Monthly meeting - 7-12-2018

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

MEETING OF THE PUBLIC SERVICE COMMISSION

Thursday, July 12, 2018
10:35 a.m.
Three Empire State Plaza
Agency Building 3, 19th Floor
Albany, New York

COMMISSIONERS:

JOHN B. RHODES, Chair
GREGG C. SAYRE
DIANE X. BURMAN
JAMES S. ALESI

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CHAIRMAN RHODES: I call this session of the Public Service Commission to order.

Secretary Burgess, are there any changes to the final agenda?

SECRETARY BURGESS: Good morning, Chair and Commissioners.

There are no changes to -- to -- to today's agenda.

CHAIRMAN RHODES: Thank you.

So, with that, we'll move to the items on the regular agenda.

The first item for discussion is item 401, case 17-W-0528, which is the Suez Water Owego-Nichols Rate Plan, presented by Administrative Law Judge Sean Mullany. John Scherer, Deputy Director of Office of Accounting, Audits and Finance and Mike Rieder, Chief Gas and Water Rates and Supply, are available for questions.

Judge Mullany, please begin.

A.L.J. MULLANY: Good morning, Chair Rhodes and Commissioners.

Item 401 would adopt the terms of a joint proposal and establish a three-year water-rate plan, for Suez Water Owego-Nichols. The joint proposal is sponsored by the company and Department trial staff, which are the only two parties in this proceeding.

This is a major rate case. Suez Water Owego-Nichols initial rate filing, made on August 25, 2017, sought an increase in the company's annual revenue requirement of approximately 600,000 dollars, or 33.4 percent. The requested increase would have resulted in a monthly-bill increase of $12.08, or a 40.4 percent increase, for the average residential customer.

Two public-statement hearings were held on November 8th, 2017, in Owego, New York. The Tioga County Industrial Development Agency opposed Suez Water's initial rate filing, based on -- primarily on concerns that it would negatively impact existing and prospective businesses within the company's service territory.

After conducting discovery, staff filed its testimony on December 15th, 2017 and the company filed rebuttal testimony on January 12th, 2018. Staff then filed sur-rebuttal testimony on January 31, 2018, to address the company's proposed response to the announced closure of Suez Water's largest customer, San Mina's SCI Corporation. San Mina is responsible for almost 50 percent of the thru-put of Suez Water's system and San Mina related revenue, accounted for approximately 23.6 percent of the company's total operating revenue.

Shortly after filing its rebuttal testimony, Suez filed a Notice of Impending Settlement Negotiations, as per the requirements under Commission Rule 3.9. All parties were provided a fair opportunity to participate in those negotiations.

The JP was filed on March 30th, 2018. The company and staff filed statements in support on April 20th, 2018 and an evidentiary hearing was held on May 21, 2018.

And I would note for the record, that pursuant to the Public Service Law, Commissioner Burman was present at the evidentiary hearing. At that hearing, the joint proposal and statements in support were entered in to the record.

I also would note that there's no opposition to the joint -- joint proposal.

The joint proposal would establish a three-year rate plan. Rate year one would be the 12 months ending July 31, 2019. Rate year two would be July 31, 2020 and rate year three would end on July 31, 2021.

The JP recognizes the company's revenue

requirement as follows. An increase in revenues of 296,962 dollars, in rate year one. An increase of 56,210 dollars in rate year two. And an increase of 65 thousand dollars -- 65,477 dollars in rate year three.

As you can see, that the increase is much larger in rate year one. So, to mitigate the rate impacts of these increases, the company would recover the revenue increases, through rates on a levelized basis, with interest as follows.

In rate year one, the company would collect a 186,788 dollars. In rate year two, Suez would collect a 186,250 dollars. And in rate year three, Suez would collect 205,520 dollars.

As a result of this approach, customers overall would experience a rate increase of 10.3 percent, in each of the three rate years.

The typical residential customer with a month -- with a monthly usage of 500 cubic -- what is that? C. -- cubic -- cubic hundred feet, right?

MR. RIEDER: Cubic feet.

MR. MULLANY: Cubic feet, or roughly 3,740 gallons, would see an average bill increase of 11.5 percent per year.

These increases are based upon agreed-upon adjustments to operating revenues, operation and maintenance expenses, rate base and based on a capital structure, having 46 percent common equity and a return on equity of 8.9 percent. The authorized return on equity of 8.9 percent, includes a 30 basis point stay-out premium.

I just want to talk briefly about the impact of the closure of the San Mina Plant.

In anticipation of the closure of that plant, the company and staff proposed rates, premised on the assumption that a successor company would be found to replace 75 percent of the revenues previously paid by San Mina. Both of the -- both the company and staff have recommended this approach as a reasonable way to balance the company's need for revenues because the rate impacts that would've resulted, if the company were allowed to immediately give -- begin collecting all of the lost San Mina revenues from its remaining customers.

At the evidentiary hearing, the witness panel, sponsored by the company and staff testified that allowing immediate recovery of all the lost San Mina's revenues, would have resulted in a rate increase of approximately 42 percent.

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At the time the company and staff agreed to this approach, that is basing the rates on the replacement of 75 percent of San Mina's re -- revenues, the company and local officials were actively seeking a successor company, having a similar need for water, to take San Mina's place. Those negotiations, however, were not successful. In order to balance the company's resulting need for revenues, against the rate impacts on customers, the JP proposes the sharing of San Mina revenue shortfalls, between the company and its customers.

If there is a shortfall, in rate year one, the sharing would be 90/10, customer and company. And the JP calls for 95/5 sharing, in rate years two and three. There is a 100 percent reconciliation of shortfalls, if the company stays out longer than the three-year rate plan.

Since we cannot reconcile actual revenues to the forecast, until the rate year is complete, if there is a revenue shortfall, the resulting surcharge would be implemented in the following rate year. For example, if there was a rate year one, San Mina related revenue shortfall, the company would collect 90 percent of that shortfall through a surcharge, that would go into effect, at some point in rate year two.

The sharing is only for shortfalls in revenue. If the successor company exceeds 75 percent of San Mina's revenues, the customers would receive 100 percent of the benefits related to the excess revenues. Thereafter, Suez could recover all of its authorized revenues from its existing customers.

The company is planning on making a filing in the spring of 2019, in which Suez would propose merging all of its New York based operating companies. If the company files for new rates to become effective, before the end of the three year rate plan proposed in this item, the amount of the stay-out premium will be reduced accordingly.

I would also note that the joint proposal includes provisions calling for the sharing of excess revenues between the company and ratepayers. And this is a -- the sort of revenue-sharing mechanism, or earning-sharing mechanism, that the Commission has adopted in other cases. It's incremental.

The Commission's approval of the joint proposal would be in the public interest. The joint proposal is a result of a full and fair process that afforded all parties and the public, ample opportunities to participate in comment, both of Suez Water's initial rate filing and on the joint proposal.

No party oppose -- opposes the joint proposal and public comments have been very limited.

The joint proposal will produce results that compare favorably to the range of potential outcomes from a fitted -- resulting from a fully-litigated case and it reasonably balances the company's immediate need for revenues, against the rate impacts that would otherwise occur as a result of the closure of the San Mina Plant.

Through the San Mina revenue-collection mechanism, the company and customers will each bear a portion of the risk of San Mina related revenue shortfalls. The levelized-rate design, under the three-year rate plan will mitigate the impacts of the rate increases.

For these reasons, Commission approval of the proposed order is recommended.

Thank you.

CHAIRMAN RHODES: Okay. Thank you very much, Judge Mullany.

My own take is that this is a sensible and balanced resolution of a difficult issue. It secures the investments needed to provide good service to these -- these water-utility customers, at a reasonable and I will add, much reduced from the initial ask rate increase.

I will be voting in favor of this item.

Commissioner Sayre?

COMMISSIONER SAYRE: I think you all probably know that I tend to be a fan of multi-year rate plans and settlements. As long as they are fully negotiated by conflicting parties, I think that the parties are likely to come up with a balance that's in the public interest, that is at least as likely to be a good result as a fully-litigated rate case, where the Commission has to rule on each and every issue.

As long as we take a hard look at every settlement and we've take a good look at this settlement and I think it passes our test. A settlement like this also has the advantage over a one year rate case, of establishing a multi-year plan, which benefits ratepayers, by spreading out the increases and avoids additional rate cases for several years in to the future.

I support it.

CHAIRMAN RHODES: Thank you.

Commissioner Burman?

COMMISSIONER BURMAN: Thank you.

The Commission has a broad mandate to ensure consumers receive safe and reliable utility service at reasonable rates and with the least adverse effect upon the environment. And the Commission must balance that public need for virtually essential core services, against the private needs of the shareholder, ensure continued vestment in these services.

Critically important is the public interest in this. We need to carefully weigh the rate adjustments and look at the benefits to the customers.

A water company is allowed to recover prudent and reasonable operating expenses and is assuming an efficient operation to earn a fair return on invested capital. When we look to a joint proposal, standard of review, which is outlined in the order, talks about the -- balancing the protection of the consumers, fairness to the investors and the long-term viability of the utility. It has to be consistent with the environmental, social and economic policies of the Commission and the state and it should produce results that are within the range of reasonable results -- results that would have likely arisen from a commission decision in a litigated proceeding.

That's our legal authority. We need to be -- carefully weigh it.

In this case, it takes a significant amount of focus and looking at the detail and it's really the bread and butter of what we do as a Commission. We're economic regulators, at our core and we're focused on the consumer and the protection of those public interests. For us, this is an essential service and something that we need to do.

The loss of a major and the largest customer for this utility, is so significant, that it changes the whole dynamics of the utility rate structure and makes us have to look at it. And it makes us have to remind ourselves -- or at least for me, it reminds me that the importance of looking and the importance of the economic regulation that we do.

