

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-E-0302 – In the Matter of the Implementation of a Large-Scale
Renewable Program

COMMENTS OF
PACE ENERGY AND CLIMATE CENTER

Dated: October 31, 2016

Pace Energy and Climate Center

Comments on NYSERDA's Petition for Clarification

Case 15-E-0302

October 31, 2016

In response to NYSERDA's August 25th filing¹ requesting additional clarification on the Commission's Clean Energy Standard Order,² and the September 14th notice in the NYS Register related to the same,³ the Pace Energy and Climate Center welcomes this opportunity to comment on the matter of financial backstops to the REC and ZEC programs. We support NYSERDA's request for electric distribution companies (EDCs) to serve as the financial backstop to the REC and ZEC programs, avoiding shortfalls related to potentially mistimed or misaligned payments from the sales of RECs and ZECs to load serving entities (LSEs) for compliance purposes, and NYSERDA purchase of these RECs and ZECs from generators.

NYSERDA's petition correctly points out that REC and ZEC purchases from qualifying generators will both challenge the organization to manage risks and potential temporary misalignments of funds. "The effectiveness of the purchase contracts will depend on the certainty of the payments to the generators," NYSERDA's petition states, and notes that "any timing delays or permanent issues in receipt of payments from LSEs would create cash flow issues for the timing of payment obligations to generators."⁴ A monthly obligation payment from LSEs for the purchase of RECs and ZECs, as NYSERDA proposes, would therefore align the payment schedules between NYSERDA's debtors and creditors. However, in the event of any shortfall,

¹ Case 15-E-0302, Petition of NYSERDA Pursuant to August 1, 2016 Order, NYSERDA (Aug. 25, 2016).

² Case 15-E-0302, Order Adopting a Clean Energy Standard, NYS PSC ES (Aug. 1, 2016).

³ Sept. 14, 2016 Notice in NY Register, ID No. PSC-37-16-00012-P.

⁴ NYSERDA petition at 8.

NYSERDA requires additional financial backstops to ensure that it is able to maintain stability and predictability in payments to generators.

NYSERDA requests that it be enabled to borrow against cash balances in the Clean Energy Fund (CEF) in the event of such a shortfall. It further requests that if that shortfall exceeds the amount of cash balances in the CEF at the time, an automatic trigger mechanism should invoke an EDC obligation to serve as financial backstop. This sequence of guarantees and backstops will ensure that the State is able to timely meet its obligations without posing any unnecessary burden on EDCs. Pace believes that NYSERDA's requests related to financial backstops are reasonable and in the public interest.

NYSERDA's requests for both a reasonable payment schedule that aligns its obligations under the CES with the payments it will receive, and appropriate financial backstops to secure its obligations in the event of a shortfall, are simple, prudent, and in the public interest of ensuring a well-functioning mechanism for paying generators under both the REC and ZEC markets. These schedules and backstops will both improve the efficiency of and confidence in CES markets. Pace endorses these requests to the Commission.

Sincerely,

Jordan Gerow
Staff Attorney
Pace Energy and Climate Center
(914) 422-4141
Jgerow2@law.pace.edu