

Proceeding on Motion of the Commission to
Implement a Large-Scale Renewable Program
and a Clean Energy Standard.

Case 15-E-0302

Comments on the Petition Regarding Agreements for Procurement of Tier 4 Renewable Energy Certificates

February 7, 2022

I. Introduction

In response to the *Notice Soliciting Comments* issued on December 2, 2021, in the above referenced proceeding, the Alliance for Clean Energy New York (“ACE NY”) hereby submits these Comments on the *Petition Regarding Agreements for Procurement of Tier 4 Renewable Energy Certificates* (the “Petition”). The Petition was submitted by the New York Energy Research and Development Authority (“NYSERDA”) and Department of Public Service Staff (“DPS”) seeking approval of two contracts to procure renewable energy certificates (“RECs”) under the New York City Renewable Energy Program of New York’s Clean Energy Standard (“CES”), otherwise known as Tier 4.

Tier 4 of the Clean Energy Standard is an important issue for ACE NY and its member companies and organizations, as it is viewed as an important component of New York’s efforts to achieve 70% renewable electricity by 2030 and 100% emissions-free electricity by 2040, as required by New York’s Climate Leadership and Community Protection Act (“CLCPA”), and because additional transmission is necessary to modernize and strengthen the New York grid to facilitate achievement of the CLCPA goals, and because Tier 4 has the potential to be an important driver in renewable energy development in New York State.

ACE NY is a member-based organization with a mission of promoting the use of clean, renewable electricity technologies and energy efficiency in New York State to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. Our diverse membership includes companies engaged in the full range of clean energy technologies as well as consultants, academic and financial institutions, and not-for-profit organizations interested in our mission.

ACE NY applauds NYSERDA and DPS timely implementation of Tier 4 of the Clean Energy Standard, which we supported in our *Comments on Staff's White Paper on Clean Energy Standard Procurements to Implement New York's Climate Leadership and Community Protection Act* filed in this proceeding July 24, 2020. We understand that this was no small undertaking and recognize the comprehensive and extensive bid evaluation process described in the Petition.

II. Comment Summary

In these Comments we offer position statements and questions regarding the contract for the Clean Path New York ("Clean Path") and Hydro-Quebec/Champlain Hudson Power Express ("Hydro-Quebec") projects. These positions are summarized as:

1. Because it supports the development of renewable energy projects in New York State and the delivery of clean power into New York City, ACE NY is fully supportive of New York's procurement of Tier 4 RECs through the Clean Path New York Project and urges the Commission to approve its contract.
2. ACE NY supports the re-sale of Tier 4 RECs to the City of New York and the voluntary market.
3. In addition to delivering renewable electricity to New York City, the Tier 4 Program should be executed to maximize contributions to other clean energy goals.
4. ACE NY highlights certain aspects of the Hydro-Quebec project that limit its usefulness in supporting the development of new renewable energy in New York.
5. ACE NY supported the application of additionality criteria to Tier 4 resources and highlights that these additionality tests were not fully applied to the Hydro Quebec project.
6. ACE NY acknowledges the significant and impactful role that both these projects will have in decarbonizing the power supply for New York City.
7. ACE NY requests that questions raised regarding the Hydro-Quebec project are addressed prior to contract approval by the New York Public Service Commission.
8. Finally, ACE NY generally supports the inclusion of contract conditions related to renewable energy curtailment.

These eight points are explained more fully below.

III. Discussion

1. ACE NY Supports NYS's procurement of Tier 4 RECs through the Clean Path New York Project and Urges Commission Approval.

ACE NY supports Commission approval of the contract awarded to the Clean Path New York Project due to its intrinsic support for the growth and development of in-state renewable energy projects, its contributions to relieve grid constraints in New York State, and its ability to deliver renewable electricity into Zone J.

Based on information in the Petition, Clean Path New York was selected by NYSDERDA as the highest-scoring bid. The project has a diverse portfolio of renewable resources, including twenty-three in-state generation and storage projects in diverse locations across the state, as listed in Section 5.2 of the Petition. As such, the project has significant in-State economic benefits, including an \$11B investment and 8,300 direct short-term and long-term jobs. We also note the project's commitment to establish a \$270 million Disadvantaged Communities Investment Fund is consistent with the CLCPA requirement that 35-40% of the benefit of the CLCPA go to disadvantaged communities. These metrics point towards an overall positive project for New York State that simultaneously assists in the achievement of multiple policy goals.

