



VIA ELECTRONIC FILING

December 9, 2024

New York Power Authority
123 Main Street
White Plains, NY, 10601-3170

Re: Comments of New York Solar Energy Industries Association on the NYPA Renewables Draft Strategic Plan

To Whom it May Concern,

New York Solar Energy Industries Association (NYSEIA) appreciates the opportunity to provide comments in response to the NYPA Renewables Draft Strategic Plan.

Attached please find our comments. Feel free to contact me if you have any questions.

Thank you.

Jonathan Cohen
Policy Director
New York Solar Energy Industries Association
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Background and Introduction

The New York Solar Energy Industries Association (NYSEIA) appreciates the opportunity to provide feedback on the New York Power Authority's (NYPA) Renewables Draft Strategic Plan. The expansion of NYPA's authority to develop renewable energy projects presents a unique opportunity for collaboration, potentially leading to innovative public-private partnerships where NYPA's capabilities as a public utility complement the agility and innovation of private developers.

NYSEIA has long advocated for a competitive, market-driven approach to solar and energy storage development in New York State. We believe that a diverse and competitive market is essential for driving down costs, fostering innovation, and ensuring that consumers have access to a wide range of energy solutions. It is crucial to maintain a level playing field where independent solar developers can compete fairly, leading to better outcomes for consumers, including lower prices and more innovative products and services.

We commend NYPA for its ambitious and comprehensive plan and are optimistic about its potential to add value to New York's clean energy efforts. In order to achieve true additionality, NYPA's initiatives must complement and support, rather than compete with, New York's well-established distributed solar industry. Finally, in addition to developing and owning clean energy projects, we encourage NYPA to take a more active role in addressing the policy and regulatory barriers that impede cost-effective clean energy development. The most impactful strategies to accelerate clean energy deployment in New York include: interconnection reform, siting reform, rate design improvement, and targeted programs and incentives for uniquely beneficial projects. As NYPA actively participates in the market, NYSEIA encourages the Authority to share its perspective on these barriers and solutions with their colleagues in State government. By working together, we can create a robust and dynamic renewable energy market that benefits all New Yorkers.

Building on Private Sector Success

The private sector distributed solar and energy storage industries in New York have achieved remarkable success, recently highlighted by the early achievement of the state's 6-gigawatt CLCPA milestone¹. This milestone, reached more than a year ahead of schedule, underscores the strength and efficiency of New York's solar market. The private sector has been instrumental in driving this progress, contributing to over 14,000 solar jobs statewide and generating approximately \$9.2 billion in private investment. New York's leadership in community solar, with the state ranking first in the nation for total installed capacity, further exemplifies the effectiveness of a strategy that is public-sector enabled and private-sector driven.

NYSEIA appreciates NYPA's initiative to issue a Request for Information (RFI) and a Request for Qualifications (RFQ) to identify and pre-qualify developers and investors interested in partnering on renewable energy projects. This partnership-oriented approach ensures that NYPA can quickly mobilize and deploy projects by engaging with experienced and capable

¹ New York State Energy Research and Development Authority. "Governor Hochul Announces New York State Has Achieved Major Solar Milestone." NYSERDA, October 17, 2024. <https://www.nysERDA.ny.gov/About/Newsroom/2024-Announcements/2024-10-17-Governor-Hochul-Announces-New-York-State-Has-Achieved-Major-Solar-Milestone>.

private sector partners. Through its conferral process over the past year, and through the pre-qualification of 84 developers and investors, NYPA demonstrates a robust interest and readiness to collaborate, which is crucial for accelerating the development timeline of renewable energy projects.

To further enhance this collaborative effort, it is essential for NYPA to establish clear and effective communication channels with developers to ensure that all stakeholders are properly informed and have a clear understanding of their roles in potential future projects. Transparent expectation setting and timely updates are crucial to avoid misunderstandings and ensure alignment throughout the development process. Developers must be made aware of the criteria for advancing to the next stages, as well as what steps are required to move forward. By enhancing communication and expectation management, NYPA can foster more effective collaboration, ultimately supporting smoother and more efficient project development in the future.

