



April 20, 2020

ELECTRONIC FILING

The Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

**Re: Case 18-E-0071 In the Matter of Offshore Wind Energy – Petition
Regarding Offshore Wind Procurement**

Dear Secretary Burgess:

RWE Renewables Americas, LLC (“RWE”) appreciates the opportunity to provide comments in response to the New York State Energy and Research Development Authority (“NYSERDA”) Petition Regarding Offshore Wind Procurement Authorization for 2020 Procurement submitted on January 28, 2020. The purpose of our comments is to support NYSERDA’s petition, including proposed modifications such as the flexibility for developers to select either a fixed Offshore Wind Renewable Energy Credit (“OREC”) or an indexed OREC in their bid submission, and to encourage the Public Service Commission (“PSC”) to establish a solicitation schedule that provides market certainty and the greatest savings to New York’s ratepayers.

RWE, founded in 1898, is one of the largest players in the renewable business worldwide and the third largest producer of renewable energy in Europe. RWE's strategy for renewables is geared to growth and we plan to invest an annual amount of \$1.5 billion to expand our wind, solar energy and storage technologies portfolio. Since 2007 we’ve built nearly 4,000 megawatts (“MW”) of wind, solar and energy storage projects in the United States with more under development. We’ve invested more than \$6 billion in producing clean, affordable homegrown

energy. RWE has established an ambitious CO2 reduction target and has committed to be carbon-neutral by 2040. As the second largest offshore wind developer in Europe, RWE owns 2.5 gigawatts of Offshore Wind and operates an additional 800 MW for our partners.

Climate Leadership and Community Protection Act

Governor Andrew M. Cuomo signed into law the Climate Leadership and Community Protection Act (“CLCPA”) that requires that 70 percent of the state’s electricity come from renewable resources by 2030 (“70 x 30”) and for New York to be 100 percent carbon free by 2040. The CLCPA also requires that New York achieve a 9,000 MW target for offshore wind by 2035, which is instrumental in New York meeting its CLCPA statutory obligation. As such, it is critical that New York establish a long-term solicitation schedule to provide market certainty and to accelerate the deployment of the supply chain.

Solicitation Schedule:

RWE requests that the PSC publish a long-term solicitation schedule to provide insight and certainty in the U.S. market—for example: solicitations in 2020, 2021, and then in odd-numbered years until the 9,000 MW target is achieved. Visibility into the pipeline of projects and knowing when solicitations will occur will allow for the necessary investments to jump start the U.S. offshore wind supply chain, unleashing business opportunities for the manufacturing, construction, transport and installation of offshore wind components across the region, driving down costs and establishing a local workforce. Further, a staggered solicitation schedule between New York and other Northeast states (e.g. New Jersey’s proposed even-numbered year solicitation schedule) will help smooth the supply curve and prevent issues that may arise with multiple, concurrent project submittals.

Proposed 2020 Solicitation:

In its petition, NYSERDA requested authorization from the PSC to solicit at least 1,000 MW of offshore wind with the flexibility to evaluate a range of bids up to 2,500 MW. NYSERDA based this recommendation on: (1) the passage of the CLCPA; (2) the success of the Phase 1 solicitation and continued downward cost

trends; (3) significant developments in the U.S. offshore wind market since the issuance of the Phase 1 Order; (4) the extension of an 18 percent federal Investment Tax Credit (“ITC”) to wind facilities that begin construction in 2020; and (5) the directive issued by Governor Andrew M. Cuomo in his 2020 State of the State address, that NYSERDA issue its second solicitation for offshore wind facilities in 2020.

RWE recognizes the importance of a 2020 solicitation to capture the savings associated with the 18 percent federal ITC that will expire at the end of this year and to continue to make progress towards achieving New York State’s 9,000 MW offshore wind goal. However, it is our position that bids may be more competitive post-2020 and capture greater savings for ratepayers beyond the application of the ITC due to the following combined factors:

- Increased competition from the participation of additional leaseholders;¹
- Decreased costs because NY Bight lease areas may be closer to interconnection points;
- CAPEX costs will continue to decline with the establishment and maturation of a local supply chain;
- Completion of NYSERDA and NYISO transmission studies will allow for more efficient system planning, reducing overall system costs

¹ The Bureau of Ocean Energy Management (“BOEM”) began the leasing process for the NY Bight area with the Call for Information and Nominations in April of 2018. A BOEM lease auction is anticipated in 2021.

associated with the full integration of New York’s 9,000 MW offshore wind target.²³⁴⁵

It is also possible that an offshore wind ITC is enacted as part of either a future economic stimulus bill or in an end of year tax package. The collective cost impacts of increased competition in the New York Bight, downward cost trends, and the incorporation of the economic benefits of coordinated transmission outweigh the benefits associated with the application of the ITC on PPA prices. As such, we request that NYSERDA award less MW in the 2020 RFP. By awarding less MW in 2020 and more MW in 2021 and beyond, NYSERDA will be balancing the directive from Governor Cuomo to issue a second solicitation in 2020 and capturing greater cost savings for New York ratepayers.

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² The Accelerated Renewable Energy Growth & Community Benefit Act directs the State to develop a State Power Grid and Study Program to accelerate the planning and build out of bulk and local transmission and distribution infrastructure to ensure that renewable energy can be reliably and cost-effectively delivered to power New York homes and businesses.

³ The NYISO 2019 CARIS 70 x 30 Scenario Study will identify opportunities for transmission investment to un-bottle renewable energy to enable New York State’s CLCPA renewable energy production goals.

⁴ The NYISO 2020 Reliability Needs Assessment (“RNA”) is studying transmission security and resource adequacy including a CLCPA 70 x 30 scenario.

⁵ In its petition for 2020 solicitation authority, NYSERDA informed the PSC that they are now conducting an expanded transmission analysis, the results of which will be used to inform next steps associated with renewable energy related proceedings and to inform the State’s ongoing renewable energy procurement efforts.