitious goals. As NRG points out, a bundled PPA provides developers certainty about the value of their REC and energy production, which in turn allows project developers to achieve low cost financing of projects and decrease equity contributions, allowing for more renewables development per dollar of at-risk capital.²⁰ Similarly, the Solar Energy Industry Association (“SEIA”) and Vote Solar (the “Solar Parties”) argue that bundled PPAs are necessary to drive the development of large scale solar projects.²¹ The Solar Parties also recommend that contracts involve a credit-worthy counterparty and a twenty year term to support the most efficient and

²⁰ NRG Comments at 5.

²¹ Solar Parties Comments at 8.

economical financing terms, which will minimize costs to customers.²² The New York Solar Industries Association, as well as the Renewable Energy Industry echo these themes in their comments.²³

A number of parties recommend a specific percentage of renewable resources be procured through long term PPAs. For example, the Renewable Energy Industry advocates that 85% of all renewable resources be procured through long term PPAs.²⁴ Brookfield Renewable supports that suggestion for Tier 1 and believes setting a fair percentage that allows the best value for ratepayers as well as maintains a robust REC market is in the best interest of the State. The focus should be to require a total of PPAs and any other mechanisms that (a) ensures all current, legacy renewables remain viable and willing to provide benefits to New York markets and customers, and (b) attract the development of the incremental renewable development necessary to meet the State's ambitious goals. While others have advocated for PPAs for Tier 1 resources, it is clear that, for hedging purposes for New York ratepayers, and the maintenance of legacy renewable projects, Tier 2 resources should have PPAs as well. The combination Tier 2A and Tier 2B (which equates to roughly 17 TWh in the first year), represents roughly 10% of New York's approximate 160 GWh/year²⁵ electricity demands. A 50% PPA requirement for Tier 2 would only be 5% of New York's load – representing a small but important hedge for New York ratepayers against volatile fossil fuel prices and scenarios where carbon-free electricity is valued

²² Solar Parties Comments at 5.

²³ New York Solar Energy Industries Association Comments at 3.

²⁴ Renewable Energy Industry Comments at 5.

²⁵ NEW YORK INDEPENDENT SYSTEM OPERATOR, *Power Trends 2015, Rightsizing the Grid* (2015) available at http://www.nyiso.com/public/webdocs/media_room/press_releases/2015/Child_PowerTrends_2015/ptrends2015_FINAL.pdf.

higher in the future than it is today. To that end, the Commission should allow Tier 2 PPAs to constitute 50% of the total, regardless of whether the Tier 2A and 2B sub-tiers are consolidated.

A small minority of parties expressed opposition to mandatory PPAs. In particular, the utilities argue²⁶ that long term mandatory PPAs impose unacceptable risk and excessive costs, force utility customers to keep paying future market prices after PPAs expire, shift more risk from developers to customers compared to NYSERDA's REC-only contracts, and have caused financial harm to customers and utilities in the past. In addition, the NYISO advises the Commission to avoid any material reliance on bundled PPAs to achieve the CES due to potentially adverse impacts on system efficiency, reliability, and consumer costs.²⁷ In addition to some of the points made by the utilities, the NYISO observes that long-term bundled PPAs may result in adverse market and reliability impacts because they effectively insulate renewable resources from temporal and location-based wholesale market price signals.²⁸ It also argues that reduced energy prices resulting from resources that are not responsive to price signals may place additional financial strain on other existing conventional, clean and renewable resources, and that if reduced market prices cause or accelerate the retirement or mothballing of other generation facilities, or stall the development of new generation, the lack of diverse generation resources could adversely affect reliability.

While it is true that there will be less diversity of traditional resources such as less coal and oil-powered generation under any CES, additional resource diversity will come from solar, wind, biomass, hydro, offshore wind, and perhaps other renewable energy technologies that are

²⁶ Indicated Joint Utilities (Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc.) Comments at 11-12.

²⁷ NYISO Comments at 8-10..

²⁸ *Id.* at 9.

not commercially viable yet but could be by 2030. New York ratepayers will gain the fuel-free generation from these resources, as well as hedge values from long-term contracts. In addition, the NYISO already uses RMR (“Reliability Must Run”) contracts for traditional resources where needed to address reliability issues, and a low-carbon hedge allows for other added benefits.

In addition, contrary to the observations of these parties, PPAs do not entirely remove risk from developers. As the Solar Parties note, depending on the structure of the PPA, developers would still be responsible for development risk, permitting risk, construction cost and schedule risks, as well as operating output/performance risks.²⁹ In terms of the risk to captive ratepayers, the contracting acumen on the part of parties to PPAs has matured significantly in the intervening years since the contracts negotiated under New York’s six-cent law. There is a better understanding of the short and long term risks arising from electricity price volatility and legal and financial mechanisms available to address these concerns.

