

December 4, 2015

Subject: Public Comment from Brookfield Renewable Energy Group on the Regional Greenhouse Gas Initiative 2016 Program Review Stakeholder Discussions

Brookfield Renewable Energy Group (“Brookfield Renewable”) operates one of the largest publicly-traded, pure-play renewable power platforms globally. Its portfolio is primarily hydroelectric and totals over 7,400 megawatts of installed capacity. Diversified across 75 river systems and 14 power markets in the North America, Latin America, and Europe, the portfolio’s output is sold predominantly under long-term contracts and generates enough electricity from renewable resources to power more than three million homes on average each year. Brookfield Renewable owns and operates significant generation throughout the Regional Greenhouse Gas Initiative (RGGI) states, including 75 hydro facilities and 1 thermal facility in New York, 39 hydro facilities in Maine, 8 hydro facilities and 1 wind facility in New Hampshire, and a hydro facility in Maryland. For more information, please visit www.brookfieldrenewable.com.

Another Brookfield entity, Brookfield Energy Marketing, has participated in 12 RGGI Auctions since RGGI’s inception, including the first auction in 2008. A Brookfield entity also manages a RGGI Compliance entity, Carr Street Generating Station, L.P. in New York.

Brookfield Renewable thanks RGGI for soliciting feedback on the RGGI 2016 Program Review, especially in relation to the U.S. Environmental Protection Agency’s Clean Power Plan (CPP). While RGGI is soliciting comments on a wide range of questions, Brookfield Renewable will only respond to a subsection where our company has direct involvement.

The RGGI states are seeking stakeholder comments and feedback on using the CPP mass goals and comment on the potential advantages of different state plan pathways.

Brookfield Renewable encourages all RGGI states to use mass-based targets, both for simplicity and transparency as well as to provide maximum flexibility for the states in their compliance. A mass-based approach will provide greater opportunities for the RGGI states to recognize the value that its past investments in low- and zero-emitting generation have brought and will continue to bring to the states and to the broader region as a whole. A mass-based approach will also ensure the most robust carbon pricing that is more reflective of these contributions from existing non-emitting generation.

Much of the states’ current low- and zero-emitting renewable generation is hydroelectric, with the majority of these facilities being unrecognized under the CPP’s rate-based approach as they were constructed before 2012. Including these and other non-emitting generation, there is a significant amount of existing power mix whose contribution to avoided costs of CO₂ emissions may go under-valued in a rate-based program. Without the appropriate compensation, these existing, non-emitting resources are at risk of underinvestment in their capital plant, retirement and / or export out of the combined RGGI states. A properly designed mass-based approach, recognizing and compensating existing non-emitting generation, will enable the states to recognize the value that previous investments in low-carbon generation have brought and will continue to bring to the region.

The RGGI states are seeking stakeholder comments on the RGGI states emission goals post-2020 and pursuing additional emission reductions post-2020.

The RGGI states have long been leaders in carbon reduction, and the small emission reductions required by the CPP compared to other states is testament to the aggressive actions undertaken by the states. The CPP therefore should not be used as the basis for emission reduction post 2020, and instead Brookfield Renewable encourages an examination of the states' respective emission reduction targets and to set further emission reductions post 2020 based on those targets for continued leadership. All of the RGGI states have locked in long-term emission reduction targets, and the proven and successful emission reduction tool of RGGI should be used as the primary vehicle to achieve these commitments, currently being defined through state level policy.

These state goals include:

Connecticut:

2030: Conference of New England Governors Resolution 39-1 (2015)

2050: Connecticut General Statutes 22a-200a (enacted by HB 5600) (2008)

2030 target: 35-45% below 1990 emissions

2050 target: 80% below 2001 emissions

Delaware:

2030: Climate Framework for Delaware (2014)

2030 target: 30% below 2008 emissions

Maine:

2030: Conference of New England Governors Resolution 39-1 (2015)

Long-Term: Maine Revised Statutes chapter 3-A § 576(3) (2003)

2030 target: 35-45% below 1990 emissions

Long-Term Target: 75-80% below 2003 emissions

Maryland:

2030: Recommendation of the Maryland Commission on Climate Change (2015)

2050: Maryland Environmental Code § 2-1201 (2009)

2030 target: 40% below 2006 emissions

2050 target: Up to 90% below 2006 emissions

Massachusetts:

2030: Conference of New England Governors Resolution 39-1 (2015)

2050: Massachusetts General Legislature chapter 21N § 3(b) (2008)

2030 target: 35-45% below 1990 emissions

2050 target: 80% below 1990

New Hampshire:

