

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

**Working Group No. 1 – Eligibility**

**April 29, 2003 Meeting Notes**

**Working Group No. 1 met for its second session on April 29<sup>th</sup>. Saul Rigberg facilitated the meeting with Janice Nissen. The facilitators distributed copies of the agenda and the revised Parties Groupings, dated April 29, 2003.**

**Introduction**

**Saul Rigberg introduced Janice, who then reviewed the ground rules for these proceedings.**

**Judge Stein addressed the Working Group. She thanked the parties for their hard work. She explained that the intent behind requiring parties to group themselves by interest and appoint a spokesperson to have a seat at the table, as explained in her letter of April 28, was to facilitate discussion and negotiation in such a large group. Judge Stein added that all meetings are open and that, as time permits, others will also be able to participate. She drew the parties' attention to the revised listing of Parties Groupings.**

**Finally, Judge Stein stated that there would be another opportunity for a further round of comments, probably at the end of May, to be focused on particular issues that she would identify. She added that these comments are to be submitted by the defined interest groups, but that dissents from working group positions would also be permitted.**

**Various parties discussed and asked questions about the Parties Groupings and Judge Stein responded.**

**Proposed Staff Baseline Compromise**

**Saul Rigberg noted that he had received six sets of comments on the proposed staff baseline compromise from: the Attorney General's Office, Multiple Intervenors, Central Hudson, IPPNY, Ridgewood and NRDC.**

**Paul Agresta explained that the goal of the proposed staff baseline compromise was to agree on a megawatt hour number for the baseline of existing renewable without addressing the issue of whether existing Waste to Energy Facilities should be considered to be renewable. The compromise baseline would essentially "split the difference" by encompassing megawatt hours equivalent to fifty percent of existing WTE**

facilities in addition to existing hydro and biomass facilities, without attributing the specific sources that made up the baseline. The proposed baseline compromise allows the parties to focus on the issue of the incremental renewables that New York will need to add to reach the 25% goal.

Mr. Agresta also suggested that concerns about maintaining existing renewable resources in New York might be addressed by establishing a “maintenance tier” that would be in addition to the increment of new renewables required to reach the 25% goal. The issue of the maintenance tier would be addressed separately from the issue of the baseline.

General baseline discussion:

- Will the proposed baseline compromise affect existing energy facilities, including WTE and hydro?
- What is the likelihood that output from existing hydro facilities, including NYPA’s facilities, will be reduced by 2013?
- What are the cost ramifications of the proposed baseline compromise?
- What is the relative importance of the incremental renewables target and the baseline number?

In addition, each of the parties that submitted written comments on the proposed baseline compromise briefly summarized their comments to the working group.

A short break followed this discussion.

### Import Issues

Assistant Attorney General Loretta Simon summarized the meetings of the Imports Working Subgroup. While the working group did not reach agreement, there was consensus on several items, including that imports on a nationwide basis should not be included in the RPS.

Members of the Imports Working group discussed several approaches to dealing with imports in the Imports Working Subgroup.

Energy Management, Inc. discussed the approach to imports used in the Massachusetts RPS. Under this approach, renewable energy either produced in New York or transmitted or delivered to New York would be eligible for inclusion in the RPS.

**AWEA discussed an approach that would allow renewable energy produced outside of New York to be eligible for inclusion in the RPS as long as it was produced in a state with an RPS that allowed reciprocal rights to inclusion of energy produced in New York, without imposing a deliverability requirement.**

**The parties discussed the approaches:**

- Impact of MA's import eligibility system on renewable energy facilities in MA and New York**
- Cost ramifications of each approach**
- What states or provinces would be included in the broader approach to imports?**
- What would be the impact of each approach on Renewable Energy Credit trading?**

**A lunch break followed the discussion of this issue.**

### **Discussion of Tiers**

**Each of the parties that submitted written comments on tiers briefly summarized their comments to the Working Group: RETEC; IWSA]; Nuvera Fuel Cells and Hess Microgen; Ridgewood; Con Edison/Orange and Rockland; and the Attorney General's Office.**

**The parties then moved to a discussion of eligibility. The parties compiled a list of all energy technologies that any party wished to propose for inclusion in the RPS, based on a breakdown of energy technologies prepared by Staff. The parties then put a check by each energy technology for which inclusion in the RPS was undisputed and a question mark by each energy technology for which inclusion in the RPS is disputed. The following list emerged:**

