

**Testimony of Gene Alessandrini**  
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**Brookfield Renewable**

Pennsylvania House Consumer Affairs Committee

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Good morning Chairman Roae, Chairman Matzie, Representative Mehaffie, and other distinguished Members of the Committee.

My name is Gene Alessandrini. I am a Regional Vice President at Brookfield Renewable.

Brookfield Renewable Partners L.P. (“Brookfield Renewable”) has a substantial presence in the Commonwealth, including over 750 MW of installed hydroelectric capacity across the state – enough to power 236,000 Pennsylvania homes annually. These facilities provide renewable, carbon-free power, local tax revenues, recreational opportunities, and both direct and indirect jobs throughout the Commonwealth. Brookfield Renewable’s hydroelectric projects often represent the largest taxpayer in their local communities, provide critical funds for local schools, fire departments and other public services. While most know us because of our hydropower assets, we are one of the largest owners and operators of renewable energy resources in the country, including a diverse portfolio of hydro, wind, solar and pumped storage.

Hydropower generating facilities are important and valuable resources to the state of Pennsylvania and the region. Hydropower:

- Is a valuable electricity supply resource that provides dispatchability, resiliency and fuel diversity to grid operators,

- Balances the intermittency of wind and solar resources,
- Provides black start capabilities during grid outages,
- Serves as an alternative fuel for reliability and provides a cost-effective resource during extreme weather events like the polar vortex, and most importantly
- Is clean, non-emitting, and renewable.

In 2004, Pennsylvania enacted the Alternative Energy Portfolio Standard, or AEPS, which provides a marketplace, through regulation, for 16 forms of clean energy. HB11 seeks to ‘level the playing field’ by adding currently ineligible clean resources, such as nuclear generators, who compete with:

- Polluting resources that do not bear the cost of their emissions, and
- The resources in the AEPS that currently receive Alternative Energy Credit (AEC) revenue from ratepayers for their clean characteristics.

However many local hydropower resources, despite being Pennsylvania’s longest standing clean, renewable resource, are not eligible under the renewable Tier I or the proposed clean Tier III categories, meaning that, by attempting to ‘level the playing field’ for nuclear resources, HB11 further exaggerates the inequity of omitting in-state hydropower facilities in the program.

If enacted, HB11 should prioritize and preserve the state’s existing baseline of local, clean, and carbon-free resources in a non-discriminatory manner by including in-state hydropower in the Tier I and Tier III categories. I’d like to address a few issues:

**Clean, renewable, and carbon-free attributes that hydropower has provided and continues to provide to Pennsylvania should be valued.**

While the Tier III AEPS category recognizes the environmental attributes of some existing Tier I renewable technologies plus nuclear energy, it continues to neglect the contributions of local

Pennsylvania hydropower. In fact, this omission prevents approximately 740 MW of hydropower capacity and many Pennsylvania facilities from participating in the program.

**Pennsylvania hydropower facilities provide direct economic benefits to ratepayers and should be valued alongside out-of-state eligible facilities.**

For reference, the 2017 Annual Report from the Pennsylvania Public Utility Commission identifies that nearly 75% of the AECs used for compliance in the 2017 reporting year came from out-of-state facilities<sup>1</sup>. In fact, the cost for the Tier I category totaled nearly \$121M, and over \$87M of those AEC market payments went to facilities located outside the Commonwealth – facilities that provide less direct economic benefit to Pennsylvania’s ratepayers.

In contrast, Brookfield’s local hydropower facilities provide the following direct benefits to Pennsylvania:

- 70 direct jobs, 225 indirect jobs
- \$254M in planned investment over the next 20 years
- Employment of 610 vendors throughout the state
- Pay more than \$1.4m in property taxes annually
- Provide access to over 25 recreational areas

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<sup>1</sup> 2017 Annual Report, Alternative Energy Portfolio Standard Act of 2004, Table 4

**Including local hydropower facilities in Tier III is a small change and leaves the majority of expansion to other eligible resources.**

As previously stated, 740 MW of local hydropower capacity added to the AEPS would represent about 2900 GWh, or 2.1% of Pennsylvania's historical load. If this generation were eligible in Tier III, the impact on other eligible clean energy resources would be minimal. First, hydropower resources would need to apply and be selected for Tier III participation. Moreover, even if every hydropower facility received compensation under the Tier III program, this would correspond to about \$20M annually (assuming \$7/MWh) to these hydropower facilities, leaving nearly \$470M for other clean eligible technologies, specifically in-state nuclear resources. Lastly, this adjustment doesn't add additional cost to the program. It simply gives hydropower facilities the opportunity to apply and receive consideration.

In closing, Pennsylvania's AEPS should appropriately value local hydropower resources. The legislature has a chance now to recognize the clean, renewable energy provided by in-state hydropower resources and the many benefits provided to the Commonwealth.

I appreciate your time.