

**Case No. 03-E-0188  
Renewable Portfolio Standard**

**Working Group No. 1 – Eligibility**

**April 16, 2003 Meeting Notes**

Working Group No. 1 met for its initial session on April 16, 2003. Saul Rigberg facilitated the meeting. Copies of the Staff's March 17, 2003 baseline document were circulated, as were copies of ALJ Stein's April 11, 2003 agenda.

**Action Items To Be Completed Before April 29 Meeting, 19<sup>th</sup> Floor, 10:30 am**

**Parties, either individually or in groups, are to submit reactions to Staff's Compromise Baseline Proposal by noon on April 25.**

**Parties, either individually or in groups, may submit tier proposals by 3:00 pm on April 25.**

**The Imports Breakout Group will work on developing a straw proposal as soon as possible before April 29.**

**Parties are asked to think about the elements of target level adjustment mechanisms.**

The agenda for the meeting was:

1. Establish a baseline (Item A1 from ALJ Stein's agenda)
  2. Establish target levels (Item C5 from ALJ Stein's agenda)
  3. Establish ramp-up targets (Item C4 from ALJ Stein's agenda)
  4. Considering an adjustment mechanism (Item D from ALJ Stein's agenda).
1. Establishing a Baseline

Questions posed to Paul Agresta:

- Did Staff make assumptions about retirements in the baseline
- Did Staff include renewable self-generation in the baseline
- Does the baseline include parasitic load

Staff responded:

- Baseline included what was in existence at year ending March 2002 with supplements for photovoltaic and fuel cells
- Customer side generation not included unless it is photovoltaic or fuel cell; if generation is off the grid it is not in the baseline
- Only retail sales are included in the baseline
- Staff remarked that no one raised objections in their initial comments to any of Staff's baseline technologies except for solid waste

#### General baseline discussion:

- Goal is to decide what to include
- Trying to establish a number from where we start
- Staff is looking to generation consumed in NY
- Question of whether RPS is 25% or 6% (subtracting 19% in baseline)
- Inclusion of what is on customer's side of the meter
- Does the RPS cover 25% or the difference from what exists now to 25% (the increment)
- Disagreement over the 1% of solid waste included in Staff baseline
- Question of whether the first item should be defining what is a renewable

## 2. Establishing Target Levels

### Imports/No Imports/Selected Imports

- If target is talking about what's consumed in NY then include all imports
- Include imports consistent with target eligibility
- Include limited imports under a modified version, look at CA, NV and TX standards
- If no limits then cannot make a financially viable inroad for new technologies
- Modified imports that benefit NY, import should meet objective of benefiting NY
- Wind power industry sees a need for limits on imports
- Geographic nexus – who pays premium, who gets benefit
- Grid is not bounded by NY lines, look to neighboring ISOs, look at deliverability
- Idea of deliverability requirement
- Trading mechanisms, attribute trading
- Air shed impact considerations
- Trading system compatible with regional basis system

- Emphasis on NY, in-state generation, job creation; assign a weighted premium to in-state generation and give less weight to contiguous imports
- Question of the security/diversity issues raised in Commission's order
- Downstate: easier to get power from NJ than upstate NY; institute a regional system but watch cost impacts and avoid ME's mistakes
- Restrictions can be placed on deliverability
- Remember benefits of exports
- Cross border trading of attributes
- LIPA customers could be in great danger if don't allow imports
- Need to convince project lending community of viability, need deliverability

It was agreed that a "breakout" group would meet over the next two weeks on the import issues and would circulate to all parties their conclusions prior to the 4/29 meeting of Working Group No. 1.

#### Tier/No Tier Mechanisms

- Have tiers since don't need same economic support for each technology
- Use tiers to assign environmental benefits
- Use tiers to recognize differences between what is needed to maintain existing renewable generation and what incentives for new generation
- Purpose of tiers – development of emerging technologies, some need more help than others
- Need infrastructure to develop renewables in NY
- Could be a high cost to go down this road – one goal of 25% rather than x% of wind, x% of fuel cells, etc.
- No reason to provide incentives to existing sources
- Need to support emerging technologies; avoid too fine a distinction, keep it simple
- Need to study cost impacts of tiers
- Tiers for new generation going forward, 1<sup>st</sup> Tier, maybe some existing facilities that could be in a 2<sup>nd</sup> Tier
- Multi-tiered system can lead to cost impact to consumer
- Tiered compliance fees
- Renewables should compete to see what least cost renewable is, tiers can increase costs
- Categories may simplify but may exclude some technologies
- Don't give incentive to a developer who has made the decision to build without incentives in place – "free ridership" issue

- Many existing facilities built under PURPA and had assistance under that
- PURPA plants already have had benefit of 6-cent Law, don't give new renewables a costly subsidy
- Keep it simple – need to let financial community model it and need to have the confidence of the capital markets
- PURPA discussion highlights why tiers can be useful

It was agreed that those parties in favor of tiers would each circulate a one-page proposal by 4/25.

#### Revisit of Baseline

- Staff proposed compromise language:
 

“For the purposes of setting an incremental target to reach the 25% goal, it will be assumed that the incremental target is 25% of projected statewide electricity usage in New York State in 2013, minus a baseline of 28,896,189 MWh.

The collaborative will not make attribution as to the specific sources that make up the baseline. Any future adjustments to targets will be made in the context of designated “eligible” resources without attribution back to the effect, if any, on the makeup of the baseline.”
- Paul Agresta explained that the MWh figure put half of the 1% of solid waste into the baseline.
- Issue of creating a “black box”
- ALJ Stein noted that she could represent to the Commission that the parties have agreed to a construct; ALJ Stein believes what will be designed will have flexibility
- Question of forecasts eventuating changes
- NYPA believes there is a basis assumption that what's in the black box won't change and this doesn't deal with the reality of hydro relicensing
- In 2013 is the 25% based on the baseline from today
- ALJ Stein asked that parties respond to the Staff compromise, if it is acceptable, by circulating position by noon on April 25

Parties preparing tier proposals were encouraged to talk with each other and group interests in tier proposals.

It was suggested that the tier proposals include reasoning behind the tiers and the eligibility of what is included in the tiers; it would be useful to lay out the criteria being used for the tiers.

It was suggested that at the next meeting eligibility should be addressed first.

The next meeting, April 29, will discuss eligibility, targets, and mechanisms for adjustments. Saul Rigberg asked the parties to give some thought to adjustment mechanisms before the next meeting.

The import breakout group was asked to get back to the main working group as soon as possible before April 29.

The comments on the baseline compromise are to be circulated by noon on April 25.

The tier proposals are to be circulated by 3:00 on April 25.

**Addendum to Working Group 1 Meeting Minutes**  
**Clarification from American Wind Energy Association**

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**RPS Contact List**

Sent by: Notes Administrator

04/22/03 10:47 AM

Subject: Working Group 1 - error in notes

The minutes for Work Group 1 - Eligibility contain an error with regard to the position of the wind industry. As I explained at the meeting, the American Wind Energy Association is a wind energy trade association, and its views should not be confused with those of individual energy companies engaged in wind power development projects.

It is entirely incorrect to say the wind industry favors restrictions on imports. In fact, AWEA supports the pursuit of a regional market for renewable energy, and recommends the participation of new renewable generation from areas where electric generation affects air quality, public health, and electric supply in New York. AWEA believes that NY should consider policy options such that renewable energy from otherwise eligible new renewable generators located in neighboring States or control areas could be eligible under NY's RPS requirements.

Thank you.

Valerie

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