**Solar PV [check]**

**Solar thermal to generate electricity [check]**

**Solar thermal to generate heat [?]**

**Wind – large [check]**

**Wind – small [check]**

**Fuel cells using hydrogen derived from natural gas [?]**

**Fuel cells using hydrogen derived from renewable resources [check]**

**Tidal [check]**

**Combined cycle coal gasification [?]**

**Hydro [although there was consensus that some hydro technologies should be included in the RPS, there was disagreement on whether the Staff breakdown of hydro categories was useful or not for the RPS eligibility discussion. A hydro working group was established to discuss the appropriate hydro categories and eligibility of these categories for the RPS.]**

**Biomass:**

**Agricultural residue: plant [check]**

**Agricultural residue: animal [?]**

**Landfill [?]**

**Sewage gas [check]**

**Urban wood waste [?]**

**Pallet waste [?]**

**Mill residue [?]**

**Primary wood products [?]**

**Harvested wood [?]**

**Site conversion [?]**

**Silvicultural waste wood [?]**

**Sustainable yield wood [?]**

**Energy crops [?]**

**A biomass working group was established to discuss these biomass categories and whether these categories should be included for eligibility in the RPS.**

**Combined heat and power [?]**

**Nuclear [?]**

**Municipal Solid Waste [?]**

**Tire waste [?]**

**Urban wood waste [?]**

**Construction and Demolition [?]**

**MSW wood [?]**

**A WTE working group was established to discuss these categories and whether these categories should be included for eligibility in the RPS.**

**Close of Work Group Meeting**

**Judge Stein closed the Working Group meeting. She noted that there were a few more weeks ahead for parties to work together on the RPS issues and reiterated that there would be an additional opportunity for comment, likely to be due by the end of May, before she issued her report to the Commission in July.**

**The hydro, biomass and WTE subworking groups of Working Group I were requested to report back to the Working Group before the next Working Group Meeting on Tuesday, May 7.**

**Wall Notes**  
**Eligibility Working Group**  
**Case 03-E-0188**  
**Renewables Proceeding**  
**April 29, 2003**

**Ground Rules for Eligibility Working Group:**

- Treat each other well and respectfully.
- Hold one conversation at a time.
- Listen before you think.
- Think before you speak.
- Listen for understanding. Ask: What are they saying? What do they mean?
- Criticize the idea, not the person.
- Offer solutions to the problems you identify.
- Avoid posturing.
- Seek clarification when something is not clear to you.
- Avoid dominating or monopolizing the discussion.
- Nothing is agreed to until everything is agreed to.

**Grouping of Parties/Expectations**

- The person at the table is accountable to those he or she represents.
- The process is open – all are welcome to attend meetings.
- Dissenting opinions/views will be included.

**Discussion: Baseline Compromise**

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 NYS in 2013 less a baseline of 28,896,189 MWHs. 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.

No consensus reached. Other options:

- Cost out three scenarios
- Establish a baseline when you decide what's eligible
- Establish a target adjustment mechanism (will happen)

## Import Issues

Two proposals shared. One would count only electricity delivered to NYS (deliverability requirement). The second would not require that the electricity be delivered to NYS if the exporting state, province or ISO/RTO had a reciprocity agreement with NYS (regional market approach). The first would not allow for unbundling attributes from the electricity; the second would, and would therefore support RECs. In the second proposal, what constitutes an allowable region would need to be defined – is it only contiguous states and provinces, is it contiguous ISOs, how far into the provinces would be included, etc.

### Comments:

- The more complexity built into the RPS, the more difficult it is to get capital financing (stated as support for deliverability requirement).
- Could set a target for what is produced in NYS and what could be imported.
- Reciprocity under the regional approach would take place only with other regions that had the same requirements as NYS.
- An hourly matching system (such as MA has) would be difficult for intermittent producers (wind generators believe this is not an issue).
- Would a deliverability requirement serve as an impediment?
- Under the regional approach, how do you match who benefits and whop pays? (Also questions over definition of region and what gets emphasized – sox or nox)
- Air quality issues are regional, so it's more economical to use a regional model to address them.
- Nox, grid security, and economic development are more attainable under the deliverability model.
- Deliverability model would reduce the cost of electricity in NYS.
- Under the regional model, electricity could be produced in NY and sold outside the state, decreasing overall prices.

## Tier Issues

### Tier Proposal from Environmental/Renewables Coalition

- Technology neutral except for emerging technologies
- Provides ways to incent certain technologies
- Sets up three tiers:
  1. Emerging: PV, fuel cells, small wind (10's of KW)
  2. Distributed Generation: PV, fuel cells, small wind, small hydro
  3. High value locations (ex. Economic development zones, load pockets, etc.)
- Options for incentives were suggested. Includes individual technology targets with differential price incentives, incentives that change over time,

credit multipliers, MW hour targets, restricting incentives to certain size or customer classes, etc.