In addition to the direct support for in-state renewable energy facilities, the Clean Path project relieves congestion. It includes important provisions that require energy deliverability studies to be conducted and for transmission upgrades to be made to prevent curtailments of contracted or awarded renewable projects that are critical for the effective achievement of CLCPA mandates. Clean Path provides much-needed access for New York City to renewables, and much-needed access for renewable facilities to deliver carbon-free energy to New York City. In this way, it promotes the cost-efficient integration of renewable generation into the New York grid. Lastly, ACE NY notes the project's potential to more fully utilize the New York Power Authority (NYPA) Blenheim-Gilboa facility as positive for New York's goal to increase utilization of energy storage.

ACE NY notes that the levelized net REC cost of \$23.36/MWhr for the Clean Path project is within the range of published CES Tier 1 Fixed REC costs, while the levelized net REC cost of \$32.01/MWhr for the Hydro Quebec project is higher than any CES Tier 1 Fixed REC cost. For comparison purposes, the Empire Wind and Sunrise Wind offshore wind energy projects have an expected average OREC cost of \$25.14 per megawatt hour.

2. ACE NY supports the re-sale of Tier 4 RECs to the New York City.

ACE NY supports the re-sale of approximately 20% of all Tier 4 RECs from NYSDERDA to the City of New York (the "City"), which will allow NYC's electricity use for municipal operations to be 100%

renewable, which the City committed to in its OneNYC Plan and in previous announcements by the former Mayor. We also support the re-sale of Tier 4 RECs to the voluntary market, which will likely include other commercial electricity users located in NYISO Zone J.

This aspect of the program will reduce the direct costs of Tier 4 to other ratepayers as described in Section 5.10 of the Petition and in the *Notice of the City of New York Regarding Renewable Resource Procurements*, filed in this same proceeding by the City on November 30, 2021. Section 5.10 of the Petition states that “Negotiations between NYSERDA and the City to enter into a Tier 4 sale agreement are currently underway.” ACE NY posits that given the significant implications for ratepayers, the Commission should link the successful conclusion of these negotiations to approval of the Tier 4 contracts. We do note that the key terms of the negotiations, as listed in the Petition, include “The agreement would be conditional upon the Commission approving both of the recommended Tier 4 Projects.” We question this provision since either one of the selected projects would provide an adequate number of Tier 4 RECs to meet the City’s demand. In any case, ACE NY also supports the request, in the *Notice of the City of New York Regarding Renewable Resource Procurements*, that the City should not have to procure additional RECs or ZECs if the entirety of its electricity demand is covered by Tier 4 and Offshore Wind RECs, under an executed 25-year contract with NYSERDA. Further, we agree that the City’s request for relief from the obligation to procure RECs and ZECs differs substantially from the requests the City references in their *Notice*, i.e., from the New York Association of Public Power (in 2016) and Long Island Power Authority (in 2021) in that it will not shift costs to other ratepayers.

ACE NY also supports the re-sale of Tier 4 RECs to the voluntary market, which will likely include other commercial electricity users located in NYISO Zone J. In previous comments on Tier 4, ACE NY posited that NYSERDA should be allowed to sell Tier 4 RECs to the voluntary market, such as for compliance with Local Law 97 or a green claim made by the REC buyer. But, in these cases, those RECs should not be counted towards the 70% CLCPA mandate in NYGATS nor reduce NYSERDA’s procurements to achieve 70%. Facilitation of building owner’s compliance with Local Law 97 is a worthy objective but that REC is then owned by the building owner and used for its compliance and should not also count towards the 70% by 2030 requirement. We recognize that given that New York’s 2040 mandate is for 100% emissions-free, all RECs, regardless of final ownership, as long as located in New York, obviously would contribute to that goal.

