

## Load Serving Entities Frequently Asked Questions relating to the Renewable Energy Standard and NYSERDA Tier 1 REC sales.

### 1. How is a Load Serving Entity (LSE) 2017 RES compliance obligation calculated?

The obligation of each LSE will be determined as a function of the *actual load served by that LSE during the 2017 compliance period* (January 1 through December 31, 2017). Once final load data for the Compliance Period has been reported to the New York Generation Attribute Tracking System (NYGATS), each LSE's RES obligation will be determined by multiplying the LSE's actual load served by the Compliance Obligation Percentage of 0.6%. To meet its compliance obligation, the LSE must acquire RECs or purchase Alternative Compliance Payments in combined amounts that equal that number.

Final load data will be available approximately five months after end of the compliance period. This topic is discussed in Section 5 of the Phase 1 Implementation Plan Proposal filed on October 31, 2016.

The load data for each LSE provided by NYSERDA via email on November 1, 2016 represents the load served by that LSE during the 12-month period between April 1, 2015 and March 31, 2016 (the "base year") as compiled by the Department of Public Service Office of Clean Energy. This base year load number was necessary for NYSERDA to calculate the minimum right of first refusal amount for each LSE, and may provide a useful reference point regarding the LSE's potential 2017 obligation. The LSE's actual Tier 1 RES compliance obligation will be based on the LSE's actual load during the 2017 Compliance Period.

The Public Service Commission's August 1, 2016 Order Adopting a Clean Energy Standard stated that the Renewable Energy Standard (RES) would be determined by multiplying the LSE's actual load served in the Compliance Period times the Compliance Obligation Percentage of 0.6%. As an example:

LSE XYZ Actual Load for 2017 Compliance Period (MWh):	1,000,000
RES Tier 1 Compliance Obligation Percent:	0.6%
LSE XYZ Tier 1 Compliance Obligation for 2017 Compliance Period:	6,000

In a Notice Soliciting Comments issued on September 12, 2016 in response to a Petition for Clarification filed by NYSERDA on August 1, 2016, the Public Service Commission (PSC) requested comments on how new renewable resources from NY-Sun and other Customer-Sited Tier projects are to be counted towards the compliance obligation. This issue is important to the final calculation of the Compliance Obligation, and the PSC has not yet ruled on this topic; this link will be updated when additional information is available.

### 2. Is the 56,142 RECs that NYSERDA is offering for sale the total NYS obligation of RECs to comply with RES for all LSE's for 2017? Does the amount of RECs NYSERDA has offered to sell me equal to our entire 2017 REC Compliance Obligation?

The final answer to this question depends upon the PSC's ruling on a petition filed by NYSERDA on August 25, 2017 regarding the treatment of "behind the meter" resources. Until the PSC clarifies the proper treatment of NY-Sun and other Customer-Sited Tier resources as described in question 1, NYSERDA has offered for sale to LSEs the estimated Tier 1 eligible RECs available from NYSERDA RPS Main Tier procurements since there is certainty that these RECs will be eligible for Tier-1 compliance in 2017.

NYSERDA is now offering each LSE a "right of first refusal" election opportunity to purchase a minimum of their proportional share of the total eligible 2017 Tier 1 RECs expected to be available from prior NYSERDA RPS Main Tier procurements. The minimum amount is determined by the proportion of the total statewide load served by the LSE during the base year (as described above). That right of first refusal must be exercised by December 1, 2016. As an example, an LSE that served 10% of the total

statewide load during the base year will have a right of first refusal for 10% of the NYSERDA Tier 1 RECS:

NYSERDA Tier 1 RECs available for purchase:	56,142
LSE XYZ Load Share Ratio for reference period (12 months ending March 31, 2016):	10%
Minimum number of Tier 1 RECs to be made available to LSE XYZ by NYSERDA:	5,614

Depending on the PSC's ruling, purchasing the minimum allocation may only represent a portion of an LSE's 2017 RES compliance obligation. It has not yet been determined by the PSC if an LSE will need to procure additional RECs to meet their 2017 compliance obligation. Please see question 1 for a more detailed description of the process.

**3. We would like to buy more than the minimum REC Quantity Available that NYSERDA indicated, can we do that?**

An LSE may order more than the minimum, but to ensure equity among LSE's, NYSERDA will only guarantee the minimum at this time. If some LSEs elect not to purchase the minimum quantity, and other LSE's order more than their minimum, NYSERDA will first fulfill all LSE orders for the minimum, and then allocate the rest proportionally to those who have expressed an interest in purchasing more than the minimum.

