

Summary of Received Tier 4 ITC Comments

On March 31, 2021, President Biden proposed a targeted investment tax credit (ITC) for high voltage transmission facilities as part of his American Jobs Plan. If enacted this would create an opportunity for the transmission facilities being developed under the Tier 4 Agreement to qualify for this ITC and lower the effective cost of these transmission facilities to New York State electricity customers.

On April 5, 2021, NYSERDA issued a request for comment on whether the Tier 4 RFP should be amended to introduce a new provision in the Tier 4 Agreement that would share the benefits of any newly-enacted ITC or other direct financial support that would apply to transmission facilities associated with Tier 4 Proposals. Comments were due and received on April 9, 2021.

All commenters expressed general agreement that a benefit sharing provision was an equitable and commercially reasonable addition to the Tier 4 RFP and standard agreement. Individual commenters recommended various considerations and terms regarding:

- The uncertainty regarding whether an ITC will be enacted and whether the proposed high voltage transmission facilities will qualify.
- Whether the sharing mechanism should apply only after a threshold of financial benefits is reached.
- Whether transmission developers will be able to directly access the project cost savings or they require a tax appetite to monetize the ITC.
- How the financial support that is to be shared with NYSERDA is to be converted into a Tier 4 REC Price reduction.
- Whether NYSERDA should adopt differing approaches for differing types of financial support (e.g., a broad-based investment tax credit that applies to all high voltage transmission projects, a direct grant program, etc.)
- The importance of providing developers with sufficient incentives to vigorously pursue any financial benefits that may be available.
- The process by which the amount of financial support realized by any selected project would be determined.

NYSERDA appreciates the comments received and has posted changes to the RFP and Standard Agreement.