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August 31, 2016

*REGISTERED TO PRACTICE BEFORE U.S.
PATENT AND TRADEMARK OFFICE

*OF COUNSEL

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VIA ELECTRONIC MAIL

Honorable Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

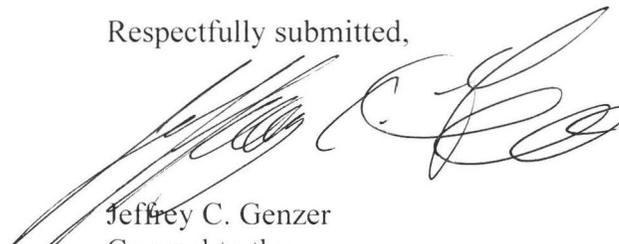
Re: Case 15-E-0302 - Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard.

Case 16-E-0270 - Petition of Constellation Energy Nuclear Group LLC; R.E. Ginna Nuclear Power Plant, LLC; and Nine Mile Point Nuclear Station, LLC to Initiate a Proceeding to Establish the Facility Costs for the R.E. Ginna and Nine Mile Point Nuclear Power Plants.

Dear Secretary Burgess:

On behalf of the New York Association of Public Power, please find attached for filing a Request for Clarification and Petition for Rehearing of the Commission's order issued in the above-referenced cases on August 1, 2016.

Respectfully submitted,



Jeffrey C. Genzer
Counsel to the
New York Association of Public Power

Enclosure

cc: Active Parties via electronic delivery

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Proceeding on Motion of the Commission To Implement a Large-Scale Renewable Program and a Clean Energy Standard))))	Case 15-E-0302
Petition of Constellation Energy Nuclear Group LLC; R.E. Ginna Nuclear Power Plant, LLC; and Nine Mile Point Nuclear Station, LLC to Initiate a Proceeding to Establish the Facility Costs for the R.E. Ginna and Nine Mile Point Nuclear Power Plants.)))))))	Case 16-E-0270

**REQUEST FOR CLARIFICATION AND PETITION FOR REHEARING OF THE
NEW YORK ASSOCIATION OF PUBLIC POWER**

In response to the Commission’s order of August 1, 2016 in the above-captioned cases, the New York Association of Public Power (“NYAPP”) respectfully submits this Request for Clarification and Petition for Rehearing pursuant to Section 22 of the Public Service Law and Section 3.7 of the Commission’s Rules and Regulation (16 NYCRR §3.7).

NYAPP is an association of 13 municipally-owned and cooperatively-owned electric utilities throughout New York State. The association members include: City of Jamestown Board of Public Utilities, City of Salamanca, City of Sherrill, Delaware County Electric Cooperative, Green Island Power Authority, Oneida-Madison Electric Cooperative, Otsego Electric Cooperative, Steuben Electric Cooperative, Town of Massena Municipal Electric Department, Village of Freeport, Village of Greenport, Village of Rockville Centre and the Village of Sherburne. Of these members, the four rural electric cooperatives, the City of Sherrill and the Village of Greenport are full-requirements customers of the New York Power Authority

(“NYPA”) and have never been regulated by the New York Public Service Commission (“Commission”).

I. EXECUTIVE SUMMARY

A) Request for Clarification

The Commission’s order in this case has a fundamental flaw, which we assume is the result of a mistake that can be easily clarified. The four rural electric cooperatives are non-jurisdictional to the Commission, and to the extent they are regulated at all, are regulated by NYPA. The Commission has no jurisdiction over the rural electric cooperatives, and thus must be exempt from the order in this case.

Similarly, the Commission has never regulated the full-requirements municipal electric utilities formed pursuant to the New York General Municipal Law, Sections 360-366. To the extent they are regulated at all, they are regulated by NYPA.

The order in this case should be clarified to eliminate any requirements imposed on the rural electric cooperatives and the full-requirements municipal electric utilities.

We want to emphasize that NYAPP members remain committed to moving towards the State’s energy goals through our extensive cooperation with NYPA.

