

Large-Scale Renewables

Clean Energy Standard (CES) Compliance

A Guidance Document for Load-Serving Entities

Version 1, April 2018

Overview

New York's Clean Energy Standard (CES) requires that 50 percent of New York's electricity come from qualifying renewable energy sources by 2030. Two of the CES's primary components are: The Renewable Energy Standard (RES) and the Zero-Emissions Credit (ZEC) requirement.¹ Both the RES and ZEC requirements are implemented through annual obligations on Load-Serving Entities (LSEs).

The purpose of this document is to guide LSEs providing retail electricity service in New York State through the process of demonstrating compliance with their annual RES and ZEC obligations. It is imperative that each LSE complete its annual compliance filing accurately and on time.

The Public Service Commission (PSC) requires NYSERDA to report on the individual compliance status of each LSEs with a CES obligation. As a result, each LSE must submit an annual RES Compliance Report to demonstrate its satisfaction of RES and ZEC obligations.

In addition to reporting on the status of individual LSE compliance, NYSERDA is also required to prepare a public CES Compliance Summary Report that aggregates the compliance data of all LSEs and tracks the overall progress towards CES goals. For this CES Compliance Summary Report, LSE compliance data are only provided in aggregate, and conclusions about compliance or non-compliance are reported without attribution to individual LSEs.

The remainder of this document provides summaries of LSE obligations, and links to additional resources to help ensure all LSEs' successful completion of annual compliance filings.

Organization of this Document

This document:

1. Outlines the obligations, key requirements and milestone dates in the annual CES compliance process,
2. Describes the collection and validation of LSE compliance data through NYGATS accounts, and
3. Provides instructions for submitting annual LSE compliance filings for both the RES and ZEC programs.

RES Obligations

Each year, all LSEs in New York have an obligation to supply their retail customers with a specified percentage of energy from new renewable resources, represented by New York Tier 1 renewable energy credits (RECs). Each LSE's annual RES compliance obligation is the product of annual LSE load and the percentage compliance target for the applicable year as established by the PSC. LSEs can achieve annual RES compliance through a combination of any of the following three mechanisms:

- Tier 1 RECs purchased from NYSERDA,
- Tier 1 RECs purchased from a third party, or
- Provision of Alternative Compliance Payments (ACPs)

¹ Though an important component of the CES, the ZEC requirement does not count towards the 50 percent renewable energy goal.

Annual RES Obligation

The PSC [Order Implementing the Clean Energy Standard](#) (“the CES Order”) set the annual RES obligations for all LSEs, represented as the percentage of the LSE’s load that must be met with Tier 1 RECs. The [Phase 2 Implementation Plan](#) revised the annual percentage obligations through 2021. Obligation percentages for subsequent years will be developed on a projected three-year rolling average basis. See [NYSERDA’s CES site](#) for all relevant PSC orders and implementation filings.

Using NYGATS to manage RES compliance

Because LSEs manage their REC holdings, RES obligations, and compliance activity in the New York Generation Attribute Tracking System (NYGATS), they must first register and create an account in NYGATS. For instructions on how to register an account, visit NYSE’s [NYGATS Information Page](#) and review the [NYGATS Registration Documents](#).

All LSEs are responsible for understanding the NYGATS registration, account management processes and any rules regarding REC banking or transfers as established by the PSC, including all steps required to successfully transfer Tier 1 RECs between accounts and subaccounts – including Tier 1 RECs banked for compliance – and to submit complete and accurate compliance filings on an annual basis. LSEs not yet fluent in NYGATS processes should prioritize an immediate review of the [How to Use NYGATS](#) page on the CES website. LSEs must fully understand the relationships between all NYGATS subaccounts to ensure that REC transfer and deposit errors are minimized.

Questions? LSEs should direct questions about NYGATS to the NYGATS administrator at 408-642-0167 or NYGATS@apx.com.

Environmental Disclosure Label Program

New York’s Environmental Disclosure Label Program was established in 1998 and requires all LSEs to periodically provide customers with labels that include information on the types of fuels used to generate electricity, air emissions resulting from generating electricity, and a comparison of those emissions to a statewide average. This information is intended to enable consumers to select an electricity supplier based on the characteristics of the offered power supply.

