STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

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

BROOKFIELD RENEWABLE COMMENTS ON NYSERDA'S CLEAN ENERGY STANDARD TIER 2 RE-SALE IMPLEMENTATION PLAN PROPOSAL

Brookfield Renewable submits the following comments in response to the "Clean Energy Standard Tier 2 Re-sale Implementation Plan Proposal" ("Resale Proposal") filed by Staff of the New York State Energy Research and Development Authority ("NYSERDA") and Staff of the New York State Department of Public Service ("DPS") (collectively "Staff') on May 1, 2021. Brookfield Renewable has been an active participant in this proceeding through the evolution of the Clean Energy Standard ("CES") and appreciates the opportunity to weigh in on the latest proposal relating to Tier 2 resources and their renewable energy credits ("RECs"). As described in further detail below, Brookfield Renewable does not support NYSERDA's resale of Tier 2 RECs unless and until NYSERDA executes the Competitive Tier 2 program in a manner consistent with its stated intent – as well as the Public Service Commission's ("Commission") directive – to provide tangible support to the majority of the State's renewable baseline.

BACKGROUND/BROOKFIELD RENEWABLE'S INTEREST IN THE CASE

Brookfield Renewable Partners L.P., a publicly traded entity (NYSE: BEP, filing as "Brookfield Renewable"), operates one of the world's largest publicly traded renewable power platforms. Brookfield Renewable's portfolio consists of hydroelectric, wind, solar and storage facilities in North America, South America, Europe and Asia, and totals approximately 19,400 MWs of installed capacity across 5,318 generating facilities and an over 18,000 MW development pipeline. Brookfield Renewable employs approximately 3,000 dedicated professionals involved in the day-to-day operations of our facilities, business and project development. Headquartered in New York, New York, Brookfield Renewable's U.S. platform owns and operates solar, wind, storage, and hydroelectric facilities across 34 states. The U.S. platform consists of 196 utility-scale renewable facilities and 4,822 distributed generation solar projects, totaling approximately 7,300 MW in nameplate capacity.

Brookfield Renewable has a significant presence in New York, including 74 hydroelectric facilities on 15 river systems (56 of which are LIHI certified), 711 MW of installed capacity, plus two recently integrated Terraform Power wind projects totaling 160 MW, resulting in over 300 employees and 240 indirect jobs in New York.

COMMENTS ON THE IMPLEMENTATION PLAN

The Commission's CES modification order[1] included a provision stating that the "proposal to *allow* NYSERDA to re-sell Tier 2 RECs that it purchases from generators is adopted." [Emphasis added]. However, NYSERDA is not *required* to resell the Tier 2 RECs it acquires, and, for the reasons stated below, we submit that they should not do so unless and until the Competitive Tier 2 program delivers results that match its intentions and expectations.

In the Resale Proposal, Staff notes "In their comments on the proposed Tier 2 Program, various stakeholders supported the idea of re-selling the Tier 2 RECs to the voluntary market based upon the concern that NYSERDA would purchase the majority of the Environment Disclosure Program (EDP) eligible RECs and that by doing so NYSERDA's purchases would adversely impact the voluntary market."[2] Such a concern on behalf of voluntary REC purchasers was understandable at the time, as both NYSERDA's Competitive Tier 2 petition[3] as well as Staff's CES Whitepaper[4] contemplated that, over the course of three solicitations, the majority of the State's renewable baseline resources would be participants in the Competitive Tier 2 program (i.e. have their REC output contracted with NYSERDA). However, that is not the result that

[1] Case 15-E-0302. *Order Adopting Modifications to the Clean Energy Standard.* Issued October 15, 2020.
[2] Case 15-E-0302. *Resale Proposal.* P. 2.
[3] Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Petition Regarding Clean Energy Standard, Competitive Tier 2 Program for Baseline Renewable Generation* (filed January 24, 2020).
[4] Case 15-E-0302. *White Paper on Clean Energy Standard Procurements to Implement New York's Climate Leadership and Community Protection Act.* Filed June 18, 2020.

occurred through the first Tier 2 solicitation (issued and awarded earlier this year). Instead, as noted below, the Competitive Tier 2 program has gotten off to an underwhelming start.