B) Petition for Rehearing

The NYAPP members, individually, utilize renewable energy for 75-100% of their energy requirements. Generally, the NYAPP members have been utilizing renewable energy since 1961. The Renewable Energy Credits (“RECs”) plus the baseline in the order assume up to 50% of total load will need to be matched with RECs in an increasing percentage, reaching the 50% goal by 2030. It is illogical that NYAPP members would be required to purchase RECs that, in combination with their use of 75-100% of renewable energy, would actually exceed a

combined proxy of 120% of renewable energy by 2030 in some cases. Why would NYAPP members be required to hit this higher target, while others need only achieve as low as 18%? This is patently unfair. To the extent the order applies to jurisdictional municipal utilities, NYAPP requests that the 50% target be applied to the INCREMENTAL (non-renewable) portion of the NYAPP member energy requirements in the aggregate by working with NYPA. To do otherwise is inequitable, unduly discriminatory and inconsistent with statutory requirements. The Commission has issued an order that is arbitrary and capricious and ignored NYAPP's Initial Comments submitted for filing on April 22, 2016, in this docket. This substantial error can only be corrected on rehearing.

Similarly, the Zero Emission Credits ("ZECs") should not be applied to the jurisdictional NYAPP members, except to the extent that it exceeds the renewable energy presently utilized by these load serving entities ("LSEs"). The present percentage of zero-emission energy consumption by the NYAPP members is between 75-100% of their energy requirements. The zero-emission energy consumption by NYAPP members should be counted and thus deducted from their ZEC purchase requirement. To do otherwise is inequitable, unduly discriminatory, arbitrary and capricious, and inconsistent with statutory requirements.

Finally, NYAPP members have been working diligently with NYPA to address REV objectives and expanded energy efficiency and innovative technology goals of the State Energy Plan on a parallel path to the REV proceeding. NYAPP members, as municipally and cooperatively-owned utilities, are uniquely positioned to work with NYPA to address these objectives in a cost-effective manner on an independent track. Either through a clarification or by adopting NYAPP's prayer for relief through rehearing, we request that the Commission acknowledge the NYAPP-NYPA arrangement, which is set by contract.

II. REQUEST FOR CLARIFICATION

A) The New York Public Service Commission has no Jurisdiction over Rural Electric Cooperatives.

In 1942, New York State passed the Rural Electric Cooperative Law (Laws 1942, Chapter 566). Section 67 of the Rural Electric Cooperative Law specifically provides that, except for the cooperatives submitting an annual report, the Commission has no jurisdiction: “Cooperatives and foreign corporations doing business in this state pursuant to this chapter shall be exempt in all respects from the jurisdiction and control of the public service commission of this state and shall not be subject to the provisions of the public service law.”

By letters dated August 17, 2016, the Secretary served the “Order Adopting a Clean Energy Standard” (“CES Order”) (Attachment A, as an example of one of the letters) on the four rural electric cooperatives in New York State (Delaware County Electric Cooperative, Oneida-Madison Electric Cooperative, Otsego Electric Cooperative and Steuben Rural Electric Cooperative). In relevant part, the letter states, “As an entity that supplies electricity to end-use customers in New York State, you have been identified as an electric retail commodity supplier Load Serving Entity, or LSE, as defined by the CES Order. By this letter, you are hereby notified that you must meet certain obligations as part of the State’s initiative to support new renewable generation resources and to preserve existing at-risk nuclear zero-emissions attributes.” Attachment A, at 1. The letter continues (in relevant part), “First, each New York LSE (including investor-owned distribution utilities, energy service companies, community choice aggregation programs not served by ESCOs, jurisdictional municipal utilities, and retail customers that self-supply directly through the New York Independent System Operator) must

procure a quantity of qualifying Renewable Energy Credits (RECs). . . .” *Id.*, at 1-2. While we recognize that the letter was a form letter, in the delineation of entities that the Commission believes it has jurisdiction over, it rightly did not include rural electric cooperatives.