I do think that this is the best outcome, but it also concerns me, about other losses of other large customers that may be out there, that we don’t know. In this case, this was done in a way that we were able to look at, in -- within the rate case and to try to make some adjustments. And also, to look at it from a phase-in perspective, that was helpful.

And this isn't necessarily the end in -- as you said, in the spring 2018, there will be potentially looking at the consolidation and what that means. We need to be ever mindful that this -- this is not unique. In this case, it just so happens that this large-customer impact and the loss of that customer, is so significant and the upward rate pressure is something that we have to consider across the board, in looking at all of what we do.

So, I am in support of this because I think it does meet the objectives, but I also am very mindful that this is significant and it -- and difficult for the customers and for the company, who is trying to balance all of that and the loss of that customer is significant.

So, thank you.

CHAIRMAN RHODES: Thank you.

Commissioner Alesi.

COMMISSIONER ALESI: Thank you, Mr. Chair.

I am going to support this. I believe that it is in the public interest to approach it this way. I think there's a reasonable balance, a reasonable amount of risk sharing, less of an immediate impact on the ratepayers and overall, I think it's a sound approach.

So, I'll be supporting the issue.

CHAIRMAN RHODES: Thank you very much.

We will proceed to -- I'll proceed to call for a vote.

My vote is in favor of the recommendation to adopt the three year rate plan for water service, as discussed.

Commissioner Sayre, how do you vote?

COMMISSIONER SAYRE: Aye.

CHAIRMAN RHODES: Commissioner Burman, how do you vote?

COMMISSIONER BURMAN: Aye.

CHAIRMAN RHODES: Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: Aye.

CHAIRMAN RHODES: The item is approved and the recommendations are adopted.

We will now move to the second item for discussion, which is item 101, case 17-G-0606, which is the Consolidated Edison's smart solutions for natural-gas customers program, presented by Cindy McCarran, Deputy Director of Gas and Water and Peggie Neville, Deputy Direct of Office of Clean Energy.

We will let them arrive.

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(Off the record discussion)

MS. MCCARRAN: Okay. Good morning, Chair Rhodes and Commissioners.

The draft order before you, addresses a petition filed by Con Edison Company of New York, or Con Ed, who proposes a new natural-gas program, called Smart Solutions. The program includes an enhanced gas energy-efficiency program, a new gas-demand response program, a new innovation program to encourage to encourage renewable alternatives to natural-gas heating technologies and a new market solicitation for non-pipes alternatives, otherwise known as NPAs.

Also, Con Ed proposes to recover incurred pipeline-development costs for a planned gas-pipeline project, in the event such a project is terminated before completion. This program is intended to help address Con Ed's forecasted growing shortfall of peek-day pipeline capacity.

Con Ed is experiencing both significant growth in customer demand on its natural-gas system, as well as significant stakeholder opposition to the types of projects it would traditionally engage in, to meet natural-gas load growth. Smart Solutions represents a significant departure from business as usual and represents a step in the process to reduce our reliance on natural gas and meet our state's greenhouse-gas reduction goals.

The draft order before you recommends approval of the enhanced gas energy-efficiency program with modifications, which Peggie Neville will discuss now.

MS. NEVILLE: Thanks, Cindy.

Good morning, Chair and Commissioners.

In recognition of the role energy efficiency can play in reducing peek-day gas demands, Con Edison proposed a doubling of their existing successful energy-efficiency programs, referred to as ETIPS, for 2018 and '19. Staff supports the doubling of the existing annual targets. However, beyond review of the company's current performance, staff finds that a doubling of the existing budget is not warranted, as Con Edison has been able to deliver program savings at a lesser cost than originally forecasted.

As a result, the item before you recommends a combined annual budget and target for the existing ETIP programs and the enhanced gas EE programs, at approximately 20 million dollars, with a target of approximately 607,000 MMBTUs per year and a new target, focused on peak-day reduction, of 5,000 MMBTU per day.

As the expanded gas EE program will be integrated and delivered with the existing ETIP Programs, staff also recommends these budgets and targets extend through 2020, the current term of the ETIP. The order directs Con Edison to reallocate approximately 8.2 million dollars of their unspent energy-efficiency portfolio standard gas funds, to be used in combination with existing authorized ETIP funds, to achieve these goals, resulting in no new ratepayer collections, through 2020.

It is recommended that Con Edison be directed to revise its ETIP filing, within 30 days, to reflect the revised budgets and targets established in this draft order.

MS. MCCARRAN: Regarding the recovery of costs related to a future pipeline project, this draft order recommends that Con Ed's request for costs recovery of shared pipeline-development costs, be denied. Projects that are not implemented, or not in service, never become used and useful assets that serve our natural-gas utilities, on behalf of gas customers and those developments costs remain with the pipeline developers that made their own determinations to take on those associated risks.

The draft order doesn't recommend approval of funding, related to the proposed innovation program, but it does provide criteria that Con Ed should use in developing such programs, as part of any future filing before you. At this time, there is not sufficient information for staff to make a recommendation on funding related to the innovation program.

The draft order before you, also does not make recommendations regarding the demand-response program, or possible NPA projects, although staff expects to bring those parts of the Smart Solution filing, to the Commission at future sessions. Nonetheless, it is important to get the enhanced energy-efficiency program started and also to send the proper signal related to the development cost of any future pipeline project.

Peggie and I will be happy to take any questions on this draft order.

CHAIRMAN RHODES: Thank you, Cindy and Peggie.

This is, as our most of our topics, one where, you know, really, what we're doing is a search for viable solutions. I concur that what we have in front of us is an important and useful step forward to advance energy efficiency, as it relates to natural gas, in a manner that will yield dividends for customers and for the system that we will be very glad of.

I also like the idea of innovative solutions, whether they come in the form of demonstration projects, or non-pipe alternatives, or demand-response advances. And I have very high expectations, that when these show up, they will be well-developed, well-grounded and aimed at valuable and important outcomes. And so, I think it's very good that we are establishing clear and useful criteria, as a basis for that.

And I -- and I agree, as a matter of prudence and philosophy, with the -- with the recommendation on predevelopment costs.

So, I will be voting for -- for this item.

Commissioner Sayre?

COMMISSIONER SAYRE: I am always happy to see energy-efficiency measures increasingly extended to gas, beyond electricity, especially where there's no additional cost to customers, from this expansion of the program and where the program does reduce the need for new construction in the future, which is a benefit for all customers.

Although we are not approving all parts of Con Ed's proposal, primarily because the -- some of these parts are not yet fully developed, I do support Con Ed's goals of seeking further efficiencies and non-pipes alternatives and I look forward to future filings along these lines, by Con Ed and other gas utilities.

I support the item.

CHAIRMAN RHODES: Thank you.

Commissioner Burman?

COMMISSIONER BURMAN: I think it's commendable of the company seeking to address their gas issues and try to figure out innovative ways of addressing that. The problem is with gas capacity and this order doesn't address it.

EIA is predicting, or has predicted that natural-gas consumption and growth is on a significant increase and demand is seen rising to record highs, in 2018. There's a significant need from -- or desire of industrial customers in particular, to have the gas that they need, even have -- when they have a -- a -- a diverse fuel portfolio and it works, the integration of fuels with a renewable portfolio.

A natural-gas fired electricity generation this summer, is -- according to EIA, is expected to be near record high and that may mean that there may be a problem to meet generation demand and fill upstream storage for winter LDC uses, that we need to consider and figure out.

There is a -- in -- in the petition that was brought forward by Con Ed, talked about the fact that it was implicitly in line with where EIA is. It's not unique to Con Ed and it is a growing problem. The company is forecasting a growing shortfall of peak-gas day pipeline capacity.

I believe that this order recognizes that. It is -- it -- there was some commentary from other parties, questioning that, but I don’t think -- please correct me if I'm wrong, that that is correct. Their forecast appears accurate and there is going to be a growing shortfall of peak-gas day pipeline capacity and they need additional pipeline capacity and/or maybe a combination way to balance the supply and demand, on the natural-gas system.

Because of the natural-gas growth in Con Ed territory increasing and expected to continue, the transitioning to gas is tricky. Con Ed has, right now, one point 1.0 million gas customers in its territory. New York has over nearly five million gas customers and when we look at that, we need to see, what do with this transition to gas.

There are reasons that it's beneficial. It's beneficial from an environmental perspective. The clean-heat program has been very successful. There are value propositions for gas. The costs are low and the reliability of the natural-gas supply is imperative.

But there are barriers and Con Ed recognized that. And this order was a -- really, a cry for help and a recognition, that because of that, they need to figure out how to do things differently.

But we also need to recognize that one those barriers is that they can't get necessary -- the companies can't get necessary permits and that has had a -- a negative effect. There are definitely issues and because of that, Con Ed said that they have to factor that in and therefore, de facto, it's deemed not viable, even if they were necessarily -- they are viable, except for that.

We're the economic regulator that needs to look at all of those issues and needs to figure it out and we also have a duty to help the utilities provide the gas for the customers that want them and that need them. There are uncertainties that are creating problems and because of that, folks are modifying their behavior.

This is not new. Con Ed has been modifying the behavior on how they deal with pipelines. In 2016 we recognized that. We recognized that in 2014. We recognized that before we were here, when there's been issues and trying to balance that need.

The Commission was set up for the protection of consumers. The Commission was set up to look at the essential-core services, whether that's electric, gas, steam, telecommunications, water. And to the extent that there are customers who want that and we are trying to figure out the proper balance, we need to take a careful look at that.

We are handicapping Con Ed right now, by only agreeing to do part of this. One of the reasons that they asked for cost recovery is because they are very mindful of the fact that are are pipeline developers who are not willing to come in to New York for the regulatory uncertainty.

I don’t necessarily know that Con Ed's request for cost recovery was right, but it was right to raise the issue and to say that we have a concern and this is our best way of trying to address that, from a cost-recovery perspective, to entice those who may not want to be here.

