

**COMMENTS OF NRG ENERGY, INC.**  
**ON THE CLIMATE ACTION COUNCIL'S DRAFT SCOPING PLAN**

**July 1, 2022**

NRG Energy, Inc. ("NRG") appreciates the opportunity to provide the feedback regarding the Climate Action Council's Draft Scoping Plan. The Draft Scoping Plan is intended to serve as an initial framework for how the State will meet the goals established in the Climate Leadership and Community Protection Act ("CLCPA"). As discussed in more detail below, NRG recommends that the Climate Action Council make targeted revisions to the Draft Scoping Plan to ensure the Final Scoping Plan reflects the following:

- Enhanced Transparency Regarding Costs to New York State's Customers
- Establish and Expand Opportunities for Customers to Equitably Meet and Exceed CLCPA Goals

**About NRG**

At NRG, we are bringing the power of energy to people and organizations by putting customers at the center of everything we do. We generate electricity and provide energy solutions and natural gas to millions of customers through our diverse portfolio of retail brands. A Fortune 500 company, operating in the United States and Canada, NRG delivers innovative solutions while advocating for competitive energy markets and customer choice, working towards a sustainable energy future. Within New York, NRG's family of companies generate reliable electricity, provide demand response services to a variety of customers, and actively serve residential, commercial, industrial and institutional customers throughout the state.

## Enhancing Transparency Regarding Costs to New York State's Customers

The CLCPA and other policy-driven efforts enacted through various policy making venues have established clear environmental and sustainability goals for the state. These efforts have touched many facets of the production and distribution of electricity, from the sources of electricity to power New York, to the way electricity is delivered, and for opportunities to be more energy efficient within businesses and homes. In concert with these goals, the state, whether through legislative action, NYSERDA procurements, Department of Public Service actions, or elsewhere, has made significant commitments for energy, renewable energy credits, and other various attributes that will ultimately be borne by New York energy customers.

As reflected in the Draft Scoping Document, the efforts contained in the plan are anticipated to result in net benefits ranging from \$90 billion to \$120 billion, where the benefits reflect expected health and avoided GHG benefits. While this provides an expectation of total benefits anticipated for New Yorkers over time, it could be improved by providing insight to what customers' energy bills will look like in the future. Further relevant to the cost and benefits underlying this important effort, to date, New York has made significant contractual and financial commitments to meet the goals outlined in the CLCPA.<sup>1</sup> These commitments often have price tags in the millions and billions of dollars depending on scope and size.

While these commitments are financially significant, renumeration of these projects typically does not begin until they are in service. For many of these projects, that means customers do not see the incremental costs associated with meeting the CLCPA (and other) goals on their energy bills until some

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<sup>1</sup> Among other examples: 1) In April 2022, the [PSC approved contracts](#) for the purchase of Tier 4 Renewable Energy Certificates; 2) In June 2022, it was announced that 22 large-scale solar and energy storage projects [were awarded contracts](#) for Tier 1 RECs; 3) In April 2019, certain public policy transmission projects [were selected](#) by the New York ISO to support state goals.

point in the future and typically well after projects have been approved. Providing greater transparency to the cost of these commitments will benefit customers when, in many cases, the funding to support the projects does not flow until well into the future. This missing information should be included as part of the Climate Action Council's work and recommendations in the Draft Scoping Plan. Such clarity is important for both policy makers and New York electricity customers to better represent the costs associated with New York's ambitious and meaningful energy transformation.

To this end, we recommend the Scoping Plan be updated to provide specific recommendations that require future procurements and commitments associated with meeting the goals of the CLCPA to include an estimated customer bill impact. Providing this further information will help policy makers articulate the costs of any particular project, empower entities competing to provide such services to further "sharpen their pencils," and empower customers to gain better insight and management of their energy future. We recognize and commend the New York Public Service Commission for its recent effort to establish a process to review the costs and benefits to New York ratepayers regarding CLCPA investments.<sup>2</sup> This is an important effort to undertake. However, as an *ex post* review, the impact to consumers bills will always be backwards looking. To ensure better information for all parties, the Scoping Plan should recommend that such efforts, including the expected impact on consumer bills, be assessed concurrent with any future commitments for investment in CLCPA goals. For the reasons noted above, this will result in a clearer picture regarding the cost of these investments, the impacts on consumers, and potentially drive more creative and competitive solutions.

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<sup>2</sup> New York Public Service Commission. *Order on Implementation of the Climate Leadership and Community Protection Act*. Case 22-M-0149: In the Matter of Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act. May 12, 2022. NYPSC Staff is directed to present "the cost and benefits to ratepayers of CLCPA investments over the prior calendar year, including the purchase of RECs and ORECs by LSEs, the costs of local and bulk transmission facilities constructed for purposes of facilitating compliance with CLCPA targets, and the cost recovery associated with NE:NY and other energy efficiency programs implemented by the Utilities and NYSERDA."

## **Establish and Expand Opportunities for Customers to Equitably Meet and Exceed CLCPA Goals**

Scores of companies and institutions doing business in New York have established meaningful environmental targets and sustainability goals. This laudatory effort reflects the ever-growing emphasis on environmental stewardship and, in many ways, demonstrates alignment with many of the goals contained in the CLCPA. Further, these individual entities and customers may have established goals that exceed the scope or speed by which the customer achieves their identified sustainability targets relative to the goals of the CLCPA. In many cases, this may include a desire for direct investment in renewable energy projects.

Under the current framework in New York, the obligation to procure and retire renewable energy credits falls directly on the customer's load serving entity.<sup>3</sup> Opportunities for the customer to receive direct credit for their actions on environmental stewardship and sustainability, including the opportunity to find equivalent service for a lower cost, may be thwarted by this obligation placed solely on the load serving entities. Further, this can place an undesirable cost burden on New York customers, particularly those using significant volumes of electricity, when direct actions are unable to be considered as a recordable benefit for the customer.<sup>4</sup> We believe an approach that empowers customers to receive direct credit for their actions is an appropriate evolution that can bolster individual customer efforts to support New York's environmental goals.

To that end, we urge the Climate Action Council to include in their Final Scoping Plan a recommendation that policymakers, including the legislature, the Public Service Commission, and others explore mechanisms that permit New York customers who take individual action to meet and/or exceed the

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<sup>3</sup> <https://www.nyserda.ny.gov/All-Programs/clean-energy-standard>

<sup>4</sup> For example, a customer may pay for the RECs procured by or assessed to the LSE, but that same customer may receive no benefit toward their corporate sustainability goals because the customer did not take specific incremental action to cause the RECs to be created.

state's climate goals be afforded the opportunity for such actions to be recognized in conjunction with their actions. A so-called "self-direct" program could allow a customer to supplement, offset, or substitute REC purchases that are currently the responsibility of the load serving entity with the customers' own REC purchases from qualified renewable resources. Under such a program, RECs may be received and retired by an individual customer through its own purchases, rather than by the load serving entity itself, thus allowing for that customer to retire those RECs and itself make environmental claims regarding the use of renewable energy. These efforts can further help the state meet its CLCPA targets both more quickly and at potentially lower overall costs, while providing the impetus to attract more private sector investment in renewable energy to the state, and support prevailing wage jobs for New York workers.

We appreciate the opportunity to provide these comments and urge the Climate Action Council to include these recommendations in its Final Scoping Plan.