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**INDEPENDENT POWER PRODUCERS OF NEW YORK**

July 2, 2020

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

**Re: Case Number: 20-E-0249 - In the Matter of a Renewable Energy Facility Host Community Benefit Program.**

Dear Secretary Phillips:

On May 29, 2020, the New York State Public Service Commission ("PSC") issued a notice seeking public comments on how to establish and structure a Host Community Benefit Program for municipalities within which major renewable energy facilities are constructed pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act ("the Act"). The Independent Power Producers of New York ("IPPNY"), a not-for-profit trade association representing the independent power industry in New York State, submits the following comments on how the Host Community Benefit Program should be structured.

As you are aware, the New York State Energy Research and Development Authority ("NYSERDA") Renewable Energy Credit ("REC") auction is the primary way generators can "make whole" their margin in determining what price to bid the project. The Host Community Benefit Program should apply to projects, after the date of the PSC's order that approves the program, that receive an award under a NYSERDA 2021 Tier 1 REC Request for Proposals ("RFP"), in order to provide certainty for investments since contributing to this type of program is directly tied to a project's economics. Those with contracts already, prior to the date of the PSC's order to finalize the program's details, could have their economics materially harmed if required to contribute to the program. Therefore, projects with NYSERDA REC contracts prior to the date of the PSC's order (even if they are not constructed yet) should not be subject to the program's requirement. Also, the program should not apply to NYSERDA's pending 2020 Tier 1 REC RFP or to other public sector procurements this year involving in-state large-scale renewable projects.

The amount of the fee to fund the utility bill discount or compensatory or environmental benefit under the program should be determined by the PSC and implemented as a requirement of NYSERDA's REC contracts with renewable project owners. This important clarification is needed because, under the Public Service Law, the PSC does not have jurisdiction over projects under 80 MW and therefore cannot impose a fee. More specifically, co-generation, small hydro or alternate energy production facilities, each of which are up to 80 MW in size, are excluded from the Public Service Law's definitions of "electric corporation," "corporation," and "person." Alternate energy production facilities include those using technologies such as solar, wind turbine, or certain energy storage devices, together with any related facilities located at the same project site.

The PSC and NYSERDA should employ the current approach of NYSERDA's specifying REC contract conditions and include the payment of the fee or other compensatory benefit as a contract

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requirement. This REC contract approach is similar to how prevailing wage and union labor requirements are handled under the CES Tier 1. NYSERDA could administer a fund into which the renewable project owner would deposit the fee that is set by the PSC, and NYSERDA then could disburse funds to the utilities as the utilities provide customers with the benefit.

Project developers should have options for how to meet the program's requirements to maximize the flexibility of the benefit to communities and to allow them to decide what is best among options. Developers should continue to have the ability to have a traditional host community agreement that is negotiated between the developer and the community.

The Host Community Benefit bill credit/discount could be paid in increments, month to month, over the lifetime of the project, and it should be open only to residential customers. Those customers reside at the properties affected by the siting of major renewable energy projects. The amount of the credit or discount should effectively balance the cost to the developer with the benefit provided to the residential customer, and it should be in dollars per megawatt. The PSC could consider the option of allowing the eligible residential customers to see the discount or credit as a specific line item on their monthly electricity bills and the name of the renewable energy project funding the benefit.

The geographical bounds of the host community, in relation to the location of the major renewable energy facility, should be residential customers residing within the municipality where the facility, or any portion thereof, has been proposed for development within a radius up to, but no more than, five miles from the facility or within an area to be determined by alternative metrics, such as tax boundaries, to have ease of implementation of the program for communities, developers and utilities. As a benchmark for that radius, Article 10 of the Public Service Law allows party status for a municipality or resident of such municipality located within a five-mile radius of a proposed facility.

Project developers also could have the option of providing community solar subscriptions in lieu of the bill credit/discount to residential customers, but this provision should not be a core program requirement and should not result in administrative burdens in the overall administration of the program. The value of the subscriptions would be equal to the amount of the otherwise bill credit. The approach would need to balance administrative burdens and costs to the developer with the benefit to residential customers participating in the program. Developers also should have the option to co-locate community solar projects and wind projects, with both project types being able to be reviewed under the Act.

Thank you for your consideration.  If you have any questions or need additional information, please feel free to contact me.

Respectfully submitted,

/s/Radmila P. Miletich

Legislative & Environmental Policy Director
Independent Power Producers of New York