- How to use incentives
  - should strive for simplicity in administration
  - Have realistic incremental costs
  - Allow for participation of small units without transportation costs
  - Include behind-the-meter
  - Options are not mutually exclusive (could be additive)
  - Maybe outline a tool chest

#### Tier Proposal from WTE

- Made an assumption that existing would be used towards the incremental
- 7% portfolio
- Big hydro excluded from both tiers
- Two tiers:
  1. Tier 1(New): 5% of portfolio. Wind, solar, fuel cells with renewable fuels, sustainable biomass, wave, tidal, geothermal, small hydro (less than 5 MW)
  2. Tier 2 (Existing and new): 2% of portfolio. Waste-to-energy, biomass, landfill gas, fuel cells with nonrenewable fuels

#### Tier Proposal from RAPS

- Establish criteria based on adherence to objectives in proceeding
- Must score a minimum of 40 points to score any credits
- Must beat current technology
- No technology would be excluded

#### Tier Proposal from Ridgewood

- Considers cost to build, operate and maintain
- Tier 1: Generic renewables plus fuel cells, less: NYPA, biomass fueled with C&D wood, MSW with greater than 50% recycling, post-1985 "6 cent" contracts and hydro greater than 5 MW
- Tier 2: MSW with less than 50% but greater than 40% recycling and hydro greater than 5 MW but less than 30 MW
- Tier 3: Biomass fueled with C&D wood, MSW with less than 40% but greater than 30% recycling and hydro greater than 30 MW but less than 80 MW
- Tier 4: Hydro greater than 80 MW, NYPA, MSW with less than 30% recycling plus post-1985 "6 cent" contracts

#### Tier Proposal from ConEd and O&R

- Tiering would be used to support some technologies not strictly renewable (fuel cells, microturbines, waste-to-energy)
- Would use RECs to support certain technologies
- Price caps would be set at different levels for different tiers
- Would limit to two to three tiers

#### Tier Proposal from Attorney General's Office

- Assumption: Can't develop a tier system
- Tier system would impact transparency and ease of administration
- Instead, establish a baseline based on NYPA and other large hydro and anything else consistent with the final eligibility criteria
- Doesn't directly address how to support/promote emerging technologies

It was determined that tier issues could not be resolved until eligibility was determined.

#### **Eligibility**

Went through a list of technologies that could possibly be eligible.

All pumped storage removed from consideration.

Definitions of technologies will be made available on PSC web site.

A checkmark means the group agreed the technology would be eligible.

A question mark indicates at least one person felt the technology should be eligible, but there was no agreement.

An x-mark means the group decided the technology was not eligible.

- ✓ Solar Photovoltaic
- ✓ Solar thermal to generate electricity
- ✓ Wind – large
- ✓ Wind – small
- ✓ Fuel cells with renewable fuel
- ✓ Tidal
- ✓ Biomass, agricultural residue – plant
- ✓ Biomass, sewage gas
- ✓ Biomass, silvicultural waste wood – commercial
- ✓ Biomass, sustainable yield – energy crop

- ? Solar thermal to generate heat
- ? Fuel cells powered by natural gas
- ? Combined cycle coal/gasification
- ? Hydro
- ? Biomass, agricultural residue – animal
- ? Biomass, landfill gas
- ? Biomass, urban wood waste

- ? Biomass, pallet
- ? Biomass, mill residue
- ? Biomass, primary wood products
- ? Biomass, secondary wood products
- ? Biomass, harvested wood
- ? Biomass, site conversion waste
- ? Biomass, silvicultural waste food – forestry management
- ? Biomass, sustainable yield – commercial, replacement
- ? Combined heat and power (CHP)
- ? Nuclear
- ? Solid waste, municipal solid waste
- ? Solid waste, tire waste
- ? Solid waste, urban wood waste
- ? Solid waste, construction/demolition
- ? Solid waste, municipal solid waste wood
- ? DSM

X All other gas categories other than CHP

### **Next Steps**

1. Nathaniel Green will convene a working group to put together a proposal to outline eligibility for hydro.
2. Ed Gray will convene a working group to put together a proposal to outline eligibility for biomass.
3. Katie Cullen will convene a working group to put together a proposal to outline eligibility on waste energy.

Proposals are due at the next meeting of the eligibility group on Tuesday, May 6, 2003.