3. In addition to delivering renewable electricity to New York City, the Tier 4 Program should be executed to maximize contributions to other clean energy goals.

Tier 4 of the CES was proposed to tackle the challenge of “increasing the penetration of renewable energy consumed in the Downstate region of the State,”¹ a goal that the renewable energy industry shares. We add that the development of New York’s CES and the Renewable Portfolio Standard before it, the role of job creation, local investment, and in-state economic development has been consistently expressed and reiterated by the Commission. In just one example, in its

¹ *Staff’s White Paper on Clean Energy Standard Procurements to Implement New York’s Climate Leadership and Community Protection Act*, NYSPSC Case 15-E-0302.

Order Adopting a Clean Energy Standard issued August 1, 2016 in this proceeding, the Commission stated, “The CES, along with REV, will benefit New York energy consumers and the overall economy by encouraging new investments in the State, maintaining existing jobs, and attracting capital from outside the State.” This sentiment was the underpinning for ACE’s recommendation that the evaluation criteria for Tier 4 include economic development benefits, as it does for other CES tiers. ACE NY continues to maintain that Tier 4 should be executed in a manner that best complements renewable energy development, deployment, and delivery in New York.

Another issue raised by ACE NY in our *Comments on Staff’s White Paper on Clean Energy Standard Procurements to Implement New York’s Climate Leadership and Community Protection Act*, filed in this proceeding on July 24, 2020, concerned the potential of Tier 4 to displace renewable energy construction in-state. At that time, ACE raised that Tier 4 should avoid significantly displacing investment in the new and repowered clean energy facilities in New York State that will bring tax revenue, land lease payments, and construction jobs. We also asked the Commission to “examine if the structure of Tier 4 will support projects that not only increase clean energy penetration into New York City, but support other objectives, such as improving transmission capability for Upstate renewable energy into the Downstate region or generally reducing transmission system congestion in New York State.” We continue to reiterate this issue to the Commission as it reviews these contracts.

Another of the specific recommendations made by ACE NY in our July 24, 2020 Comments was a request that the Tier 1 procurement schedule of 4,500 GWh per year be maintained even if resources are procured via Tier 4. This is critical in the short term (2022-2026) in ensuring some certainty in market demand in New York to maintain a robust and competitive pipeline of proposed wind and solar projects. In their *Order Adopting Modifications to the Clean Energy Standard* (hereinafter, “CES Modification Order”), issued October 15, 2020, the Commission largely agreed with this sentiment, stating,

“... However, the Commission directs NYSERDA not to include projected Tier 4 contributions in its divergence test calculation in a manner that would reduce the expected schedule of Tier 1 procurements.”

ACE NY sincerely appreciates that the Commission recognized this dynamic and directed NYSERDA to maintain its procurement schedule through 2026 to achieve 70% by 2030. We urge the Commission to maintain this directive and NYSERDA to maintain its Tier 1 procurement schedule, so that there will be continuing investment by the private sector in wind and solar project development in New York and subsequent robust competition in Tier 1 solicitations. Further, it is important to acknowledge that the Tier 4 projects will directly impact market demand for in-state renewables development during the 2030–2040 timeframe. In our July 24, 2020 Comments, ACE NY asked that the Commission consider the impact of Tier 4 on renewable energy development opportunities in New York, and we reiterate that request here. The Commission should examine the impact of this 2,550 MW procurement under Tier 4 given New York’s objectives to foster in-state renewables development for job creation and economic development reasons. The

Commission should further explore this question, given competing public policy objectives, prior to approving the contract to support out-of-state renewable energy facilities.

ACE NY also acknowledges and appreciates that the Commission considered other issues raised by ACE NY in the design of Tier 4. In fact, some of these other objectives that ACE asked the Commission to consider in Tier 4 project selection were explicitly outlined in Section 4.7 of the Petition as “program policy factors,” such as *“The extent to which a projects’ deliveries are not met through the re-directing of existing resources in a way that provides no net benefit to the State,”* and *“the extent to which the proposed project promotes deliverability of renewable energy from upstate regions of the state into Zone J, eases the curtailment of upstate renewable resources, and optimizes deliverability of renewable resources through the entirety of the state.”*

Despite the plan to consider these program policy factors “that contribute to the achievement of the CES mandate, the reduction of greenhouse gas emissions, and the objectives of the CES Modification Order,” the Petition goes on to state, without explanation, that “NYSERDA determined to not apply Program Policy Factors.” As discussed below, we are concerned that this may have limited the maximization of benefits from the Hydro Quebec Project.

