



October 31, 2025

VIA EMAIL

Secretary@dps.ny.gov

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Agency Building 3, Empire State Plaza
Albany, New York 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; **CASE 22-E-0633**, In the Matter of New York Independent System Operator, Inc. Proposed Public Policy Transmission Needs for Consideration for 2022.

Subject: Response to the Commission's July 30, 2025 Notice Soliciting Comments

Dear Secretary Michelle Phillips:

The Alliance for Clean Energy New York (ACE NY) submits these comments in response to the Public Service Commission's July 30, 2025 Notice Soliciting Comments inviting interested parties to submit comments on the questions and topic areas included in an attachment to the July 30th Notice, which include the following: (1) the questions posed in the Biennial Review Order regarding utility ownership of renewable generation; (2) the topic areas identified in the Biennial Review Order to be considered in the reevaluation of renewable solicitation practices; and (3) the questions regarding offshore wind solicitations. **The comments that follow are solely focused on the topic areas identified in the Biennial Review Order to be considered in the reevaluation of renewable solicitation practices. Please see the New York Offshore Wind Alliance's (NYOWA) comments for feedback on the questions regarding offshore wind solicitations and transmission development.**

ACE NY is a not-for-profit membership organization with a mission to promote the use of clean, renewable electricity technologies, energy efficiency, and the electrification of transportation in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution.

Thank you for the opportunity to provide this feedback.

Sincerely,

A handwritten signature in dark ink, appearing to read 'MW' or 'Marguerite Wells', written in a cursive style.

Marguerite Wells
Executive Director
Alliance for Clean Energy New York

COMMENTS OF THE *ALLIANCE FOR CLEAN ENERGY NEW YORK*
IN RESPONSE TO THE PUBLIC SERVICE COMMISSION’S JULY 30, 2025 NOTICE
SOLICITING COMMENTS RELATED TO CASE 15-E-0302, PROCEEDING ON MOTION
OF THE COMMISSION TO IMPLEMENT A LARGE-SCALE RENEWABLE PROGRAM
AND A CLEAN ENERGY STANDARD & CASE 22-E-0633, IN THE MATTER OF NEW
YORK INDEPENDENT SYSTEM OPERATOR, INC. PROPOSED PUBLIC POLICY
TRANSMISSION NEEDS FOR CONSIDERATION FOR 2022.

On July 30, 2025, the Public Service Commission (Commission) filed a Notice Soliciting Comments inviting interested parties to submit comments on the questions and topic areas included in the attachment to this Notice, which include the following: (1) the questions posed in the Biennial Review Order¹ regarding utility ownership of renewable generation; (2) the topic areas identified in the Biennial Review Order to be considered in the reevaluation of renewable solicitation practices; and (3) the questions regarding offshore wind solicitations.

In these comments, ACE NY is responding to the topic areas identified in the Biennial Review Order to be considered in the reevaluation of onshore renewable solicitation practices.

Two key topics in the larger socioeconomic environment at this moment are the related topics of energy affordability and rapidly growing electric load due to anticipated expansions of manufacturing and data centers. There is a strong public desire to keep energy prices low, while also general interest in attracting businesses which use energy. Both sides of the political aisle seem to agree in this moment that bringing new low-cost energy sources forward as quickly as

¹ May 15, 2025 PSC Order Adopting Clean Energy Standard Biennial Review as Final and Making Other Findings <https://documents.dps.ny.gov/public/MatterManagement/MatterFilingItem.aspx?FilingSeq=361547&MatterSeq=48235>

possible is in the public interest to both accommodate growing load while keeping energy prices lower.

Setting aside for a moment any climate or pollution-related considerations between different potential sources of electricity, the fastest and lowest-cost electrons that can reach the grid arguably have the highest value to New York ratepayers to keep rates manageable while helping businesses grow. Given the long lead times to develop and build any new thermal resource, and the widely reported backlogged order books of gas turbine manufacturers², the fastest electrons that can be deployed in NY will be those generated by renewable energy generators. Solar panels and wind turbines are widely manufactured and can be delivered within months of an order, and helpfully they are also among the lowest cost energy sources anywhere³.

ACE NY cautions that replacing retiring units with new fossil fuel-fired infrastructure would introduce long-term inefficiencies and higher costs. Fossil fuel-fired unit replacements would lock in emissions that are incompatible with the 2040 mandate, while exposing ratepayers to ongoing fuel price volatility. They also risk creating stranded capital: customers would bear the costs of building new fossil fuel-fired assets and then pay again for their accelerated retirement and replacement with clean resources. These inefficiencies not only erode ratepayer affordability but delay scaling the cost-effective clean alternatives that are already available.

Procurement

There is broad acknowledgment that New York's current approach to procuring renewable energy is not working. Dozens of projects have completed the interconnection queue and secured permits from ORES, yet remain unbuilt. The 2023 mass termination of NYSERDA contracts destabilized the marketplace, and recovery has been slow.

² S&P Global: [US gas-fired turbine wait times as much as seven years; costs up sharply | S&P Global](#)

³ [Levelized Cost of Energy+ \(LCOE+\) | Lazard | Lazard](#)

What went wrong—and what must change to get projects built and operating in New York? Three key factors have contributed to this situation.

1. Inflexible Contract Pricing

In most markets, renewable energy contracts can be renegotiated when unforeseen conditions arise, allowing viable projects to proceed. In New York, however, preserving the sanctity of the competitive bidding process has taken precedence over getting projects built. As a result, projects that cannot move forward at their awarded price are forced to withdraw and rebid. Beginning in 2025, onshore generation contracts will finally include an adjustment mechanism to account for unexpected cost impacts, such as from new federal tariffs. While this is an important step forward, it does not address the challenges faced by projects already under contract.

