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12 August 2015

VIA ELECTRONIC MAIL

Hon. Kathleen H. Burgess, Secretary  
New York Public Service Commission  
Three Empire Plaza  
Albany NY 12223-1350

RE: Case 15-E-0302, In the Matter of a Large-Scale Renewable Program

Comments on “Large Scale Renewable Energy Development in New York: Options  
and Assessment” (the Paper)

Dear Secretary Burgess,

Thank you for the opportunity to provide comment and input in developing New York’s Large Scale Renewables program. The Vineyard Power Cooperative is a resident-owned, non-profit cooperative serving Martha’s Vineyard, Massachusetts. Our aim is to help build a sustainable energy future for Martha’s Vineyard, producing electricity from local, renewable resources while advocating for and keeping more of the benefits of renewable energy local in our island community. We do not have a direct stake in New York’s policies, programs or markets, but rather we are offering these comments, related to developing voluntary markets for renewable energy, in the interest of sharing information and ideas across state lines for the purpose of developing more renewable energy across our nation.

The challenges we at Vineyard Power face in utilizing voluntary purchasing power to increase renewable energy use are the same as those experienced nationally, and as described in the options paper. We see two main challenges:

1) Getting to sufficient scale of voluntary purchases to have a meaningful impact. This is particularly the case in residential voluntary markets, where each individual consumer must be enrolled in a voluntary program.

2) Exactly because voluntary programs are voluntary, the entities organizing the voluntary purchases are usually not credit-worthy, and therefore have limited ability to facilitate financing and construction of new projects.

Focusing voluntary programs on large corporate end-users, as seems to be suggested in the options paper, can help address (though not fully solve) these problems. But, as was also described in the paper, corporate end-users come with their own set of challenges and present a fairly limited amount of opportunity when considering total usage in any one particular state.

We would like to suggest an additional voluntary market policy concept that we believe goes a long way to addressing the two main challenges of voluntary markets, and creates a new and potentially large category of credit-worthy buyer of renewable energy; a buyer whose express purpose is facilitating project finance and construction. We have been developing this policy concept here in Massachusetts for nearly a year, and have received valuable input from a wide variety of stakeholders including our Attorney General's office, our utility regulator, our distribution utilities, project developers, lenders, environmental advocacy organizations, consumer protection organizations, and elected officials. In short, the idea has been well-vetted, and we think it worth consideration for adoption in New York.

We are calling this policy "Community Empowerment". As the name suggests, the premise is to enable, via state-enabling legislation or by utility regulatory order, each town, city, county or other local community to aggregate their buying power for the purpose of entering into a long-term contract with a particular renewable project, which would then serve all the residents of the local community. Furthermore, by utilizing a financial hedge contract (Contract For Difference), and not an energy supply contract, communities would get the benefits of price stabilization without the cost and trouble of managing supply contracts. Community Empowerment could be thought of as a new sort of municipal light department or rural coop, except that the sole purpose of Community Empowerment is for the community to enter into contracts to facilitate renewable project development. The community does not get involved in maintaining wires or even managing electricity supply delivery, but yet can utilize the credit-worthiness of having the entire community purchasing from a project to bring benefits of

renewable energy to the community. And from a state-wide policy view, this community decision facilitates the development of a renewable project without having to rely on credit support beyond the community.

In broad outline, Community Empowerment would work as follows after enabling legislation or regulation is passed:

- 1) The community goes through a public, transparent, and democratic process to decide whether to utilize Community Empowerment, and if so to select a project with which to enter into a Community Empowerment contract. We envision that this process would be led by a community energy committee, and the final decision would be made through either a community-wide referendum or formal vote of the governing body (e.g. City Council).
- 2) If the community approves a contract, all residents, small businesses, and the government and school facilities are required to participate in the contract for its full duration. This is a key provision, as it is what enables the community to become a credit-worthy counterparty to the project developer. Having said that, one option that might facilitate community acceptance of a contract is to allow a limited, one-time window (e.g. 60 days) in which residents could opt-out of the contract.
- 3) The developer uses the Community Empowerment contract to secure financing, and then constructs the project. The energy is sold into the wholesale market, and the difference between the contracted price and the wholesale price received is credited or debited to each end-user in the community, in the same proportion of the community's total usage to the contracted amount of energy.

The RECs from the project can be assigned to the community's users so that their usage of "green" electricity is increased. Or, if the community had chosen to simply have a "brown power hedge" benefit, the RECs are either sold off and the revenue credited to the end-users, or the Community Empowerment contract is for energy only.

Some advantages of Community Empowerment include:

- Can be implemented without requiring any changes to existing retail energy market structure, and regardless of whatever supply arrangements a particular end-user has. Because Community Empowerment utilizes a financial contract, it does not interfere with whatever commercial arrangements and policies are in place regarding supply and energy delivery.

- Utilizes the buying power and of an entire community, without having to solicit every single resident of a community to join the voluntary program. Instead of an individual decision, a community-wide decision is made to voluntarily support renewables. And, the community's own balance sheet is not used to provide creditworthiness.

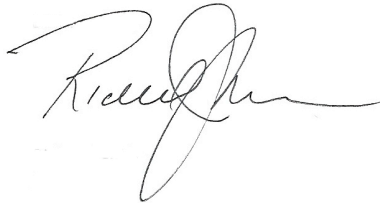
- Community Empowerment creates a direct linkage between a particular project and a community, and this creates a wide range of new opportunities not available through other types of voluntary markets. For example, Community Empowerment provides a means for a local community to directly receive cost-savings and price stabilization benefits of a large project that may be located in their community, and from which they might not otherwise receive such benefits if the project was only serving distant consumers. Other examples might include a large solar array that normally serves the full community, but powers community buildings during times of emergency, or a combined heat-power project that also provides district heating or heat to municipal buildings.

For the sake of clarity, we should mention that Community Empowerment is not the same as “community solar” or “solar gardens”. Generally these programs utilize a net-metering policy, and Community Empowerment does not rely on a net-metering policy, but rather relies on the general wholesale market and a form of contracting that is already familiar to the power industry. Community solar also usually requires an up-front investment or payment to participate, and that is not the case with Community Empowerment. And, community solar requires enrolling many individuals at a time in order to be successful. Community Empowerment has more similarities to community aggregation, in that there is a community level decision that applies to all residents in the community. However the important difference is that once a community enters into a Community Empowerment contract, all end-users in the community are obligated to participate for the duration of the contract. In contrast, a community aggregation is usually the default supplier in a deregulated market, and so end-users may come and go over time, making the aggregation unable to provide a creditworthy contract.

In summary, Community Empowerment creates a new type of renewable energy customer: All of the end-users of a community that has decided to voluntarily support renewable energy. And because a Community Empowerment community is a credit-worthy, large-scale buyer, Community Empowerment provides a new source of support to finance projects, aside from state-level programs. And since any of the many communities in a state could choose Community Empowerment, there becomes a large-scale opportunity for new projects across the state.

We hope you find this suggestion helpful, and we would be happy to discuss Community Empowerment with you further if it is of interest. Obviously there are many details to consider, and as mentioned above we have spent a significant amount of time exploring these details for our proposed program in Massachusetts. We would be happy to share what we have learned with you, and likewise we would be interested in hearing of any ideas or critiques you might have of Community Empowerment. Meanwhile, please note that we have established a website, [communityempowerment.org](http://communityempowerment.org), where more information and details are provided.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Andre", with a stylized, flowing script.

Richard Andre

President

Vineyard Power Cooperative