Horizon Wind Energy LLC

July 7, 2008

State Energy Planning Board
Comments
NYSERDA
17 Columbia Circle
Albany, New York 12203-6399

Re: Draft Scope of 2009 New York State Energy Plan

Dear Mr. DeCotis,

Horizon Wind Energy LLC ("Horizon") develops, constructs and currently operates more than 1,500 MW of wind farms throughout the United States. As co-developer and operator of the state's largest operating wind farm, the 321-MW Maple Ridge Wind Farm in Lewis County, and with nearly 1,000 MW in various stages of development in New York, Horizon is an experienced developer and operator in New York State.

Horizon respectfully submits these comments on the *Draft Scope of the 2009 New York State Energy Plan* (the "Draft Scope"), issued for public comment and dated May 30, 2008. We fully support the Executive Order on State Energy Planning and believe the work of the Board is essential to ensure New York can meet its energy needs in a manner protective of system reliability and consumer and environmental interests. After reviewing the *Draft Scope*, we were pleased to see the depth and breadth with which the document identified issues for further study as part of the planning process. We offer further comment on certain issues that we believe are critical to the successful development of the state's clean, renewable wind resources in a manner that ensures the best wind resources are developed to maximize wind energy's contribution to the state energy mix for the benefit of local upstate economies, energy users and the environment.

One general comment about the planning process is the need to understand the role and scope of the New York Independent System Operator (NYISO) in successfully meeting state energy policy goals. As operator of the grid and administrator of infrastructure planning in the state, the NYISO's own planning processes and policies must be acknowledged by and integrated into the state's policy goals. The NYISO's market rules will play an important part in achieving the state's overall energy goals. The intersection of state regulatory oversight and the market services provided by the NYISO, overseen by the Federal Energy Regulatory Commission or FERC, is clearly too large to be fully addressed as part of the energy plan, however, such plan should address –where and how the NYISO rules will intersect with and impact the realization of state energy planning processes and goals. Development of transmission infrastructure and how to pay

for it is but one crucial example that has significant implications for successfully developing the state's best clean, renewable resources.

Otherwise, Horizon believes the scope of issues to be addressed in the Energy Plan is both comprehensive and ambitious. We will attempt to focus our comments on areas critical to wind development. Of particular concern is infrastructure improvement.

New York's most substantial on-shore wind resources lie in the rural, remote regions of northern and western New York. These resources can make a significant contribution to the state's overall energy mix, further diversifying the fuels used in New York to generate electricity. Doing so has the benefit of lessening the volatility of electricity prices in the state due to unanticipated spikes or seasonal variability in costs for fossil fuels that have direct impacts on consumer bills. With access to adequate transmission, wind farms will more easily participate in wholesale markets for energy to displace more costly fossil fuel resources needed to meet demand, creating economic and environmental benefits.

Many of state's most promising wind resources were identified in the planning stages of the state's Renewable Portfolio Standard (RPS) as part of the study process to understand any reliability implications associated with significant increases in wind development. While concluding that more than 3,000 MW of wind could be integrated into the state's grid without substantial need for transmission upgrades or operational changes in the grid, the report clearly identified where transmission constraints would surface to potentially limit the viability of wind development *(The Effects of Integrating Wind Power on Transmission System Planning, Reliability and Operations, GE power Systems Energy Consulting, February 2004)*.

Without adequately addressing the issue of transmission constraints in the state's infrastructure and identifying a mechanism for investing in upgrades to this infrastructure in this energy planning process, the state risks stranding these wind resources and continuing to increasingly rely on imported fuel resources to meet its needs.

Horizon views the issue of adequately planning for and investing in transmission to be of utmost import to developing New York's significant wind resources in an economically sound, environmentally responsible, and reliable manner. The absence of adequate transmission capacity in key regions of the state will stall development in the areas previously identified as containing the state's best wind resources, driving investment toward lesser in-state wind resources or out of state entirely.

As such, we believe a significant effort should be made to comprehensively examine the need to deliver wind power to loads. This should be the primary focus of an issue brief. The cost allocation process for transmission upgrades should be included in the analysis given the current structure does not seem to be conducive to significant investments in much needed infrastructure. Progress in other jurisdictions, such as the Midwest, California, and Texas in building transmission to connect wind resources with load should be explored, best practices identified, and models for investment in upgrades developed.

Thank you for the opportunity to participate in this important energy planning process. We look forward to working with the State Energy Planning Board as you move forward with the planning process and working to build a clean energy future for New York State.

Respectfully submitted,

Gary S. Davidson
Public Affairs Manager