Absent a modification of State law, which we would not support, the Commission simply has no authority to order actions by the four rural electric cooperatives in New York State. We request that the Commission issue an order clarifying that the order in the above-captioned cases does not apply to the rural electric cooperatives. This lack of authority applies to the RECs, ZECs and the CES. It remains NYAPP’s intention to work with NYPA on a parallel path to work toward the State’s goals.

We also note that the rural electric cooperatives, like the jurisdictional and non-jurisdictional municipal electric utilities, generally receive between 75-90% of their energy from zero-emission renewable resources. Even if the Commission had jurisdiction over the rural electric cooperatives, the assertion of that jurisdiction makes no logical sense in this case.

B) The New York Public Service Commission has Very Limited Jurisdiction Over Municipal Electric Utilities, and as it Relates to this Order, no Relevant Jurisdiction Over Municipal Electric Utilities that Purchase Their Full-Requirements from the New York Power Authority.

It has long been settled practice in New York State that those municipal electric utilities that purchase all their power needs from NYPA are regulated as to rates, services and practices by NYPA. Municipal electric utilities in New York State are authorized under Sections 360-366 of the New York General Municipal Law (Article 14-A GMU §§360-366). The Power Authority of the State of New York was authorized under Sections 1000-1017 of the Public Authorities Law (Title 1 PBA §§1000-1017). Section 1014 of the Public Authorities Law

specifically provides that, "...[t]he rates, services and practices relating to the generation, transmission, distribution and sale by the authority, of power to be generated from the projects authorized by this title shall not be subject to the provisions of the public service law, nor to regulation by, nor the jurisdiction of the department of public service." The limited exception relates to the applicability of Article seven of the Public Service Law for major transmission facilities and the applicability of Article ten of the Public Service Law relating to the siting of major electric generating facilities. Section 1014 of the Public Authorities Law leaves no room for interpretation. The Public Authorities Law needs to be read in conjunction with Section 364 of the General Municipal Law, which subjects the municipal electric utilities to the Commission's jurisdiction under article four of the Public Service Law, "so far as the same are applicable," except that municipal utilities need not seek a certificate of authority nor decrease their rates without a notice or hearing. In instances where the law demands action by municipal electric utilities, it is clear. For example, when extending franchise authority beyond municipal borders, approvals must be sought for extraterritorial services under Section 68 and 70 of the Public Service Law, as authorized under Section 361.1 of the General Municipal Law.

In order to avoid duplicative and potentially conflicting regulations, the Commission has always deferred to NYPA in its regulation of the "rates, services and practices" of the full-requirements municipal electric utilities; "full-requirements" has always been defined to reference those entities purchasing all their power and energy from NYPA. *See* Section 1014 of the Public Authorities Law, *supra*. It defies logic to suggest that two regulatory entities should have the same regulatory authority over the same matters. How would conflicts be resolved?

Among the NYAPP membership, beyond the four rural electric cooperatives addressed, *supra*, the City of Sherrill and the Village of Greenport are full-requirements municipal electric utilities and have always been subject to full NYPA regulation. NYPA regulation devolves from NYPA's authorizing statute, their regulations, tariffs and the contracts executed by the municipal and cooperatively-owned utilities with NYPA.

It should also be stressed, that both the jurisdictional and non-jurisdictional cooperatively-owned and municipally-owned utilities generally purchase 75-100% of their energy from zero-emission, renewable resources. If the State's objective is to maintain zero-emission resources and to get all LSEs to purchase amounts that reach 50% by 2030 (or pay penalties), what is the logic behind requiring utilities that already have exceeded that target by up to 20% (in some cases) to pay more? Some utilities only have to achieve a target as low as 18% in new resources.

We respectfully request that full-requirements municipal electric utilities that are NYAPP members be exempt from the Commission's order in this case.

III PETITION FOR REHEARING

In the aggregate, the municipal and cooperatively-owned utilities in New York State utilize renewable energy to supply between 75–100% of their energy. The State objectives, as expressed in the State Energy Plan and the Order in this case, are intended to expand the use of renewable energy and other zero-emission resources to achieve 50% by 2030 of clean power. NYAPP supports these goals.