2. Overemphasis on Low Price

The state's procurement process has prioritized the lowest price above all else. While protecting ratepayers from high electricity costs is important, this focus has led to awards for bids priced unrealistically low – projects that were never financially feasible. As ACE NY stated in its comments on the CES review, the current 70/30 weighting between price and non-price factors should be rebalanced to something closer to 50/50. This would better recognize the value of strong developers and well-designed projects, increasing the likelihood that awarded projects can actually be built. We strongly urge the Commission to reconsider this recommendation.

3. Layered and Costly Requirements

Derek Thompson and Ezra Klein's recent book *Abundance* describes how California's high-speed rail project collapsed under the weight of too many overlapping requirements—each well-intentioned but collectively paralyzing. That case study may as well have been written about renewable energy in NY. Projects are expected not only to deliver clean power, but also to support pollinators, mitigate impacts to grassland birds, wetlands, and agricultural lands, build the in-state supply chain, and many other worthy state priorities—without corresponding compensation for these added costs. Multiple agencies enforce compliance, often with

overlapping oversight, creating an environment where development is fraught with risk and delay.

These cumulative barriers have made New York one of the most challenging states in which to do business. These challenges are catalogued in great detail in the Public Policy Institute of NY's scathing recent report on the business climate of NY.⁴ Many developers and construction firms who have successfully built projects here choose not to return. Meanwhile, other states—often with no renewable mandates at all—are building clean energy projects more quickly and efficiently. Best practices for development and construction are being adopted elsewhere not because they are required, but because they make sense for both communities and developers.

If New York wants to meet its Climate Act goals, it must shift from a procurement model that prioritizes theoretically lowest cost and technical perfection to one that prioritizes execution and success.

Additionally, with respect to the topic of renewable procurement specifically, we think it is important to have additional time to collect input from stakeholders, including industry, to help ensure that the new solicitation practices are effective at procuring the maximum number of renewable energy projects and ensuring that more projects reach operation. The quick turn written comment period we are responding to here did not allow for sufficient discussion among stakeholders with varying viewpoints to land on new ideas that could be helpful. Additional formats could take the form of technical conferences, round table discussions, or other collaborative efforts to work through options and develop solutions.

⁴ [Blueprint for New York – Creating a Roadmap for Change | The Public Policy Institute of New York State, Inc.](#)

Topics to consider as part of the comprehensive review of solicitation practices (from the Biennial Review Order, pages 68-70):

1. Value Proposition for Customers

The review shall examine how the renewable procurement program could hedge electricity price volatility for customers and reduce overall costs. This shall include evaluation of contracting for energy and capacity in addition to the renewable attributes. Also, tied to value, the review shall examine how competitive forces can be harnessed to enable the most efficient investments.

Response to Value Proposition for Customers Question:

The Commission's renewable procurement program provides substantial value to New York customers through multiple mechanisms that hedge price volatility and deliver cost-effective clean energy solutions, particularly given the current market realities. It achieves this by offering price certainty in a marketplace of accelerating demand growth, with long lead times and rapidly escalating prices for new conventional fossil fuel-fired resources (natural gas turbines).

Unique Price Hedging Benefits:

Renewable energy projects offer unmatched hedging characteristics in today's market environment. New York's Index REC (Renewable Energy Certificate) structure creates an inherent cost ceiling for customers, where renewable energy certificates are procured at fixed strike prices while energy and capacity revenues float with market conditions. This structure ensures customers never pay more than the strike price for renewable attributes while capturing market upside – a protection that fossil fuel and nuclear power resources cannot provide given their exposure to volatile fuel costs and regulatory uncertainties⁵.

⁵ While nuclear power units in New York State benefit from Zero Emission Credits (ZECs), these ZECs do not provide a hedge for customers. The nuclear power unit operator captures all the upside, with customers receiving no offsetting hedge for the downside protection provided to the nuclear power unit operators.

Near-Term Deployment Reality Drives Value:

Since 2020, all new generation additions in New York have been renewable resources, largely driven by environmental regulations including the New York State Department of Environment Conservation's "Peaker Rule". With fossil fuel-fired unit retirements accelerating, scarcity and increasing costs of gas turbine supply for potential repowering, and nuclear power projects facing extended development timelines that may not align with grid needs, renewables represent the only technology available for meaningful near-term deployment. This timing advantage creates substantial value as a reliability and resiliency resource that traditional generation simply cannot deliver within necessary timeframes to meet reliability needs.

Market Efficiency Considerations:

While the competitive process sought to minimize costs to customers through price competition under the Levelized Net REC Cost (LNRC) framework, this has led to high project attrition rates, such that customers were not able to realize the benefits of the low LNRC's offered and as a result were exposed to market price volatility associated with the existing predominantly fossil generation fleet – with some projects unable to proceed due to interconnection delays, supply chain pressures, and evolving market conditions. Enhanced security requirements from both NYSEDA and FERC compound bidder risks in already price-sensitive markets. This dynamic reflects the tension between achieving lowest costs and ensuring project viability for reliable deployment. **ACE NY recommends** that this challenge could be addressed by the Commission's reevaluation of the weightings afforded to price, non-price, and viability criteria in NYSEDA's procurement and evaluation authorizations (i.e., increasing the weight of viability relative to price). As will be discussed further below, increased emphasis on a project's viability – with the important co-benefit of closing the time gap between project pricing and financial investment decisions – is prudent to mitigate high project attrition rates.

System-Wide Value Creation:

Beyond direct procurement costs, renewable deployment provides customers with broader system benefits including reduced transmission congestion, improved air quality through co-

pollutant reductions, and enhanced grid modernization through distributed generation. Furthermore, as installed renewable capacity becomes a more substantial part of New York’s energy supply mix, grid operators can “stretch” the fleet of existing dispatchable resources – reserving their system-wide value to close gaps in supply shortages. As an example, the June 2025 heat wave demonstrated renewables' critical role, with distributed solar providing over 4,000 MW during peak hours and shifting peak demand timing, directly reducing system stress and costs⁶.

