



White paper

## New York commits to Clean Energy Standard with 50% renewables by 2030

New York's move to develop a clean energy standard promoting all forms of low-carbon energy will come with a cost, but just how much is yet to be determined. The Clean Energy Standard (CES), approved in August by the New York Public Service Commission and backed by Gov. Andrew Cuomo, mandates that 50 percent of the electricity used in the state be generated by renewable sources by 2030 – up from the previous target of 30 percent by 2020. It also aims for a 40 percent reduction in greenhouse gas emissions and a 600 trillion Btu gain in energy efficiency.

Currently New York meets about 26 percent of its electricity needs from renewable sources and 30 percent from nuclear generation. The CES seeks to:

- Increase renewable electricity supply to achieve the **“50 by 30” goal**;
- Support construction of **new renewable generation** in New York State;
- Prevent closure of **emissions-free nuclear facilities**; and
- Promote progress of the market objectives of Reforming the Energy Vision, the state's plan to create a cleaner, more affordable, more modern, and more efficient energy system

All utilities and energy service companies will be required to procure a percentage of their customers electricity needs from new renewables and existing nuclear via Renewable Energy Credits (RECs) and Zero Emission Credits (ZECs) respectively. Utilities will be solely



responsible for contracting with existing renewables and passing this cost onto all consumers through a distribution service charge

**Existing Renewables**

Wind, solar, hydro, biomass

**Existing Nuclear**

ZECs

**New Renewables**

New Wind, solar, hydro, biomass

Additionally, the Public Service Commission will require that all utilities and energy service companies procure a share of Zero Emission Credits (ZECs) from qualified nuclear facilities. The price of a ZEC is \$17.48/MWh + administrative fees that are yet to be determined, and will escalate to \$29.15/MWh in 2029, upon expiration.

ZECs do not replace Renewable Energy Certificates (RECs); they are an additional charge, designed to support continued operation of zero-emission qualified nuclear facilities. Based on forecasts of natural gas prices and operating conditions for renewables, the New York Public Service Commission has issued a Staff White Paper on the Clean Energy Standard in which it assumes economic benefits (job creation, tax revenue, GDP increase and avoided carbon costs in a future national carbon reduction requirement) offset the associated cost impact estimates on ratepayers. It projects an increase of less than 1 percent on electricity bills.

We understand how these policy events may be confusing, so here are some FAQs:

**How does New York support renewable resource development today?**

- Today, the New York State Energy Research and Development Authority contracts for large scale and small scale renewable resources like wind, solar, biomass and hydro. The money to pay for these renewable resources is collected by the electric utilities from every ratepayer via a “wires” charge on the distribution bill. You might notice them



on your utility bill as the Renewable Portfolio Standard, Energy Efficiency Portfolio Standard and the System Benefits Charge. They apply to shopping and non-shopping customers alike.

### **As a consumer, will I still pay for RECs and ZECs?**

- Yes, New York has directed all load serving entities to purchase RECs effective January 1, 2017 and ZECs beginning April 2017. Your load serving entity should offer products for you to manage or pass through this component.

### **Will renewable generation in adjacent states be eligible for RECs?**

- Yes. The PSC, drawing on the collective successes in renewables implementation, recommended that assets in adjacent control areas be eligible to participate in the 50 percent calculation. Doing so should reduce the price burden on New York consumers. The PSC has laid out renewable procurement targets through 2021.

### **How will the funds raised from ZECs be used to support the nuclear industry?**

- Low natural gas prices have led to reduced energy revenues for all generators in New York, and nuclear plants are especially struggling. But three upstate nuclear facilities that are believed to be most at risk are also expected to produce 27.6 MWh of carbon-free power annually. The PSC has said that without their generation, the targets of the 50 by 30 initiative likely cannot be met. The ZEC payments will be used to support the plants' financial viability, and will be made based on output. The New York Research and Development Energy Authority will offer long-term contracts to Fitzpatrick, Ginna and another economically distressed nuclear facility, Nine Mile Point, that will be paid for via ZECs.

### **What should consumers do in light of these changes in New York?**

- First and foremost, consumers should understand their alternatives. As New York's state government is making stronger commitments to the environment through 2030,



consumers need to adjust their budgets accordingly. Retail load serving entities should make customers aware of the pending charges and estimated amounts. Load serving entities should also provide product alternatives to customers based on their desire to manage this risk. Additionally, customers should look into energy efficiency projects that would reduce load forecasts, lower the overall obligation of the existing generation fleet, and cut carbon emissions.

As a leading retail load serving entity in New York, ENGIE Resources participates in this lively discussion, and we support the intent of Gov. Cuomo's CES. At the same time, however, we also hope that the legitimate policy concerns that have emerged – including whether ratepayers should have to subsidize struggling generation facilities – receive due consideration from regulators and other policy makers. As this issue continues to unfold, we will keep you updated on its progress and potential impact on you, your energy costs, and your business.

For more information on the Clean Energy Standard, [view the Fact Sheet](#). The New York State Public Service Commission final Order (and appendices), dated Aug. 1, 2016, adopting the Clean Energy Standard, can be found at:

<http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?Mattercaseno=15-E-0302>