STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-E-0302 – In the Matter of the Implementation of a Large-Scale Renewable Program

PRINCIPLES FOR IMPLEMENTATION OF THE 70 PERCENT RENEWABLE ENERGY REQUIREMENT IN THE CLIMATE LEADERSHIP AND COMMUNITY PROTECTION ACT

Sierra Club, Natural Resources Defense Council, The Alliance for Clean Energy New York, New York Offshore Wind Alliance, National Wildlife Federation, The Nature Conservancy, New York League of Conservation Voters, Environmental Advocates of New York, Citizens Campaign for the Environment, Pace Energy and Climate Center, New Yorkers for Clean Power, Renewable Energy Long Island, and Solar Energy Industries Association respectfully submit the following principles to guide the Public Service Commission in implementing the 70 percent renewable energy requirement in the Climate Leadership and Community Protection Act (CLCPA). With the passage of the CLCPA, New York enacted the most aggressive climate legislation in the nation. The CLCPA requires New York to achieve 100 percent zero carbon electricity by 2040. Consistent with this requirement, the CLCPA establishes a number of nearer-term clean energy requirements including deployment of 9 GW of offshore wind generation by 2035, 6 GW of photovoltaic solar by 2025, and 3 GW of energy storage by 2030. In addition, the CLCPA requires that the Public Service Commission "establish a program to require that . . . a minimum of seventy percent of the statewide electric generation secured by jurisdictional load serving entities to meet electrical energy requirements of all end-use customers in New York state in two thousand thirty shall be generated by renewable energy systems." Achievement of this 70 percent renewable energy requirement will necessitate deliberate action by the Commission beginning immediately. The undersigned groups therefore offer the following principles to guide the development of a program to achieve this important goal.

Principle #1: The Proceeding Should Commence Immediately and Conclude in 2020

The proceeding for the Commission to establish a program to implement the 70 percent by 2030 renewable energy mandate should commence immediately and progress expeditiously. There are only 10 years available to achieve this aggressive goal, and due to the lag time (approximately four years) between approval of contracts and completion and operation of projects, the window to lock in new renewable generation sources that will contribute to this goal is even shorter. This proceeding should move forward on a parallel track with the convening and work of the Climate Action Council but in no event should it be delayed as a result of the work of the Climate Action Council.

Principle #2: Establish Full Procurement Schedule that will Achieve 70% by 2030

The 70 percent by 2030 renewable energy standard (RES) is ambitious and will be challenging to achieve. To maximize the strength of the RES and likelihood of success – and to send a clear and strong investment signal to renewable energy companies – the Order resulting from this proceeding should lay out a multi-year procurement schedule (for years 2021 - 2026) that sums to the amount of megawatt-hours required to achieve 70 percent renewable energy generation by 2030, and that requires NYSERDA to procure a minimum amount each calendar year while allowing the flexibility to procure more in a particular year if the competition and prices are particularly robust. Due to the lag time between contracting and project operation alluded to above (approximately four years), it will be necessary that the procurement schedule through 2026 be calibrated to procure the full 70 percent.

As part of the procurement schedule, the Commission will need to develop an analysis of the amount of MWhs necessary to be procured on a year-by-year basis to achieve the 70 percent by 2030 goal under different load scenarios. This is necessary because many variables will affect electric load in 2030. Compliance with the CLCPA will not only require decreasing greenhouse gas emissions from the electric sector through increased reliance on zero-carbon renewable generation, but New York must also be reducing greenhouse gas emissions from vehicles and buildings by, among other things, electrifying these sectors. If those electrification efforts are successful, as they must be in order for New York to be on track to achieve its long-term CLCPA climate commitments, this will increase electric load in 2030. New York has also established aggressive energy savings targets, the achievement of which will mitigate increases in load resulting from electrification of transportation and buildings. The net effect of these electrification and efficiency efforts will dictate the amount of renewable generation that will be required to meet a 70 percent by 2030 renewable energy standard.

Given the uncertainties involved, we support the development of two 2030 load forecasts. One would use NYISO's Gold Book data and assume maintenance of current trends for load growth, energy efficiency, and electrification. The second load forecast would assume that New York State is fully on track to meet goals for energy efficiency (including a utility savings rate of 3 percent per year) and electrification of transportation and buildings. The procurement schedule in the early years should be calibrated to keep renewable procurement in New York on track consistent with the higher of these two forecasts.

Principle #3: Build on and Improve Existing Program Structure

The 70 percent renewable energy standard should build on the existing structure of the 50 percent renewable energy standard, retaining the aspects of the current program that are functioning effectively. In particular, we support New York's continued use of a central procurement approach as well as preserving the structure of the load serving entity (LSE) obligation.

We believe that the program could be improved through certain adjustments as well. We support NYSERDA assessment of other contracting options that would provide savings benefits such as Index RECs. We also support increasing the number of NYSERDA solicitations each

year from one to two, which will better align with the development schedules of renewable energy projects.