2. System Benefits

The review shall examine how renewable generation can be strategically deployed to provide meaningful benefits. This shall include how the procurement structure can ensure projects are sited to optimize these system benefits, including in coordination with the build out of the transmission and distribution system.

ACE NY commends the Commission’s efforts to review the question of system benefits, procurement structures, and grid development as integrated priorities to ensure CES procurements remain bankable, affordable, and timely. To support these goals, **ACE NY recommends:**

- **Procurement cadence and alignment:** Publish a multi-year solicitation schedule that is explicitly synchronized with NYISO interconnection capacity releases, which would inform developers’ decisions around NYISO phase 2 deposit timing when developers need to decide to put significant money at risk to secure their queue position and CGPP/PPTN milestones. A predictable cadence is essential for developers to plan supply chains, secure financing, and avoid boom-bust cycles that increase costs.

⁶ Specifically, on June 24, 2025, due to high temperatures and resulting high electricity demand, NYISO declared a “major emergency state” for nearly two hours. Without the 4,000 MW of distributed solar output, it is likely that NYISO would have had to take more extreme measures to address peak demand.

- **Tax Credit Capture:** The CLCPA sets a renewable energy target by 2030, and current OBBB tax policies allow projects to maintain tax credit eligibility through that year. After 2030, the loss of federal tax credits may increase costs and risks to ratepayers. NYSERDA should increase the number of solicitations in the coming years to ensure safe-harbored projects can come online before 2030. For example, NYSERDA should hold solicitations twice per year at fixed schedules, to ensure projects that can come online prior to the expiration of tax credits.
- **Consistency of eligibility requirements:** Developers often plan to participate in NYSERDA solicitations years in advance, aligning their project development timelines with the expected structure and requirements of future RFPs. A key part of this planning involves anticipating eligibility criteria—such as interconnection progress, permitting milestones, and site control—so that projects can be advanced accordingly and positioned to qualify when solicitations are released. Recent solicitations have introduced significant variability in eligibility requirements (e.g. RESRFP24-1 introduced more stringent eligibility thresholds, whereas the RESRFP25-1 reversed course and relaxed several of these criteria, creating confusion and uncertainty across the development community). To support a stable and investable clean energy pipeline, NYSERDA should strive to maintain consistency in eligibility criteria across solicitations or, at a minimum, provide clear advance notice of any material changes
- **Project eligibility following award terminations:** NYSERDA has increased penalties for withdrawn or terminated bids—from a one-year ineligibility in RESRFP22 and RESRFP23 to two years in RESRFP24-1, and three years in RESRFP25-1. These escalating restrictions, combined with other shifting criteria, disrupt long-term planning and prevent construction-ready projects from participating in viable RFPs. To support investment and reduce attrition, NYSERDA should stabilize eligibility requirements – i.e. the duration and application of ineligibility bans to one year. A consistent framework would help developers target appropriate solicitations and avoid unintended disqualifications.

- **Risk allocation and contract standardization:** Incorporate indexed pricing structures to hedge inflation and tariff shocks, codify change-in-law and curtailment compensation, and structure security requirements around actual project milestones. These measures can reduce financing spreads by 100–200 basis points, translating into lower strike prices and ratepayer savings.
- **Utility/NYISO accountability for interconnection:** Require utilities to publish transparent queue data on upgrade scopes, costs, and timelines; impose enforceable deadlines for cluster studies and upgrade completion; and expand cost-sharing mechanisms to bulk upgrades. Interconnection delays remain one of the most significant barriers to timely renewable deployment.

Without these reforms, the State risks project cancellations, elevated strike prices, and slower progress toward its statutory goals. With these reforms, New York can secure more competitive bids, lower ratepayer costs, proactively steer developers in areas with expanding capacity and accelerate the build-out needed to meet rising demand.

CES Procurement and Evaluation Weightings

ACE NY encourages the Commission to examine three significant drivers of system benefits as described in Figure 1, including specifically: Service continuity (reliability and resiliency); Transmission benefits (congestion relief/creation and expansion or upgrade deferrals); and Grid support (frequency response, regulating reserves, voltage support, black start capabilities, etc.)⁷.

To better recognize the importance of such system benefit drivers, **ACE NY recommends** the following in consideration of the CES' competitive evaluation framework and weightings:

- That renewable energy *project price evaluations be tempered* by an economic assessment of their system benefit value (inclusive of the three significant drivers

⁷ ACE NY acknowledges that the current market and procurement designs currently do not comprehensively account for such ancillary benefits; however, they could serve as an important factor in evaluating market design per the responses offered in response to Q5 regarding market design improvements.

noted above). Additionally, benefits to health care costs and climate change mitigation should be considered.

- In light of rapidly expanding demand forecasts and anticipated retirements, *project viability evaluation be strengthened* in the CES evaluation framework, specifically:
 - o In service of critical statewide rising reliability and resource adequacy needs;
 - o With regard to fossil fuel-fired unit retirements, prioritizing clean energy project deliveries to replace retired generation, New York can transform potential liabilities into anchors of a zero-carbon future. Rather than perpetuating fossil fuel-fired infrastructure and its associated risks, the State has the opportunity to use retirements to open grid space for clean energy replacements that are both financeable and socially beneficial. This approach strengthens reliability, lowers long-term costs, and ensures the Climate Act's zero-emissions mandate is met in a way that delivers durable economic and community benefits; and Coordinated with the identification of emerging load pockets and demand forecasts, to align competitive project selection with future planning investments and supply needs.⁸

