

July 10, 2020

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

Re: Case Number: 20-M-0266 - Proceeding on Motion of the Commission Regarding the Effects of COVID-19 on Utility Service.

Dear Secretary Phillips:

On June 11, 2020, the New York State Public Service Commission (“PSC”) issued an order establishing this proceeding to examine the impacts of COVID-19 on the energy industry and requested public comments within thirty days of the issuance of the order. Among the specific questions for which the PSC is seeking comments are the topics of whether investments in, and collections for, clean energy programs should be modified and the impact of COVID-19 on earnings, liquidity, cash flow, and access to capital. 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.

Within the PSC’s Case 19-E-0735 on the NY-Sun Program, NYSERDA recently submitted a report on the impact of COVID-19 on the solar industry. The document stated that it is unknown at this time to what degree companies will rebound from the negative impacts of the COVID-19 crisis and what the long-term impacts might be. The report indicated that, while wholesale electricity prices are expected to rise as the economy reopens, project owners and financiers generally apply the most conservative prices in their project revenue forecasts; therefore, it remains to be seen how these currently low electricity prices will affect project finance in the coming years.

As the PSC seeks to reduce the cost of its programs to consumers, the Commission should support the New York Independent System Operator’s (“NYISO”) carbon pricing plan, which would value emissions-free electricity, continue to shift the costs and risk of developing energy infrastructure away from consumers and onto private investors, increase the revenues that project financiers can expect from the wholesale market, and eventually eliminate the need for State collections programs. Valuing the social cost of carbon within the NYISO’s wholesale electricity markets and dispatching generation accordingly will accelerate energy infrastructure development and rebuild New York’s economy by putting thousands back to work on new projects aimed to achieve the State’s public policy objectives.

Additionally, harnessing the power of the State’s electricity markets will achieve its renewable energy and decarbonization goals more efficiently, while benefitting New York consumers. This approach avoids an over-reliance on State programs to provide price signals for necessary

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investment and reflects the true societal cost of carbon emissions in a way that will significantly lower the amount otherwise paid by State agencies and consumers to achieve these goals.

In an environment where time and efficient access to capital are paramount, the PSC should publicly communicate its support to the NYISO for the prompt adoption of its market-based carbon pricing approach that internalizes the value of carbon in wholesale energy prices and harmonizes public policy objectives. As such, the PSC should convey its support to the NYISO to seek a stakeholder vote within its shared governance process and subsequently file this important proposal for the Federal Energy Regulatory Commission's approval as soon as is practicable.

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