NYSEIA commends NYPA's dedication to retiring all fossil units by 2035, accompanied by its goal to retire fossil fuel generation at its Small Natural Gas Power Plants (SNGPP's) by 2030. The development of a phase-out plan by May, 2025 and its inclusion of public comments and feedback will facilitate a smooth transition for these facilities. Plans for repurposing the existing infrastructure of these plants will be crucial to continue supporting the communities they currently serve. As mentioned in the Strategic Plan, NYSEIA supports the development of energy storage and renewable energy generation projects on the retired plants, and urges NYPA to consider repurposing some of them into solar projects. Continued generation at these facilities will continue to serve surrounding communities while fruitfully utilizing the existing interconnection infrastructure. The location of these plants in New York City and Long Island will further ease the transition to renewables for Downstate New York. This will additionally ease NYPA's renewable energy development, adding to the existing portfolio. NYSEIA looks forward to coordinating with NYPA on repurposing retired plants into solar + energy storage projects as they are phased out on a plant-by-plant basis.

NYPA's ability to provide incremental economic and community benefits depends on its ability to advance clean energy projects that would not otherwise happen. NYSEIA believes that many of the proposed projects and partnerships in NYPA's draft plan are initiatives that wouldn't otherwise move forward. Through smart partnerships and effective project execution, NYPA can help create jobs, stimulate local economies, and provide opportunities for workforce development in the renewable energy sector. The investment in workforce development in conjunction with the Department of Labor (DOL), for example, stimulates continuous economic growth for the renewable energy industry and the state as a whole. Additionally, by prioritizing projects that benefit disadvantaged communities, NYPA can ensure that the transition to clean energy is equitable and inclusive. The REACH program, which provides bill credits to low-income households, is an excellent example of how public-private partnerships can deliver tangible benefits to communities.

Complementing Private Sector Development

NYPA's involvement in renewable energy projects should be additive to the existing private sector development activity. NYPA's initiatives should be designed to complement and support

the efforts of private developers, rather than compete with them. By leveraging NYPA's unique capabilities and resources, the overall impact of renewable energy projects can be maximized, ensuring a more robust and dynamic market.

NYPA's role as a public entity provides it with certain advantages, such as access to public lands, the ability to issue tax-exempt bonds which can lower the cost of capital for large projects, and the capacity to invest in long-term infrastructure. These strengths can be harnessed to fill gaps that the private sector may not be able to address alone. At the same time, NYPA must be careful to ensure that NYPA's market participation with these competitive advantages does not have a chilling effect on the broader clean energy market.

Furthermore, NYPA's focus on serving disadvantaged communities aligns with our industry's broader social equity and environmental justice goals. These efforts execute goals outlined in the CLCPA, directing benefits of clean and efficient energy to disadvantaged communities (DACs). By prioritizing projects that deliver tangible benefits to local communities, NYPA can ensure that the transition to clean energy is inclusive and equitable. Investment in these projects within DACs eliminates issues the communities often face with attracting investment. Whether disregarded due to their infrastructure, investment risks, or other socioeconomic factors, these communities require and will thrive with investment and developments from NYPA. This approach not only advances clean energy goals but also contributes to community development and resilience.

NYPA's involvement should be seen as a strategic enhancement to the existing private sector development activity. By complementing and supporting private developers, NYPA can maximize the overall impact of renewable energy projects, drive innovation, and contribute to a more efficient and dynamic market. This collaborative approach ensures that NYPA's efforts enhance the existing market, fostering a more sustainable and inclusive clean energy future for New York.

Accelerating Deployment Through High Impact Policy Interventions

NYPA's expanded authority presents a unique opportunity for collaboration, but it still faces the same policy and regulatory barriers that challenge private solar and storage development. To enable both NYPA and the private sector to deploy projects swiftly and cost-effectively, the state should implement the high-impact policy interventions proposed by NYSEIA in our June 2024 policy roadmap, "Raising New York's Distributed Solar Goal: 20 Gigawatts by 2035²." Key among these are interconnection reform, community solar + storage siting reform, improvements to rate design and DER compensation, and targeting incentives to projects with beneficial siting and those that benefit LMI families and disadvantaged communities. NYPA should engage with state government and investor-owned utilities to advocate for these interventions and address other regulatory barriers that may impede project development.

² New York Solar Energy Industries Association. (2024). Raising New York's Distributed Solar Goal: 20 Gigawatts by 2035. New York Solar Energy Industries Association.

Interconnection Reform

Streamlining the interconnection process for distributed solar and energy storage is essential to reducing costs and timelines. Enhancing regulatory oversight of utilities and requiring transparency in utility distribution upgrade costs will lower financing and construction expenses and shorten interconnection timelines. Allowing solar and storage developers to self-build distribution upgrades, while adhering to utility specifications and maintaining high labor standards, will give developers greater control over costs and timelines, countering rising utility costs. Flexible interconnection, or the active management of distributed energy resources (DER) instead of traditional distribution upgrades, will unlock cost-effective hosting capacity and enable more DERs to come online sooner and at a lower cost. Proactive investments in the distribution system to create DER hosting capacity and meet New York's growing electricity demand will provide cost-effective and low-risk hosting capacity for the next wave of distributed solar and energy storage projects. These interconnection reforms are crucial for the integration of cost-effective distributed solar and energy storage in the coming years.

