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Connecticut Office of Policy and
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***New England Governors' Renewable Energy Blueprint
& Regional Renewable and Transmission Planning***

Dear NESCOE Managers:

On behalf of ENE, we write to congratulate you on the New England Governors' *Renewable Energy Blueprint*. ENE endorses the vision and goals of this effort and looks forward to working with you to achieve the region's renewable energy and climate goals. The *Blueprint* clearly reflects high quality analysis and an energy vision that is inspiring to see coming out of state government.

ENE supports the motivation for the report and its main conclusions. We agree that renewables development in the region needs to move rapidly and at very large scale, and that planning and procuring resources should be undertaken in a manner that maximizes environmental benefits while minimizing consumer costs. We agree that within the region of New England and its immediately adjacent power pools there is a clean, renewable, indigenous energy resource sufficient to meet RPS and greenhouse gas reduction targets and enhance the region's energy independence. This resource can and should be harnessed according to plans that are developed collaboratively by officials and stakeholders in the region and consistent with regional priorities around siting and resource mix. The focus on renewable contracting and procurement is important and should be a major priority of policy makers.

The vision laid out in the *Blueprint* requires substantial and historic levels of new renewable and transmission investment. To facilitate the appropriate expansion of new renewable generation and transmission and ensure that consumers benefit through reasonable prices and enjoying a hedge against rising fossil fuel prices, states should consider targeted policy reforms to advance these goals. In a spirit of supporting this effort, ENE wishes to submit the following summary comments on the report, identify opportunities for expanded analysis and provide some ideas on

the planning process in the region going forward. We look forward to following up with you and other stakeholders to discuss these issues and over time, make more specific recommendations.

Renewables & Transmission Policy & Procurement

The vision laid out in the *Blueprint* requires so much new renewable and transmission development that targeted policy changes should be considered to facilitate the goal of ensuring that new generation materializes and customers receive a reasonable price and a hedge against rising fossil fuel prices. While significant authority exists in most states to allow for longer term contracting for renewables, gaps in current authority could be addressed through new regulations and legislation that facilitate the development of renewables and fulfill the vision laid out in the *Blueprint*. For example, legislation that would: in a manner consistent with competitive markets, require state entities or distribution companies to enter into long-term contracts; allow participation in a coordinated regional renewables procurement process; allow procurement of a full bundle of renewable energy products, including energy, capacity, attributes, and transmission rights; and explicitly allow for contracts with renewable projects throughout the region and adjacent areas such as the Eastern Canadian Provinces. Most or all of these elements will be important to a successful regional renewable strategy.

ENE looks forward to working with regulators and other stakeholders on more specific and refined state and regional policy proposals in this area.

Regional Electricity Planning

Increased regional collaboration is essential to achieving energy and environmental goals. ENE strongly supports the formation of NESCOE and continued expansion of the role of state energy officials in regional planning processes. In the past, too much of the system planning has been dominated by energy companies with a financial stake in the outcome. State officials are the right entities to provide leadership and guidance on behalf of all stakeholders. NESCOE has an important role to play in developing its own analysis and planning projects such as the *Blueprint*, guiding work being completed by ISO New England, and also in the broad regional planning envisioned for all of the Eastern Interconnect.

It is critically important that NESCOE develop a mechanism to solicit broad input from the public as it moves forward. To date much of the discussion with stakeholders appears to have occurred at the ISO New England Planning Advisory Committee, which is an important group and forum. Yet experience has shown that this forum may not be well suited to adapt to fast-changing policy and economic situations. It is not easy to participate in, nor is it as responsive to state and stakeholder input as many would like. Broader input to regional electric system plans should be solicited through public NESCOE meetings or hearings that are open to all with typical public meeting notices used. Siting this quantity of renewables will be a significant challenge and will require broad input from regional stakeholders, and NESCOE may provide a valuable forum for this discussion.

State-Federal Partnership

ENE also supports the concepts in the *Blueprint* related to a State and Federal partnership on planning for and siting renewable energy and transmission. An appropriate balance needs to be struck that honors existing state and regional roles and activities; provides financial support, updated market rules and planning assistance as requested by existing RTO or NERC regions;

and encourages or even requires the whole country to move forward with significant new renewable investments and the transmission needed to deliver that energy to load – in a cost-effective manner. ENE is working with a broad group of national environmental stakeholders on new recommendations related to federal transmission planning and siting. We believe these ideas will be appealing to policy makers and stakeholders in New England as well as the rest of the country, and these concepts will be circulated to you shortly.

Scenario Analysis and Modeling

The scenario analysis and modeling conducted for the *Blueprint* by ISO New England provides an important snapshot in time of the power system once various resources are added or taken away. However, we encourage the states to conduct more comprehensive modeling assessments to provide a clearer picture of the net cost of various options over the multi-decade period, and also to run additional combined scenarios in which complementary resources are chosen together in ways to minimize total costs.

There is a need to examine scenarios using a planning model that includes all costs and benefits and provides this information on a net-present-value or all-in basis.

- For instance the modeling does not provide results on the net costs or benefits of energy efficiency and demand response resources.
- The modeling also does not provide results on the net costs or benefits of new renewables and transmission capital investments or contract costs over time, netting out the benefits of lower energy prices, which are presented.
- Clearly one of the goals of the *Blueprint* analysis was to look at different scenarios from the perspective of the consumer who ultimately pays for whatever energy future occurs. The analysis to date is a very important first step in terms of developing scenarios and assumptions, but we encourage the states to pursue a more comprehensive approach that looks at all costs and benefits over time (potentially including macroeconomic modeling). Policy makers and stakeholders need to be provided with a range of total costs and benefits for a wide range of scenarios.

In addition, a limited number of bundled scenarios that consider multiple factors at once, should be analyzed to reflect potential outcomes of existing or proposed policies. For example, one could imagine a scenario where a high level of demand resources (especially expanded energy efficiency) are available, higher carbon costs exist from passage of a federal climate bill (suppose \$20-30 per ton by 2030), significant quantities of renewables are constructed (such as 12,000 MW of new wind) to meet RPS requirements, and yet transmission expansion could be more modest because energy storage is developed in conjunction with intermittent wind resources. It is important to examine combined resource scenarios to provide a more complete picture of possible outcomes, costs, and benefits.

ENE thanks for your leadership in examining these issues in a comprehensive and long-term manner. The changes needed to achieve a sustainable energy future with lower carbon emissions and reduced environmental footprint are significant. Achieving the deep greenhouse gas emissions reduction targets in the region will require significant new planning, policy, and collaboration among stakeholders and we look forward to working with you on this effort.

Sincerely,



Derek K. Murrow
Energy & Climate Policy Director



Michael D. Stoddard
Senior Counsel

cc: Daniel L. Sosland, Executive Director, ENE
Heather Hunt, Executive Director, NESCOE
Members of the ISO New England, Planning Advisory Committee