2030: Conference of New England Governors Resolution 39-1 (2015)

2050: 2009 New Hampshire Climate Action Plan (2009)

2030 target: 35-45% below 1990 emissions

2050 target: 80% below 1990 emissions

New York:

2030: 2015 New York State Energy Plan (2015)

2050: Executive Order No. 24 (2009)

2030 target: 40% below 1990 emissions

2050 target: 80% below 1990 emissions

Rhode Island

2030: Conference of New England Governors Resolution 39-1 (2015)

2050: Resilient Rhode Island Act of 2014, Sec. 42-6.2-2 (2014)

2030 target: 35-45% below 1990 emissions

2050 target: 80% below 1990 emissions

Vermont

2030: Conference of New England Governors Resolution 39-1 (2015)

2050: 10 Vermont Statutes Annotated § 578 (enacted by S. 259) (2006)

2030 target: 35-45% below 1990 emissions

2050 target: 75% below 1990 emissions

It is Brookfield Renewable's recommendation that the states create interim targets toward their longer-term goals, aligned with the CPP reporting periods, using RGGI as the vehicle, to ensure they are on the pathway to meet their individual state 2050 emission reduction targets. This will ensure a viable pathway to achieving these state goals, while ensuring that it's done in the most cost-effective and efficient means possible, while building on RGGI's successes to-date.

If post-2020 a bank of CO2 allowances remains in circulation, the RGGI states are seeking stakeholder comments on how to address or adjust for that bank into the future.

The RGGI states are seeking stakeholder comments and feedback on how the Cost Containment Reserve has worked to date and the current design of the CCR.

The RGGI states are interested in hearing stakeholder comments on whether any of the CCR design elements should be reviewed and how the CCR and RGGI cap should work together when developing a CPP compliance pathway.

In order to achieve a viable pathway toward post-2020 state carbon reduction targets, RGGI should consider reducing the available CCR coupled with increased compliance tools such as those describe below; this would provide a clearer signal for next generation of carbon reductions, aligned with the current state level goals.

The RGGI states are seeking stakeholder comments and feedback on the RGGI offsets program including potential improvements, additional offset categories, acceptance of offsets allowances not generated from projects located in the RGGI states or listed on offset registries, and the continuation of the offsets program within the bounds of the CPP.

RGGI should consider expanding offset eligibility to demonstrated and verifiable unit-specific deliveries of non-emitting resources such as hydropower from RGGI and its neighboring jurisdictions in order to facilitate compliance toward interim targets described above and reductions in CCR. This would again provide more efficient compliance mechanisms for states, including potential non-emitting resources from non-RGGI jurisdictions.

Please provide comments on whether the RGGI control periods should align with the CPP interim step periods. If so, what are your suggestions for aligning with the CPP (e.g. extend the RGGI fourth control period to 2018-2021)?

While it is logical to lock the control periods into the CPP interim step periods for ease of reporting, we note again that the RGGI states have significantly more aggressive emission reduction targets than the CPP has for the states, and so while the periods should be aligned, the targets should be lined up with the state emission reduction targets instead, and provide a pathway toward achieving those targets.

The RGGI states are seeking stakeholder comments and suggestions on the possibility of increasing the size of the current RGGI market/RGGI participating states. The RGGI states are seeking comments on possible advantages and how the RGGI states could best pursue this option.

Whether RGGI chooses to increase the size of the current RGGI market, it should first ensure that its own program targets provide a viable pathway toward the legislated and policy targets defined by its current member states. Any move toward expansion should consider the potential benefit toward more efficient achievement of these combined state goals.

In addition, whether RGGI chooses to increase its size to include other states, or to instead ensure that its allowances are trade-ready on a larger scale, it is prudent for RGGI to consider how to make as much liquidity in the allowance trading market to simultaneously drive the best deals for ratepayers as well as to make the carbon market as efficient as possible.

Brookfield Renewable believes it would be prudent for RGGI to expand its membership to continue to drive on the successes to date, and also to integrate neighboring programs such as the Western Climate Initiative, with focus on harmonizing aspects of the programs (such as treatment of imports and exports of energy).

As other states consider allowance allocations, RGGI should consider how its allowances could work in a broader market. For instance, if a state does not choose to do an auction for allowances and instead allocates them to market participants – how does that allowance compare to a RGGI allowance? As questions like these will emerge in conjunction with the CPP, RGGI may want to consider more frequent Program Reviews to ensure that there are alignments between markets.

Thank you for the opportunity to provide feedback, and we would be happy to answer any follow-up questions you may have.

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/s/

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