

Examining NYPA's Project Rules

The New York Power Authority (NYPA) recently proposed an ambitious project that links promotion of renewable energy through capture of the wind resources of Lake Erie and Lake Ontario, with economic gains through onshore investment in manufacturing and support facilities.

Specifically, NYPA has commenced its Great Lakes Offshore Wind Project as a two-step process. First, the authority has issued a request for expressions of interest (RFEI) from developers and manufacturers for information to be used, in conjunction with siting and environmental studies, in support of an eventual request for proposals (RFP) for offshore wind generation facilities in New York's two Great Lakes.

What makes NYPA's proposal unique – and perhaps creates a model for others to follow – is its planned offer of financial incentives to encourage not only the development of renewable energy, but its linkage to long-term economic development.

On the incentive side, NYPA is offering a potential 20-year power purchase agreement (PPA), as well as other financial incentives, thereby making the project far more palatable to investors and lenders.

In return, NYPA expects the RFP will have requirements that a portion of the project labor and material be

sourced locally, with stated preferences for certain projects and proposals.

NYPA will favor proposals establishing a wind component manufacturing and technology industry in New York state, particularly western New York; projects supporting the development of green jobs in western New York; proposals creating regional wind industry maintenance facilities and/or training centers in New York; and developers committing that the vessels required for the construction and maintenance of the facilities would be built in New York.

The first part of the NYPA proposal is the RFEI seeking technical, financial, environmental and commercial information from the wind power industry and various environmental and economic entities in the region.

This information includes technical information related to generating facilities, such as the types of structures, foundations and other arrangements necessary for placement within the lakes. It also encompasses financial information on costs, pricing information, the role of federal and state credits and incentives, and necessary PPA provisions, in addition to advice on preferable Great Lakes siting locations.

Responses to the RFEI are due June 15. Although it represents only the opening phase, NYPA's RFEI does set some important parameters.

For example, NYPA is considering projects of least 120 MW and has set a bid selection date of Dec. 31, 2011. Based on the information received in the RFEI, NYPA may then go forward with an RFP seeking the development of a large-scale wind project.

The NYPA proposal is the latest in a string of efforts to create a Great Lakes offshore wind project. Mainly advanced by local groups, including the University of Buffalo Law School, the project would further New York's aggressive renewable energy goals.

For NYPA President and CEO Richard Kessel, the NYPA project is a continuation of his efforts promoting wind power in New York. While head of the Long Island Power Authority (LIPA), Kessel championed efforts to place a wind farm off of the south shore of Long Island. The project was eventually abandoned due to high costs.

NYPA is also supporting the joint efforts of LIPA and Con Edison to construct a wind farm off of the New York Harbor. The first phase of their joint study concluded that with improvements to their transmission systems, an interconnection of up to 700 MW of wind power was feasible.

– **Daniel A. Spitzer**

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