Other parties expressed concern that a construct that relies solely on PPAs will diminish the viability of ‘behind the meter’ and Distributed Energy Resources (“DER”).³⁰ However, even in these cases those same parties did not oppose PPAs altogether, but rather encouraged limiting the amount of procurement to a particular percentage. As stated elsewhere, Brookfield Renewable believes that PPAs can work in parallel with other mechanisms that support other forms of renewable and distributed resources.

In addition, several parties, including Bloom Energy and the Independent Power Producers of New York (“IPPNY”), raise concerns about whether mandatory PPAs will result in

²⁹ Solar Parties Comments at 18.

³⁰ Bloom Energy Comments at 2; National Fuel Cell Research Center Comments at 6.

litigation in light of the U.S. Supreme Court's holding in *Hughes v. Talen Energy Marketing*.³¹

However, the Supreme Court was clear that its ruling would only extend to Maryland's program:

Our holding is limited: We reject Maryland's program only because it disregards an interstate wholesale rate required by FERC. We therefore need not and do not address the permissibility of various other measures States might employ to encourage development of new or clean generation, including tax incentives, land grants, direct subsidies, construction of state-owned generation facilities, or re-regulation of the energy sector. Nothing in this opinion should be read to foreclose Maryland and other States from encouraging production of new or clean generation through measures 'untethered to a generator's wholesale market participation.'³²

As evidenced by the success of RPS programs across the country, there are very clear ways to encourage development of new and clean generation within the strictures set forth in the *Hughes* decision. One such example is to focus on the quantitative analysis of solicitations based on the lowest-imputed REC prices, rather than the lowest PPA price. Therefore, if two equal resources are offered in two different parts of the state at the same PPA price, the one where the estimated future energy prices are higher should receive the PPA as the price signals reflect the wholesale market. This is but one example of how a program can be structured so that it reflects and complements, rather than distorts, wholesale markets or wholesale market prices. Brookfield joins with other commenters in urging the Commission to carefully design the CES so as to be consonant with *Hughes* and to avoid future litigation.

The Solar Parties also address some interesting issues related to PPAs that are worthy of consideration. They recommend that the Commission investigate policies to encourage the

³¹ Bloom Energy Comments at 2; Independent Power Producers of New York ("IPPNY") Comments at 14-15; *Hughes v. Talen Energy Mktg.*, 2016 U.S. LEXIS 2797 (U.S. Apr. 19, 2016).

³² *Hughes*, 2016 U.S. LEXIS 2797 at *27.

development of self-initiated PPAs between renewable developers and large customers, LSEs, Community Choice Aggregators (“CCA”) and even potentially self-initiated “merchant” large scale solar customers.³³ They suggest a complementary, parallel, stakeholder process to review market trends and make policy suggestions that will further the goal of self-initiated contracts.

Brookfield Renewable agrees that a mature market with reliable, transparent pricing should be able to encourage and support self-initiated PPAs in Tier 1 and Tier 2. The current energy markets in this region are not mature enough to support such contracts without government encouragement such as the mechanisms being contemplated by this proceeding. For example, the current framework creates disincentives to contracting by regulated utilities, and the lack of a uniform contracting policy has led to disaggregated self-initiated choices by customers through bilateral contracts. Therefore, it would be a good use of stakeholders’ time to pursue policies that create the kind of transparent, functional markets that make self-initiated PPAs viable. However, given the volume of policymaking currently being tackled by the Commission, Brookfield Renewable suggests that such a stakeholder process begin after the instant proceeding. However, the Commission should be mindful of the long term goal of encouraging self-initiated arrangements, and not put in place policies in this proceeding that would frustrate or delay that goal. For example, while some Commercial and Industrial companies may not be able to enter into long term PPAs now, 3 to 5 year structures may prove beneficial. In the short term, NYSERDA or another state agency could back long-term PPAs with generators, and offer shorter tranches of multi-year structures to offtakers to meet their needs.

³³ Solar Parties Comments at 21.

6. Out-of-State Resources Should be Included to Ensure an Effective and Cost-Efficient CES.

Brookfield Renewable supports comments that advocate for eligibility of out-of-state resources that meet the requirements outlined in the White Paper.³⁴ As described in our Initial Comments, *all* privately held, out-of-state energy facilities, not just those located in adjacent territories, should be eligible as long as the RECs and the associated energy are deliverable into New York and the RECs are tracked via the New York Generation Attribute Tracking System (“NYGATS”). As noted in the White Paper, the expansion of eligibility coupled with tracking via NYGATS will serve the public interest insofar as including more eligible resources will mitigate compliance costs for LSE’s, and ultimately, impacts on consumers. As suggested by IPPNY, the Commission should also clarify that out-of-state resources that are owned or supported by governmental entities, either directly or indirectly, should not be eligible;³⁵ government-owned resources, built on public subsidy, should not be further subsidized by New York ratepayers.