So for us, we need to then take a careful look at what are barriers and what are the opportunities because we do need to figure out the transition to renewables, in a way that is thoughtful and in a way that is not going to be concerning, when we have reliability and resiliency issues. Con Ed has already, in this petition, talks about the potential for more moratoriums and what that may mean. Again, I don't believe it's unique to Con Ed. That means, that we as economic regulators, need to take a pause and be prepared to address that.

Back in October of 1971, the Commission -- that Commission at that time, had to address determining, whether and to what extent restrictions on the attachment of new gas customers, what that looked like, should be imposed, looking at supplying of additional gas volumes to existing customers and how to address that and limiting sales and the promotion of that and trying to make some critical decisions.

It isn't just -- and as I looked at what was done, it isn't just a stopping for new gas customers. The impact on existing customers can be significant and it could be dire, if we don't have the proper -- the fuel that they need.

Unless a user of a natural gas has available facilities, capable of using an alternative fuel, which may also not be as environmentally friendly as gas, the interruption of the -- their gas supply can have devastating effects. That's what the Commission found in 1971, when they were facing this and I don’t believe that the facts change, when we have to look at what we're doing, when we're starting to do some curtailments on gas and some concerns.

Industries and commercial establishments may need to cease operations and residential customers may lack heat in the coldest winter months. So, we need to be prepared to look at that.

Some of the fact that I don’t have is who are we turning away. Who are the utilities turning away? Have customers asked, or have new customers asked for gas? Have current customers asked to expand? We look at -- we have a cue for interconnections on solar and other renewables and work through that process and where they are in that cue.

Well, we don’t actually have a cue that looks at what the expected install date may be, if it's meeting it, what the concerns are, why they're not -- we don’t necessarily have a -- a true handle on what it may need for some of our high-needs gas customers, like hospitals and schools and others. And to the extent that those are some of the strategic alignments that we need to make, to make sure that we are properly prepared, so that the utilities will continue providing the necessary service without a dis -- major disruption and also looking at it, while we're working through some of the challenges in looking at other alternatives.

I think it is important to look at viable, non-pipes alternatives and technology and innovations. But that also means that we need to have a recognition that the viable -- the -- the viability of it and the reasonableness of it and what it means in the larger mix. So, the -- we need to have an understanding from the beginning, on how much pipe, how much expansion and work through that.

Again, if customers want it and it's economical to do so, our role is to have -- figure out that way. We may not necessarily have full agreement, but the customers have the choice to choose the fuel that they want and if it's in an area, in a franchise that is providing that, we need to figure it out.

For me, I'm want to make sure that we're doing all we can to be prepared and I want to make sure that we're doing all we can to be prepared and I want to make sure that we're doing all we can to figure out now, rather than waiting and have -- have more information. To the extent that we're saying to Con Ed, that they didn't gave us enough information for some of their innovative programs and therefore, we're going to not adopt it at -- now, I think that the message could be flipped. We support them in that and we want to figure out what else is needed.

In some ways, I see it as here, this order is lacking, in looking at the proper forecasting, hand in hand, in collaboration with the utility and more importantly, with the customers. The customers who want gas and the customers who want to transition off of gas and working through that and what that may mean and what the right subset is.

I think there's a way we can do it. I'm going to be voting for this item because I do think that there are things in here that are important and the signal is right. But I want there to be no mistake. I am very concerned and I think that we need to do all we can, as economic regulators and as good environmental stewards, to make sure that we are working hand in hand, to figure out the solutions and not to be handicapping the utilities, but more importantly, not to be handicapping the customers.

CHAIRMAN RHODES: Thank you very much.

Commissioner Alesi?

COMMISSIONER ALESI: Thank you.

I have nothing to add at this point.

CHAIRMAN RHODES: Okay. So, thank you very much.

I will proceed to call for a vote on this item.

My vote is in favor of the recommendation to approve with modification, the enhanced gas energy-efficiency program, as discussed and to establish criteria for the gas-innovation program, as discussed.

Commissioner Sayre, how do you vote?

COMMISSIONER SAYRE: Aye.

CHAIRMAN RHODES: Commissioner Burman, how do you vote?

COMMISSIONER BURMAN: I concur with my comments.

CHAIRMAN RHODES: Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: Aye.

CHAIRMAN RHODES: The item is approved and the recommendations are adopted.

With that, thank you everybody.

With that, we will move to the next item for discussion. This is item 301, case 15-E-0751, et al, which is the low-income community-distributed generation initiatives, presented by Marty Insogna. Chief Consumer Advocacy. Ted Kelly, Assistant Counsel is available for questions.

CHAIRMAN RHODES: Marty, please begin.

MR. INSOGNA: Thank you.

Good morning, Chair Rhodes. Good morning, Commissioners.

In the Value of Distributed Energy Resources, or VDER transition order, the Commission directed staff to work with utilities and stakeholders to develop solutions to encourage low-income participation in Community Distributed Generation, or CDG, under the VDER tariffs. A low-income working group was established and met over the course of several months, to examine barriers and ax -- to access and develop solutions.

Using information and suggestions from that effort, staff submitted a low-income Community Distributed Generation proposal, in December of last year and numerous parties submitted comments on the staff proposal. This order would adopt the recommendations of the staff report, with certain modifications.

As a principal strategy to expand opportunities for low-income households, to subscribe to CDG projects, the order would adopt a bill-discount pledge program, to subsidize subscription fees for low-income customers. This would allow low-income customers to use a share of their monthly affordability bill program bill discounts, towards the purchase of CDG subscriptions, reducing or eliminating the need for low-income customers to pay subscription fees out of pocket. While forgoing the benefit of the discounted bill, the participating low-income customers would instead, offset a portion of their monthly bills, through CDG bill credits.

The bill-discount pledge program has the potential to directly address one of the principle market barriers that we've identified facing CDG projects, seeking to serve low-income customers, that of non-payment risk. It would do so by furnishing CDG developers with reliable and credit worthy revenue stream, associated with low-income customers, which would be paid directly to the developer from the utility.

An important feature of the bill discount pledge program is that it works within the rate levels and benefits of the current affordability programs and therefore, remains revenue neutral for other ratepayers. Another key feature of the bill discount pledge program is that participating CDG developers would have to guarantee that CDG credits, on an annual basis, would be equal to, or greater than the forgone portion of the bill discount.

Such a demonstration would be made in a petition to the Commission, for authorization to serve low-income customers, under the bill discount pledge program, which would be similar to the authorization that the Commission requires for ESCOs to serve low-income customers. These petitions would include commitments to provide certain other consumer protections that would be specific to the bill discount pledge program, as laid out in the order.

The order envisions an important role for utilities in bill discount pledge implementation and administration. Among other things, in addition to application of CDG bill credits to customer accounts, the utilities would be called upon to make the payments to CDG developers of the funds pledged by low-income customers, to cover subscription fees and to enroll any eligible customers identified by the CDG developer, or their partner organizations who are not currently enrolled in the utilities affordability program. More on that in a moment.

The order would direct utilities to make filings to implement the bill discount pledge program, after a comment period is expected that the Commission would consider an act on those implementation plans.

Now, we expect that many CDG projects that serve low-income customers may be developed to serve a particular geographic area. For example, a disadvantage community. This suggests a potential role for community-based organizations, in promoting CDG projects in those areas and utilities will be required to enroll any eligible customers identified by the CDG developer or their community partners, who are not currently enrolled in their affordability programs.

To facilitate that enrollment, the order would direct NYSERDA to extend its income-verification service to CDG developers, who are seeking to verify eligibility of prospective low-income subscribers. NYSERDA currently conducts income verification for its income-eligible programs and is currently examining ways to lower the costs of income verification.

Extending this service to CDG developers, would facilitate the development of CDG projects designed to serve disadvantaged communities and further, would serve to expand the reach of the Commission's affordability programs.

Finally, given that lack of access to capital as a major barrier for low-income customers to invest in renewal projects, policies that would directly address the issue of financing and credit risk, could have a significant impact on increasing low-income participation. A loss reserve could reduce the credit requirements lenders impose for low-income consumers to access subscriptions to CDG projects, as well as reducing financing barriers for CDG developers of such projects.

Now, a low -- a loss reserve is simply a fund set aside to cover losses incurred under a portfolio of loans. Loss reserves have long been used to reduce risks from both conventional and novel investments and could be used here, to attract financing for CDG projects, serving low-income participants.

In its most-recent business plan, which was filed on June 29th, the New York Green Bank states that the is considering issuing a request for proposals to provide loss reserves, or other financial solutions to CDG projects serving low and moderate-income communities. The order would direct NYSERDA through the Green Bank, or other appropriate portfolio, to create a loss reserve program for CDG projects serving low-income subscribers and to file a report on the status of the development of that program with six months.

With this order, the Commission would be taking major steps to ensure that the opportunities created by the VDER and CDG initiatives are available to all New Yorkers. The bill discount pledge program will ensure that low-income New Yorkers who do not have the ability to pay an additional monthly fee, can participate in CDG programs by providing a guaranteed payment stream from the utility to the developer.

The income verification service will support New York's goal of including all eligible customers in low-income programs and will support engagement of community-based organizations. And finally, the loss reserve will further ensure that credit quality does not serve as a barrier to CDG membership.

And Ted and I would be happy to answer any questions.

CHAIRMAN RHODES: Thank you very much, Marty.

I welcome this item. I find that these recommendations represent important concrete steps to enable access to an important and desired resource, in keeping with our premise and also our promise that REV is for all New Yorkers.

I think the recommendations have found a way that is not just asset -- excuse me. Access effective, but also cost effective and also customer protective. Here, I'm thinking about the bill discount pledge and about the loan-loss reserve and I also find -- conclude that income verification is a decisive and helpful way of stream alarming -- stream -- stream lining, which is always a good step to take.

I will be in favor of this item.

Commissioner Sayre?

COMMISSIONER SAYRE: Yeah.