In addition, the municipal and cooperatively-owned utilities chose to purchase power from the Niagara Project under contracts beginning in 1961. The Niagara Project was developed pursuant to the Niagara Redevelopment Act, 16 U.S.C. Section 836, which includes a preference

clause for consumer-owned utilities governing 50% of the output of the Niagara Project. *See* 16 U.S.C. 836(b)(1). When the Niagara Project went into service, the output was priced higher than market power. The Niagara Redevelopment Act, the FERC License governing the Niagara Project and the relevant sections of the Public Authorities Law governing NYPA (Public Authorities Law Section 1005(g)), all recognize the need to maintain rates “as low as possible” for this renewable energy (PAL Section 1005(5)). There is a long line of cases interpreting the Niagara Redevelopment Act, the FERC License as well as the relevant sections of the Public Authorities Law.¹

Early investment by consumer-owned utilities in hydropower when it was not the low-cost alternative is instructive. NYAPP members were looking forward. Similarly, some entities have invested in solar power, which has been a relatively higher cost resource, but they hoped for better results in the long term. These hydropower purchase decisions made in the 1950s and 1960s were made with the hope of future benefits as well. The Commission is basically changing the rules of the game and taking those benefits away.

The consumer-owned utilities remain committed to working with NYPA to advance the goals of the State, including increased use of energy efficiency, increased use of renewable energy and increased use of technology to advance these goals. In order to facilitate this cooperation, the Commission should revise the August 1 order in this case, by allowing the consumer-owned utilities to work with NYPA to achieve reasonable goals. RECs should not be

¹ *See e.g., Mun. Elec. Utilities Ass’n of the State of New York v. Power Auth. of the State of New York, et al.*, Opinion No. 151, 21 FERC ¶ 61,021 (1982); *Mun. Elec. Utilities Ass’n of the State of New York, et al., v. Power Auth. of the State of New York, et al.*, Opinion No. 151-A, 21 FERC ¶ 61,031 (1983); *Massachusetts Mun. Wholesale Elec. Co. v. Power Auth. of the State of New York, et al.*, Opinion No. 229, 30 FERC ¶ 61,323 (1985); *Massachusetts Mun. Elec. Co. v. Power Auth. of the State of New York*, Opinion No. 229A, 32 FERC ¶ 61,194 (1985); *Metro. Transp. Auth., et al. v. FERC, et al.*, 796 F.2d 584 (2d Cir. 1986); *Mun. Elec. Utilities Ass’n, v. Power Auth. of the State of New York*, Opinion No. 329, 48 FERC ¶ 61,124 (1989); *Mun. Elec. Utilities Ass’n, v. Power Auth. of the State of New York*, Order Clarifying Opinion No. 329, 48 FERC ¶ 61,211 (1989); *Allegheny Elec. Coop., Inc., et al., v. FERC, et al.*, 922 F.2d 72 (2d Cir. 1990); *Power Auth. of the State of New York v. FERC, et al.*, 743 F.2d 93 (2d Cir. 1984).

required based on the renewable energy purchases that are already made by this class of utilities. When customers already exceed the 2030 goals by up to 20% in some cases, how can this requirement make any sense? It is inequitable, unduly discriminatory, and arbitrary and capricious.

Similarly, the consumer-owned utilities should not be required to participate in the ZECs market and support the CES for the nuclear power plants. They are already purchasing zero-emission energy in excess of the requirements that the CES is projected to achieve.

The Commission's choice of language in the order describing the present hydroelectric resources purchased by the consumer-owned utilities appears to reflect an unfortunate lack of understanding of the history of these purchases. It is not some historical accident. The Commission's language is as follows: "The fact that municipal utilities currently obtain very low-cost power is not a persuasive argument for exempting them for sharing in a statewide obligation." Order at 95. First of all, the "low-cost power" is zero-emission power and whether it is low-cost or high-cost is irrelevant for this discussion. When the contracts were first executed by NYPA and the consumer-owned utilities it was high-cost power. The central fact remains that it is clean, zero-emission energy. The 75-100% purchase of zero-emission energy exceeds the requirements that are supposedly the objectives of the CES, ZECs and RECs. At least one of NYAPP's members uses 100% renewable energy. How could the aggregate penalties targeting the consumer-owned utilities with an obligation of over 100% be fair?