4. Characteristics of the Hydro-Quebec Project Limit its Usefulness in Supporting the Development of Renewable Energy in NYS.

To state the obvious, the Hydro Quebec Project delivers power from existing generators in Quebec rather than from new renewable energy facilities in New York State. It is, therefore, intrinsically limited in its usefulness in supporting New York’s goal of in-state renewable energy growth. However, the project could be reevaluated and reexamined to mitigate its limitations, or these values could be provided by a different project.

Lack of Converter Station. First, inclusion of the New York Converter Station in the Hydro Quebec Project, which was included in one of the alternate bids, would have allowed Upstate renewable energy developers to benefit from the project and would have alleviated current grid constraints in New York. We assume that this addition made the project more expensive, but we also know that all other bidders did provide this benefit. We respectfully request that the Commission consider inclusion of the New York Converter Station (or some other option that provides the opportunity for in-state power generators to deliver to Zone J) in the cost-benefit analyses, with a comparison to the costs of alternative means for increasing transmission capacity from Upstate to Downstate. Given that these relevant costs are being concurrently considered in New York’s transmission planning proceeding (20-E-0197), it is an area worthy of further exploration. Said another way, ACE NY inquires if the avoided costs of additional in-state transmission system investments necessary to address projected curtailment and congestion were factored into the cost-benefit analyses for the Hydro-Quebec project with and without the converter station.

No Winter Capacity Commitment. Second, the Hydro Quebec Project does not guarantee delivery of Tier 4 RECs in the winter, despite the fact that NYISO modelling predicts that New York’s peak

electricity demand will shift to the winter as building electrification progresses. Again, we assume that a winter guarantee of delivery was not included due to cost considerations, but we also assume other bidders would have provided this benefit. We respectfully request that the Commission examine this limitation of the project and consider if there might be alternatives, or if it is possible to share more information regarding this key tradeoff with the public. On its face, it seems that transmission that is paid for by New York consumers should be made available year-round. The public should be better informed of the rationale for the selection of the Hydro-Quebec project with this characteristic, given the expectation that increased capacity market revenue would reduce NYSEDA expenditures for Tier 4 RECs under the indexed REC contract structure.

Additional Wind and Solar, but not in New York. Third, Section 2.07 of the Hydro Quebec Project contract requires the Seller to procure (or own) additional wind and solar energy resources that come online after October 15, 2020 and that these “additional Qualifying Resources” must total at least 4.0 TWh per year. A rationale for this contract requirement, listed in Section 6.6 of the Petition, is not provided, but it may have been included to either diversify the resource mix sent to Zone J or to make up for the fact that the contract does not fully apply the additionality requirements specified in the CES Modification Order, i.e., the Supplier Energy Baseline and Supplier GHG Baseline, as discussed in more detail below. This contract requirement could and should be modified to maximize the potential for in-state renewable energy development. For example, the additional Qualifying Resources could be allowed to be in New York State or could be required to be in New York State. ACE NY believes that the Commission should consider this potential modification to the Hydro-Quebec contract.

Balancing with Offshore Wind. Finally, ACE NY has questions regarding the interaction of the Hydro Quebec Project with offshore wind also delivering into Zone J. We do not believe that there are any contract provisions that would require the Hydro Quebec Project to deliver to Zone J only at such times as offshore wind is not available or is already maximizing its delivery into Zone J. We inquire whether NYSEDA considered and rejected such provisions, and/or if the Commission fully explored this interaction given the parallel policy goal of deploying at least 9,000 MW of offshore wind power to serve New York load.

