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Gavin J. Donohue, *President &
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Via rggiprograms@nyscrda.ny.gov

Mr. David Coup
Assistant Director of Energy Analysis
New York State Energy Research Development Authority (NYSERDA)
17 Columbia Circle
Albany, New York 12203

Dear Mr. Coup: *Dave*

The Independent Power Producers of New York, Inc. (IPPNY) is a not-for-profit trade association representing the independent power industry in New York State. IPPNY's members¹ are companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. These companies produce over 75 percent of New York's electricity using a wide variety of generating technologies and fuels such as hydro, nuclear, wind, coal, oil, natural gas, energy-from-waste, and biomass.

On behalf of IPPNY, I welcome the opportunity to provide comments on New York's draft Regional Greenhouse Gas Initiative (RGGI) Operating Plan for 2013. IPPNY appreciates being involved in the planning and comment process as a member of the RGGI Advisory Board, and this letter outlines our feedback on this proposal.

IPPNY supports the goal of reducing greenhouse gas emissions from all sectors and the ongoing development of a fair and appropriate national program. New York already has seen significant environmental improvements from independent power producers over the last decade. We look forward to working with Governor Cuomo's Administration to ensure that RGGI's carbon dioxide (CO₂) allowance auction proceeds are invested further to reduce emissions from the

¹ As IPPNY has a diverse membership, all of the views expressed in IPPNY's comments do not necessarily represent the positions of each of our members.

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power plant sector even more than the significant accomplishments to date through areas such as innovative CO₂ abatement methods and renewable and non-CO₂ emitting technologies.

IPPNY continues to point out that RGGI's auction proceeds no longer are being used directly to achieve all of the program's main regulatory specified purposes, which are funding specific projects and programs for each of the four categories enumerated in the program's regulations: "[1] energy efficiency, [2] renewable or [3] non-carbon emitting technologies, and [4] innovative carbon emissions abatement technologies with significant carbon reduction potential." The draft Plan only pinpoints direct support for one of these categories – energy efficiency – and supplies funds to other more amorphous categories not specified in the program's regulations.

For the categories of "renewable or non-carbon emitting technologies and innovative carbon emissions abatement technologies with significant carbon reduction potential," the draft Plan provides no additional funding for the obviously related programs of Advanced Renewable Energy and Carbon Capture and Sequestration. NYSERDA's Plans have not addressed the category of non-emitting technologies, which, at RGGI's inception, was understood to include nuclear energy. It remains to be seen whether and how the design of the Competitive Greenhouse Gas Reduction Pilot Program and the Green Bank will advance these categories directly. The draft Plan notes that both of these programs still are evolving.

More specifically, while IPPNY supports some of the draft Plan's provisions, we have strong concerns about the disproportionately low amount of RGGI proceeds being reinvested into the power sector. The overall purpose of the RGGI program as a whole is to reduce CO₂ emissions from the power sector, and the power sector obviously is the upfront source of RGGI allowance auction monies. The 2013 draft Plan proposes to provide only 14.4 percent of RGGI monies to the Power Supply and Delivery Sector. Of this amount, programs directed at the electric supply sector total only \$18.4 million or 6 percent. More significant reinvestment in the power sector must be made in order for the state to continue to reach its greenhouse gas emission reduction goals and remain aligned with the specified funding purposes of the RGGI program.

Competitive Greenhouse Gas Reduction Pilot Program

We appreciate the inclusion of the Competitive Greenhouse Gas Reduction Pilot Program, with a specific focus on the power generation sector in New York. IPPNY supports this pilot program to develop competitive solicitations for projects that reduce greenhouse gas emissions from the power sector and looks forward to learning more about its specific elements. However, IPPNY is concerned that the draft 2013 Plan shows no anticipated additional fund allocations to this program for fiscal years 2013-2014 and 2014-2015.

Indeed, the 2011 Operating Plan Amendment contained a provision that recommended the acceleration and expansion of funding for the Competitive Greenhouse Gas Reduction Program. The RGGI auctions have raised over \$450 million for New York, so the state has resources available to provide additional funding for this program. Since the adoption of the 2012 Plan amendments, New York has acquired almost \$18 million in Auction 17, \$14.6 million in Auction 18, and almost \$40 million in Auction 19. Another auction is scheduled for June of this year. Clearly, funding for programs in New York is not lacking.

The Competitive Greenhouse Gas Reduction Pilot Program for the power sector must be funded adequately to develop technologies and foster projects to reduce emissions further. Power will continue to be produced as it is necessary for the functioning of this state, and, therefore, funding for ways to reduce greenhouse gas emissions, specifically from the electricity sector, also must be available continuously.

Cleaner, Greener Communities Program

The enacted 2013 New York State Budget provides \$25 million for the Cleaner, Greener Communities Program. The Governor and the Legislature decided that this level of funding is the amount that should be provided to the program.

Accordingly, it is a mystery how NYSERDA can propose to provide \$90 million for the program's implementation, given that the Governor and the Legislature created a law to provide \$25 million for this program. As a result, \$65 million should be removed from this program and reallocated to programs that would reduce emissions directly from the power plant sector. Indeed, NYSERDA proposes to provide 49 percent of RGGI monies to the Cleaner, Greener Communities Program and only 2 percent for the Competitive Greenhouse Gas Reduction Pilot Program.

Green Bank Pilot Program

The draft 2013 Plan amendment provides \$8.4 million for a Green Bank Pilot Program. This item is the first substantive mention of this program, which was central to Governor Cuomo's 2013 State of the State Address.

The Green Bank still seems to be undergoing an evolution process, even though it originally was announced five months ago. In his 2013 State of the State Address, the Governor proposed the creation of a \$1 billion Green Bank to leverage public dollars with a private-sector match to spur the economy, using bonding, loans and various credit enhancements. He indicated that the Bank would be funded through "a portion of" funds from the Energy Efficiency Portfolio Standard, the Renewable Portfolio Standard and/or the System Benefits Charge. In his proposal of the New York State Budget this year, Governor Cuomo indicated that the \$1 billion Bank will consist primarily of the resources of NYSERDA and the New York Power Authority. Now, the draft 2013 Plan proposes to provide RGGI monies for a Green Bank Pilot Program.

It is unclear how NYSERDA decided to propose the use of RGGI money for this program, when the Governor did not specify RGGI dollars as a source of funding. More information also is needed about how NYSERDA determined its proposed funding level, and additional details are necessary about what activities will be funded with RGGI resources. The state must announce what specific stakeholder process will be available to design the details of this pilot program, as well as the overall \$1 billion Green Bank Program envisioned by the Governor.

Long Island Power Authority's (LIPA) Solar Pioneer Program

Additionally, it is unclear why NYSERDA is proposing to provide \$3.6 million for this program, when LIPA has the ability to finance this program itself. This \$3.6 million should be reallocated to programs that would reduce emissions directly from the power plant sector.

In conclusion, IPPNY appreciates the opportunity to provide input on the draft 2013 RGGI Operating Plan, and IPPNY's members recognize the huge undertaking that is involved in the Plan's development. Overall, IPPNY finds that the lack of funding for programs that would reduce emissions directly from the power sector is in contravention of the state's goals to reduce greenhouse gas emissions and of the stated funding goals of the RGGI program's regulations. IPPNY urges the state to provide additional funding for the Competitive Greenhouse Gas Reduction Pilot Program for the power sector and to support programs in the areas of innovative CO₂ abatement methods and renewable and non-CO₂ emitting technologies. If you have any questions or need additional information, please contact me.

Sincerely,



Radmila P. Miletich
Legislative & Environmental
Policy Director