I full agree with the Chair's comments. I commend staff on its hard work on this project. It's been very difficult to ensure that low and moderate-income ratepayers can have a chance at the same benefits, that more-affluent customers can obtain from distributed generation projects, such as community solar.

This item takes a big step to redress that deficiency and I'm very pleased to support it.

CHAIRMAN RHODES: Thank you.

Commissioner Burman?

COMMISSIONER BURMAN: First, I want to thank staff. I think that they have worked very hard in trying to address a lot of the consumer issues. It's a credit to all the staff working on it, but in particular, the consumer-services folks, who I know had really lived and breathed this, way before we even talked about community DG.

I also want to thank and particularly note, that I'm particularly impressed with UIU's continued advocacy and engagement on these issues. I think it's very important. It helps me, as a regulator, with the thoughtfulness that is conveyed in their papers and looking at it, in trying to make some determinations of what this is.

For me, it's about what is the real impact we're having. In this case, it's low-income consumers and what is the real impact that we're going to have in this.

We have struggled with community DG for a long time. Frankly, I think that the parties have struggled with us and some of the potential challenges in -- in the regulatory structure to make community DG work and there's a balance that needs to be in place with that and figuring it out and what the impact is on the systems and -- and the grid in the penetration of distributed generation, but now in community DG and what exactly -- who is actually benefiting and if the benefits are being done, actually for the consumer, I think is very important and what that direct take away is.

I do have some -- some sort of questions on the item and -- and really making sure that I fully understand it and exactly what we're doing.

With the bill discount pledge, there does need to be, in my mind, a match up with other low-income programs that we're doing and with the utilities and the adjustments that are being made. Again, upward adjustments in rates across the board can be significant and how that works, in where we are across the board, with our low-income programs. And in particular, making sure that we are aligning those -- those programs and those measures, in an effective way for the customer and making sure that it actually is --

is helping.

I have seen many times where programs are advertised and in fact, what's -- happens, is that there might not necessarily be a large pool of participants that can take advantage of it, or if they try to, the barriers are difficult. And with many of our low-income programs, from the state, we have struggled with making sure that we are doing an effective job, once it leaves our realm. So, I am about making sure that we have true focused accountability and measuring and evaluating that, especially if we are going to spending dollars -- ratepayer dollars in particular, on programs and making sure that they are effective and robust.

As to the bill discount pledge program, I -- I -- I did note from the order and from the parties, that the folks that are not eligible, is -- is potentially a lot, when you back out the master-metered and sub-metered. And that really means, in my mind, that we're not really looking at a robust program in New York City.

Is that fair?

MR. INSOGNA: If -- if the -- if the question is are there a lot of low-income households who are not currently enrolled in utility programs, that we haven't identified, I would say that in New York City, that's probably the least impacted because the Con Edison and now the Keyspan Energy, Delivery New York, or what I still call Brooklyn Union, one of the old guys, the Brooklyn Union Companies, their respective affordability programs reach a broad range of eligible customers. They serve customers who are participants in any one of eight different Office of Temporary Disability Assistance Programs.

So at least in New York City, it should not be an issue.

(Off the record discussion)

MR. KELLY: And certainly there are a significant percentage of the low-income population in New York City, is master-metered and sub-metered, which in that case, wouldn't -- the bill discount pledge wouldn't be available to those populations.

COMMISSIONER BURMAN: Uh-huh.

MR. KELLY: But because New York City has such a large population, even the relatively smaller per -- percentage of direct-metered low-income customers is a substantial population and therefore, there should be a -- a -- a relatively large number of part -- potential participants in the Con Edison area. And staff is still considering and working on the issue of extending the benefits of CDG, to sub-metered populations in particular. That's -- that's one area that we're still giving a lot of thought to and hope to come to you with recommendations at some point in the future.

COMMISSIONER BURMAN: Okay. Thank you. That's helpful.

Because the outcomes from the bill discount pledge vary across utility service territories, it -- it -- it appears to me that maybe some of the low-income customers may be more attracted to CDG developers and BDB subscribers than others.

Is that fair to say?

MR. KELLY: Yeah. Yes.

I think that's true, partly because of the variation and the size of bill discounts, but also just because of the variation of the value of credits, either under net-metering, or under the -- the VDAR System, in each utility territory. So, sort of an in-general, there's more availability to potential subscribers, in, for example, Orange and Rockland, Central Hudson and NYSEG, as compared to Con Edison, just because they're more attractive places for developers to build projects right now.

COMMISSIONER BURMAN: Okay. So really then, the benefit of participating in the program is not going to be felt, necessarily, uniformly across the state. But that also means that we need to be cognizant of the fact that the -- that the program itself and the penetration in certain service territories may be significant and needs to also be looked at, in terms of the penetration of that --

MR. INSOGNA: I think that is --

COMMISSIONER BURMAN: -- and what --.

MR. INSOGNA: -- something that -- that only time will tell. So, you know, we'll -- we'll see if there are certain territories, where this program is more effective than others. Then we'd have to, you know, consider what other steps might be appropriate.

COMMISSIONER BURMAN: Right.

CHAIRMAN RHODES: Right

COMMISSIONER BURMAN: But also --

CHAIRMAN RHODES: But those --.

COMMISSIONER BURMAN: -- the challenges from a reliability and resiliency perspective, the -- depending on how much DG and how much CDG goes in to its particular area.

Is that correct?

MR. KELLY: So, from a reliability and resiliency perspective, that is something that we keep -- staff keeps a close eye on. We don’t see any concerns in any of the utility territories, at this time and don’t -- don’t believe that, you know, based on the current cues, it's something that is -- is likely arise directly. But it is something that we will absolutely continue to keep a close eye on, as more projects are built, to ensure that the resiliency and reliability of the grid is maintained.

COMMISSIONER BURMAN: Okay. I guess the termination of at this time, subject to ambiguity.

MR. KELLY: Certainly I -- each -- and each project is subject to an interconnection study that looks at any local impacts like that and then we have a more, you know, we take -- also take a broader look at service territory -- potential service territory, wide impacts.

COMMISSIONER BURMAN: Okay. Thank you.

There's also a need for the fleshing out of the implementation. So, can you talk a little bit about what that looks like?

MR. INSOGNA: Well, I -- I think the -- the major points of implementation, we covered in our presentation. So, a -- a key piece of it will be processing of the payments of subscription fees that -- that the low-income customers pledge through the bill discount program and to their CDG developer.

We're asking the utilities to explain the mechanics of that process in their -- their implementation-plan filings. It's not necessarily a -- a one-size fits all. One utility may have -- different utilities may have different ways of -- of accomplishing that.

COMMISSIONER BURMAN: So --?

MR. INSOGNA: So, we'll look at that, when we get those filings.

COMMISSIONER BURMAN: Okay. So, just so you know, I would anticipate the 60 days is not the -- that's -- it's a lot for utilities to have to do, within 60 days and to the extent that there needs to be a thoughtful, robust implementation plan that is focused on making sure that the potential customers and the developers that may want to take advantage of this, have a -- have a good opportunity.

I -- I am just pausing at this with -- within 30 -- six -- excuse me. Within 60 days because I -- I think it's -- it's a real tight timeframe for a lot and my concern is with CDG and with low-income, again, we have been very clunky in the addressing of these issues and from the beginning, back in 2014 to now, we can point to numerous different actions that have tried to address it and made significant changes, you know, including the membership number and -- and all of that.

And also, when we initially did it, we focused on a 20 percent incentive for low-income and it produced no takers and then we had to do another re-evaluation of what some of those barriers were, which is what we're going to. So, we're in a path forward, we're trying to address those issues in -- I think, in a positive way.

Again, keeping in mind that on top of that layer, has to be what some of the impacts are, to the reliability and resiliency of the grid, but also a step back, to say what are we doing and are we actually addressing some of these barriers and actually helping in this program being successful and being one that's a good one for the -- the customers.

As to the -- the -- the income eligibility and giving NYSERDA six months to file a proposal to allow community DG developers to access an income-verification system, I think we're being very generous in that six months. NYSERDA already has an income-verification program and others. I would not expect this to take that long and so, I'm mindful of the fact that we're being generous in giving them six months.

I also would say that there continues to be and it concerns me and I've spoken about this, pretty much every winter season and now I'll speak here now, as we addressing it, to the extent that we as sister agencies, continue to have challenges in collaborating and coordinating and in particular, working with OTADA, I think we need to take a good look at how we can help break down those beurocratic silos because it seems to me that we've been talking and there are numerous orders where we have said we would expect this agency to work with that agency and I just, in my mind, we should -- we should be figuring out this -- that collaboration in a more-thoughtful way and in trying to break down whatever silos, or resources are not there, that need us to get those things done and you know, as to this subset of consumers, it's an important one and it's a vulnerable population and so, we need to make sure that we're doing all we can to make that happen. So, I hope within those six months, that that's also part of the larger goal, in addressing.

And then as to the loss-reserve program for community DG, serving low-income subscribers, I am happy to see that there is now a -- a -- a focus in here, in NYSERDA filing a report with us, on the status of that program. It doesn't go as far as I would like. I would rather the report be filed with SAPA’d and brought to the Commission for action.

However, I can't have everything my way, so I get that. That's a joke.

CHAIRMAN RHODES: I have to maintain a somber meeting.

COMMISSIONER BURMAN: Yes.

So, when I look at it though, I -- I think that the loan-loss reserve and it's one that can be successful. However, I will just pause. We need to be very careful as a governmental agency -- governmental entity, getting involved in loan-loss reserve and what that means.

The risk is on the ratepayer and so, we need to have a real understanding of that risk and a real understanding of what dollars are being dedicated to that and make sure that there is proper accountability and that we're also not winding up creating a problem in a competitive way, with potentially outside banks that should be involved in the loan-loss reserve and -- and we're getting involved in potentially something that I think can be tricky.