The Commission should also consider altering scoring requirements to reflect that as outlined in the CES review. NYSERDA's current scoring criteria favors least expensive bids, which at times may prevent awarding projects that are of greatest value to New York State and/or are more viable. **ACE NY recommends** that NYSERDA consider options to place a greater scoring weight on project viability rather than on price alone. Below are two potential actions that NYSERDA could take to do so, as discussed in the CES Biennial Review, which **ACE NY supports**:

1. Reduce the 70% price scoring component and placing greater scoring weight on project viability criteria; and
2. Expand the definition of the cost component of the scoring criteria to account for indirect benefits to ratepayers. Examples may include impacts on locational marginal pricing (including congestion pricing), grid reliability benefits and the economic value of avoided

⁸ Draft New York State Energy Plan (2025). Volume 1. Electricity. Section 2.9 (pp. 34-37)

emissions. These may also include additional strategic benefits, such as projects' ability to meet key reliability deadlines and/or utilize interconnection points that have seen state investments.

Coordinated Retirement Planning and Grid Investments

To implement such recommendations, **ACE NY recommends** that the State publish a multi-year solicitation schedule that is explicitly synchronized with NYISO interconnection capacity releases, NYISO phase 2 deposit timing when developers need to decide to put significant money at risk to secure their queue position and CGPP/PPTN milestones. A predictable cadence is essential for developers to plan supply chains, secure financing, and avoid boom-bust cycles that increase costs.

In tandem, **ACE NY also recommends** that the Commission require utilities to publish transparent queue data on upgrade scopes, costs, and timelines; impose enforceable deadlines for cluster studies and upgrade completion; and expand cost-sharing mechanisms to bulk upgrades. Interconnection delays remain one of the most significant barriers to timely renewable deployment. The current transitional cluster Phase 1 studies has delivered cost upgrades for most projects that are well outside any individual project's ability to pay.⁹ New approaches are needed to distributing costs, and evaluating whether the criteria for requiring such upgrades are really necessary and in the public interest.

Finally, to unlock these opportunities, retirement planning must be transparent and predictable. The State should publish forward schedules for anticipated unit retirements, coordinated with NYISO's Reliability Needs Assessments and procurement calendars. This would allow developers to align interconnection requests, project financing, and bid strategies with clear replacement needs. Without this foresight, retirements risk being backfilled through last-minute fossil fuel-fired unit extensions or emergency contracts, undermining both the market and the Climate Act.

⁹ https://www.nyiso.com/documents/20142/54805338/07a_10%2030%202025%20-%20Interconnection%20Cluster%20Study_%20Projects%20Dashboard%202025.pdf/36bce4af-39ac-2ca7-2ed7-295795d8bafc

ACE NY cautions that replacing retiring units with new fossil fuel-fired infrastructure would introduce long-term inefficiencies and higher costs. Fossil fuel-fired unit replacements would lock in emissions that are incompatible with the 2040 mandate, while exposing ratepayers to ongoing fuel price volatility. They also risk creating stranded capital: customers would bear the costs of building new fossil fuel-fired assets and then pay again for their accelerated retirement and replacement with clean resources. These inefficiencies not only erode ratepayer affordability but delay scaling the cost-effective clean alternatives that are already available.

Relatedly, **ACE NY supports** the Draft State Energy Plan's call for proactive integrated planning across electric and gas systems. This means extending planning horizons, coordinating gas decommissioning with electric expansion, and prioritizing non-pipeline alternatives where possible. Demand-side management and electrification should be explicitly modeled in both systems, reducing the need for capital-intensive gas infrastructure that may soon be obsolete.

Properly sequenced retirements should be seen not only as a compliance requirement, but as a strategic enabler of clean energy deployment. Each retirement can free up transmission headroom and interconnection rights, creating opportunities for IPPs to inject new clean resources into constrained areas. Retiring fossil fuel-fired units/sites are often brownfield locations near load with robust interconnections and tax base contributions. Repurposing these sites for energy storage, renewable hybrids, or emerging clean firm resources offers a bankable pathway to preserve reliability, sustain community revenues, and accelerate the transition.

Accordingly, **ACE NY urges** the Commission to recognize that ratepayer affordability is best served by prioritizing clean replacements. A portfolio of offshore and onshore renewables paired with energy storage, long-duration energy storage capable of providing multi-day adequacy, demand-side flexibility, and emerging clean firm technologies can reliably replace combustion units at lower long-term cost. With the right procurement and interconnection reforms, these

resources are financeable today. NYPA’s statutory “peaker replacement mandate”¹⁰ should be implemented in a manner that catalyzes private investment, through enabling infrastructure, transmission upgrades, and credit support where gaps remain, while preserving competition and avoiding displacement of private capital.

3. Procurement Mechanism

The review shall examine the benefits of alternate procurement mechanisms other than the central procurement structure currently administered by NYSERDA. This shall include leveraging NYPA’s authority under the Build Public Renewables Act¹¹ and the consideration of utility-by-utility procurement obligations, including the recent directive to NYPA to evaluate procuring renewable energy to supply State agencies.

ACE NY commends the State’s leadership in advancing renewable energy and strongly supports continued CES solicitations, informed by the recommendations of the 2025 Biennial Review. Maintaining procurement momentum is essential to meeting Climate Act milestones, but the renewables sector faces significant convergent headwinds: tariffs and trade restrictions, persistent inflation, rising interest rates, supply chain bottlenecks, EPC and labor issues, and prolonged interconnection delays. These factors have materially raised project costs and risk premiums, threatening the pace of deployment at the very moment New York faces unprecedented load growth from electrification, data centers, and new industrial demand.

There are multiple issues raised by utility ownership of renewable generation within the context of what is otherwise a highly competitive market.

¹⁰ Public Authorities Law § 1005(27-c).

¹¹ Public Authorities Law § 1005(27-c).

