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Via Electronic Delivery

Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, N.Y. 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.

Dear Secretary Burgess:

On August 8, 2019, the New York Public Service Commission (“Commission”) issued a Notice soliciting comments on, and asking a number of questions regarding, a petition submitted on March 12, 2019 by the American Wind Energy Association (“AWEA”) and the Alliance for Clean Energy New York (“ACENY”), which requested that an Indexed Renewable Energy Credit (“REC”) procurement mechanism be applied for future Tier 1 REC procurements under the Clean Energy Standard.¹ AWEA/ACENY’s request stemmed from a joint petition filed by the Independent Power Producers of New York, Inc. (“IPPNY”) and Multiple Intervenors (“MI”) on July 8, 2018.²

The IPPNY/MI Joint Petition requested that the Commission act expeditiously to prospectively protect New York consumers and the State’s competitive wholesale electricity markets from potential double-payments related to retail and wholesale compensation for the same or similar non-emitting attribute in the event that NYISO amended its tariffs to add a carbon dioxide emissions price component to wholesale market locational based marginal prices (“carbon price”). IPPNY’s primary motivator for co-signing the petition was to alert the Commission of the possibility of double-payment

¹ Cases 15-E-0302 *et al.*, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Notice Soliciting Comments (Aug. 8, 2019) (“August 8 Notice”); Cases 15-E-0302 *et al.*, *supra*, Statement of American Wind Energy Association and Alliance for Clean Energy New York in Opposition to Petition of Multiple Intervenors and Independent Power Producers of New York, Inc. And Petition of American Wind Energy Association and Alliance for Clean Energy New York for an Order Modifying the Clean Energy Standard Tier 1 Procurement Process (Mar. 13, 2019).

² Cases 15-E-0302 *et al.*, *supra*, Petition of Multiple Intervenors and Independent Power Producers of New York, Inc. for Relief to Protect New York Consumers and the State’s Competitive Wholesale Electricity Markets from Potential Double Payments of the Same Attribute (July 9, 2018) (“IPPNY/MI Joint Petition”).

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in order that action may be taken to remedy the concern, which was first identified in the NYISO stakeholder process, so that the NYISO's carbon price proposal could be advanced to a stakeholder vote with as much stakeholder support as possible in a timely manner.

On April 15, 2019, IPPNY filed a response to AWEA/ACENY's petition.³ While IPPNY opposed AWEA/ACENY's Index REC approach, we agreed that a different index approach would avoid any potential double payment if the NYISO implemented a carbon price.⁴ Rather than index REC prices to market prices, as proposed by AWEA/ACENY, IPPNY requested that the Commission require that, for future REC solicitations, RECs be indexed to a carbon price adjustment if a carbon price is implemented by the NYISO.⁵ Under such an approach, REC contract holders would continue to be subject to wholesale market risk as is the case with the current fixed-price REC construct, rather than shifting such risk to consumers.⁶

As IPPNY demonstrated in its April 15 Comments, AWEA/ACENY's Index REC proposal is neither the most consumer-friendly nor the most appropriate pathway to address the NYISO's potential carbon pricing reforms. Indexed RECs go well beyond what is necessary to protect consumers against the potential double payment if a carbon price is implemented and instead ensure that future REC contract holders receive fully hedged payments protecting them from all market risk. The Commission's adoption⁷ of an Index OREC approach for offshore wind was based on the unique circumstances attending offshore wind in its early stages, was highly qualified, and cannot be used as a precedent for applying the Index REC approach to future on-shore wind and solar projects when existing projects have been successfully financed, built and operated for many years in New York with the support of fixed-price REC contracts.

IPPNY hereby incorporates by reference its April 15 Comments in response to the questions posed in the Commission's August 8 Notice soliciting comments. As IPPNY requested, the Commission should reject AWEA/ACENY's proposed Index REC solution in favor of the solution recommended by IPPNY.

Respectfully submitted,

/s/ Matthew Schwall

³ Cases 15-E-0302 *et al.*, *supra*, Comments of Independent Power Producers of New York, Inc. (Apr. 15, 2019) ("April 15 Comments").

⁴ *Id.* at 6

⁵ *Id.*

⁶ *Id.*

⁷ Case 18-E-0071, *In the Matter of Offshore Wind Energy*, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (July 12, 2018).

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