Statement on ACE NY Filing of Petition at the NYS PSC Today

ALBANY, NY (March 12, 2019) — Today, the Alliance for Clean Energy (ACE NY) filed a Petition for an Order Modifying the Clean Energy Standard Tier 1 Procurement Process, joined by the American Wind Energy Association (AWEA). This Petition requests that New York’s Public Service Commission authorize and direct the use of an Index REC structure for the State’s procurement of renewable energy under the Clean Energy Standard (CES). Anne Reynolds, Executive Director of ACE NY stated:

“Today’s petition to the NY PSC is about putting more tools in the toolbox to help New York achieve 50% renewable electricity. We are asking that NYSERDA be authorized to use “Indexed REC” contracting for Upstate wind and solar projects, as they are already authorized to do for offshore wind. Under this approach, rather than fixing the price of a renewable energy credit (REC) for twenty years, the REC price would vary based on an index of the wholesale markets. This approach will allow renewable generators to bid into NYSERDA’s competitive solicitations at lower prices, reducing the cost of the Clean Energy Standard.”

In two separate studies, New York projected that this type of approach could save ratepayer costs. The Offshore Wind Policy Options Paper1 studied the cost profiles of several alternative procurement mechanisms. The estimated cost savings of using an Index offshore REC (OREC) compared to a fixed price OREC were stark. Second, the 2015 Large-Scale Renewable Energy Development in New York: Options and Assessment3 paper found that cost savings would come from lowering the risk premium in REC bids.4

See: Final Petition on Indexed REC

About the Alliance for Clean Energy New York: The Alliance for Clean Energy New York (ACE NY) is a broad coalition dedicated to promoting clean energy, energy efficiency, a healthy environment, and a strong economy for the Empire State, and is New York’s premier advocate for the rapid adoption of renewable energy and energy efficiency technologies. www.aceny.org

---

1 Case 18-E-0071, NYSERDA, Offshore Wind Policy Options Paper (Jan. 29, 2018)
2 NYSERDA estimated an incremental program cost of $1.2 billion for a fixed OREC, compared to $0.3 billion for the Index OREC – a savings of more than 75%. The estimated incremental bill impact of the Index OREC was 0.18% compared to 0.76% for the fixed REC – a savings of 76.3%. Id. at 40.
4 NYSERDA estimated that, without the Production Tax Credit, a wind project receiving fixed price RECs would need, on a levelized cost of electricity basis, a premium over market prices of $32.78/MWh, compared to a fully hedged4 project, which would require a premium of $21.42/MWh. Id. at 24.