Utility Ownership: The Threshold Test of Need

Before the Commission decides to allow ownership of renewable generation by investor-owned utilities (utility ownership) it is appropriate to reflect on why over twenty-five years ago policymakers in New York decided to prohibit utility ownership of generation and elected to move to competitive wholesale power markets. Competitive wholesale power markets were developed to avoid the numerous issues associated with utility ownership of generation under the traditional electricity market structure where utilities were subject to regulatory oversight and were provided with an opportunity to earn a reasonable return. These include:

- **Weak incentives for efficient investment decisions** (i.e., ensuring that the generation asset being proposed is the most cost-effective and best addresses the various power supply needs). This contrasts with the strong incentives provided by competitive power markets for efficient investments where generation asset owners' returns are dictated by the degree to which they select the appropriate technology and develop, build and operate it efficiently. Opinion No. 96-12, the landmark regulatory order deregulating power markets in New York, emphasized the benefits of a competitive market "disciplining" power market participants such that their returns were based on the generation asset's market performance, not largely guaranteed regardless of whether the generation technology was ultimately needed. One issue with the cost recovery framework typically used for utility investments (rate-base rate of return framework) was the incentives for "gold-plating", i.e., favoring investments that are more capital intensive, which can contribute to higher costs for customers with few offsetting benefits;
- **Oversight and Information Asymmetries:** Difficulty of overseeing these investment decisions given information asymmetry where regulators and public parties need to dispute the prudence of the utility investments, but do not have the same access to information regarding these investments as the utilities;¹² and

¹² Vertically integrated models eliminate customer choice, a key concern voiced by both regulators and customers in Opinion No. 96-12, the landmark regulatory ruling on deregulating power markets in New York. Compounded with the inherent lack of investment transparency in a vertically integrated market, customers lose the ability to

- **Potential for utility bias in electricity supply decisions:** With control of transmission, delivery, and generation resources and a responsibility to supply customers, utilities can favor supplying customers with electricity from generation resources that they own, rather than purchasing from IPPs. This application of market power may increase electricity rates for customers, with no discernable benefits.

Ultimately, these issues with utility generation investments in many jurisdictions resulted in dramatic bill increases when new generating plants were placed into service in the 1990s.¹³ In 1994, New York experienced the second highest electricity costs in the United States which ultimately lead to the development of competitive wholesale electricity markets to better protect customers. Comparative decreases in rates within deregulated markets have been well studied.¹⁴

It bears equal reflection on the historical and specificity of circumstances and need that informed the establishment of New York's power authorities. The New York Power Authority (NYPA) and Long Island Power Authority (LIPA) were each established in response to unique circumstances where traditional private utilities could not deliver affordable, reliable service. NYPA, created in 1931, was designed to harness the State's abundant hydroelectric resources, extend low-cost electricity to municipalities and public customers, and support economic development across upstate New York. LIPA, formed in the 1980s, arose from the collapse of the Long Island Lighting Company following the failed Shoreham Nuclear Plant, with a mandate to assume its assets, stabilize rates, and ensure reliable service for Long Island ratepayers. Together, these public authorities reflect New York's willingness to intervene directly when market conditions or utility failures threatened affordability, equity, or reliability. **While these interventions have served**

make an informed choice about provider and the terms of their electricity service. Competitive markets enable customers to exercise choice based on price, personal energy requirements, and source of power.

¹³ In New York State the Nine Mile Point Unit 2 nuclear unit had an initial cost estimate of \$410 million, which was increased to \$600 million when construction of the unit was ultimately approved in 1974, but when it ultimately entered commercial operation in 1998 its total cost was \$6.4 billion. (New York Times, Closing of Nine Mile Nuclear Plant Proves Costly for Utility, Aug. 17, 1989.

¹⁴ https://www.nyacpa.org/vs-uploads/pdf/1743101822_FTI_Competitive_Benefits_NY_FINAL_20250327.pdf, p.

important roles in serving the energy needs of New Yorkers, the foundational question of need should bear careful consideration in expanding their potential role and authorities.

Value and Role of New York's Competitive Wholesale IPP Market

As a further foundational reflection, **ACE NY encourages** the Commission to holistically consider the considerable value and contributions currently made by New York's IPP developers to the urgency of New York's clean energy transition.

Specifically, **ACE NY recommends** that the Commission consider the pool of highly specialized and capable expertise and talent that is necessary to deliver successful clean energy projects in the State commensurate with the aggregated volume and pace that is required to meet unprecedented demand growth in alignment with New York's legislative obligations under the Climate Act. New York's IPPs contribute thousands of man-hours in critical groundwork with stakeholders and host communities in addition to the specialized technical, commercial, and construction expertise associated with successful project development in the state. The two persistent challenges noted above can and should be fixed to deliver value to New Yorkers. Where there is certainly merit in exploring synergies with State utilities, in particular, the ability to leverage special finance and permitting authorizations, **ACE NY urges** the Commission to carefully consider potential compromise to the – already strained (as evidenced through high levels of project attrition) – investment case for IPPs through modification to the competitive ownership frameworks of New York clean energy projects.

NYSERDA Stewardship of New York's IPP Market

Regarding the specific question of bias, ACE NY would also like to take this opportunity to commend the exceptional leadership and efficiency of the New York State Energy Research and Development Authority (NYSERDA). Nearing a decade in its stewardship role of Clean Energy Standard (CES) procurements, NYSERDA's collaboration with New York IPPs has been and continues to be exemplary, amply demonstrating competency, thoughtfulness, good faith, and commitment to transparency in its administration of the CES. **Reiterating, it is ACE NY's**

perspective that the persistent challenges noted above can and should be fixed to deliver value to New Yorkers, but that the entire contracting structure need not be tossed aside in favor of an untried other model. We continue to share confidence with the Commission and NYSERDA in strengthening the success of New York’s competitive IPP frameworks.