Economic preservation is a critical objective of the state plan; not only the State Energy Plan but the Governor's economic development plans. The consumer-owned utilities purchased nuclear power from the FitzPatrick plant beginning in 1978. In fact, at the time NYPA chose not to supply the full requirements of hydropower that the consumer-owned utilities were entitled to.

Between 1978 and 1990, NYPA required that up to 205 MW of FitzPatrick nuclear power was purchased by the consumer-owned utilities. Rather than their entitlement of 752 MW of preference hydropower, the consumer-owned utilities were receiving 547 MW of preference hydropower and up to 205 MW of nuclear power. It can be argued that these purchases for those 12 years (and beyond) helped preserve the zero-emission nuclear plants, and the consumer-owned utilities have more than paid their fair share to achieve the State's policies. NYAPP members did their part in support of these zero-emission resources and will continue to work with NYPA to implement the State goals in a cooperative manner.

For one example of the need to have a more nuanced approach to economic development and energy policy, we should look at the situation in Jamestown for potential impacts. Jamestown remains one of the most economically-depressed areas in the United States, yet it still has approximately 27% of its electric load in the manufacturing sector. These industrial jobs are critical to the community and the overall future of New York. A primary reason these important jobs remain in the community is the relatively low cost of power that is available in Jamestown. In the 1980s, Jamestown aggressively moved forward to create a district heating system to utilize waste steam from its power generating plant, and has also executed cleaner, more efficient burning alternatives for this service. The Jamestown BPU has operated combined heat and power (CHP) generation for many years. Under the proposed ZECs and RECs purchase requirements, in 2030, Jamestown customers would be paying as much as \$2.5 million more per year, assuming REC prices remain low. That may not be a great deal of money in very large systems, but it would increase electric rates by at least 8%. And, more immediately, the estimated impact on electric rates beginning on January 1, 2017 would be an increase of approximately 5%, or \$1.5 million. These significant increases to utility costs are

likely to put jobs in jeopardy and would damage the community as manufacturing companies shift their operations and jobs to lower cost alternative states.

The consumer-owned utilities in New York State have been coordinating responses to the New York State Energy Plan, the Reforming the Energy Vision case, and expanded efforts in the energy efficiency, renewable energy and energy technology areas. For example, a number of the consumer-owned utilities have applied for funds under the New York Prize competition, and a number received first-round grants. They are working with NYPA on a technical level to examine opportunities for micro-grids in the consumer-owned utility service territories, where a micro-grid option already makes sense. These municipal and cooperatively-owned utilities have worked on energy efficiency programs for many years, and have been examining new opportunities to enhance those programs with NYPA. We are also working with NYPA on new potential financing programs, solar programs, electric vehicle programs, advanced metering infrastructure and other activities. For example, NYPA, has stressed the need for introducing new technology and working with other organizations such as the Electric Power Research Institute. Again, the municipal and cooperatively-owned utilities have initiated that process with NYPA. The expansion of this collaborative, working relationship is the best option for implementation of the goals set forth in the New York State Energy Plan, and the dockets that are before the Commission.

The Commission ignored NYAPP's Initial Comments filed in this docket on April 22, 2016, as well as the Reply Comments filed on May 13, 2016. The Commission's actions are arbitrary and capricious.