One of the struggles that I have the New York Green Bank, in particular, since this is something that's being looked at for the Green Bank, is I am not quite sure exactly if they have the right resources to address it from a low-income perspective and looking at it as this applies to that. To the extent that we can point to other loss-reserve type -- when I say type, that's a -- type programs in the Green Bank. It's not an apples to apples comparison. The 500 thousand that is in there, that's the loan-loss reserve, or can be deemed loan-loss reserve, really came from actually, initially, it was the federal money that went in to the green jobs program and then was transferred over to the Green Bank. So, it's not as if we have that to say, okay, well they got it up and running and -- and -- and made it work and now they're taking it and applying it to the low-income.

And -- and so, to the extent that we need to make sure, during this time period and this report, that this report is really helpful and transparent to all.

Not just to the Commission, but to all interested stakeholders and we are open to looking at it and deciding if it -- it is the right fit.

So, I just want to be sort of cognizant of the fact of my concern and how that leads in to, across the board, looking at all the different dollars and funding that are being utilized. And again, reminding ourselves that it's the ratepayers and it's the risk to the ratepayers and so, we have to be cognizant of that and -- and get it right. We don’t have the luxury to get it wrong.

So, with that, I am going to vote for this item. I am somewhat concerned in some of the challenges and making sure that we are laser focused on trying to work with folks, the developers in particular, from the success of it and wanting them to participate. But then also, it's all about, for me, is this actually benefiting the customers and is it also being done in a way that is protecting the reliability and resiliency of the grid, too.

So, thank you.

MR. INSOGNA: Thanks.

CHAIRMAN RHODES: Thank you very much.

Commissioner Alesi?

COMMISSIONER ALESI: Thank you, Mr. Chairman.

My personal view is the equality. It isn't offered to everybody in every different way, then there isn't any equality.

So, this hard work and deep thought that went in to this process goes a long way to removing barriers to equality and in other area of how we live. So naturally, I'm going to fully support it.

CHAIRMAN RHODES: Thank you very much.

With that, I will proceed to call for a vote.

My vote is in favor of this item, as discussed, to adopt the low-income community-distributed generation initiatives.

Commission -- excuse me. Commissioner Sayre, how do you vote?

COMMISSIONER SAYRE: Aye.

CHAIRMAN RHODES: Commissioner Burman, how do you vote?

COMMISSIONER BURMAN: I concur.

CHAIRMAN RHODES: Thank you.

Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: Aye.

CHAIRMAN RHODES: The item is approved and recommendations are adopted.

We will now proceed to the fourth and final item for discussion, item 302, case 18-E-0071, which is in the matter of off-shore wind energy, presented by David Drexler, Managing Attorney. Rudy -- Rudy Stegemoeller, Special Assistant for Energy Policy and Tom Rienzo, Chief of Clean Energy Programs, are available for questions.

CHAIRMAN RHODES: David, please begin.

MR. DREXLER: Great. Thank you.

Good morning, Chair and Commissioners.

Item 302 proposes to adopt an off-shore wind standard, to assist in meeting the Commission's clean-energy standard goal, that 50 percent of New York's electricity needs will be supplied by renewable generation resources, in 2030. Specifically, the order adopts a supplementary goal that these generation resources would include the output of 2,400 megawatts of new, off-shore wind facilities.

The order establishes the parameters for a phase-one procurement in 2018 and 2019, for off-shore wind renewable energy credits, or ORECs associated with approximately 800 megawatts of off-shore wind resources. In practical terms, this item would jumpstart the off-shore wind industry in New York, in order to in -- secure the benefits of such an industry in our state. It would also accelerate the sharp decline in prices that comes, as the market develops, while taking advantage of significant and currently available federal tax incentives.

As background, the Commission recognized the substantial potential for off-shore wind, as part of its order adopting the clean-energy standard. However, the Commission requested that the New York State Energy Resource and Development Authority, or NYSERDA, perform a study to identify the appropriate mechanisms to achieve this potential and to make recommendations to the Commission.

On January 29th, 2018, NYSERDA released the New York State off-shore wind master plan, which reflects extensive public outreach with stakeholders, such as commercial and in -- recreational fisherman, consumer advocates, elected officials, labor and business leaders, Long Island and New York City communities, nongovernmental organizations, the off-shore wind energy industry and state and federal agencies. The master plan presents a comprehensive road map, to encourage the development of 2,400 megawatts of off-shore wind, by 2030 and is supported by 20 studies, regarding a variety of environmental, social, economic, regulatory and infrastructure-related matters.

As part of the plan, NYSERDA valuated the study area of approximately 16,746 square miles, that covers a roughly square-shaped area, paralleling the coast of Long Island on the north and the continental shelf on the south east. This area is regulated by the Federal Bureau of Ocean Energy Management, or BOEM, which has entered in to six lease agreements for wind development in areas along the Atlantic Coast between New Jersey and New England.

The master plan is supported by NYSERDA's off-shore wind policy options paper, which was filed with the Commission for consideration. The options paper indicates that off-shore wind is projected to provide numerous benefits, in addition to playing a significant role in contributing toward achieving the clean-energy standard targets and reducing green-house emissions.

For example, because of its proximity and direct access to load centers, off-shore wind would provide substantial reliability and diversity benefits to the electric system. Off-shore wind also has the potential to create thousands of jobs for New Yorkers, both in construction of the facilities and in the operation and maintenance of the completed projects. Moreover, significant public-health benefits could be achieved by displacing fossil-fire generation in the downstate area.

Recognizing a significant decline in cost trend, for off-shore wind in Europe and other regions, where it has been deployed, the options paper recommends two phases for off-shore wind development. The first phase would jumpstart New York's off-shore wind industry by procuring, in 2018 and 2019, the environmental attributes associated with approximately 800 megawatts of off-shore wind. The remainder of the off-shore wind would be procured in future years, as the domestic off-shore wind industry matures and the expected price declines materialize.

The Commission saw comments on the options paper and related issues from interested entities and received a diverse range of views from 42 organizations and numerous individuals. In general, there is widespread support for an off-shore wind procurement requirement in the size and timeframe proposed in the options paper.

Various parties agree that a jumpstart of the off-shore wind industry need for cost-effective fulfillment of the state's carbon-reduction goals, generally and the clean-energy standard goals in particular. These parties also note the potential for significant economic activity in New York, associated with off-shore wind.

Concerns with respect to an off-shore wind procurement were raised, with respect to its potential effect on fisheries, the potential for increased electricity prices and the initiative's potential impact on competitive markets. These concerns are addressed in the draft order.

As laid out in the order before you, there are compelling reasons for adopting an off-shore wind standard and authorizing a phase-one procurement at this time. Achieving the state's ambitious carbon-reduction goals, will require the deployment of various resources and off-shore wind has the potential to provide a significant contribution toward that objective.

It has been estimated that the deployment of 2,400 megawatts of off-shore wind would account for approximately one-third of the state's carbon-reduction goals, sought through the clean-energy standard by the 50 by '30 goal.

Furthermore, off-shore wind addresses the transmission and siting constraints that would otherwise inhibit the development of renewable power in the downstate area and has a higher capacity factor, than other weather-variable renewable sources of generation. It is particularly well-suited for the Atlantic Coast, from siting and operations to system efficiency and potential output. Clean power delivered in to New York will also have the effect of displacing fossil-fuel generation and reducing air contaminants.

In continuity with the clean-energy standard, NYSERDA would serve as the procurement agent for ORECs. However, NYSERDA would coordinate with -- its procurement, with the New York Power Authority and the Long Island Power Authority.

In the initial phase, ORECs associated with the output of approximately 800 megawatts would be procured over a two-year period, with the first solicitation issued in the fourth quarter of 2018. This schedule would allow developers to take advantage of the investment-tax credit, prior to its expiration. The cost of the ORECs that are procured as part of phase one, would be recovered from each load-serving entity, or LSE, throughout the state, based on the LSE's proportional share of retail load served.

NYSERDA estimates the tap -- typical bill impacts, associated with a 400 hundred megawatt OREC procurement would be between 0.11 percent and 0.41 percent, in 2024, for the first year of operation. Using the index-procurement option, recommended in the order as a reference, the incremental bill impact, associated with an 800 megawatt OREC procurement would be a -- would be approximately 0.18 percent in 2025. This equates to less than 76 cents per month, for a typical residential customer.

As detailed in the order, the procurement method would involve a hybrid approach, whereby NYSERDA would solicit two separate bids, from each participating bidder. One bid would be a -- for a fixed-price OREC, while the other bid would be based on a variable OREC, tied to an index. The two bids would be weighted, using a formula that is clearly articulated in the solicitation.

In order to contain costs, a price benchmark, commonly referred to as an upset price would be used in the bid evaluation process. This approach is similar to the method used, in the renewable-energy standard, tier one procurements. NYSERDA would presumptively reject any bid higher than the confidential benchmark price and would, at all times, have authority to reject any and all bids, taking in to account, not only the benchmark-upset price, but also recent auctions and market conditions.

In evaluating the bids, NYSERDA would apply a relative weight of 70 -- 70 percent to price, 10 percent to economic benefits and ten percent to project viability. NYSERDA would have discretion in fixing specific contract terms, which would apply for not less than 20 years, no more than 25 years.

With respect to the concerns raised by the fishing industry, the final generic environmental-impact statement notes that the construction and operation of 2,400 hundred megawatts of -- of wind energy, in areas off-shore of New York, would restrict or effect fishing, within only 3 percent of the area, leaving large areas available without conflicts for fishing.

Regarding visual impacts, maintaining a minimum distance from shore is critically important for the public acceptance of this program, as well as maintaining the economic and societal value of on-shore locations, including public, recreational spaces.

Therefore, NYSERDA would include a set-back requirement, taking in to consideration that a 20-mile set back, from any coastal position, would eliminate visual impacts, under most daylight conditions.

Finally, the draft order would require that eligible developers have a lease from BOEM and can ensure delivery of their energy, in to the New York control region. While developers will ultimately be responsible for providing the generation and transmission facilities necessary, to ensure that renewable energy is delivered to New York, developers may partner with independent transmission projects, as appropriate.