All LSEs must become familiar with how RECs are recorded for both RES compliance and environmental disclosure labeling. Information on disclosure labeling can be found on the [Environmental Disclosure Program](#) website.

RES Tier 1 Generator Certification

To be used for compliance with the RES, a REC must be generated by a Tier 1-Certified resource. Tier 1-eligible generating resources are new renewable energy facilities that entered commercial operation on or after January 1, 2015. The eligibility of distributed energy resources (DER) is limited and outlined in the PSC’s March 9, 2017 [Value of Distributed Energy Resources \(VDER\) Order](#). RECs for projects that enroll in VDER Phase 1 Value Stack compensation and community distributed generation projects receiving VDER Phase One NEM Compensation are granted to the interconnecting LSE by default and are not tradable (see the VDER Order for complete details). Eligible generating resources must obtain Certification from NYSE through an application process in NYGATS. For more information on the Certification process, visit the [RES Tier 1 Eligibility](#) page on the CES website and review the [Eligibility and Certification Guidelines](#).

NYGATS certificates are created monthly. A facility’s RES Tier 1 designation will begin to appear on NYGATS certificates for all production loaded into NYGATS following the date of the facility’s notice of eligibility. Thereafter, Tier 1 RECs will be created on a monthly basis. Please refer to the NYGATS Operating Rules for additional information regarding the timing of certificate creation.

RECs that are not tagged as Tier 1-eligible in NYGATS cannot be applied towards an LSE’s RES obligation.

ZEC Obligations

All LSEs in New York must purchase the required number of ZECs, from NYSERDA, for each compliance year. Per the CES Order, the number of ZECs an LSE must obtain is based on its actual proportional share of New York State load served applied to the total number of ZECs purchased by NYSERDA during the compliance period. ZECs are not tradeable among LSEs or other market participants. LSEs may not bank ZECs and there is no option to comply with the ZEC requirement through ACPs.

NYSERDA will determine the number of ZECs each LSE is obligated to obtain after the all the NYISO load data is available for the full ZEC compliance year.

NYGATS Compliance Information

LSEs’ NYGATS Accounts will include information on compliance obligations and status for both the RES and ZEC obligations. These compliance summaries, located on the main page of the LSE’s account, provide information on the LSE’s status towards meeting its obligations, current as of the most recent load data transferred into NYGATS by the New York Independent System Operator (NYISO). There is a 5-month lag between when the load occurs and when it is uploaded to NYGATS.

LSE Preliminary RES Compliance Report

The LSE Preliminary RES Compliance Report provides a snapshot of relevant compliance data over the current RES compliance period, which is on a calendar year basis, and the most recent previous compliance period. The preliminary report is available throughout the year and is updated continuously. When final load data is available for the most recent compliance period, LSEs will be able to review the Preliminary Report to understand their compliance status and what actions are needed to comply with RES obligations.

A sample compliance summary is depicted below.

LSE Tier 1 REC Preliminary Compliance Report

Compliance Year (January-December)	LSE Total Load (MWh) through September 2017	Tier 1 REC Obligation %	Tier 1 REC Obligation	Tier 1 RECs Banked	Tier 1 RECs Active	Tier 1 RECs EDP	Tier 1 REC Balance	ACP Price	Potential ACP	Total Charge
2018	0	0.150	0	0	0	0	0	\$18.71		\$0.00
2017	5,230,349	0.035	1,831	0	0	0	(1,831)	\$23.28		\$42,625.68

Note: There is a 5-month lag between when the load occurs and when it is available to NYGATS. This lag is part of the NYISO settlement process. For example, the load data from January will be available in NYGATS in June.

The following table provides definitions for the data elements in the LSE Preliminary RES Compliance Report section in NYGATS.