IV. PRAYER FOR RELIEF

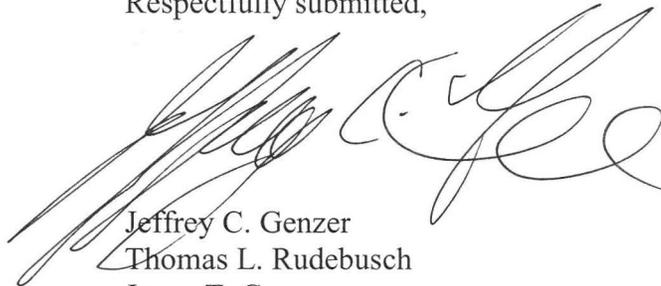
The Commission committed errors of law and fact in issuing the order in these cases. For the foregoing reasons, the New York Association of Public Power requests the following relief from the Commission:

- 1) Issue an order clarifying the Order Adopting A Clean Energy Standard (Issued and Effective: August 1, 2016), declaring that: a) the rural electric cooperatives within New York State are not subject to the order by action of the Commission; b) the full-requirements municipal electric utilities that are NYAPP members (namely the City of Sherrill and the Village of Greenport) are not subject to the order by action of the Commission; and
- 2) Issue an order granting rehearing, declaring that: a) the partial-requirements municipal electric utilities that are jurisdictional to the Commission should only have to acquire RECs for the non-renewable, incremental portion of their load on an aggregate basis by working with NYPA; and b) that the Commission determine that the ZECs requirement under the CES not apply to the jurisdictional municipal electric utilities, and that the Commission acknowledges, agrees and encourages the consumer-owned utilities to work with NYPA to move towards the goals set forth in the Order of August 1, 2016; and

- 3) To the extent that the Commission believes that either a clarification or a rehearing order is more appropriate for the relief requested in items one and two, *supra*, that such an order be issued; and
- 4) Such other and further relief as the Commission deems appropriate.

Date: August 31, 2016

Respectfully submitted,



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ATTACHMENT A

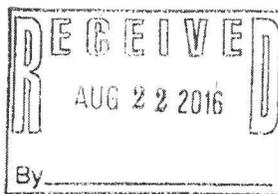


**Public Service
Commission**

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Paul Agresta
Acting General Counsel
Kathleen H. Burgess
Secretary



Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

August 17, 2016

Re: Service and Notice of Order Adopting a Clean
Energy Standard; Case 15-E-0302 - Proceeding on
Motion of the Commission to Implement a Large-
Scale Renewable Program and a Clean Energy
Standard

To: Mark Schneider
Delaware County Electric Cooperative, Inc.
39 Elm Street, PO Box 471
Delhi, NY 13753

Enclosed, for service upon you, is the New York State Public Service Commission's (Commission) "Order Adopting a Clean Energy Standard" (CES Order). As an entity that supplies electricity to end-use customers in New York State, you have been identified as an electric retail commodity supplier Load Serving Entity, or LSE, as defined by the CES Order. By this letter, you are hereby notified that you must meet certain obligations as part of the State's initiative to support new renewable generation resources and to preserve existing at-risk nuclear zero-emissions attributes. The enclosed CES Order defines those obligations, which are summarized here for your convenience.

First, each New York LSE (including investor-owned distribution utilities, energy service companies, community

choice aggregation programs not served by ESCOs, jurisdictional municipal utilities, and retail customers that self-supply directly through the New York Independent System Operator) must procure a quantity of qualifying Renewable Energy Credits (RECs) in the following proportions of the total load served by the LSE for the years 2017 through 2021:

Year	Percentage of LSE Total Load
2017	0.6%
2018	1.1%
2019	2.0%
2020	3.4%
2021	4.8%

Over time through a triennial review process, the Commission will adopt incrementally larger percentages of each LSE's total load served for the years 2022 through 2030.

LSEs may meet these obligations by purchasing RECs from the New York State Energy Research Development Authority (NYSERDA), by purchasing qualified RECs from other sources, or by making Alternative Compliance Payments (ACPs) to NYSEDA.