With respect to phase two, Department of Public Service staff and NYSERDA will convene a technical conference by September 2018, to explore the optimal configurations for cost-effective transmission of large-scale off-shore wind development and the various options for ownership and planning processes.

This concludes staff's presentation for item 302. Rudy Stegemoeller, Tom Rienzo and I are available to answer any questions that you may have.

CHAIRMAN RHODES: Thank you very much, David.

It's been our state's policy and in my view, an extremely right, correct policy, to invest in the state, in resources, when and is -- when and as they become viable and valuable and generally, ready for primetime. But this standard, off-shore wind is a compelling and timely resource, based on considerations of economics as you've described, the scale and quantity that's available as you've described, the quality of the resource and the location, as you've re -- as you've described.

The phased and recommended path is -- seems intelligently structured for this opportunity and for dealing with the well-recognized stakeholder concerns. And it's intelligently -- it's aligned with the CES

And the immediate phase of procuring approximately 800 megawatts, as described is smart -- is a smart and important investment in our energy future, as well as a great boost, more broadly, to our clean-energy economy.

I am evidently going to support this item.

Commissioner Sayre?

COMMISSIONER SAYRE: I support this item for three reasons.

First, in my view, we need off-shore wind, if we're going to achieve our clean-energy goals. It's as simple as that.

Secondly, based on the information that was summarized in the presentation and is also in the draft order, the incremental costs to ratepayers in the short run, is likely to be relatively minimal.

Third, in the long run, the benefits to the state, are likely to be enormous. It's far in excess of the incremental costs of setting up, of jumpstarting this industry, in New York State. In particular, the economic benefits to the state, can be very large indeed, in terms of increased economic activity and jobs.

Off-shore wind is a success in Europe and it can be a success in New York. We're in a race right now, with our fellow states along the eastern seaboard, to get the staging and fabrication facilities for this new industry, built in our state. Of course, they want it in their state.

I think it would be appropriate for us to get moving quickly and win this one for New York.

CHAIRMAN RHODES: Thank you.

Commissioner Burman?

COMMISSIONER BURMAN: So, I understand that folks have been focused on the fact that we're in a race, but as someone who's really been focused on looking at both the short-term and the long-term implications, I have to take a step back because it seems like one of the threshold issues is is it right for us to try to be first and what is the implications for that.

So, for me, this item, I have many -- many questions on. I am much in concerns, both positive and negative and I don’t think it fits squarely in the overall scheme. So for me, I want to take a pause, so that we're ready for and have the tools and resources we need, to really do what's right for our state, but for all of us, out -- even outside of our state and really think about it.

Is it so bad if we don’t win and we actually win by working in collaboration with others?

Is it necessary for us to have to be, you know, what some would see as top dog?

Is it about the state, or is it about the development of a program, where people can participate and have economic benefit and looking at it from a core, holistic approach?

And then it isn't just the off-shore wind. There are many other aspects that come with that. And so, for many ways, I want to make sure that we're keeping in mind, the overall picture.

This is related to, in many way matched up with, or springboard from the clean-energy standard. And we did that, in August of 2016, it was -- August 1st, 2016, actually, we all recognized the Commission at that time and spoke on the record, all of the Commissioners, about the need for fuel diversity and the need to look at this as a whole and how it works. And to the extent that we are challenged with some -- the newness of it, the legalities around that and working through that, we have to be mindful now when we do an add-on to that and have now, a new thing. In this case, ORECs.

So, it's important for me to take a pause and look back. I went back to the transcript, in August of 2016, listened carefully. All of us spoke specifically about fuel diversity. The majority of us spoke about natural gas also being a part of that, transmission being a part of that, nuclear and renewables and the integration of that.

We also talked about the state resource planning that was supposed to be undertaken and looked at, the state-resource plan and how that would integrate and the real need to make sure that we had proper systems planning.

It's not lost on me that we're doing this in July and that from my perspective, in July, I'm always reminded of the blackout of 1977 and the systems planning that happened after that and working through it and the need for a wide variety of resources and tools and looking at that.

So, I am somewhat concerned that we are going full-steam ahead, without also -- and because we want to win the race, without also looking and saying are we -- are we carefully evaluating and carefully looking at it and carefully asking some of the hard questions, in terms of the drill down in costs and that. I know that recently, there was an announcement of the consortiums that D.O.E. gave -- and this is from public information, 18.5 million dollars for a consortium on R and D and with that came an -- a obligation for the state to match that and that comes from the clean-energy fund. And that is really -- that's R and D, that's focused on trying to reduce the cost of technology for off-shore wind.

The -- the -- and that -- that's -- that's a good thing, looking at how we can marshal our resources, whether or not you agree on what the right share is for the state, the fact that there's a look at a consortium and a -- and a wide variety of folks, engaged in looking at reducing those costs and the R and D around that and the support between the Feds and the state and the collaboration that's there. The opportunity for that collaboration is there and the wide group of stakeholders that are coming together, to address that issue.

But those resources being spent, won't be seen and the -- the benefits of that, won't be seen until a few years out. So, that means whatever we do on this first phase, to jumpstart the market, won't necessarily have -- be aligned with the opportunity for reduced costs to that technology that may be there.

So, it's the first adopters and to the extent that the state and the government is also involved in being a part of that from a fiscal perspective, we may actually be spending more money than if we took a pause and waited, to some of the realization that's hoped for, from that consortium, comes to light.

One of the things that is important to me, is that we also make sure, when we are looking at that and issuing -- when -- when NYSERDA or LIPA and NYPA issue their procurements, that they are carefully and properly evaluating the need to incorporate that potential drawdown for other new technologies and reduced costs, so that we're not locking ourselves in to a -- a procurement that may not have the benefit of that reduced cost and we actually wind up paying more and that comes to the ratepayers who wind up paying more.

So, I -- I am sensitive to that issue. There is wording in this order, that talks about the fact that NYSERDA can reject any bids that come in. It doesn't have to accept -- and so, I would think that that would be utilized -- or I am encouraging, since it's not expressed, that that is utilized and also being thoughtful about this part of it. And before it goes out, also have some thought and language in terms of addressing those issues, so that the -- the fiscal responsibilities there, if we end up locking ourselves in, there is an opportunity for those to be backed out, in some fashion.

So, I just want to make sure that we carefully think about that and what the proper mix is, without causing ourselves to say we spent more if we had just waited to the second phase, it would've -- we would've been better and the first adopters would have been better suited.

So, then we get to the legal authority and there's wording in the order, that says that we have clear legal authority and cites to a number of generic sections of the law, the Public Service Law, the New York Energy Law. And I do think that we do have authority. I do think that we have -- but I'm not so sure that we could say it's clear. Why do I take a pause with that? Why is that important?

Because we do need to recognize that this is a jurisdictional creep in many ways. We are looking at a new program and I don’t think we should be so cavalier about the fact that we can do it because and cite to the general provisions of that, without taking sort of a careful deep dive in to what is the overall goal and how does it fit in the scheme of things.

So, for me, to the extent that many times, since I've been here since the state-energy plan -- the 2015 state-energy plan has been adopted, it's been cited as the rational for numerous things that we do and that's appropriate. The 2015 state-energy plan is something that we should look at and have as guidance and there's energy law that speaks of the agencies and in particular the Commission utilizing that and appropriately setting forth its programs and policies and decision making, based on that.

But for me, the thing that weighs on me is the actual specifics of what gave us the law to adopt that 2015 state-energy plan. And I just really want to remind folks that the law is pretty robust in what the state-energy plan must incorporate, what the state-energy plan is supposed to do.

And in fact, if you go to the law that is the underpinning of this specific legislation, that's the underpinning for the 2015 state-energy plan, we need to be mindful that the energy plan is to be done every four years. In the 2015 case, it was two years late. So, if we go with the four years, starting with the late date, that means 2019.

But the State Energy Law, it's an energy plan that's devoted to it, 6-104, for the Energy Law, also goes in to the need for, every two years, to have a bi-annual report. It also gives flexibility if you want to do a state-energy plan more than every four years, you can do that and I don’t think that's happening, but just -- just saying.

But what I have found interesting to me, is that what's -- what isn't really sort of focused on, is all of the different things in the actual legislation that's in there, that the state-energy plan is supposed to incorporate and it goes beyond just the renewable piece. So, what gets cited a lot, is the renewable factor.

But actually, it isn't about now taking that and then modifying what we're doing, to be in compliance with the state-energy plan and the state-energy plan can be whatever we want it to be. In actuality, the specifics of the law talk very much in -- in a, you know, about fuel diversity in particular and about reliability and resiliency. It talks about looking at the projections of and forecasting for electric demand, gas demand, supply, making sure we have adequate resources, looking at transmission, looking at customers, what's the appropriate amount that utilities have. Very specific, very detailed, very technically important to the reliability and resiliency of our energy.

And it sets forth, for me, the bigger framework that we need to keep in mind and something that I think is really important.

Now, I think in many ways, what -- what I -- I am concerned about, is that because we are not geared up right now, for a robust and a -- a -- a -- energy plan and engagement on that because also, this Energy Law talks about the resources that are needed, not just the fiscal resources, but the resources that are needed for this detailed analysis and engaging with that.

We're actually not doing a service to the consumer, if we're not focused on what we need to do to meet that. But we're also not following the law, which requires detailed analysis and so, we need to be mindful of looking at that and having again, systems planning, so that we are carefully weighing it and looking at what we can do.

Now, to the extent that when I look to the ISO, they're the ones who are the technical resources for the State Energy Planning Board. And the ISO is trying to engage in numerous different things, for the systems planning and all the different state entities are also -- and -- and stakeholders, have an opportunity to work with them.

