



February 5, 2016

VIA ELECTRONIC MAIL

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**RE: Comments of the Sierra Club and Pace Energy and Climate Center
Regarding RGGI 2016 Reference Case Analysis Assumptions**

Dear Ms. Singh and Members of the RGGI Board:

Thank you for hosting another open and informative stakeholder meeting on February 2nd in Wilmington. We appreciated the presentation by ICF Consulting regarding the reference case IPM modeling and states' willingness to provide additional information about the underlying assumptions. To that end, we offer the following comments regarding the reference case modeling. We look forward to providing additional feedback regarding policy case modeling by the February 19th deadline, and potentially supplementing these reference case comments based on additional information that is subsequently provided to stakeholders.

I. Additional Information Regarding Reference Case Assumptions Will Facilitate Stakeholders' Ability to Provide Meaningful Input on the Modeling

We appreciate the efforts to date by the RGGI states both to develop a meaningful reference case and to share information regarding reference case assumptions with stakeholders. The information provided during the February 2nd stakeholder meeting enables stakeholders to derive a number of the inputs to the reference case modeling. However, other inputs cannot be determined from the information provided to date. Specifically, we encourage the RGGI states to provide additional information regarding the following inputs:

- (1) Unit-level assumptions regarding "firm" retirements and additions, especially to the extent these deviate from publicly announced retirements or additions;
- (2) State-specific assumptions regarding annual energy efficiency levels/energy savings;
- (3) State-specific annual load levels (if different from RTO projections); and
- (4) State-specific assumptions regarding any deviations from or extensions of currently formalized renewable portfolio standard requirements.

Provision of this additional information will enable stakeholders to provide more meaningful comment on the reference case modeling.

II. Inclusion of the Full Complement of Relevant Policies Will Improve the Predictive Accuracy of the Reference Case Modeling, and Provide More Meaningful Data to States About the Implications of Modeled Policy Scenarios

The truer to reality the reference case, the greater states' ability to accurately isolate the impacts of the policy scenarios it will be modeling. Omission of existing policies or unrealistic assumptions regarding technology costs or load levels can mislead regarding the cost or feasibility of selected policy scenarios. Based on the information provided to date, we highlight several policies and assumptions that we believe should be revisited in order to make the reference case modeling as true to reality as possible.

- (1) The reference case omits the recent extension of the Investment Tax Credit (ITC) and the Production Tax Credit (PTC) for renewables. These tax credits significantly impact the cost competitiveness of renewable energy compared to other resources and could affect economic additions and retirements in the IPM model. The extension of the ITC and PTC should be incorporated into the reference case modeling.
- (2) The reference case excludes New York's commitment to 50% renewable energy by 2030, initially embodied in the 2015 New York State Energy Plan¹ and more recently expanded upon in the Department of Public Service Staff White Paper on Clean Energy Standard (CES) released on January 25, 2016.² Since New York's prior numerical renewable energy goals extended only through 2015 and were substantially smaller in magnitude, exclusion of the CES dramatically under-predicts renewable generation in the reference case.
- (3) The reference case assumes that all nuclear plants receive only a single relicensing and retire after 60 years. By contrast, as noted by ICF and as noted in our prior comments, the Energy Information Administration assumes existing nuclear plants will receive a second relicensing and will operate for a lifespan of 80 years. We urge the RGGI states to switch the default (i.e., assume a second relicensing for nuclear plants), or at a minimum, include a sensitivity around this assumption to fully understand the implication that this assumption has on the model results.

In addition to the above policies, we continue to believe it is critical that assumptions regarding the cost and performance of new renewable generation incorporate the most current developments and track long-term trends. For purposes of projecting forward cost and performance trends, to the extent they have not already done so, we recommend that the RGGI states use NREL's 2015 Annual Technology Baseline (ATB) and accompanying report.³ The ATB includes detailed cost and performance data (both current and projected) for both renewable and conventional technologies and is widely accepted for the type of modeling that the RGGI states are conducting.

Thank you for your consideration.

Respectfully submitted,

¹ <http://energyplan.ny.gov/Plans/2015>.

² NY PSC Case No. 15-E-0302.

³ Available at http://www.nrel.gov/analysis/data_tech_baseline.html.



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