

7/01/2022

Draft Scoping Plan Comments

NYSERDA

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## **COMMENTS OF BROOKFIELD RENEWABLE ON THE NEW YORK STATE CLIMATE ACTION COUNCIL DRAFT SCOPING PLAN**

Brookfield Renewable appreciates the opportunity to comment on the “New York State Climate Action Council Draft Scoping Plan” (“Draft Plan”). The Climate Leadership and Community Protection Act (“CLCPA”) is the first-of- its-kind ambitious energy and environmental law seeking extraordinary goals in renewable energy, emissions reductions, and transforming key sectors of the economy. Brookfield Renewable supports the objectives of the CLCPA and sees the Draft Plan as an important step in recommending actions to turn those goals into reality.

### **About Brookfield**

Headquartered in New York, New York, Brookfield Renewable’s U.S. platform owns and operates solar, wind, storage, and hydroelectric facilities across 34 states. The U.S. platform consists of 196 utility-scale renewable facilities and 4,822 distributed generation solar projects, totaling approximately 7,300 MW in nameplate capacity. Brookfield Renewable has a significant presence in New York, including 74 hydroelectric facilities on 15 river systems (56 of which are LIHI certified), 711 MW of installed capacity, plus two recently integrated Terraform Power wind projects totaling 160 MW, resulting in over 300 employees and 240 indirect jobs in New York.

### **Comments on Draft Plan**

While the content of the plan is multi-faceted in its recommendations and far-reaching across several sectors of New York’s economy, the focus of Brookfield Renewable’s comments is on the lack of attention given to the erosion of the state’s renewable energy baseline. Indeed, the plan focuses almost exclusively on growth and development as we head toward the key target years contained within the CLCPA, yet it is woefully short on recommending any actions to preserve the progress the state has already made on the renewable energy front. In fact, aside from the highlighted language below, there is nary a mention of the importance of doing so:

Transitioning to zero-emissions will require addressing emissions from both baseload and peaking facilities. To facilitate and enable retirement of fossil-fuel fired facilities, New York needs to: continue and accelerate its deployment of new renewable generators (e.g., wind, solar, hydro); **maintain the fleet of renewable generators it has now**; upgrade its transmission

and distribution system to allow for the maximum use of the renewable generators (i.e., get the power where it needs to go); and invest in energy storage technologies.<sup>1</sup>

In fact, of the broader actions listed above, maintenance of the fleet of renewable generators (often referred to as the renewable baseline) is the only one that does not have more detailed steps outlined later in the plan to describe how it will be achieved. This is a problem, as the other recommendations seemingly assume the renewable baseline remains in place as the foundation upon which to build. However, no plan is in place (or recommended) to ensure that is the case. The final Scoping Plan must address this critical continuing issue.

### Background

The State continues to wrestle with ways to retain its renewable baseline as we approach the first major compliance year of the aggressive CLCPA requirements, which mandates 70 percent of energy consumed in the state be produced by renewable resources by 2030 (70x30). The need to retain existing renewable resources is an obvious one; if they either stop producing electricity or flow their electricity to our neighboring states they *will not count towards the 70x30 goal*.

Yet, since the 2016 creation of the Clean Energy Standard (“CES”), which is the program primarily tasked with reaching the state’s energy policy goals, exports of renewable energy flowing out of New York State *more than doubled!*<sup>2</sup> If that trend continues unabated, that lost energy will need to be replaced by new, and more expensive, renewable resources. At the current level of exports, ratepayers would need to fund thousands of MW worth of new renewable projects just to recoup lost renewable energy, in addition to the incremental projects needed to hit our clean energy targets.

Since the 2016 Order Implementing the CES, the amount of renewable energy exporting from New York to its neighbors has *increased significantly*.

#### **CES Baseline Bundled REC Exports**

Vintage Year	Non-NYPA Hydroelectric	Wind	Total
2020	483,963	2,109,533	2,593,496
2019	433,611	1,480,592	1,914,203
2018	178,056	948,885	1,126,941
2017	12,974	1,000,874	1,013,848

If New York fails to take action to retain its renewable energy baseline, it may need to procure an additional **5,460 MW** of new renewable energy just to make up for the lost energy associated with renewable resources already physically located in New York State but delivering their clean power elsewhere. That is *in addition* to the large volume of new resources needed to achieve the state’s lofty CLCPA goals (e.g. 70x30). For reference, the last three Tier 1 solicitations (2019-21) by the New York State

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<sup>1</sup> Draft Plan. Page 155.

<sup>2</sup> The vast majority of these exports are being sent to neighboring states in New England, particularly to Massachusetts in support of its Class I and Class II renewable energy standard portfolio. However, other states, including Connecticut, Maine, Maryland, New Hampshire, Ohio, Rhode Island, Vermont and Virginia, have existing and evolving programs for which some New York renewable baseline generators are eligible.

Energy Research and Development Authority (“NYSERDA”) combined totaled awards of **5,797 MW**. Tier 1 solicitations are meant to result in renewable energy *growth*, not a mechanism to backfill lost renewables. However, backfilling may indeed be necessary without better renewable retention efforts.