New York State seemingly has two problems as it relates to Tier 2 RECs. First, NYSERDA is not procuring enough Tier 2 RECs through their solicitations to make any meaningful difference in support of legacy renewable generators. Secondly, Community Choice Aggregators (CCAs) have pleaded with the Commission that they are having difficulty in finding EDP eligible RECs at the quantity and price the communities they serve are requiring.

Brookfield Renewable foresaw these issues arising, which is why we were the first entity to introduce the concept of the resale of RECs, in any CES tier, in response[5] to the NYSERDA Tier 2 petition. As we noted then, it is evident that the gap was and is widening between what CCA communities are willing to pay for a 100% green product and what REC price New York's legacy renewable generators require to either keep operating or keep their RECs from being sold into New England. That is why we proposed, and further explained in response[6] to the Staff CES Whitepaper, that a properly structured procurement from NYSERDA that procured the majority of eligible Tier 2 RECs and then offered those RECs to CCAs and ESCOs at a potential discount was the best way to solve both problems at once.

Instead, the State is now in a position where the first Tier 2 solicitation resulted in the procurement of RECs from three legacy renewable facilities, totaling 13.9 MW. Applying what could be considered a generous capacity factor of 50%, that equates to approximately 60,000 MWh/RECs annually. By comparison, according to the "Clean Energy Standard Annual Progress Report: 2019 Compliance Year,"[7] the State's total renewable energy baseline in 2019 was 40,675,208 MWh. The New York Power Authority ("NYPA"), which is not eligible to participate as a seller of RECs under Tier 2, accounted for roughly 25,000,000 MWh of that total, meaning that roughly 15,000,000 MWh constitute the renewable energy baseline from legacy renewable resources. Of that, NYSERDA's procurement resulted in 60,000 MWh being contracted.

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[5] Case 15-E-0302. *Brookfield Renewable Comments on NYSERDA's Petition Regarding Clean Energy Standard Competitive Tier 2 Program for Baseline Renewable Generation.* Filed April 29,2020.
[6] Case 15-E-0302. *Brookfield Renewable Comments on the White Paper on Clean Energy Standard Procurements to Implements New York's Climate Leadership and Community Protection Act.* Filed August 31, 2020.
[7] Case 15-E-0302. P. 23. Filed 2/1/2021.

That outcome represents .4% of the total non-NYPA renewable baseline and, as can be seen in the data below from the New York Generation Attribute Tracking System, approximately only 6.6% of the RECs that are being exported and cannot be counted towards New York's goals. Clearly, the Tier 2 program, in its current form, is failing to address the problem of supporting the State's renewable baseline and is nowhere near its stated goal of "Each solicitation would seek to procure RECs associated with approximately one-third of the total MWh of generation from eligible facilities."[8]

CES Baseline Bundled REC Exports

CSV Excel PDF

Vintage Year	Non-NYPA Hydroelectric	NYPA Hydroelectric	Biomass	Renewable Biogas	Solar	Wind	Total
2021	146,721	792,378	0	0	0	760,801	1,699,900
2020	483,963	2,101,428	0	550,320	0	2,109,533	5,245,244
2019	433,611	2,016,313	0	557,931	0	1,480,592	4,488,447
2018	170,056	1,870,715	0	542,573	0	949,885	3,541,229
2017	12,924	2,008,088	0	572,505	0	1,001,874	3,595,391

These results also do not address the Commission's stated reasoning for supporting the resale of RECs in the first place, "the Commission finds that this element of the program will keep downward pressure on Tier 2 REC prices and allow CCAs to take advantage of NYSERDA Tier 2 REC prices."[9] As shown below,[10] the demand for a green product from CCAs far exceeds the volumes that can be offered by NYSERDA.