Role of NYPA

NYPA has a constructive role to play in enabling this strategy, particularly in building backbone transmission, piloting enabling infrastructure, or supporting at-risk projects that cannot otherwise secure financing. However, public investment must be structured to catalyze, not crowd out, private capital. To that end, **ACE NY recommends:**

- **Transparent criteria for NYPA intervention:** NYPA’s participation should be limited to cases where market failures or financing gaps exist (e.g., offshore transmission, long-duration energy storage, or stranded-at-risk projects). Clear criteria should govern when NYPA steps in, and under what terms.
- **Partnership-first approach:** NYPA should structure its involvement as co-investment or anchor credit support, with exit strategies that allow private developers to assume full ownership and operational risk once projects stabilize.
- **Guardrails against REC competition:** NYPA should not compete with private developers in CES REC procurements. Direct competition risks displacing private investment, inflating costs, and undermining the competitive procurement framework that has delivered cost-effective results to date.

We continue to be generally supportive of NYPA’s approach to consider public-private partnership opportunities with private developers to develop projects at the lowest cost to ratepayers, and to build more renewable energy projects because of its participation. As NYPA’s experience illustrates, there is considerable interest on the part of private developers and investors in collaborating with NYPA. Previously, we expressed concern that NYPA’s foray into purchasing, constructing, and operating renewable energy projects, without competitive cost

controls, could discourage private renewable development. This concern is still relevant if NYPA is competing for Renewable Energy Certificates (RECs) alongside private industry.

With respect to their Request for Information (RFI) and Request for Qualifications (RFQ), ACE NY appreciates NYPA's efforts to be transparent and maintain clear processes on their selection criteria for project selection and renewable energy developer partnerships. Moreover, we recognize that NYPA included in the Update Strategic Plan a list of the criteria by which it evaluates potential partners and a list of what it looks for in a respondent's statement of qualification (p. 18 and 19 of the Updated Strategic Plan).

We reiterate that while NYPA's efforts to rescue "at risk" projects (p. 21 of the Updated Strategic Plan) could provide a lifeline to help those projects reach Commercial Operation Date (COD), thus supporting the goals of the CLCPA, ACE NY cautions NYPA against efforts to waste valuable resources on flawed projects. NYPA should have clearly defined criteria for how their unique benefits for renewable developer partnership – for example, special bonding capacity, tax-exempt financing, and tax equity financing – would specifically help an "at risk" project.

Upgrading and Building Transmission

As we conveyed previously, NYPA can be effective at alleviating the significant transmission constraints that are hampering renewables deployment and when projects are built, are predicted to cause deliverability and curtailment problems. Thus far, NYPA has designated a few priority transmission projects since it was given the authority to do so by the New York State Legislature in 2021. The Smart Path and the Central East Energy Connect transmission projects are good examples of the key role NYPA should take in developing renewables, and we urge NYPA to explore other ways it can build out the transmission system to better host renewable energy facilities, including the development of renewable energy interconnection hubs in strategic locations.

While the Clean Path NY project is not currently moving forward per the August 14, 2025 decision by the Public Service Commission, the project represented another example of a public/private collaboration that NYPA could participate in in the future. Also, NYPA has the authority – granted by the Legislature in 2018, to develop offshore transmission infrastructure to facilitate offshore wind power. And NYPA and NY Transco are partnering with Consolidated Edison on the transmission project to bring the power from offshore wind projects to Long Island. Again, we think that bold investment in new transmission facilities would be the best way that NYPA can leverage its expertise and creditworthiness and contribute to New York’s achievement of climate goals.

4. Voluntary Market Participation

The review shall examine how the renewable procurement program can best promote the voluntary market in New York and mitigate exports of RECs to markets outside of New York. This shall also include how to encourage and account for large loads satisfying their renewable generation obligations through contracting and/or direct development.

In New York, voluntary renewable energy certificate (REC) purchases are administered through the New York Generation Attribute Tracking System (NYGATS). Each REC represents one megawatt-hour of renewable generation, and voluntary buyers retire them in NYGATS to substantiate environmental claims. These voluntary retirements are fully distinct from compliance obligations under the State’s Clean Energy Standard (CES) – once a REC is retired for a voluntary purpose, it cannot be used by a load-serving entity to meet regulatory requirements.

To facilitate broader access, NYSERDA has established voluntary sales channels for Tier 1 RECs, following Public Service Commission direction. These include forward “Pre-Sales” of future vintages, post-compliance “Re-Sales,” and, more recently, opportunities for long-term voluntary contracts. Similar voluntary pathways are being extended to Tier 4 RECs, which represent

renewable energy delivered into New York City, allowing corporate and institutional buyers to align their claims more closely with local load.

Overall, the structure ensures that voluntary market activity complements, rather than overlaps with, the CES framework. This provides organizations with a credible mechanism to demonstrate renewable energy leadership while preserving the integrity of the State’s compliance system.

In order to encourage clean energy development with the support of efficient voluntary markets, **ACE NY recommends** the following practical improvements:

- **Make forward price signals and volumes more transparent.** NYSERDA could publish an annual outlook for voluntary REC supply and demand, broken down by tier and vintage, with indicative ranges made available ahead of Pre-Sales. This would give corporate buyers greater certainty when planning budgets and timing purchases, while building on the transparency already provided through existing Pre-Sale and Re-Sale notices.
- **Expand Tier 4 and locational options.** Establishing a recurring voluntary Tier 4 offering, with clear guidance on claims for Zone J–deliverable RECs, would enable New York City–based organizations to more directly align renewable energy purchases with local consumption. This would strengthen the market by connecting voluntary buyers to the locational benefits of clean energy delivery.
- **Aggregate smaller buyers.** Lowering minimum purchase requirements or introducing aggregation mechanisms during Pre-Sale windows could broaden participation by municipalities, small businesses, and other modest purchasers. By making the market more accessible, New York would encourage a more diverse set of voluntary commitments.
- **Clarify claims accounting across CES and voluntary retirements.** Updated guidance on how voluntary retirements interact with CES compliance would reduce the risk of

double counting and support consistent environmental claims. Clearer rules would provide buyers with greater confidence in the integrity of their REC purchases.

