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INDEPENDENT POWER PRODUCERS OF NEW YORK

May 4, 2020

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

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

Dear Secretary Phillips:

The February 12, 2020 issue of the New York State Register included a notice requesting public comments, by April 13, 2020, on the January 27, 2020 petition by the New York State Energy Research and Development Authority ("NYSERDA") to establish a Competitive Tier 2 Program for existing renewable energy resources within this State that have entered commercial operation prior to January 1, 2015. On April 2, 2020, the April 13 comment deadline was extended until May 4, 2020.

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 in support of NYSERDA's petition. IPPNY supports the benefits of competition, which produces the best outcomes for energy consumers.

Within the New York State Public Service Commission's ("PSC" or "Commission") Clean Energy Standard ("CES") proceeding, IPPNY consistently has supported, as an interim measure, the inclusion of both existing in-State and new renewable energy resources within the CES. For the CES program to efficiently and cost-effectively meet the goals of the Climate Leadership and Community Protection Act ("CLCPA"), participation should be open to existing and new, low and zero emission resources on equal terms. IPPNY supports, as a short-term measure to meet the CLCPA's goals, allowing existing renewable resources within this state to be eligible to participate in the Competitive Tier 2 Program, as it will help ensure that existing progress towards the State's goals is maintained and that associated investment is retained in a viable and sustainable manner in the State.

Existing renewable energy facilities within this State that came into commercial operation before January 1, 2015 should be eligible to sell renewable energy credits to load serving entities for compliance with the CES procurement obligation. These facilities should be compensated fairly for the value of their renewable attributes so that these resources are retained in New York's baseline to meet the CES goal.

Accordingly, IPPNY urges the PSC's adoption of a Competitive Tier 2 Program for existing renewable energy resources within this State. Such a program will retain the benefits of those facilities for the economies of host communities and preserve their role within the State's renewable energy baseline, as independent power producers continue to make new investments to reach the goals of the CLCPA.

NYSERDA's petition calls for three competitive procurements with contracts that would be three years in duration and would provide certainty for these facilities through 2025. IPPNY recommends that the PSC and NYSERDA continue to develop a competitive procurement program for existing in-State renewables that retains these facilities within the State's renewable energy baseline through the timeframes of the CLCPA's goals with appropriate contract terms and funding.

The competitive program for existing renewable facilities should remain in place until an alternative market-based mechanism, such as carbon pricing, is established to value emissions-free electricity and obviate the need for such a Tier 2 program. The State should ensure that existing resources continue to be viable, in order for the baseline to remain robust and to enable the CLCPA's targets to be reached. The State should adopt a consistent carbon price signal to ensure that resources are economically dispatched, foster needed investment to attract new, and retain existing, renewable and other low or non-emitting energy resources, and encourage efficiency improvements in all existing resources that help lower emission rates. Thus, while moving forward with the Competitive Tier 2 Program as an interim measure in the short term, the PSC also should at the same time communicate its overt support to the New York Independent System Operator for the prompt adoption of the market-based carbon pricing approach that provides a single, market-wide carbon price by internalizing the value of carbon in wholesale energy prices.

IPPNY encourages the PSC to act expeditiously upon the petition filed by NYSERDA. Action on this topic has been required by Governor Andrew M. Cuomo, as explicitly stated by his Veto Message #24 of 2019 for S.23 (Parker) / A.4294 (Cusick). The Governor's Veto Message notes that the legislation was vetoed primarily because funds would have been awarded without a competitive process. Instead of signing the bill into law, the Governor directed the Department of Public Service, in consultation with NYSERDA, to commence a proceeding to design, develop, and implement a cost-effective competitive program to support the operation of existing renewable facilities and to allow them to contribute to the State's goals. Instead of starting a new proceeding, NYSERDA filed its petition for the Competitive Tier 2 Program within the CES case. However, the Governor's Veto Message underscores that ensuring the continued operation of existing renewable facilities is imperative. Thus, the PSC should not delay implementing a Tier 2 program until the Commission considers the longer-term issues regarding the revisions to the CES that will be needed to meet the CLCPA's requirements.

The inclusion of existing renewable resources in a competitive manner within the CES framework is neither a new nor novel concept, as it has been discussed since the formation of the CES first was proposed. The PSC is well-positioned to issue an order implementing a Competitive Tier 2 Program, even if it only serves as a bridge to a more comprehensive design that supports existing renewables and other resources in a market-based manner and while the

State works to design a program to achieve the goals of the CLCPA. Delayed action on NYSERDA's petition only further threatens erosion of the State's renewable baseline.

Delayed action on NYSERDA's petition also would have broader negative economic consequences, in the context of the current economic harm resulting from the necessary actions to address the coronavirus. Residents and businesses in this state are struggling, and the State must take action to preserve the economic benefits of existing employers, including those at existing renewable energy facilities. Existing employers at essential businesses, including those in the power generation sector, are providing as much economic benefit and job stability to their communities as they can under the duress of the virus' consequences. The PSC's approval, now, of the Competitive Tier 2 Program would help ensure the viability of existing renewable resource facilities and the benefits they provide to their communities.

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