The compliance period for the purchase of RECs is January 1, to December 31 each year, beginning in 2017. By December 1, 2016, NYSEDA will publish on its website (www.nyserda.ny.gov) a REC price, which will include a Commission-approved adder representing NYSEDA's administrative costs and fees, and the estimated quantity of the RECs NYSEDA will offer for sale in the 2017 compliance period. RECs purchased from NYSEDA in 2017 may not be traded, but may be sold back to NYSEDA at cost if not needed to demonstrate compliance. By December 1, 2016, as an LSE you must inform NYSEDA whether you intend to purchase RECs from NYSEDA during the 2017 compliance period. LSE's may also self-supply by direct purchase of qualifying RECs from other sources. Resources eligible to produce qualifying RECs are resources that

came into operation after January 1, 2015 and that meet the eligibility criteria set forth in Appendix A of the CES Order.¹

As an alternative to purchasing RECs, LSEs may instead make an ACP to NYSERDA. NYSERDA will published on its website by December 1, 2016 a per MWh ACP price for the 2017 compliance period. The ACP price will equal an amount calculated as the published average REC price plus ten percent.

In accordance with Appendix C of the CES Order, all LSEs must register with the New York Generation Attribute Tracking System and open an LSE account to demonstrate compliance with the REC obligation. If you have questions regarding the requirements set forth in Appendix C, please contact Maureen Leddy (maureen.leddy@nyserda.ny.gov, 518-862-1090 x3318) or Doreen Harris (doreen.harris@nyserda.ny.gov, 518-862-1090 x3337). LSEs are also required to make an annual compliance filing with the Commission.

Second, independent of your obligation to purchase RECs, each LSE must purchase zero-emissions credits (ZECs) to preserve attributes that the Commission has determined are essential to the State and its near-term clean energy goals. The CES Order directs each LSE to purchase ZECs from NYSERDA during each program year in the amount representing each LSE's proportional share of ZECs, calculated by the amount of electric energy load it serves in relation to the total electric energy load served by all LSEs in the New York Control Area.

Each LSE's purchase obligation will be based on initial forecasts of load with a balancing reconciliation at the

¹ Two Appendices of the CES Order (Appendix B, a summary of party comments and Appendix G, State Environmental Quality Review Act findings) have been omitted from this mailing due to their size, but they, as well as a full-sized version of the CES Order and the other Appendices, are available on the Commission's website (www.dps.ny.gov). To access, follow these instructions: From the home page, select the search option at the top of the page. Type in "15-E-0302" in the "Search by Case Number" box located in the middle of the screen. From the case file, Click on "Order Adopting a Clean Energy Standard" or "Appendices to Order Adopting a Clean Energy Standard," both filed on August 1, 2016.

end of each program year. After the reconciliation process, each LSE will have purchased the correct proportion of ZECs on an annual basis. ZECs will not be tradable except between NYSERDA and the LSE during this balancing process.

ZEC prices will be set for two-year tranches commencing April 1, 2017. The first tranche will thus run from April 1, 2017 through March 31, 2019. The ZEC price for the first tranche will be \$17.48 per MWh, plus NYSERDA's Commission-approved incremental administrative costs and fees. This price will be adjusted in subsequent tranches, based on a formula set forth in the CES Order that incorporates the social cost of carbon. Each LSE must demonstrate compliance annually through a compliance filing with the Commission.

NYSERDA will provide instructions explaining the process and method for purchasing RECs and ZECs. To further assist LSEs in understanding their obligations under the CES Order, the staffs of the Department of Public Service and NYSERDA will present an information webinar on Tuesday, September 13, 2016 from 10:00 AM to Noon. Individuals interested in participating in the webinar, must provide contact information (name, company affiliation, phone number and email address) to CES@dps.ny.gov by noon, Thursday, September 8, 2016. Information on how to participate will then be sent to all interested parties. Staff and NYSERDA will accept written questions on the CES in advance of the webinar to inform the preparation of its presentation material. Questions should be submitted to CES@dps.ny.gov by September 9, 2016.

Should you have any other questions about this letter or the obligations created by the CES Order, please contact Tony Belsito at Anthony.Belsito@dps.ny.gov or (518)474-1634.

Sincerely,



Kathleen H. Burgess
Secretary

Enclosure