

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission to  
Implement a Large Scale Renewable Program  
and a Clean Energy Standard

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Case 15-E-0302

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**FILING REGARDING RENEWABLE ENERGY STANDARD  
2018 Tier 1 Renewable Energy Credit (REC) and Alternative Compliance Payment (ACP)  
Price**

Introduction

The Commission’s November 17, 2017 “Order Approving Phase 2 Implementation Plan” (Phase 2 Order)<sup>1</sup> directed the New York State Energy Research and Development Authority (NYSERDA) to file with the Commission, and post on its website, by December 1, 2017, the Renewable Energy Standard (RES) Tier 1 Renewable Energy Certificate (REC) price and the alternative compliance payment (ACP) price for the 2018 RES Compliance Year. NYSERDA has posted the required information on its website at [nyserdera.ny.gov/clean-energy-standard](http://nyserdera.ny.gov/clean-energy-standard), and submits this filing for the benefit of broad dissemination.

Background

In establishing the Renewable Energy Standard (RES) Program, a component of the Clean Energy Standard, the Commission adopted the State Energy Plan goal that 50% of New York’s electricity is to be generated by renewable sources by 2030 as part of a strategy to reduce statewide greenhouse gas (GHG) emissions by 40% by 2030. The CES Order created the principal structure through which the State will channel its supply-side efforts to achieve the GHG goal (CES Order).<sup>2</sup> In furtherance of that strategy, the Commission directed a two-part initiative that, on one hand, increases the State’s renewable energy supply and, on the other, supports the preservation of existing at-risk nuclear zero-emissions generation.

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<sup>1</sup> Case 15-E-0302; Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard, “Order Approving Phase 2 Implementation Plan,” issued and effective November 17, 2017, p. 19.

<sup>2</sup> Id. “Order Adopting a Clean Energy Standard,” issued and effective August 1, 2016, at p.2.

Under Tier 1 of the RES, the CES Order requires each LSE to serve their retail customers by procuring qualifying RECs in a defined and increasing percentage of the total load served by the LSE. LSEs will be able to meet their RES obligations by purchasing RECs from not only NYSERDA but also from other sources or by making ACPs to NYSERDA. The CES Order establishes the RES compliance period as January 1 to December 31 of each year, beginning in 2017.

#### Year 2018 NYSERDA Tier 1 REC Price and 2018 ACP Price

As was identified in the Phase 2 Plan, and consistent with the method used for the 2017 RES Compliance year, the 2018 REC price offered by NYSERDA to the LSEs will be based on the weighted average cost per MWh that NYSERDA anticipates paying to acquire all of the vintage 2018 Tier 1 RECs projected to be sold in 2018; pending Commission action, the 2018 REC price will not include any administrative adder.

On November 1, 2017, NYSERDA filed a Petition (Petition) requesting, inter alia, approval to utilize authorized, but unspent, 2017 RES administrative funds, as well as uncommitted Systems Benefit Charge (SBC), Energy Efficiency Portfolio Standard (EEPS), and Renewable Portfolio Standard (RPS) funds to cover NYSERDA costs of administering the RES Program rather than through collections by an administrative adder to the REC price.<sup>3</sup> Accordingly, pending Commission action on the Petition, NYSERDA has not included an administrative adder in the 2018 REC price included in this filing.<sup>4</sup>

In determining the price of Tier 1 RECs, NYSERDA summed the projected contractual annual MWh generation from eligible<sup>5</sup> resources that have existing agreements with NYSERDA to calculate the weighted average cost. This total includes annual MWh generation from eligible resources that commenced operation on or after January 1, 2015 as well as the prorated portion of MWh generation from resources that are scheduled to enter commercial operation in 2018.<sup>6</sup> The 2018 REC sale price will remain constant for 2018, with NYSERDA accepting the risk that the actual weighted average cost of RECs purchased by NYSERDA during calendar year 2018 may differ from its projection.

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<sup>3</sup> Id. Petition Regarding Unspent RES Administration 2017 Funding and Proposed 2018 Clean Energy Standard Administration Costs, filed November 1, 2017.

<sup>4</sup> As the Commission noted in the Phase 2 Order, minor adjustments may be required pending decisions on the November petition. See Phase 2 Order p.19, note 20.

<sup>5</sup> CES Order at Appendix A.

<sup>6</sup> The total was also adjusted to reflect the ordinary historic attrition and early-year underperformance that has occurred for NYSERDA-contracted facilities.

As identified in the Phase 2 Plan, the 2018 ACP price will be calculated as the 2018 Tier 1 REC price, plus 10 percent. The ACP will remain constant throughout 2018 and be paid directly to NYSERDA.

The Phase 2 Plan outlined NYSERDA’s approach to selling vintage 2017 Tier 1 RECs which may be available for sale in 2017. Vintage 2017 Tier 1 RECs that are minted in NYGATS but not purchased from NYSERDA by LSEs in 2017 will be offered through the quarterly sales processes during 2018. The price of vintage 2017 Tier 1 RECs will remain fixed based on pricing established by the CES Order and subsequent filings at \$21.16 per Tier 1 REC.

The weighted average price of RECs available from NYSERDA for compliance with 2018 RES obligations are shown in Table 1. Using the NYSERDA 2018 REC price, as derived from the process described above, the 2018 per MWh ACP is also shown in Table 1.

Table 1 – RES 2018 NYSERDA RECs

2018 Tier 1 REC Price	2018 ACP Price
\$17.01	\$18.71

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Respectfully submitted,



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