LSE Preliminary RES Compliance Report Definitions

Column Name	Description
Compliance Year (January – December)	This identifies the Renewable Energy Standard Compliance Year and the timeframe of the Compliance Year. The table will display information for five (5) Compliance Years. The first year is 2017.
LSE Total Load through [Month Year] (MWh)	LSE total electrical load for the Compliance Year beginning with the first month of the Compliance Year through the month indicated i.e. May 2017. This load will be the most recent NYISO V2 data received by NYGATS.
Compliance Year Tier 1 REC Obligation %	Percentage of LSE load required to be met with Tier 1 RECs for the Compliance Year as ordered by the New York Public Service Commission.
Tier 1 REC Obligation	Number of Tier 1 RECS that comprise the LSE’s Tier 1 REC obligation for the Compliance Year based on the most recent data in NYGATS. The Tier 1 REC Obligation is the LSE Total Load for the Compliance Year multiplied by the Tier 1 REC Obligation % for that Compliance Year.
Tier 1 RECs Banked	Number of Tier 1 RECs in LSE’s Banked Sub-Accounts. Column will always be zero for settled years. Any remaining Banked Tier 1 RECs from settled vintage years will display in the current year.
Tier 1 RECs Active	Number of Tier 1 RECs in LSE’s Active Sub-Accounts.
Tier 1 RECs EDP	Number of Tier 1 RECs in LSE’s EDP Sub-Accounts by year transferred with reason of 'RES Compliance'. Tier 1 RECs retired for other reasons are not included.
Tier 1 REC Balance	The difference between Tier 1 RECs EDP (with reason 'RES Compliance') and the Tier 1 REC Obligation for a given Compliance Year. Note: Negative numbers are displayed in parenthesis.
ACP Price	ACP Price is the unit (MWh) cost of an Alternative Compliance Payment as approved by the New York Public Service Commission for the Compliance Year.
ACP Charge	The ACP Charge provides the LSE with an indication of the current cost of compliance if achieved by paying an ACP. ACP Charge is the Tier 1 REC Balance multiplied by the ACP price. This information is provided for informational purposes only and is based on the most recent data stored in NYGATS.

Due to the five-month lag for availability of NYISO load data in NYGATS, the LSE Preliminary RES Compliance Report does not provide real time information on the LSE’s obligation during the current compliance year but does provide real time data on its Tier 1 REC disposition. LSEs may refer to the LSE Preliminary RES Compliance Report as a compliance period progresses to ensure that it has an accurate accounting of its Tier 1 REC balances in active, banked, and EDP subaccounts. In the later months of the calendar year, load data for previous months can indicate if the final RES obligation is likely to be in line

with the LSE’s projections. NYISO load data for the previous compliance period will be available in May, at which point the LSE will be able to view its final Tier 1 REC obligation and current Tier 1 REC balance and make any adjustments necessary to ensure it complies, as described below.

Tier 1 REC Banking and Compliance

The [Phase 2 Implementation Plan](#) established rules for the banking and withdrawal of Tier 1 RECs for RES compliance². The IP Order states: “Banked certificates are in excess of the number of certificates needed in the compliance period in which they were generated, and such excess NYGATS certificates have not previously been used for compliance with the RES and have not been otherwise transferred to other parties.” Based on the banking rules **in effect in 2018**, LSEs with excess Tier 1 RECs beyond their needs for compliance in the current compliance year can bank those Tier 1 RECs for use in the two subsequent compliance years. Conversely, LSEs can apply banked Tier 1 RECs from the prior two years for use in the current compliance year.

There are conditions related to banking and using banked Tier 1 RECs:

1. Only obligated LSEs may bank Tier 1 RECs, and banked certificates may not be transferred.
2. LSEs may only bank excess Tier 1 RECs above their current year compliance obligation.
3. LSEs must have been in compliance with the RES for all previous compliance periods to use banked Tier 1 RECs towards its RES obligation.
4. Tier 1 RECs banked in a given year may not exceed 60% of the LSE’s compliance obligation for that year.³

LSE ZEC Compliance Summary

The LSE ZEC Compliance Summary contains the following information, as depicted below, for the current and previous compliance year (which operated from April-March):

Compliance Year (April-March)	LSE Total Load (MWh) through May 2017	LSE Load Share	LSE ZEC Obligation	ZECs	ZEC Balance	ZEC Price	ZEC Total Charge
2018	0	0.00000%	0	0	0	\$0.0000	\$0.00
2017	3,027,778	13.60725%	1,866,762	1,000	(1,865,762)	\$17.5394	\$32,724,346.02

The following table provides definitions for the data elements in the Yearly ZEC Compliance Summary section in NYGATS.