Further, we would expect that the Hydro-Quebec Project will create a firm baseload supply of energy into Northern Queens even when there is insufficient local load that needs it, and we inquire if this will exacerbate the generation pockets identified in the offshore wind export Public Policy Transmission Needs (PPTN) identified by the Commission and the NYISO. A fully dispatchable bi-directional HVDC system would have much greater reliability value to New York. We believe that the assumptions made in the NYISO PPTN is only 1,310 MWs of HVDC into Rainey with no imports during light load conditions and no HVDC connected into Astoria, but the additional Hydro Quebec project will increase imports from what was assumed in the PPTN RFP for all load conditions.

We note and appreciate that Part 5.12 of the Petition highlights the complementary nature between the Clean Path project, the Hydro-Quebec Project, and offshore wind generation, further

stating that, “The analysis as described in Appendix C projected no incremental curtailment of current or future offshore wind procurements as a result of Tier 4 generation.” This is an excellent modelling outcome and ACE NY inquires if this modeled benefit could be embodied in commitments/requirements in a modified Hydro-Quebec contract for balancing with offshore wind production.

5. Application of Additionality Criteria in Tier 4

In the CES Modification Order, the Commission clearly desired that all Tier 4 renewable resources be additional to New York State and included two criteria to ensure that: the Supplier Greenhouse Gas (GHG) Baseline and the Supplier Energy Baseline. Because hydropower resources are not required to have come online after a vintage date, like wind and solar power resources are, the Commission directed NYSERDA to apply both baselines to hydropower proposals. The Supplier Energy Baseline would limit Tier 4 to renewable generation that is delivered into New York State that is additional to the three-year average historical baseline of renewable energy delivered into New York by the same supplier. The Supplier GHG Baseline would limit Tier 4 to renewable energy that is a net increase in the supplier’s total renewable energy generation compared to a three-year historic baseline. Although both baselines were required, the Commission did provide some flexibility to NYSERDA regarding application of the Supplier Energy Baseline, in the belief that there was some risk that application of the Supplier Energy Baseline could compel the supplier to sell power into New York when it was uneconomic and/or when it would displace in-state renewables or exacerbate transmission constraints. In contrast, the Commission did not provide that same flexibility to NYSERDA in application of the Supplier GHG Baseline, authorizing NYSERDA to allow suppliers to satisfy the GHG Baseline through annual averaging.

As described in Section 6.5 of the Petition, NYSERDA applied both baselines with more flexibility than allowed by the CES Modification Order. The Hydro-Quebec contract eliminates the Supplier Energy Baseline, noting only that “HQUS’ highest-scoring bid . . . did not include the Supplier Energy Baseline.” The purpose of the Supplier Energy Baseline “is to ensure that Tier 4 deliveries are not met through re-directing the use of existing resources in a way that provides no net benefit to the State.”² In its contract review, the Commission should examine and communicate the implications of the lack of application of the Supplier Energy Baseline and how the contract otherwise prevents Hydro-Quebec from redirecting hydropower currently exported to New York to the new transmission asset. While the Petition explains that *not* preventing this makes the Hydro Quebec project score higher, it does not explain how it creates a net economic benefit to New Yorkers. [We also note that other proposals, all of which were new transmission for in-state renewables, were not able to include imported hydro or any CES Tier 2 resources.].

The Supplier GHG Baseline was also applied with some additional flexibility. The CES Modification Order requires compliance with the Supplier GHG Baseline through annual averaging and excuses the supplier from compliance with the Supplier GHG Baseline “only in temporary, force majeure-

² Order Adopting Modifications to the Clean Energy Standard, NYSPSC Case 15-E-0302, Page 87.

type circumstances that fall entirely out of the supplier's control.”³ The Hydro-Quebec project contract appears to allow averaging across the entire time of the contract, as well as excusing compliance in force majeure situations. Averaging over a longer time period means that the Hydro-Quebec project can have a deficit of up to 80 TWh (about 8 years of the total annual Bid Quantify). This does not seem consistent with the Commission's directive to allow annual averaging, or more broadly, to prevent Hydro-Quebec from redirecting hydropower without increasing renewable generation.