- **Streamline NYGATS user experience.** Enhancements such as bulk retirement tools, expanded API access, and automated attestation templates could simplify the process for corporate buyers and reduce administrative burden. Improved functionality would also facilitate more efficient ESG reporting.
- **Publish an annual voluntary market report.** Incorporating voluntary REC statistics—such as participation levels, vintage mix, and buyer segments—into the CES Annual Progress Report or a companion publication would increase visibility into market trends and support more informed decision-making.
- **Track and mitigate REC exports.** Incorporating data on where New York-generated RECs are ultimately retired—whether in-state or exported—into the annual voluntary market report would provide transparency on leakage risks. By monitoring this balance, NYSERDA and the Commission could ensure that voluntary purchases reinforce New York’s clean energy goals rather than being diverted to other jurisdictions.
- **Pilot green tariff-style offerings.** Developing utility-facilitated programs that procure and retire NYGATS-tracked Tier 1 or Tier 4 RECs on behalf of customers would create additional voluntary pathways. Green tariff-style offerings should be structured to rely on competitively procured RECs from independent generators, ensuring that new utility programs expand voluntary demand without displacing private market transactions. Such approaches could complement existing direct purchase options while preserving the integrity of the CES framework.

Large-Load Contracting Pathways: Corporate PPAs and Virtual Power Plants

Corporate power purchase agreements (PPAs) and virtual power plants (VPPs) are increasingly important components of the clean energy landscape in New York. Corporate PPAs, whether physical or virtual (contract-for-differences), provide a mechanism for large customers to directly procure renewable energy while securing the associated RECs through NYGATS. This direct

offtake model not only supports corporate sustainability goals but also plays a key role in de-risking new renewable projects, expanding the pool of generation resources that can contribute to the State's decarbonization targets.

Virtual power plants offer a complementary pathway by aggregating distributed energy resources such as rooftop solar, behind-the-meter batteries, and demand response assets. By coordinating these resources, VPPs can provide flexibility and reliability services to the grid while also generating RECs from distributed renewable generation. Properly integrated into NYGATS, VPPs could create new opportunities for households, communities, and smaller commercial entities to participate in clean energy markets, thereby democratizing access to renewable energy benefits.

Both PPAs and VPPs sit at the intersection of New York's Clean Energy Standard and its broader policy goals. While the CES has been effective in driving utility-scale renewable deployment, targeted refinements could further align the framework with emerging market mechanisms and private-sector demand.

In addition to strengthening voluntary REC markets, the Commission can expand participation by enabling large customers to contract directly through corporate PPAs and by supporting innovative aggregation models such as virtual power plants (VPPs). These mechanisms create credible pathways for large loads to meet renewable obligations while catalyzing new project development. To better align these tools with the Clean Energy Standard, **ACE NY recommends** the following improvements:

- **Facilitate alignment of CES and corporate procurement.** Clarify how RECs associated with corporate PPAs interact with CES compliance obligations, ensuring there is no double-counting while also providing corporates with certainty that their purchases deliver additionality beyond mandated procurements.
- **Enable VPP integration into CES REC markets.** Establish pathways for distributed generation within VPPs to generate and transact RECs through NYGATS, recognizing

aggregated small-scale resources as a legitimate supply stream that contributes to CES targets. Utility involvement in VPP models should remain facilitative—focused on grid integration, data sharing, and financing support—while leaving aggregation and asset ownership opportunities open to competitive providers.

- **Support long-term contracting flexibility.** Allow NYSERDA-administered solicitations under the CES to incorporate structures that coexist with corporate PPAs (e.g., shared offtake or partial REC allocations), improving project financeability and better leveraging private-sector demand.
- **Enhance locational signals.** Encourage procurement models that reward delivery into constrained or high-demand zones (such as Zone J), which would increase the value of corporate PPAs and VPPs that can demonstrate tangible local benefits.
- **Prioritize in-state REC retirements.** Establish a framework that prioritizes the retirement of RECs associated with PPAs and VPPs serving New York load within NYGATS, while preserving flexibility for IPPs to access higher-value regional markets when necessary to maintain project viability.
- **Promote participation of smaller entities.** Create mechanisms—such as aggregation blocks for distributed projects or standardized contract templates—that allow mid-sized buyers and community groups to access CES-aligned markets on more favorable terms.
- **Improve transparency and market data.** Provide forward-looking data on REC supply, demand, and pricing to help corporates, VPP aggregators, and developers align their strategies with CES procurement timelines, reducing uncertainty and lowering transaction costs.

5. Market Design Changes

The review shall include an evaluation of how existing wholesale capacity and energy market designs may need to be modified to better align with the existing or proposed clean energy procurement mechanisms.

ACE NY strongly supports the Draft State Energy Plan's recognition that the State must reevaluate whether current market constructs provide the right incentives for the portfolio of resources needed to ensure reliability in a zero-emissions grid.

New York's existing capacity market was designed around fossil baseload and peaking plants, which are gradually retiring. While effective for a fossil-heavy system, the current design does not adequately value the clean firm resources, long-duration energy storage, and demand-side flexibility that will be essential to maintain adequacy and reliability as the State transitions.

For developers, this gap creates a financing challenge. Projects that provide the very attributes the system will need in 2040, sustained multi-day output, seasonal adequacy, dispatchability, or fast ramping, are either undervalued or not recognized at all. Without predictable revenue streams, private capital cannot flow into these resources at the scale required. The result is higher financing costs, elevated strike prices, and slower deployment.