January 2019 – December 2019 CCA Program Performance

				Number of Accounts				Supply Usage (kWh)				
CCA Administrator	Program Began	Number of Programs or Aggregations	Number of Municipalities Served	January 2019 or Program Start Date	December-19	Standard	Green	Standard	Green	% of Load*	Initial Opt-Out Rate*	2019 Drop Rate*
Sustainable Westchester	2016	1	27	90,938	109,527	3	20	176,102,570	664,972,558	79%	6%	4% **
Municipal Electric Gas and Electric Alliance, Inc.	2019	1	21	17,795	17,349	15	6	31,415,701	17,843,471	36%	22%	3%
Joule Assets, Inc.	2019	2	7	26,356	21,633	0	7	153,209	1,494,317	91%	16%	18%
Good Energy, LLC.	2019	3	5	5,769	4697	5	0	Not Reported	Not Reported		23%	19%
CCA Statewide			60	140,858	153,206	23	33	207,671,480	684,310,346	77%	17%	11%

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[8] CES Modification Order P. 49.

[9] Id. P.70

[10] Case 14-M-0224. *Department of Public Service Staff Whitepaper on Community Choice Aggregation Programs.* Table on P. 7.

Yet still, according to CCA administrators, these circumstances have not provided sufficient downward pressure on REC prices. Staff's CCA whitepaper states:

> CCA Administrators have notified Staff of the recent rise in Renewable Energy Certificates (REC) market prices which has caused a significant issue for CCAs to be able to offer their participants a green supply product or renew an existing green supply contract. Staff is seeking input on ways for CCAs to more easily procure RECs in order to offer their CCA participants EDP compliant renewable supply. With many CCA program contracts currently going through contract renewal periods, Staff has been advised that due to the inability to obtain affordable EDP compliant RECs for a compliant renewable supply product and the currently low standard supply pricing from the utilities, municipalities are choosing to leave the CCA program. Many of the participating municipalities would rather leave the CCA program than choose a standard product that might not be less than the utility supply rate. When EDP compliant requirements were adopted for use in CCA program renewable product offerings it was not foreseen that current utility supply pricing would be so low or that EDP compliant RECs would be difficult to obtain for a reasonable price. Recognizing this has the potential to significantly impact CCA program participation, Staff is seeking input on alternative product structures that, while potentially not EDP compliant, would still allow a municipality the ability to choose an environmentally beneficial product offering on an opt-out basis for its constituents.

NYSERDA's Tier 2 resale is not going to fix this predicament for CCAs, at least not paired with its current Tier 2 procurement structure. Furthermore, rather than reconsidering the proposal put forth by Brookfield Renewable last year that NYSERDA purchase a large majority of the eligible Tier 2 RECs and make them available to CCAs and ESCOs at a discount, Staff is actually contemplating a CCA program modification that would benefit renewable resources located outside of New York. Should the NYSERDA REC resale proposal be approved under the current conditions, and if non-EDP REC eligibility becomes a reality for green product offerings, New York's renewable baseline resources would find themselves competing against both NYSERDA and non-New York renewable resources in the voluntary market. It simply does not make sense.

Therefore, as it pertains to NYSERDA's proposed Tier 2 REC resale process, the actual mechanics of the process seem reasonable. However, NYSERDA's resale of RECs as a concept makes little sense when NYSERDA procures such small volumes of RECs from renewable baseline resources. It does not help CCAs, nor does it help the state's legacy renewables, which is the intended purpose of the program. In fact, it only serves to hurt those very same resources by having NYSERDA compete against them.

Instead, NYSERDA should only be allowed to trigger its resale process once it has procured a minimum percentage of the renewable baseline. Doing so would motivate NYSERDA to design a procurement structure that actually achieves Staff's stated purpose of having the majority of the renewable baseline participate in the program. Therefore, NYSERDA should not be allowed to resell RECs until it has procured at least 50% of the identified eligible renewable baseline. At that point, the landscape will not reflect the circumstances of today, where the supermajority of legacy renewable resources find themselves in competition with NYSERDA. Instead, it would be the opposite, with NYSERDA buying RECs from the majority of the baseline. Further, such quantities would cover current CCA REC demand, giving them a level of price certainty.

CONCLUSION

Therefore, for the reasons noted above, the Commission should adopt NYSERDA's Tier 2 REC resale process, but condition the approval such that NYSERDA may not utilize the process until it has procured 50% of the renewable baseline.

Respectfully submitted,

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