6. Projects Will Significantly Decarbonize the Power Supply for New York City.

ACE NY acknowledges the significant and impactful role that both these projects will have in decarbonizing the power supply for New York City and thereby reducing the use of fossil fuel in New York and the emissions of both greenhouse gases and other pollution that affects air quality and public health. We highlight that these projects, combined with the offshore wind program, will “reduce New York City's fossil fuel use by more than 80 percent by 2030” as stated on page 2 of the Petition. Decarbonizing the electric grid of New York City is not only a requirement of the Climate Leadership and Community Protection Act and its implementing Draft Scoping Plan, and the OneNYC Plan, but has been a longstanding policy challenge in New York. Success in this endeavor will set an example for the world as New York decarbonizes the largest city in the U.S.

7. Questions Raised Should be Addressed Prior to Contract Approval.

In these Comments, ACE NY has unreservedly supported the approval of the contract for Clean Path New York and raised important questions regarding the contract for the Hydro Quebec/Champlain Hudson Power Express. We have attempted to acknowledge both the importance and expense of Tier 4; the benefits of decarbonizing New York City; the existence of parallel policy goals; and the importance of examining all options for maximizing the benefit of Tier 4. These parallel policy goals include (1) maximizing the development of in-state renewable energy projects and their associated economic benefits; (2) maximizing the alleviation of transmission constraints in New York; and (3) ensuring the cost-effective achievement of the offshore wind goals for New York. To reiterate, it is imperative that New York attempt to maximize achievement of these other goals in its execution of Tier 4 given the cost and significance of this program.

To that end, we request that the Commission fully explore the questions raised herein or direct NYSERDA to do so, up to and including re-bidding the project, and share the results of that investigation as transparently and publicly as possible.

8. ACE NY generally supports the inclusion of contract conditions related to renewable energy curtailment.

³ Order Adopting Modifications to the Clean Energy Standard, NYSPSC Case 15-E-0302, Page 90.

The contract for the Clean Path project includes some unique conditions concerning curtailment that are relevant to the interests of wind and solar projects developers in New York.

First, as a general matter, ACE NY acknowledges that limits and constraints in the local and bulk transmission system will increasingly have an impact on the deployment of new renewable energy resources. We were pleased that this issue was acknowledged by the *Accelerated Renewable Energy Growth and Community Benefit Act* that was enacted by New York's legislature in 2020, and by the subsequent decisions and developments in Case 20-E-0197.⁴ This comprehensive grid planning endeavor, while complex, is critical to New York's achievement of its climate goals and should continue.

In the context of New York's continuing pursuit of transmission solutions in 20-E-0197 and the PPTN, ACE is supportive of the Clean Path project contract including transmission, curtailment, and economic planning study requirements and concomitant requirements for transmission upgrades to be completed to ensure energy deliverability that prevents curtailments of contracted or awarded renewable projects as prerequisites for projects to utilize the Clean Path transmission facility. These provisions are in Section 2.07 of the Clean Path Purchase and Sale Agreement.

ACE NY also supports the inclusion of contract provisions that account for revisions to the NYISO's currently existing capacity accreditation rules to allow renewable energy developers the opportunity to align the capacity payment provisions of their contracts with the NYISO's new market design currently pending before the Federal Energy Regulatory Commission and expected to be acted upon Spring 2022 for implementation prior to completion of this project.

Section 2.07 of the Clean Path contract acknowledges that in certain instances, Clean Path resources could, absent transmission upgrades, curtail existing contracted renewable generators. Specific to a group of projects identified as "Limited Projects", the contract mandates the provision of transmission system upgrades to prevent local curtailments or limitations placed on the injections of those Limited Projects to prevent any such curtailments. Further, specific to one of these projects, the Clean Path Agreement requires that a study be commissioned expeditiously, and thus, takes into account important timing considerations driving project investment and development. ACE NY agrees that these provisions are necessary to address potential curtailment issues. We also recommend that these studies be publicly available to ensure these provisions are implemented in accordance with their terms.

The Clean Path contract seems to also include similar requirements for other projects that seek to be added as a new resource to the Clean Path project. It will remain critical over time for energy deliverability requirements to be upheld, and it should be presumed that transmission upgrades would be completed to allow new resources to access the line, if necessary.