Acknowledging that market reform will require significant time and effort to accomplish, ACE NY urges the Commission to pursue such efforts as thoroughly and expeditiously as possible in collaboration with stakeholders. To address this, **ACE NY specifically recommends:**

- **Assess capacity market alignment:** Undertake a comprehensive review of the NYISO capacity market to determine whether its product definitions, accreditation rules, and compensation mechanisms align with the reliability attributes of a decarbonized system. If they do not, reforms should be initiated to avoid reliance on ad hoc subsidies or regulated backstops.

- **Establish a glide-path to 2040:** Create clear and durable signals that incentivize clean firm and flexible resources to come online well before 2040. This could include long-term indexed capacity contracts, clean capacity carve-outs, or administrative adders for resources that meet decarbonization and adequacy needs. A predictable glide-path reduces the risk of abrupt fossil retirements leaving reliability gaps that must be filled at higher cost.
- **Incorporate forward-looking planning horizons:** Extend resource adequacy assessments to reflect the long development timelines of new clean firm technologies. Multi-year forward capacity constructs can give investors confidence that resources built today will be properly valued in the years they operate.
- **Reward portfolio diversity:** Ensure that incentives encourage a balanced mix of renewables, energy storage of varying durations, demand response, and clean firm capacity. Over-reliance on any single resource type increases system risk and financing costs.

By aligning market incentives with the resource attributes needed in a zero-emissions grid, New York can attract and retain the portfolio of technologies required to replace retiring fossil capacity, lower long-term costs for ratepayers, and maintain investor confidence. A clear glide-path that gradually shifts value from fossil to clean resources will ensure the system transitions smoothly while avoiding costly reliability crises or last-minute interventions.

Enabling Flexible Resources and Grid-forming Capabilities

ACE NY supports the Draft State Energy Plan’s recommendation to investigate opportunities for clean flexible resources to provide grid-forming capabilities. As fossil retirements accelerate and inverter-based resources (wind, solar, energy storage) comprise a growing share of the grid, maintaining system stability will require new approaches to frequency response, voltage control, and black-start capabilities. Grid-forming inverters can provide these services in ways similar to traditional synchronous machines, helping to stabilize the system during disturbances and enabling the operation of a zero-emissions grid.

Recent actions by national and regional bodies reinforce the urgency of this work. In 2023, NERC recommended that all new battery energy storage installations be equipped with grid-forming capabilities, and MISO has proposed a framework that would establish equipment standards for new energy storage systems. New York should build on this momentum by evaluating the current capabilities of today's inverter technologies, identifying gaps, and considering whether a similar standards framework is warranted to ensure future readiness.

To advance this effort, **ACE NY recommends:**

- **Technology assessment:** Conduct a statewide inventory of existing inverter-based resources, including utility-scale energy storage, solar, and wind, to determine current capabilities for providing grid-forming services and where upgrades would be required.
- **Pilot programs at retiring fossil sites:** Launch demonstration projects for grid-forming energy storage in critical load pockets, particularly at or near retiring fossil units. These locations offer both the interconnection capacity and the local reliability needs that make them ideal testbeds. IPPs are well-positioned to advance such projects, including long-duration energy storage that can provide not only grid-forming support but also sustain adequacy during peak or multi-day events.
- **Standards development:** Consider a staged framework for grid-forming requirements on new energy storage projects, modeled on MISO's proposal, with clear timelines and technical specifications. Providing early clarity allows developers to incorporate standards into procurement, financing, and design decisions.
- **Financing and cost recovery:** Recognize that grid-forming capabilities may increase upfront equipment costs but deliver significant system-wide value. NYSDA contracts and NYISO market reforms should ensure developers are compensated for these services, so costs are not stranded at the project level.
- **Integration into planning:** Ensure that grid-forming resources are explicitly valued in NYISO reliability and resource adequacy studies. Accrediting these capabilities will

reduce reliance on fossil “must-run” units for voltage and frequency support, helping accelerate retirements while preserving reliability. By linking grid-forming capabilities to long-duration energy storage deployments at retiring fossil sites, New York can both enable earlier retirements and ensure that replacement resources are designed to perform the stability functions once provided by synchronous generation. This approach positions IPPs to deliver the next generation of energy storage projects while giving the State a reliable, cost-effective pathway to a fully zero-emissions grid.

Basis Risk

Basis risk remains an important and persistent challenge in the current REC contracting regime. Under the current Index REC Strike Price settlement framework, IPPs bear shape and basis risk given that the LMP revenues that they are deemed to earn reflect the zonal monthly average LMP whereas the actual LMPs that IPPs realize are based on their production profile and the nodal LMP where they connect to the NYISO grid. These shape and basis risks are difficult for IPPs to manage, particularly the shape risk, which is heavily influenced by NYSERDA procurement decisions and NYPA generation investments. IPPs can manage shape risk by adding energy storage, but doing so increases their overall capital requirements and underlying project economics. Basis risk is also influenced by the siting decisions of other projects, making it difficult for IPPs to manage this risk. NYISO can assist IPPs in managing basis risk through its transmission planning efforts, i.e., proposing transmission upgrades through its Economic Planning Process. NYISO’s posting of historic transmission congestion metrics on a quarterly basis is a valuable resource for IPPs.

6. Additional ideas and comments not captured by the questions above

Broadly, solicitation processes should be updated in order to reduce risks to projects. Streamlining timelines, providing more certainty, and baking in an appropriate level of flexibility to contracts is essential in doing so.

CONCLUSION

ACE NY appreciates the opportunity to submit comments in response to the Commission's July 30, 2025 Notice Soliciting Comments. ACE NY reserves the option to supplement these comments depending on the procedural process that follows this comment period.