While some comments suggest that out-of-state supply should not be eligible because the previous the RPS program barred out-of-state power based on concerns regarding lost economic development from in-state, the structure of the CES should allay those concerns. With the Tier 1 classification and overall CES incentives, economic development will be incented and not depressed. However, without the inclusion of out-of-state resources, ratepayers will likely experience increased costs and decreased reliability. Additionally, economic benefits do not stop at state borders; supporting out-of-state resources can provide economic developments to New

³⁴ NYPA Comments at 11; Indicated Joint Utilities Comments at 6.

³⁵ IPPNY Comments at 4.

York as part of the overall region. Brookfield Renewable also supports NYISO's comment that that the Commission should further evaluate out-of-state hydroelectric resources as a REC-eligible option to broaden competition and control overall program costs, but would like to reiterate that this should only apply to privately-owned generation.³⁶

7. Non-Discriminatory Market-Based Mechanisms Should be Established for All Existing Renewable Energy Facilities

Brookfield supports the comments of parties, such as Entergy, that suggest that New York should adopt robust non-discriminatory market mechanisms that allow participation by *all* renewable energy resources. As hedging and self-initiated contracts are not inconsistent with well-functioning and competitive markets, allowing a portion of New York's energy needs to be hedged under long-term contracts is still market-based, provided that all renewable resources are able to bid into the procurement offerings.

To that end, while PPAs are the preferred mechanism, as noted in the Cost Study and by numerous parties, the structure of the CES should encourage competition as competitive markets will provide the lowest-cost and most efficient clean energy solutions. As discussed by the PACE Energy and Climate Center, the Commission should investigate market improvements that would allow the myriad values of renewable generation to be valued now and in the future, such as recognition of the wholesale capacity value of large-scale renewables, rigorous carbon valuations, recognition of hedge value, and market mechanisms that value flexibility. In particular, the Commission should expressly recognize that hydropower can provide additional ancillary benefits compared to other forms of renewable energy that can be valued higher in the future, such as black start capability, reserve and frequency regulation.

³⁶ NYISO Comments at 13.

8. The Cost Study Should Consistently Value the Cost of Carbon

Brookfield Renewable intends to separately submit comments on the Cost Study. As a preliminary comment and as noted by other parties, a more in-depth cost study is needed.³⁷ In particular, the Cost Study should have consistently valued carbon reduction and incorporated an approach that internalizes the cost of carbon and other emission allowances in wholesale energy prices to allow zero and low emission resources to benefit from their lower carbon emissions profile consistent with the State Energy Plan (“SEP”) goals.³⁸ The Cost Study also should have recognized all competitive opportunities associated with Tier 2B resources, which appear to be significantly undervalued relative to their existing and emerging opportunities elsewhere.

9. Policies Targeted at Utility-Scale Solar Should be Geographically Diverse and Favor Blended Products.

As discussed above, Brookfield Renewable supports the inclusion of all renewables in bundled PPAs, including solar. While Brookfield Renewable favors a technology-neutral approach, if the Commission should pursue policies targeted specifically at utility-scale solar, the policies should include geographic diversity and favor blended renewable products, such as solar firmed with hydropower.

CONCLUSION

Brookfield Renewable appreciates the many diverse interests and comments submitted in regards to the creation of the CES. A central theme prevalent in the comments is the need for a competitively-based and flexible program that includes both new development and legacy resources as well as a variety of energy resources in order to meet the aggressive 50 x 30 goal.

³⁷ City of New York Comments at 4.

³⁸ IPPNY Comments at 4.

Critical to the efficient and economic viability of the CES will be deliverability and reliability of the many resources, which can only be achieved through use of long-term contract mechanisms and by use of reliable resources to firm intermittent renewables. Overall, the success of the CES and the continued competitive energy market in New York will depend on a program that treats legacy and new projects, including privately-owned out-of-state resources, in the same manner and a fair and adequate REC and ACP. Brookfield Renewable looks forward to the continued opportunity to help maintain and increase the State's renewable generation assets.

Dated: May 13, 2016

S/

Maureen O. Helmer
Laura L. Mona
Barclay Damon, LLP
80 State Street
Albany, NY 12207
(518) 429-4220
MHelmer@barclaydamon.com
Counsel for Brookfield Renewable