⁴ NYSPSC Case 20-E-0197 is the *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*.

The Agreement also describes a requested economic planning study (“REPS”) to be performed by the NYISO, or a comparable production cost modelling assessment, to verify whether, and the degree to which, resources that propose to access the line would cause local curtailment of contracted renewable generators. ACE NY supports inclusion of this analysis because it is a standard practice used by financiers to inform investment decisions to build projects, and it is also critical to helping New York achieve the CLCPA goals by minimizing curtailments and prioritizing important transmission upgrades. The fact that NYSEDA is considering the impacts of their new selections on their existing contracted renewable portfolio is a concept that provides greater certainty to contracted renewable generators and financiers. However, as outlined below, the Agreement language could be strengthened.

First, the REPS is critical to ensuring that covered local curtailment, and the upgrades required to prevent it, are quantified with high confidence. The Clean Path resources, other contracted or awarded renewable generators, and developers seeking to propose additional projects are all relying on the results of the REPS to make investment decisions. As such, the study assumptions used for the REPS should be reviewed with market participants before the study is completed, akin to the process the NYISO utilizes to conduct its System Outlook Study and the results of the REPS should be publicly available. Given that the study addressing the Limited Projects is effectively the first REPS, the same approach should apply to it.

Second, ACE recognizes the effort to strike a balance between curtailment of local generation facilities and newly contracted projects coming online in the Clean Path contract. ACE supports the accelerated advancement of transmission upgrades to support Clean Path and other areas of congestion on the grid to advance in state renewables. Absent such acceleration and alignment in in-service-dates between Clean Path resources and the necessary upgrades, curtailments could be significant and threaten the successful completion or viability of existing Tier 1 projects that represent significant investments in New York State that will bring benefits to diverse stakeholders, including host towns, Industrial Development Agencies, landowners and developers.

This is also consistent with the underlying intent of local distribution components of the Power Grid Proceeding, where Transmission Owners have proposed Phase 1 and Phase 2 upgrades that would fulfill this need.

Lastly, ACENY re-iterates the need for transparency and that all studies related to Section 2.07 and any additional amendments to the agreement be made public to ensure these provisions are implemented in accordance with their intent.

IV. Conclusion

ACE NY appreciates the opportunity to comment on the two selected CES Tier 4 projects. We recognize that Commission contract review and approval is a unique requirement in the CES Program, due to the scale and cost of these projects and to Commission’s statement that it was “unclear at the time . . . whether the Tier 4 solicitation directed in this order will foster a sufficient

quantity of comparative bids to provide inherent assurance that the prices reflected in winning bids are just and reasonable.”⁵ Based on this statement, it was a somewhat unexpected that the Tier 4 solicitation would engender such robust competition and that there would be so many options to achieve the fundamental goal of transmitting additional renewable energy into Zone J while also supporting in-state renewables generation and facilitating the City of New York’s goals of decarbonizing 100% of its own municipal electricity load.

In these Comments, ACE NY offers its support for the Clean Path project and its contract approval by the Commission, including the provisions related to the process for Clean Path to add additional renewable resources and balance the need to add new resources and not curtail existing renewable energy resources as delineated in part 2.07 of the Clean Path Agreement.

In these Comments, we also raise questions regarding the Hydro-Quebec project, while acknowledging it would deliver significant amounts of renewable power into Zone J and thereby displace fossil fuel generation in New York City. Specifically, we highlight the lack of a converter station to allow renewable energy to onramp on the New York side of the border; the potential to require Hydro-Quebec to invest in additional Qualifying Resources in New York; the lack of commitment to deliver RECs in the winter; the lack of contractual obligations to balance offshore wind generation and other in-state generation; and the lack of application of the Energy Supplier Baseline. These questions should be further and comprehensively explored by the Commission as a route to maximize the public benefits of this large and important project, either by sharing additional rationale for the project as selected; directing NYSERDA to renegotiate project elements with Hydro-Quebec; or rebidding the project to determine if these same values could be procured from one or more other projects more cost-effectively.

⁵ Order Adopting Modifications to the Clean Energy Standard, NYSPSC Case 15-E-0302, Page 83.