‘Yearly ZEC Compliance Summary’ table definition

Column Name	Description
Compliance Year (April – March)	This identifies the Zero Emissions Credit Compliance Year and the time frame of the Compliance Year. The first year is 2017.
LSE Total Load through [Month Year] (MWh)	LSE total electrical load for the Compliance Year beginning with the first month of the Compliance Year through the month indicated i.e. May 2017. This load will be the most recent NYISO V2 data received by NYGATS.

² Case 15-E-0302 – Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, *Final Phase 2 Implementation Plan* (issued December 18, 2017) p. 14

³ Case 15-E-0302 – Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, *Final Phase 2 Implementation Plan* (issued December 18, 2017) p. 14

LSE Load Share	LSE Load Share is the LSE’s percentage of the total New York State electric load. The LSE Load Share is the LSE Total Load for the Compliance Year divided by the total New York State electric load for that same period.
LSE ZEC Obligation	The LSE ZEC Obligation is the LSE Load Share multiplied by the number of ZECs that have been created in NYGATS during the Compliance Year based on the most recent data in NYGATS.
ZECs	The number of ZECs in an LSE’s NYGATS account for the Compliance Year.
ZEC Balance	The difference between the ZECs and the LSE ZEC Obligation for a given Compliance Year. Note: Negative numbers are displayed in parenthesis.
ZEC Price	ZEC Price is the unit (MWh) cost of a ZEC as approved by the New York Public Service Commission for the Compliance Year.
ZEC Total Charges	ZEC Total Charge is the ZEC Balance multiplied by the ZEC price. This information is provided for informational purposes only and is based on the most recent data stored in NYGATS. Negative numbers are displayed in parenthesis.

Final ZEC obligations are calculated for the compliance year after all NYISO load data is available for the full compliance period. Throughout the compliance period, LSEs make monthly payments to NYSERDA for the estimated amount of ZECs it will require, according to the payment schedule and [ZEC Agreement](#) NYSERDA provided to LSEs each year. The LSE ZEC Compliance Summary will inform LSEs of any true-ups necessary once final load data is available.

Demonstrating RES Compliance

LSE Preliminary RES Compliance Report

Once the load data is available in NYGATS in May, LSEs’ final Tier 1 REC obligations for the applicable year will be calculated. At this point, LSEs will receive an email from NYSERDA notifying them this information is available in NYGATS and presented in the LSE Preliminary RES Compliance Report.

The LSE Preliminary RES Compliance Report, as described above, provides data on load, RES obligation, and current Tier 1 REC disposition (including bank balances). LSEs can use the Preliminary Report to understand their compliance status if they take no other action and understand what actions – including the provision of Alternative Compliance Payments – are necessary to comply.

LSE Responsibility to Review Preliminary Compliance Filing Data

LSEs must review the LSE Preliminary RES Compliance Report to ensure that all information is accurate. LSEs are strongly encouraged to conduct this review **as soon as possible after the data are available**. If the LSE finds any piece of the LSE Preliminary RES Compliance Report is *not* accurate, it must send an email to the NYGATS administrator detailing the discrepancy. The LSE must send the discrepancy email at least two weeks before the end of the trading period. LSEs must send the request early enough to ensure the claim is reviewed well before the trading period closes so that in the case the LSE needs to obtain additional Tier 1 RECs to meet its obligation, it has the opportunity to do so.

Reporting discrepancies in a LSE Preliminary RES Compliance Report

NYGATS, and if necessary NYSERDA program staff, will review claims of discrepancies reported by LSEs regarding the accounting of their Tier 1 RECs. The types of claims that may be possible to resolve include: Tier 1 certificates have been deposited into the incorrect subaccount by human or system error; Tier 1 RECs have been deposited in an EDP subaccount but marked for the wrong reason; certificates in an LSEs account that are Tier 1 eligible have not been marked as such; certificates were settled improperly at the end of the last trading period; or other similar account balance issues that the LSE cannot address on its own. Discrepancies of final load data provided to NYGATS by NYISO will be addressed using established data protocols as described in the NYGATS [Operating Rules](#) and are outside of the process described here.

