

A Clean Energy Standard — Tier 1 and Tier 2
NY-ADR

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RULE MAKING ACTIVITIES
PUBLIC SERVICE COMMISSION
PROPOSED RULE MAKING
NO HEARING(S) SCHEDULED

I.D No. PSC-16-16-00006-P

A Clean Energy Standard — Tier 1 and Tier 2

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action:

The Commission is considering a Clean Energy Standard to support and encourage new incremental renewable generation (Tier 1) and certain existing renewable generation (Tier 2).

Statutory authority:

Public Service Law, sections 5(2), 65(1), 66(1), (2), (3), (4), (5) and (12)

Subject:

A Clean Energy Standard — Tier 1 and Tier 2.

Purpose:

To avoid adverse air emissions related to fossil fuel fired electricity generation and promote renewable sources of electricity.

Substance of proposed rule:

The Public Service Commission is considering a Department of Public Service Staff's (Staff) White Paper on Clean Energy Standard, a proposal for a Clean Energy Standard to provide funding for the construction of new and continuing support for existing renewable and other non-emitting electric generating facilities. The proposal includes a program design for a new Clean Energy Standard to support the State's environmental and clean energy goals, specifically: 40% reduction in greenhouse gas emissions from 1990 levels; 50% of electricity generation coming from carbon-free renewables; and 600 trillion Btu in energy efficiency gains, which equates to a 23% reduction from 2012 in energy consumption in buildings. Staff's proposal would provide funding to support renewable energy resources as well as nuclear and other types of facilities that do not emit greenhouse gases or other pollutants while generating electricity. Staff proposes that all electric retail load serving entities (LSEs) share the obligation of the CES mandate related to new and existing renewable generation (Tiers 1 and 2) in proportion to each entities' annual retail electricity sales, including those LSEs subject to the Commission's authority, as well as "non-jurisdictional" LSEs including the New York Power Authority (NYPA) and the Long Island Power Authority (LIPA). Staff recommends the establishment of a tiered CES to support a growing quantity of new renewable generation, as well as continuing contributions from existing renewable and zero emission resources. The proposal includes specifications for eligibility requirements for resources within each tier (resource type, vintage, geographic etc.). For each tier, Staff proposes firm requirements through 2020, with targets through 2030 to be developed in an implementation plan and triennial program assessments. LSE's would demonstrate compliance through the use of tradable renewable energy credits (RECs) for renewable energy purchases. RECs would be created and tracked with a newly designed New York Generation Attribute Tracking System (NYGATS). In order to increase program flexibility, Staff proposes use of an alternative compliance payment mechanism for the CES tiers to act as a cap for REC prices. Staff recommends that the CES framework include competitive long-term procurements by the New York State Energy Research Authority (NYSERDA) and utilities as may be appropriate in order to ensure necessary project financing, reduce procurement costs and provide price stability within the market. Staff further proposes to develop and issue for review and comment an Implementation Plan that would address a number of necessary details for the program.

As part of its CES proposal, Staff also prepared and submitted a Clean Energy Standard White Paper - Cost Study. The Commission is considering the Cost Study as part of its analysis of the CES proposal in regard to how the CES could be designed and implemented in the most cost-effective way to meet its statutory obligations. The Cost Study examines the impact that key cost drivers of the CES Proposal can have on overall consumer bills. For proposed Tier 1 - increasing targets for new renewable supply sources, aimed at bringing forward the growth in renewable electricity needed to achieve the 2030 50% renewable electricity target - the Cost Study analyses procurement structures for new renewables, in particular solicitation mechanisms; energy prices; interest rates, and their impact on the finance costs experienced by renewable energy projects; future installation costs and cost reductions of key renewable energy technologies; system load, the overall level of electricity consumption in New York; and federal tax credits and their impact on reducing the costs to New York State. For Tier 2 - targets to maintain the supply of existing renewable supply sources to New York - the Cost Study analyses the costs of renewable energy generation that would be eligible towards RPS mandates outside New York State and generation that may not be eligible in other territories or otherwise has limited export opportunities.

The Commission may adopt, reject, or modify, in whole or in part, the proposal and may resolve related matters.

Text of proposed rule and any required statements and analyses may be obtained by filing a Document Request Form (F-96) located on our website <http://www.dps.ny.gov/f96dir.htm>. For questions, contact:

John Pitucci, Public Service Commission, 3 Empire State Plaza, Albany, NY 12223, (518) 486-2655, email: john.pitucci@dps.ny.gov

Data, views or arguments may be submitted to:

Kathleen H. Burgess, Secretary, Public Service Commission, 3 Empire State Plaza, Albany, NY 12223, (518) 474-6530, email: kathleen.burgess@dps.ny.gov

Public comment will be received until:

45 days after publication of this notice.

Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement
Statements and analyses are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.

(15-E-0302SP3)

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