**4. If NYSERDA does not ultimately have enough RECs to satisfy all LSEs' compliance obligations, what are other sources of RECs that are available from which an LSE can purchase the balance of their compliance obligation?**

An LSE may achieve RES compliance in any of three ways:

1. LSEs may purchase Tier 1 RECs from NYSERDA;
  - a. The Commission directed NYSERDA to conduct Tier 1 REC procurement solicitations at least once annually.
2. Self-Supply: LSEs may enter into agreements, including long-term power purchase agreements (PPAs), with renewable energy resources to procure Tier 1 RECs; and
3. LSEs may pay an alternative compliance payment (ACP).

LSE's may pursue any combination of these three strategies, i.e. an LSE may choose to purchase a quantity of RECs from NYSERDA while also purchasing Tier 1 eligible RECs from other sources. If an LSE is unsuccessful in acquiring a sufficient quantity of RECs the LSE can complete its compliance by making ACPs, as substitutes for RECs, in an amount sufficient to fulfill the compliance obligation shortfall. Each LSE will need to determine the best approach to demonstrate compliance.

Regarding the second, self-supply option, once the process for certifying Tier 1 eligible facilities proposed in the October 31, 2016 Phase 1 Implementation Proposal has been finalized by the PSC, NYSERDA will begin the process of certifying facilities and recording their RECs as Tier 1 eligible in NYGATS. Additionally, LSEs and/or eligible facilities can post an interest to transact RECs on the NYGATS Bulletin Board.

An LSE that has more RECs than needed for compliance at the end of the 2017 compliance year may sell RECs it purchased from NYSERDA back to NYSERDA, subject to limitations. NYSERDA has proposed that LSEs be permitted to "bank" RECs not needed for compliance for use in future years. NYSERDA expects the PSC to rule on the "sell back" and banking opportunities in the near future.

**5. My LSE had no load in the base year ending March 31, 2016. Will I still need to comply?**

Any LSE that serves load during the 2017 compliance year will have the obligation to comply by acquiring RECs or paying ACPs. As described above, the actual obligation of an LSE will be calculated at the end of the 2017 compliance period after final load numbers for the 2017 Compliance Period are available. The base year load numbers NYSERDA has provided to each LSE via email are each LSE's baseline load for the most recent period that is available (April 1, 2015 – March 31, 2016). If an LSE has load in the 2017 compliance period of January 1 through December 31, 2017 but showed zero load in the baseline year, the LSE will still have a compliance obligation for 2017.

**6. Can RECs be produced and procured from adjacent control areas?**

Yes. In order to count towards an LSE's RES Tier 1 compliance obligation, the RECs must be tagged as eligible New York Tier 1 2017 RECs in NYGATS. These RECs may be produced in other control areas so long as they are deemed eligible according to the resource and delivery requirements established in the August 1, 2016 Commission Order. The Phase 1 Implementation Plan Proposal, filed October 31, 2016 has more details on geographic eligibility for Tier 1 resources.

**7. Why would an LSE prefer to pay an ACP instead of purchasing RECs?**

An LSE may prefer to pay ACPs instead of purchasing eligible New York 2017 Tier 1 RECs for administrative simplicity. However, the ACP price for 2017 has been established at a price 10% higher than NYSERDA's Tier 1 REC sales price.

**8. How does an LSE demonstrate compliance with this obligation?**

Eligible Tier 1 RECs procured towards compliance with the annual obligation must be held in the LSE's NYGATS account. Tier 1 RECs that are used to demonstrate compliance are subsequently retired and no longer available in NYGATS. Please review Section 5 of the Phase 1 Implementation Plan Proposal filed on October 31, 2016 for details on demonstration of compliance with the RES program.

**9. When is 2017 compliance due?**

As described in the Phase 1 Implementation Plan Proposal filed on October 31, 2016, NYGATS will generate a compliance year RES compliance report, containing the actual compliance obligation and Tier 1 REC balances in the LSE's NYGATS account in July following the compliance year. This compliance report and an ACP report, if applicable, will be submitted to NYSERDA for the RES program within 30 days of the final report becoming available.

**10. Are there reports released by NYGATS showing qualified Tier 1 RES resources?**

At this time there is no NYGATS Tier 1 resources report. The process for certification of eligible facilities was described in the Phase 1 Implementation Plan Proposal filed on October 31, 2016. Once the certification process is approved by the PSC, NYSERDA will begin certifying facilities. Following certification, NYGATS will be updated and such reports will be available.

**11. Are there any 2016 Tier 1 RECs available?**

Only 2017 Tier 1 RECs will count toward the 2017 obligation. Banked 2017 Tier 1 RECs may count toward future obligations, subject to banking rules adopted under future PSC Orders.