NYSERDA cannot resolve disputes over REC contracts or other bilateral agreements between LSEs and other third parties. NYSERDA cannot waive the requirement that RECs used for RES compliance must be generated by a Tier 1-certified facility. It is the LSE's responsibility to ensure that it fully understands the requirements under the CES, as well as the terms and products included with any purchases of certificates it makes from third parties.

If an LSE wishes to contest any element of the LSE Preliminary RES Compliance Report, it should send a Discrepancy Report via email to NYGATS@apx.com with the following information:

- Certificate status (e.g. settled, unsettled, reserved)
- Vintage
- Origin (NY, imported)
- Fuel/Resource Type
- Quantity
- Either:
 - Supporting documentation from NYGATS reports, or
 - 3rd party verification of incorrectly settled certificates
- Narrative description explaining the source of error resulting in incorrectly settled RECs, or RECs with incorrect eligibility coding, along with a description of efforts to correct error(s) in NYGATS
- Attestation by the Authorized Representative that certificates cannot and will not be used, sold, deposited, retired, or claimed elsewhere

The NYGATS Administrator will review the LSE's claim and request. If the NYGATS Administrator finds the claim is legitimate and sufficiently documented, and the remedy can be implemented through an administrative action in NYGATS, the NYGATS administrator will make the requested adjustment. If the claim is within its authority but the Administrator finds that it is not valid or properly documented, the NYGATS Administrator will notify the LSE that its claim was rejected, and the LSE must obtain the number of Tier 1 RECs or make ACPs as indicated on its LSE Preliminary RES Compliance Report.

If the claim is beyond the NYGATS Administrator's authority, it will send the request to NYSERDA, who will review the claim and determine if any corrective action is appropriate. If NYSERDA finds the claim legitimate and sufficiently documented, it will instruct the NYGATS Administrator to make the required adjustment in the LSE's account. If NYSERDA finds that the claim is not valid or properly documented, NYSERDA will notify the LSE that the claim was rejected, and the LSE must obtain the number of Tier 1 RECs or make ACPs as indicated on its LSE Preliminary RES Compliance Report.

Alternative Compliance Payments

The NYGATS trading period closes on June 30 at 11:59 PM Eastern prevailing time. After this point, LSEs may not obtain additional Tier 1 RECs to meet their compliance obligation, and any shortfall towards their obligation must be met with ACPs. For any LSEs that do not have their full Tier 1 REC obligation deposited in its EDP subaccount for RES compliance, NYSERDA will issue LSEs a final invoice for ACPs. Invoices will contain the number of RECs the LSE is short of its compliance obligation, the resulting ACP due, and instructions for making payments to NYSERDA. LSEs should receive invoices in mid-July, and ACPs are due within 30 days of the date the invoice is sent. NYGATS will be updated when NYSERDA receives the payment.

Final RES Compliance Report

NYSERDA will notify all LSEs that the Final LSE RES Compliance Report is available in NYGATS. LSEs must review the filing to check for its accuracy and to confirm that the LSE is fully aware of its compliance status. The LSE must submit the Final RES Compliance Report by clicking on either an “Accept” button and attesting that the person submitting the filing is authorized to do so, or by clicking “Dispute”.

If the LSE did not have to make ACPs, the LSE will select “Accept” by August 31 and it has completed all necessary requirements and will be deemed in compliance.

If the LSE has paid NYSERDA the full amount due in ACPs, the LSE will select “Accept” by August 31 and it has completed all necessary requirements and will be deemed in compliance.

If the LSE selects “Dispute,” NYSERDA will receive notification and contact the LSE. All information supporting a discrepancy case must have been provided during the Preliminary Compliance Report phase. In order to minimize the need for discrepancy reporting and the instances of LSEs electing “Dispute”, it is important for all LSEs to review and understand not only NYGATS functionality and the LSE reporting obligations, but also Tier 1 generator certification requirements, so that the LSE can ensure all RECs purchased will count towards RES compliance obligations. More information on generator certification and compliance process flows can be found on the [NY CES website](#).