Community Solar + Storage Siting Reform

Restrictive local laws and solar moratoria significantly hinder the development of community solar and retail energy storage projects. NYSEIA recommends state-level permitting support for community-scale clean energy projects and increased financial benefits for host communities to overcome these barriers. This approach will ensure that distributed solar and storage projects can be developed efficiently across New York State while respecting local land use considerations and gaining community acceptance. NYSEIA also recommends that the NYSEPB work closely with the Department of Environmental Conservation (DEC) to ensure that efforts to protect freshwater wetlands and other ecological resources are balanced with New York's legislatively mandated clean energy buildout.

Improving Rate Design / Compensation for Distributed Energy Resources

Accurately compensating distributed energy resources for the value they provide to the electric system and the environment will reduce reliance on capacity-based incentives while optimizing the performance of these resources. NYSEIA applauds the Public Service Commission for its recent Order in the Marginal Cost of Service (MCOS) proceeding which directed New York's utilities to incorporate the avoided cost of transmission into their MCOS calculations and to standardize the method of calculating MCOS and for calculating the derivative values for the Value of Distributed Energy Resources (VDER) tariff. NYSEIA also appreciates the Commission's newly launched Grid of the Future proceeding, which is looking at the value of grid flexibility and rate design/compensation approaches to increase flexible demand and dispatchable behind-the-meter and front-of-the-meter clean energy resources. This work is technical in nature, but critically important for animating the market for distributed energy resources with reduced reliance on incentives.

Targeted Incentives for Low-Income New Yorkers and Beneficial Siting

NYSEIA strongly supports siting reform, interconnection reform and rate design improvements that lower the cost and increase the value of clean energy in the State. At the same time, we believe there is an important role for targeted incentives to stimulate projects that are uniquely beneficial to New Yorkers. NYSEIA supports targeted incentives for solar projects that have reduced land use impacts or that deliver direct utility bill savings to LMI households. One example of a policy that encourages rooftop solar is the New York Solar Energy System Equipment Tax Credit, which is a vital incentive for homeowners. This incentive is impactful, however, it is overdue for an inflation adjustment and the incentive is currently inaccessible to many low-income households. NYSEIA recommends modernizing this tax credit by raising the per-household cap, including energy storage as an eligible expense, and making the credit refundable for low-income families. This modernization will make clean energy more affordable and accessible to all New Yorkers, supporting broader adoption of distributed solar.

NYPA should collaborate closely with state government and investor-owned utilities to advocate for these high-impact policy interventions. By identifying and encouraging the state to address regulatory barriers, NYPA can help create a more favorable environment for solar and energy storage deployment. In doing so, NYPA can play a pivotal role in accelerating the deployment of solar and energy storage in New York. This collaborative approach will ensure that the state's renewable energy goals are met efficiently and equitably, driving innovation and economic growth while addressing climate change.

Conclusion

The New York Power Authority (NYPA) has a pivotal role to play in New York's clean energy future. However, it is crucial that NYPA complements, rather than competes with, private sector clean energy development. By leveraging its unique capabilities and resources, NYPA can fill gaps that the private sector may not be able to address alone, thereby maximizing the overall impact of renewable energy projects. As NYPA expands into development and ownership of renewables, NYSEIA urges a measured approach that emphasizes additionality; an overly broad role for NYPA could crowd out private actors and have a chilling effect on the market, counterintuitively reducing the speed of clean energy deployment.

To fully realize New York's nation-leading clean energy goals, it is imperative to address the policy and regulatory barriers that hinder both NYPA and private sector development. High-impact policy interventions, such as interconnection reform and community solar siting reform, are critical. Streamlining the interconnection process, enhancing regulatory oversight, and providing state-level permitting support are necessary to reduce costs, shorten timelines, and facilitate the rapid deployment of solar and energy storage projects.

In conclusion, NYPA's involvement should be seen as a strategic enhancement to existing private sector clean energy development. By complementing and supporting the existing ecosystem of clean energy developers, NYPA can drive further innovation and efficiency in the renewable energy market, contributing to a more sustainable and inclusive clean energy future for New York. NYSEIA looks forward to continued collaboration with NYPA and other stakeholders to achieve these ambitious goals.