Principle #4: Include Offshore Wind in the Scope of this Proceeding[1]

The 70 percent renewable energy standard proceeding should include the CLCPA's mandate of 9,000 MW of offshore wind by 2035 and make it an integral part of this proceeding and new Order. However, the Commission should ensure that, in doing so, the proceeding does not delay the next offshore wind solicitation, which NYSERDA has announced will occur before the end of 2020. In the event that the overall proceeding takes longer than expected, the Commission should develop a mechanism for considering and completing the authorization of the 9,000 MW offshore wind standard and procurement authorization separately.

In addition, offshore wind should be treated as its own tier and maintain the procurement provisions under the current Order. These provisions include fixed and indexed ORECs, mandatory prevailing wage and efforts to secure Project Labor Agreements, evaluation criteria that incentivize local supply chain sourcing, community benefit requirements, and environmental and fisheries Best Management Practices. In addition, it may be appropriate to incorporate expanded contract provisions as a result of deliberations of the Technical Working Groups. Further, the Commission should request that NYSERDA undertake a study of the contracting mechanisms employed to date in order to evaluate their cost-efficacy for ratepayers and the need for additional or alternative contracting mechanisms in the future.

Principle #5: Support Existing Renewables Through a Tier 2

New York will not be able to meet a 70 percent renewable energy standard unless the state is able to retain renewable generation that has already been installed and that has historically provided its renewable power to New York State. At the inception of the Clean Energy Standard docket, existing renewables comprised approximately 29 percent of anticipated 2030 load. While incentivizing development of new renewable generation remains a top priority of the renewable energy standard, cost-effective achievement of 70 percent renewable generation will require taking steps to ensure that New York secures the renewable attributes of existing renewable generation resources. This should be accomplished through the creation of a Tier 2 through which NYSERDA procures and the LSEs purchase the renewable attributes from these generators.

One option for this program is to set a price that is capped at a fixed portion of the Tier 1 Renewable Energy Credit (REC) price to guarantee that the Tier 2 program will be more cost-effective than building additional Tier 1 renewables. This is the approach taken in the SAVE NY Renewables Act, which passed both houses of the NYS Legislature in the 2019 session but was vetoed by Governor Cuomo. Our groups urged the Governor to sign and enact this legislation in recognition of the importance of keeping existing renewable operating in New York. While we

[1] Please note that there are other issues critical to the successful implementation of the CLCPA's electric sector goals, such as the policies to achieve the 6 GW distributed solar goal; the pressing need for transmission planning and investment, and the energy efficiency mandates. We acknowledge these important issues but recognize that it is appropriate to address them outside of this 70% Clean Energy Standard proceeding.

are disappointed that the Governor vetoed this bill, we are encouraged that he directed the Public Service Commission in his veto message to initiate a proceeding to create a Tier 2 program that would procure existing renewables on a competitive basis. The design of Tier 2 needs to appropriately balance the need to retain existing renewables (and prevent these renewable attributes from being sold into other markets) with the critical importance of incentivizing development of new renewable generation. Tier 2 eligibility should be limited as discussed below. We urge the PSC to quickly initiate a proceeding as directed by the Governor so that these existing renewable generation resources can contribute to the cost-effective achievement of 70 percent renewable generation.

Principle #6: Uphold the RES Resource Eligibility Criteria in the CPCLA With Certain Qualifications Regarding Eligibility of Hydroelectric Generation

Although the 70 percent renewable energy standard will necessitate aggressive deployment of renewables in the coming decade, the Commission should decline to expand resource eligibility requirements beyond those listed in the CLCPA, and should not include large hydropower in the list of eligible Tier 1 or Tier 2 resources. None of the resources excluded from this list has an environmental or climate profile that warrants modification of existing eligibility requirements.

Although the CLCPA lists "hydroelectric" under its definition of renewable energy systems, it is not clear whether this includes large hydropower, which is currently ineligible under Tier 1 and Tier 2. Large hydropower, especially if it uses new impoundments or if it is publicly supported in Canada, should remain ineligible for Tier 1 and Tier 2, and should not be procured by NYSERDA. This does not mean that imported hydropower should be excluded from the calculation of New York's baseline for the 70 percent calculation. However, limited funding available to incent new renewable generation and retain existing renewable generation should *not* be used for large, publicly-owned hydropower, which is already fully incentivized to sell into New York, and is selling into New York already.

Principle #7: Encourage Refurbishment of Resources to Maximize Production

The 70 percent renewable energy standard program should support and encourage the refurbishment of existing renewables if it will extend the life or increase the production of these renewable facilities. In this proceeding, our groups previously supported having a refurbished project be deemed fully eligible for Tier 1 REC procurement if the renewable generator met the stringent repowering criteria proposed by DPS and NYSERDA staff. That is still our position. In fact, the more ambitious goals have only increased the value of having existing resources increase their production.

Principle #8: State Environmental Quality Review Act Compliance

We anticipate that the 70 percent by 2030 renewable energy standard will necessitate an Environmental Impact Statement (EIS) to comply with the State Environmental Quality Review Act, and we fully support a robust and comprehensive environmental review. All renewable

projects must be responsibly sited and that process begins with the development of the programmatic EIS.

Respectfully submitted,

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