The outcome of the Discrepancy Report process depends on the timing and nature of the request; as well as LSEs’ efforts to resolve the discrepancy prior to the close of the trading period. The NYGATS Administrator will resolve any valid claims within its authority, and direct claims it is not able to resolve to NYSERDA. NYSERDA will respond to the LSE noting if it is able to resolve the dispute, and if not, what further action is required. In some cases, DPS approval will be necessary.

CES Compliance Reporting Timelines

Table 1 outlines the LSE compliance reporting timelines for both LSE RES Compliance Reporting and LSE ZEC Compliance Reporting. It is important for all LSEs to review their compliance status in NYGATS and make any necessary adjustments once load data is available. For Tier 1 RES obligations, such review and adjustments will occur between May 15th and June 30th of each year. The dates provided in Table 1 are approximate and based on best estimates of data availability and processing times for each step. NYSERDA may revise the timing of these benchmarks as necessary in future compliance years.

Table 1: CES Compliance Reporting Timeline for LSEs

LSE RES Compliance Reporting	Date
End of RES compliance period	December 31
NYSIO load data for applicable RES compliance period available in NYGATS	Approximately May 15
LSE manages Tier 1 REC obligation, settles any discrepancies in compliance filing	May 16 – June 27
Trading closes in NYGATS; end of reconciliation period	June 30 (11:59 pm)
Final Compliance Report available in NYGATS and ACP invoice sent to LSE	July
ACPs accepted	Approximately July 2 – August 15
LSE accepts Final Compliance Report	August 31
LSE ZEC Compliance Reporting	
End of ZEC compliance period	March 31
NYSIO load data for previous ZEC compliance period available in NYGATS	Approximately August 15
ZEC reconciliation period	September 1 – October 15
LSE files Final Compliance Report in NYGATS	October 30, 2018

References

1. New York Generation Attribute Tracking System (NYGATS): <https://www.nyserda.ny.gov/All-Programs/Programs/NYGATS>
 - a. NYGATS Operating Rules: <https://www.nyserda.ny.gov/-/media/Files/Programs/NYGATS/Operating-Rules.pdf>
2. NYSERDA CES Compliance webpage: [Add when link to new page is available]
3. LSE CES Compliance Training (Webinar slides and recording): [Add when available]
4. Downloadable form for discrepancy report: [Add when available]
5. Environmental Disclosure Program: <http://www3.dps.ny.gov/W/PSCWeb.nsf/0/502EF210A0D15B2885257687006F39D8>
6. RES Tier 1 Eligibility Information: <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/RES-Tier-One-Eligibility>
 - a. Eligibility and Certification Guidelines: <https://www.nyserda.ny.gov/-/media/Files/Programs/Clean-Energy-Standard/Eligibility-Certification-Guidelines.pdf>
7. REC and ZEC Purchases: <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/REC-and-ZEC-Purchasers>
 - a. REC Agreement (November 17, 2016): <https://www.nyserda.ny.gov/-/media/Files/Programs/Clean-Energy-Standard/Agreement-Sale-of-RECs.pdf>
 - b. ZEC Agreement (November 17, 2016): <https://www.nyserda.ny.gov/-/media/Files/Programs/Clean-Energy-Standard/Agreement-Sale-of-ZECs.pdf>

8. CES Orders, Reports, and Filings: <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Important-Orders-Reports-and-Filings>
 - a. CES Order: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7b44C5D5B8-14C3-4F32-8399-F5487D6D8FE8%7d>
 - b. Phase 1 Implementation Plan: <https://www.nyserda.ny.gov/-/media/Files/Programs/Clean-Energy-Standard/2017-03-24-Phase-1-Implementation-Plan.pdf>
 - c. Phase 2 Implementation Plan: <https://www.nyserda.ny.gov/-/media/Files/Programs/Clean-Energy-Standard/2017-Phase2-ImplementationPlan.pdf>
9. Contact information
 - a. NYSERDA: ces@nyserda.ny.gov
 - b. NYGATS Administrator: 408-642-0167 or NYGATS@apx.cpom.