Most recently, in the public list of the ISO's work, they're looking at the -- enhancing fuels and security and it talks in their plan, the study for 2019 projects, enhancing fuel and energy security, it's to examine fuel and energy security for the bulk-power system over a ten-year horizon, in order to assess potential grid-resilience concerns. The ISO appreciates stakeholder concerns related to a wide-range of potential grid-resilience risk, including extreme weather scenarios and climate-change impacts.

It's incorporating the old with the new. It's making an -- a focus on, we do -- are looking at our grid. We are looking at this and we are looking at what we can do with our impact.

ISO's concerned future changes to New York's fuel-supply mix, as well as the expected increased demands for natural gas, may challenge the ability to meet electric-system demands, under certain stress-system conditions, such as a prolonged cold-weather event and/or natural-gas supply transportation disruptions. The study would also report on similar fuel and energy security studies and initiatives underway, but other ISOs and RTOs.

Important reminder, it's not just about New York. It's about looking at what it is outside of New York and working in that collaborative way. And depending on the results of the study, the ISO would facilitate the subsequent development of recommendations for potential operational and/or capacity in energy-market enhancements, necessary to achieve desired improvements in grid resiliency, as related to fuel and energy security.

So, I see that as pretty important in part of trying to map out some of the system planning, system resources, how it might fit with off-shore wind, what the connection is, how it fits with transmission. So, I share that with you, not as a nay-sayer, but really as someone who's focused on -- it -- we can't be continually talking in silo'd treatment of our energy, so that when we are talking, we are focused on how it also is working in alignment with and trying to collaborate and work through those challenges.

So for me, the -- the authority to do this, is with a recognition that it is not then just go away, but actually, all the other things need to be worked through and properly aligned with and to have that right system planning to focus on that. So, one of the challenges that we have is how do we do that properly.

I'm not sure that jumpstarting this market in doing this for 2018 and jumping in is the right thing. But I also could be wrong and so it's important for us to not be handicapped in just taking a seat back. So, we need to be able to work through that.

One of the challenges and the reasons a given for jumpstarting it, not only from an economic-development perspective, but also is because of the federal-tax credit and the fear that the ITC will go away in the 2019. I remind folks that that was the same rational used for the solar-tax credit and the need for us to jumpstart that, back in 2013, 2014. And that -- after much advocacy, didn't go away.

And to the extent that we haven't then come back and made sort of careful analysis on some of our focus and what that may mean, I just pause because we don’t know what's going to happen with the 2019 ITC Maybe it does go away, maybe it doesn't. But there was a recognition again, that a lot of times there are things in -- and credits, or enhancements, or incentives, that are supposed to have a natural shelf life and so we also need to look at that.

So, we also need to remind ourselves that while we have the fear of that going away, it may not. But it also may mean that we need to look at what that means. And again, is it the worst thing, if we have from this consortium, some lowered-cost technology.

And also, as first adopters, we're going to make some mistakes. So, it might not necessarily, you know, it's not unnecessariness for us to be doing it right at the get-go, but we do need to work together.

Now, we get to the NYPA, LIPA conundrum. I am concerned about us and the uncertainty that I see and the ambiguity, in exactly what we're directing, not directing, what we're saying we hope NYPA and LIPA does.

Now, as a threshold matter, it is not lost on me that every time that we do something, as it relates to REV, in this case, off-shore wind, NYPA and LIPA and clean-energy standard, NYPA and LIPA have adopted what we've recommended. In fact, the LIPA Board had publicly stated, at one point, that they looked to the REV initiatives and that they intended to, for the most part, incorporate in to their planning and then adopt.

So, that to me, is -- is a conundrum because we don’t necessarily have oversight over NYPA and LIPA. We also don’t know what they're going to do outside of that, that they see as alignment, I may see differently, as it relates to what we're doing.

And I also think that there's some confusion. We're giving LIPA and NYPA more choices than we are NYSERDA. LIPA and NYPA may even be able to a part of the NYSERDA procurement and then do their other.

In some ways, it may be unfair. But also, as it gets back to, for me, why do we need them to be also able to their own procurements. Why can't it -- if we're doing it through NYSERDA and we're part -- we're working together, why do we need to give them this other thing?

Not only is -- in my mind, is it maybe causing more overhead from an administrative perspective. It may be rather clunky and confusing because you're going to have -- people have to spend more time in figuring out all the different scenarios and the different players.

And I just pause, in that I don’t think that this is necessarily the best approach and I would rather see NYPA and LIPA, from the get-go, have to tell us what they tend to do and be part of the decision making, from when we're looking at and adopting the next phase.

We saw that clunkiness in CES and the confusion that caused in NYPA putting out a procurement and NYSERDA putting out a procurement and I would like to see that we have more -- less clunkiness and more thoughtfulness. And also, to the extent that -- from an oversight perspective, it's -- concerns me because I'm not necessarily -- the Commission is not necessarily having a handle on all that goes on with that because it's separate and apart from us.

So, I raise that because I think it's concerning. I also believe, which is different and from probably the majority view, that if LIPA and NYPA decide to be a part of a state program, that is part of the Commission in looking at it, we do have oversight, more so than we did and that there is an opportunity for us to weigh in more, not just through DPS, but through the Commission itself.

And I think that that is important because it is going to the overall objective of looking at the roll-out of coordination of state-energy objectives and plans and is something that they should welcome. They have the ability to say yes, we -- we are coming voluntarily and being a part of this oversight and I think that that is something that they should very much consider because I think it gets rid of a lot of the mystery and confusion that sometimes abounds and working in collaboration and more resources, frankly, with -- and more engagement with the NYPA and the -- the LIPA Board may actually be beneficial to all of us and -- and help us.

The working groups, what's the -- in -- what is the envisionment of how that works, in terms of the oversight? You know, as -- as my concern, the order speaks to having technical working groups and working through things, but it's through NYSERDA and not DPS

MR. DREXLER: Right.

COMMISSIONER BURMAN: Why is it through NYSERDA and not DPS? What's the -- what's the rational with that?

MR. STEGEMOELLER: You want me to address that, or --?

MR. DREXLER: Go ahead.

MR. STEGEMOELLER: Well, it's -- it's part of NYSERDA's overall administration of the program.

COMMISSIONER BURMAN: So, how does it come then, for us, for the oversight of the administration, in terms of under the umbrella of the Commission? How does that work?

MR. DREXLER: Well, they used to -- they --

MR. STEGEMOELLER: You want me to go?

MR. DREXLER: -- used to work --

MR. STEGEMOELLER: I mean, staff will -- staff will participate in the, you know, in the -- in the working groups and they'll back to the Commission in -- in the form of phase-two proposals.

COMMISSIONER BURMAN: Okay. I just have pause because I am particularly concerned that when -- some working groups are very good, helpful. And then others, whether it's a working group, or a council, or others, wind up needing some more oversight and handholding.

CHAIRMAN RHODES: Uh-huh.

COMMISSIONER BURMAN: And to the extent that we are, in this order, allowing working groups, I'm mindful that we have done that with the advisory council and a lot of different working groups happened and then a lot of actions happened, sort of -- that maybe was a lot of work that was not necessarily, while it may be good, it became sort of a massive amount of work that never really got flushed out from over the Commission and it actually delved in to, in many of these advisory-council working groups, which we've addressed. We've cleaned that up.

MR. STEGEMOELLER: Uh-huh.

COMMISSIONER BURMAN: That it wound up morphing in to addressing much more than was sort of the -- the -- the clear intent from the order itself.

MR. STEGEMOELLER: Yeah.

And NYSERDA will issue a report to the

Commission, following the -- the first round of -- of contract awards and --

COMMISSIONER BURMAN: Okay.

MR. STEGEMOELLER: -- and the -- the status of working groups, ought to be included in that report. And the Commission obviously, is always available in -- in -- as a -- as a resource. If someone wants to bring a petition, there's -- there's no specific Commission action contemplated here for -- as a follow-up on the working groups, other than phase two.

COMMISSIONER BURMAN: Okay. All right. Thank you. That's helpful.

I do think that one of the overall objections to this is about costs and the upward rate pressure that ensues. And for me, I do think that the overall issue and it's not just in off-shore wind, but it happens to be across the board, that we do need to be very cognizant that this is a legitimate concern. That the upward rate pressure of costs, is something that we are challenged with and if we continue on the current trajectory, it is unsustainable and will be significant.

And therefore, we need to really look across the board at what we're doing. I think here, a lot of the -

- the ORECs don’t start, so we have time, allegedly.

My cause -- my pause for concern is that we need to get back to that system planning and look at it overall, as it matches up, We've seen in -- in the ZECs, where we've had some concerns with ZEC payments. We have an item on here, what, you know, figuring out what that means from a customer perspective. But we also see it in terms of some of our forecasting and needing to realign with that.

So, to the extent that we have some criticism from opponents, to what we're doing, I don’t think they're opposed to trying to make things work from a state-energy system planning. They have legitimate concerns to say that we may not be fully and carefully evaluating the true costs and the true need to -- to get a handle on that now.

I know that there's been -- outside of here, that there's been, in particular, for example, the village of Rockville Centre and the reason I raise it is because one of the parties is the Sustainability Institute at Molloy, which happens to be in Rockville Center and also happens to be my alma mater. But one of the things that I -- reason I raise it, is because they're latest filing, from the village of Rockville

Centre, that they have on the computations of their fuel clauses and -- and then looking at the costs for May of 2018, factoring in the RECs and the ZECs and the ISO ICAP and ISO charges, ISO energy, NYPA and then fuel used in generation, is startling and also for me, is -- and again, this is publicly filed, but it also explains some of their concerns that they have and their criticisms of what they're doing. And the Sustainability Institute in Molloy, also raises concerns on costs, as well as other entities.

So, for me, it's about trying to make those connections in what's going on and how that works. And also, because it's in, you know, LIPA's footprint, Long Island, knowing that some of these issues, as it relates, especially if LIPA does a procurement down there, may be outside of my oversight and -- and reach. And that's why I have some concern.

