



GOUVERNEMENT DU QUÉBEC
QUÉBEC GOVERNMENT OFFICE

NEW YORK

THE DELEGATE GENERAL

April 28, 2011

State Energy Plan Comments
NYSERDA
17 Columbia Circle
Albany, NY 12203-6399

Dear Sir, Madam,

The government of Québec welcomes this opportunity to submit comments on the draft scope of the 2013 New York State Energy Plan (SEP). It commends the State Energy Board for its groundbreaking work on the 2009 SEP and looks forward to contributing to the 2013 SEP.

Québec, an energy partner for New York State

In planning for its own energy future in the 1970s, the government of Québec opted for the development of hydro-electricity rather than nuclear energy. The government made that choice because of Québec's natural endowments (an abundance of rivers), but also because hydro power is clean, renewable, readily available, secure, reliable and can be offered to consumers at a competitive and stable price.

Energy is the lifeblood of a modern economy. The price and availability of energy is a key factor of economic competitiveness. It plays an important role in convincing businesses to invest and create jobs, and in supporting a more widespread use of electric vehicles.

The province of Québec, through Hydro-Québec Production and its U.S. affiliate HQUS, has a long standing energy partnership with the State of the New York. In 2010, Québec sold 6.4 TWh to New York, thus providing a useful complement to its energy portfolio. The recent commissioning of a 1,250 MW interconnection between Québec and Ontario also allows Québec to sell energy to Western New York.

Québec's hydro power provides New York State with the opportunity to stabilize its base load energy supply. Furthermore, thanks to its flexibility, it is the ideal complement to emerging sources of renewable but intermittent energy such as wind and solar energy.

Hydro power may in fact enable a greater deployment of local wind and solar projects in the State.

Thanks to its competitive and relatively stable prices, hydro power can limit the volatility of electricity rates, decrease operating costs for businesses and help attract new businesses that can create jobs and opportunities for the State.

Québec could play a greater role in providing New York State with clean and renewable energy if certain technical issues, notably the operational limits on the 7040 intertie and the congestion of transmission lines in the Southeastern part of the State were resolved. On this point, the 2009 SEP discusses the opportunities and challenges for New York of increasing its imports of hydro-electricity from Québec in the following terms:

New York has been engaged in discussions with Ontario and Quebec to identify feasible opportunities for importing more renewable electricity into New York. The focus to date has been on identifying technical expansions of existing transmission rights-of-way for moving more power from Canada and upstate New York to the downstate region, where supplies are tighter and prices are higher. (volume I, page 95)

The modernization of New York State's transmission grid would provide new opportunities to bring Québec's hydro power to major consumer markets Downstate, which could help make energy costs more affordable for all New Yorkers.

As New York State seeks new sources of energy to replace more polluting or riskier sources of energy, Québec's hydro power can be part of the solution.

The government of Québec therefore welcomes the State Energy Board's decision to include within the scope of the 2013 SEP an analysis of the State's electricity markets, costs and linkages with neighbouring regional energy markets and with Canada.

Hydro power as renewable energy

The government of Québec is of the view that hydro power generated by a facility with a capacity superior to 30 MW should be considered as « renewable energy » for the purpose of calculating New York State's renewable power objectives and reductions of greenhouse gas emissions.

In June 2010, the State of Vermont enacted legislation that recognizes the renewable quality of all forms of hydro power. In November 2010, the National Association of Regulatory Utility Commissioners (NARUC) adopted a resolution recognizing hydro power as renewable energy. To the extent that the International Energy Agency defines renewable energy as energy that is derived from natural processes that are replenished constantly, there is no doubt that Québec's hydro power should be considered as renewable energy.

The Government of Québec is of the view that a broader definition of « renewable energy » for the purposes of New York State's laws and regulations could help the State achieve more

aggressive targets for the development of renewable energy. It would also facilitate the energy trade between our jurisdictions, which would benefit all energy consumers in New York State by providing them with increased access to safe, reliable and competitively-priced electricity. In the fight against climate change, it should make no difference where renewable energy is produced or what the capacity of the generating facility may be in megawatts: the benefits in terms of reducing greenhouse gas emissions remain the same, for New York State and the planet.

We recognize that state RPS programs, in addition to the primary goal of encouraging the implementation of renewable energy, often have a secondary goal of fostering local economic development. These programs may not be sufficient, however, to help the State meet more aggressive renewable energy targets. In order to achieve such targets in a cost-effective manner, it is proposed that New York State consider mechanisms by which hydro power produced both in-state and out-of-state by facilities with a capacity greater than 30 MW would be recognized as « renewable energy ».

For these reasons, the government of Québec proposes that the definition and scope of what is deemed to be « renewable energy » for the purposes of New York State's renewable energy programs should be included among the topic areas to be examined by the State Energy Board within the 2013 SEP.

We thank you for the opportunity to provide the government of Québec's views on the scope of the 2013 New York State Energy Plan, and would be pleased to provide any additional clarification or information that may be required.



John Parisella