To further clarify the renewable baseline erosion:

- To replace just the hydro REC exports from 2020, New York would need **394 MW** of new solar.<sup>3</sup>
- To replace just the wind REC exports from 2020, New York State would need **1,720 MW** of new solar.
- Furthermore, over *3,000,000 MWh* of existing wind resources will roll off their NYSERDA contracts by 2024. That wind production will all then be eligible to capture the value of their RECs via export to New England. It would require an additional **2,446 MW** of solar to replace those lost RECs.
- Between now and 2030, over 375 MW of run-of-river hydro will need to renew their FERC licenses.
  - *Some states’ RPS programs, such as Connecticut’s Class 1 RPS, are open to hydro facilities that are relicensed, meaning the pool of New York renewable baseline resources eligible to export will continue to grow once relicensing is completed OR...the costs associated with FERC relicensing may be more than worth continuing operations. Either way, the relicensing situation opens the door for more lost renewable baseline. It would take over **900 MW** of new solar to replace the lost RECs associated with the facilities.*

Additionally, it is not uncommon for existing renewable resources to be located in or adjacent to Disadvantaged Communities, certainly across Upstate New York, which are recognized and targeted within the CLCPA such that they will receive an appropriate share of the benefit and not a disproportionate burden of actions taken through the CLCPA. Certainly, the preservation of the environmental and economic benefits accrued by communities within which existing renewables are located further warrants the continued investment by the State in such resources.

For example, Brookfield Renewable is the largest property taxpayer in several municipalities across Upstate. Plus, through our various operations, we employ over 356 full-time employees and 18 seasonal employees. Preservation of these assets is vital to support economically challenged communities.

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<sup>3</sup> Solar resources are used as a replacement proxy because such projects have dominated recent Tier 1 solicitation awards. Assumes a solar capacity factor of 14%, which was reported in the NYISO’s 2020 *Power Trends* report.

### Addressing the Problem

This is not a problem that has gone unrecognized; it is just one that has gone unaddressed. The Public Service Commission (“PSC”) acknowledged the problem in its October 2020 Clean Energy Standard Order:<sup>4</sup>

... low energy prices have compelled existing renewable resources to seek financial support in other markets. According to data collected in NYGATS, exports of baseline renewable generation have increased from 2016 to 2019 by approximately 50 percent. Given that numerous RPS contracts will be expiring in the near term, the Commission expects this trend to continue, potentially putting New York at risk of not reaching the 70 by 30 Target.

To combat the problem, the PSC established a Competitive Tier 2:<sup>5</sup>

Thus, Commission rules related to existing facilities must adjust to this market reality by preserving the ability to count energy from existing facilities to the greatest extent practicable toward the 70 by 30 Target and beyond. For this reason, we agree with the basic premise... that a competitive RECs program is needed to compensate existing resources for their environmental attributes. As the record shows, absent an appropriate compensation mechanism, there remains a high risk that existing resources located in New York will sell their energy and associated environmental attributes in neighboring states.

Unfortunately, the resulting effort (dubbed the “Competitive Tier 2” under the CES) designed to address this problem has failed to yield any meaningful results to reverse the trend. Intended to attract existing renewable resources to enter into three-year contracts with NYSERDA for their renewable attributes, the Competitive Tier 2 program is structured with three solicitations, conducted annually. Two of these solicitations have taken place, with the third scheduled for later this year. The results have been lackluster, with the first solicitation in 2021 by NYSERDA yielding contract awards to only 13.9 MW of eligible facilities, and the second procurement yielding no awards. Clearly, this effort is not solving the problem.

### The Solution

Unless and until the program is corrected, New York remains at great risk of continued loss of its renewable baseline. The final Scoping Plan must make recommendations that will address the issue. Those recommendations should include:

- Extending the lifetime of the Competitive Tier 2 program through at least 2030, the first renewable target compliance date of the CLCPA. The program is currently set to expire at the end of 2025, leaving the renewable baseline at risk in the critical four years leading up to 2030.
- Setting the administrative auction price cap at a level that appropriately reflects baseline resources’ operating and/or opportunity costs. NYSERDA’s artificially low price caps in the first two solicitations is what lead to the poor results.
- Procuring a large percentage of the renewable baseline in each solicitation. This component will provide support to a large number of resources while also retaining competition in the solicitations.

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<sup>4</sup> CASE 15-E-0302. ORDER ADOPTING MODIFICATIONS TO THE CLEAN ENERGY STANDARD. October 15, 2020. P. 61.

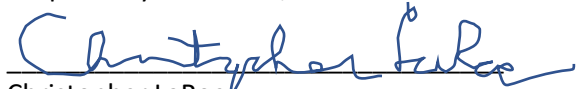
<sup>5</sup> Id.

## Conclusion

Leaving the future of the renewable baseline unknown in the critical years leading up to 2030 would be a mistake. If the State assumes those resources will remain in place and count toward the renewable targets in 2030, yet a large number of those resources either retire and/or export, then the State will be left short of its targets with no realistic time to backfill with Tier 1 or other resources. If the State assumes such resources will not be there, yet they do remain in place, then the State will over-procure Tier 1 and other CES resource types, thereby straddling ratepayers with unnecessary CES program costs. The commonsense solution is to put in place a mechanism that alleviates the mystery surrounding the future of these resources and assures they are present and accounted for when the CLCPA mandates take hold.

A final Climate Action Council Scoping Plan that does not recommend the development of a *functional* renewable retention program, ideally under the structure of a Clean Energy Standard tier, would be incomplete. Ideally, the tier would encompass NYSEDA procurements utilizing a bid cap price that realistically considers operating costs and opportunity costs that renewable baseline resources are observing. Also, the program should procure a volume of resources sufficient to provide necessary support to preserve the baseline, yet also retain a level of competition within the solicitation process. Finally, the program must extend at least through the year 2030, which is the first target year under the CLCPA.

Respectfully submitted,



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