I may be wrong in that, but I raise it only because I think it's important for us to have some thoughtful conversation on all of that and look at now, how does this fold in.

Off-shore wind cannot be done, without other fuels, transmission, etcetera. I'm also mindful of the fact that some folks, nationally, who are interested in off-shore wind, also sees that they want to have a diverse portfolio. GE in particular, had public announcement about their support of off-shore wind, as well as gas and others have talked about it, too.

And we have challenges. It's not lost on me that we will have to go through, not just the Commission on certain things, but the Article 10 Board and the factors that go in to the need for community engagement and others.

And all of these things will put concerns and pressures and other things there, that may stymie some of what we're trying to do and we can't, as we saw with on-shore -- or as we see with on-shore wind, it's not necessarily, you know, without its challenges. And you know, and especially in the off-shore case, if it's in the Long Island footprint, the fisherman, you know, and their concerns, it's very real and very important to -- to look at and to take in to consideration, in a real way. You know, growing up on Long Island, that was a -- that -- I know the vibrancy of that community for -- and the need for addressing that issue.

So next, we come to -- excuse me. The issues with the fact that we have in here, also allowed for TLA and/or prevailing wage and procurements.

The -- this will be the first time that the Commission does that. It's not the first time that it's been addressed. NYSERDA on its own, had, in the last procurement, 18, I believe, prevailing-wage provisions in there.

My concern is that -- there are parties who have expressed concern with the upward pressure of cost on that. But more so, is that I'm not sure that while we may have, under some general provisions, a jurisdictional authority and I say may, I'm not sure that it's wise for us to have, in many ways, usurped the legislative process, to decide on that aspect of it.

But I'm also concerned, even if we allow it here and again, it doesn't mean it has to be, what that means in terms of the forward trajection, as it applies to whether or not we then will ask utilities, outside of off-shore wind, to have prevailing wages and PLAs. And that's not in our wheelhouse and we need more thoughtful conversation on that issue. And there has been legislation that has been -- dealt with that. Some was passed, some was not and dealt with those issues.

But to the extent, that again, we need to have a more thoughtful and -- idea, of what it means and what the benefits and the negatives are, to that. I think it's important.

And so, I am particularly troubled by that, not because I -- I disagree if this ultimately is, but that it is something that I think is -- requires more thoughtfulness and more proper alignment of our jurisdictional reach, that I think we may have crossed. And so, I -- I -- I take that seriously.

To the extent that we do have, in the order, some parameters about taking in to consideration that as they move forward in the procurement, I think that's helpful. To the extent that we also recognize that we should be looking at that, I think it's helpful.

The pieces, also troubling, is there was this week, a petition for addressing the carbon-pricing issue, with Multiple Intervenors and from IPNY. I'm not troubled by the petition. I actually think it raises a legitimate issue, flushes it out a little more, to what was in the papers.

What's interesting to me, is that the two parties came together and thought it was important enough to do as a petition. It goes beyond the off-shore wind. It's also in other -- other -- referencing other cases.

But it is something that we need to take in to consideration. Where are we? What does it mean? In many ways, we are saying well, that's an ISO issue, so we'll wait for them to do their -- their careful analysis.

Again, going back to how it all relates and what that means, are we, in a sense, by not addressing it, potentially handicapping it, with another barrier? Something for us to consider, in our sort of resource planning and looking at it and also, looking at it from the focus on reducing emissions and also, the focus on how does this work from a -- a alignment with other incentives and other subsidies. So, I think that's important for us to consider.

Where I come from overall, is that despite my concerns and reservations on some of these issues and my -- the challenges, I do think we have opportunities that we need to look forward to. We need to work together.

I am cognizant that energy regulation is continual process and to do it right, we must strive to work together. For me, this is not a silo'd process and this -- aspects in here, need to be carefully aligned with our other energy goals.

If we take to heart the comments that were said at session, August 1st, 2016, there was a recognition again, the fuel diversity was important and that we needed to work together in system's planning and -- and resiliency and reliability was important. And we need to make sure that we are doing what's needed, from an energy-planning perspective and that we're not necessarily following the shiny object, to -- because we're focused on being the winners, but we're actually being thoughtful, in doing what we need to do from economic energy regulators and looking at all of the mix and making sure we're attending to all of it, short term and long term.

And the most key thing for me, is the customer and we need to get a handle on those costs. And we need to make sure that we are carefully working together and collaborating, so that things that we're doing, actually wind up coming in to fruition and that we are helping to create markets, incentivize markets, but not tear down markets and not stifle markets and the competitive market is important and I think that we need to work through those challenges and look at that.

And I would hope that people are focused on the overall goal of being mindful of the importance of fuel diversity and collaborating together in a positive way because I don’t think it's helpful to continue in trying to silo one group from another and picking some as good and some as evil. And that is a problem.

To the extent, that again, going back to EIA's forecasting and the demands -- the energy demands that will come and to the extent that we have significant needs, that we need to address from the get-go, to make sure that we are secure and we need to do that, in a way that's thoughtful and economic and environmentally sound.

So, with that, I will be concurring, with reservation on this item and I do hope that we take pause in the overall scheme and remember that we need to get back to looking at our core objectives, of the whole system and the integration of all of that, together and working with folks, in a way that gets us to a forward path, rather than many times, seeming to be angry if someone raises legitimate concerns.

It doesn't mean because people disagree with what we're doing on a particular way, that they're against fuel diversity, or they're again renewables. They just may not think that we're doing it, necessarily in the best way and we should take thoughtful stock of that.

Okay. Thank you.

CHAIRMAN RHODES: Thank you very much.

Commissioner Alesi?

COMMISSIONER ALESI: Thank you, Mr. Chairman.

I'd have to admit that I'm one of those people that way back, initially, wasn't very fond of the idea of -- of -- of -- of wind-generated power. Living in the Finger Lakes when the first wind farm popped up, many people didn't like it. Visually, it wasn't very appealing.

But as you grow to understand, that this industry has evolved and we've learned so much from not only the way they operate, but from the sighting of these things, that things are being done much better. This is a massive-scale project, which I truly believe that we need.

You know, there's no question that we need to do this. It is proven technology, with identifiable drawbacks, but it is proven technology and so much thought and planning is going in to it, has gone in to it, that the success, I believe is predictable.

I do have some concerns down the road, when we look at the -- at the cost of energy to the consumer, that it might be impacted with this plan, as it relates to labor costs and things of that nature, in that particular market, but only time will tell on that issue.

I agree with Commissioner Sayre, that this could be a win for New York. I think more, that New York could be a world leader, if we accomplish this and accomplish it very well. Other areas, other regions can learn from us and they can install and employ their own wind-generation facilities, as well.

It is clean energy. We can't lose sight of that fact and I think we're close enough, to the point where we can get our -- at least I can, get my arms around this and want to proceed with the plan, as it's being given to us here. And hopefully, as we go forward, that we'll have other opportunities to provide clean energy for the people, not only in New York State, but worldwide.

So, I'll be voting yes.

CHAIRMAN RHODES: Thank you.

So, we'll -- I'll just make one remark before we proceed to -- to the vote, which is thank you, fellow Commissioners. Your points around -- the points you've made, are very well taken around the importance of good systems planning and around the holistic takes across resources and enactors.

We need to get the future right and we will, as it relates to phase two. And I think with phase one, we're getting the present -- or the near-term future right, but I know we take those tasks, very very seriously.

So with that, I will proceed to calling for a vote.

My own vote is in favor of the recommendation to -- to -- to adopt and establish the off-shore wind standard and framework for phase-one procurement, as discussed.

Commissioner Sayre, how do you vote?

COMMISSIONER SAYRE: Aye.

CHAIRMAN RHODES: Commissioner Burman?

COMMISSIONER BURMAN: I concur, based on my comments.

CHAIRMAN RHODES: Thank you.

Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: Aye.

CHAIRMAN RHODES: The item is approved and the recommendations are adopted.

We will now move to the consent agenda.

Do any Commissioners wish to comment on, or recuse from voting on any items on the consent agenda?

COMMISSIONER SAYRE: No.

COMMISSIONER ALESI: No.

CHAIRMAN RHODES: Commissioner Burman?

COMMISSIONER BURMAN: Thank you.

CHAIRMAN RHODES: Yes.

COMMISSIONER BURMAN: I'd like to comment on item number 364, which is the energy-storage deployment program. I'd just like to recognize that this is confirming a one Commissioner order and here, we are just voting on the draft GEIS and not on the underlying matters that will come before us.

The energy-storage roadmap, a.k.a. staff white paper, is on a separate track and will need to be SAPA-noticed for comments and I expect, in line with the Legislation PSL Section 74, and Commission precedent, will then come before the entire Commission body as a whole, for a decision.

CHAIRMAN RHODES: Thank you.

With that, I will call for a vote on the consent agenda.

My vote is in favor of the recommendations on the consent agenda.

Commissioner Sayre?

COMMISSIONER SAYRE: Aye.

CHAIRMAN RHODES: Commissioner Burman?

COMMISSIONER BURMAN: Aye.

CHAIRMAN RHODES: Commissioner Alesi?

COMMISSIONER ALESI: Aye.

CHAIRMAN RHODES: The items are approved and the recommendations are adopted.

Secretary Burgess, is there anything further to come before us today?

SECRETARY BURGESS: There is nothing further to come before you today and the next Commission meeting is on August 9th.

CHAIRMAN RHODES: Thank you very much.

With that, we are adjourned.

(The meeting adjourned.)

Monthly meeting - 7-12-2018

STATE OF NEW YORK

I, HANNAH ALLEN, do hereby certify that the foregoing was reported by me, in the cause, at the time and place, as stated in the caption hereto, at Page 1 hereof; that the foregoing typewritten transcription consisting of pages 1 through 91, is a true record of all proceedings had at the hearing.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this the 19th day of July, 2018.

HANNAH ALLEN, Reporter

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