

Via Email

17 September 2012

Heather Hunt, Executive Director
New England States Committee on Electricity
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Re: Comments on New England Governors' Coordinated Procurement Initiative Work Plan

Dear Ms. Hunt and the NESCOE Board of Managers:

The Clean Coalition commends the New England Governors for launching the Coordinated Procurement Initiative and urges the New England States Committee on Electricity (NESCOE) to consider the following improvements to the Coordinated Procurement Initiative Work Plan. An improved Work Plan that focuses on streamlining the process of procuring local renewable energy will help the New England states deploy renewable energy in a more timely manner, while capturing far greater economic benefits.

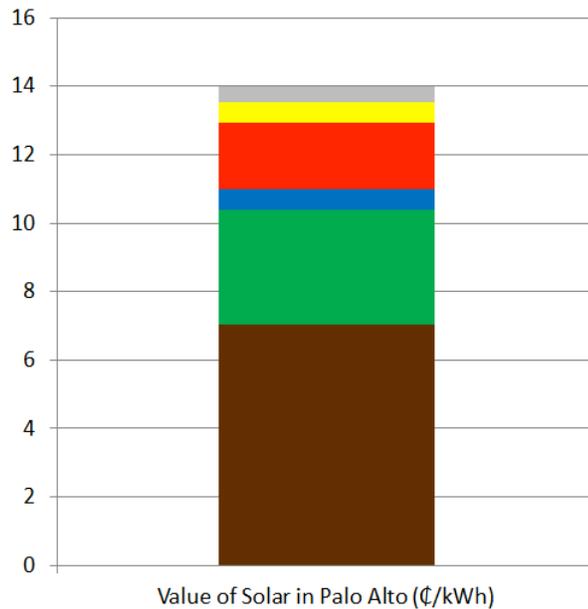
The Clean Coalition is a non-profit organization whose mission is to implement policies and programs that accelerate the transition to a decentralized energy system that delivers cost-effective renewable energy, strengthens local economies, minimizes environmental impacts, and enhances energy security. The Clean Coalition has helped to develop clean energy legislation and programs in Vermont, New York, California, Colorado, Arizona, and Nevada.

The best way to efficiently add cost-effective renewable energy under the Work Plan is to adopt a Clean Local Energy Accessible Now (CLEAN) Program that incorporates the best practices of the Rhode Island and Vermont programs (locally known as feed-in tariff or standard offer programs). A CLEAN Program features guaranteed, standard contracts at predefined, fixed rates for a long duration between a utility and a local renewable energy facility owner, plus streamlined interconnection to the utility's distribution grid. By adopting the best practices of existing New England CLEAN Programs, NESCOE can rapidly deploy cost-effective distributed generation, while creating local jobs, locking in reasonable electricity costs, spurring private investment, and improving grid reliability.

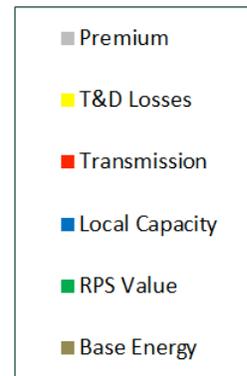
I. Recognizing the Value of Distributed Generation

The Work Plan's focus on large-scale renewable energy projects that require new transmission does not account for the recognition by Vermont and Rhode Island of the superior value of local renewable energy. Both states have implemented CLEAN Programs to maximize local economic benefits, avoid transmission costs, and improve grid resilience and reliability. It is important to note that the numerous transmission projects in New England have caused a 500% increase in transmission costs for consumers, according to a letter by Representative Edward Markey of Massachusetts to FERC Chairman Jon Wellinoff.

The Vermont legislation that recently expanded its CLEAN Program included an explicit recognition of the value to utilities of locating renewable facilities close to energy consumers. The chart below shows how a municipal utility found that avoided transmission costs and line losses were a significant component of the full value of local solar energy.



“Palo Alto CLEAN will expand clean local energy production while only increasing the average utility bill by a penny per month” -- Yiaway Yeh, Mayor of Palo Alto



Source: Palo Alto Utilities

II. Streamlining the Procurement Process

The Work Plan currently relies on a Request for Proposal (RFP) as its procurement mechanism. Unfortunately, even the optimistic minimum timeline of 24 months from RFP announcement to contract approvals would set New England back in the race to a robust clean economy. By implementing a CLEAN Program with standard contracts and procedures, regulatory agencies and procurement teams would avoid spending years on contract negotiations.

In addition, the non-binding RFP mechanism would increase procurement prices by increasing risks for developers. The non-binding nature adds a crippling element of uncertainty for project developers. The risks introduced by this uncertainty will lead to higher all-in development costs and subsequently higher purchase prices. Even binding RFPs have a significant risk that is unnecessary, because RFPs generally result in few winners and far more losers, all of which need to internalize substantial bid preparation expenses, including site control, project design, interconnection studies, and of course, the preparation of the proposal itself.

As both Rhode Island and Vermont have proven, the best procurement mechanism to get cost-effective renewable energy deployed in a timely manner is a CLEAN Program. Vermont passed its CLEAN Program 30 September 2009 and will have 55 MW of renewable energy capacity contracted by 1 April 2013. Extrapolated based on population, the six states would have deployed 1,272 MW of capacity in the same time period. Even more amazingly, Rhode Island passed its CLEAN Program 29 June 2011 and will have 20 MW of capacity under contract by the end of this year. Extrapolated based on population, the six states would have deployed 276 MW of electricity in the same time period.

III. Rapidly Bringing Renewable Megawatts Online

The current Work Plan does not include target amounts of new renewable capacity to bring online within a given time period. Without clear goals, the Work Plan will not be able to deploy significant amounts of renewable energy within a reasonable timeframe.

The Clean Coalition recommends that NESCOE set targets for each state to bring a specified amount of renewable energy online through the Coordinated Procurement Initiative within one year. Since distributed generation facilities do not require new transmission lines or extensive environmental reviews, a CLEAN Program can bring online megawatts of renewable energy within months of the program's launch.

The Clean Coalition views the New England Governors' Coordinated Procurement Initiative as a great opportunity for the region to demonstrate national leadership on clean local energy, and we would like to work with NESCOE to expand and improve the program.

Best Regards,



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