

STATE OF NEW YORK

# Public Service Commission

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## **MAJOR CHANGES TO RENEWABLE ENERGY PROGRAM TO SPUR GREATER DEVELOPMENT OF LARGE-SCALE RENEWABLE ENERGY PROJECTS IN NYS**

— **Significant Improvements to Main Tier Renewable Initiative** —

Albany, NY—07/02/14— The New York State Public Service Commission (Commission) today announced important changes to New York’s landmark Main Tier Renewable Portfolio Standard (RPS) program to help increase the number of large-scale renewable energy projects, such as wind farms, being built in New York. The changes announced today offer increased revenue certainty and a revised Main Tier solicitation design extending into 2015 which provide the support developers need to help create a more robust renewable energy market in New York State.

“Supporting large-scale renewable energy projects highlights New York’s strong commitment to growing the clean energy economy,” said Commission Chair Audrey Zibelman. “With these changes, New York will be able to attract greater private sector investment and create new economic opportunities. In addition to spurring clean energy development, we will help create a more diverse energy supply and a cleaner and healthier living and working environment.”

The Commission issued an order today authorizing the New York State Energy Research and Development Authority (NYSERDA) to award contracts for large-scale renewable energy projects, known as the Main Tier, of up to 20 years in length, doubling the current contract length for future solicitations. Further, the PSC directed NYSEDA to issue one Main Tier solicitation this year, and at least one additional solicitation in 2015.

Providing developers of large renewable energy projects with longer-term contracts provides greater certainty of future revenues and reduces the risks related to financing the project. Lowering risk is attractive to the financial community and makes financing the renewable project easier and less expensive.

The cost and availability of financing, the duration of revenue support, and overall revenue certainty are critical factors to the viability of a renewable energy facility. Developers have consistently stated a preference for stable, longer-term contracts to hedge risk. The changes that have been made will encourage developers to finance, build, and interconnect new projects, thereby moving New York closer to meeting its clean energy targets, providing greater fuel diversity so that New Yorkers can use alternate fuel sources during extreme weather events like this past winter, and increasing the significant economic, environmental, and job creation benefits the program has delivered to date.

“Today’s action by the Public Service Commission underscores New York’s ongoing commitment to increasing the deployment of large-scale renewable energy that will provide environmental and economic benefits to communities across the state,” said John B. Rhodes, President and CEO, NYSERDA. “As the State, under Governor Cuomo’s direction, seeks solutions that spur demand and enable scale in the clean energy sector, it is sending a signal to the market that New York’s investment in renewable energy is long-term in thinking and innovative in action.”

The changes made in the renewable energy program complement two important proceedings now underway, initiated by the Commission and New York State: Reforming the Energy Vision (REV) and the Clean Energy Fund. The new initiatives will examine the role of utilities and the establishment of markets in procuring and deploying clean energy resources. REV and the Clean Energy Fund will determine the future of the RPS program beyond 2015, including consideration of the use of alternative incentive mechanisms.

The RPS, New York's primary policy initiative to promote the development of new renewable energy resources, is supported through a surcharge paid by New York ratepayers, and today's changes will not influence the rate collections already established. The bulk of the energy needed to reach the current 2015 RPS program target (approximately 10 million MWh) is obtained through competitive solicitations in the Main Tier of the RPS program. To date, NYSERDA has conducted eight Main Tier solicitations resulting in contracts for the annual production of approximately 4.6 million MWh of renewable energy.

In addition to the environmental benefits of adding clean renewable energy to the State's generation mix, projects supported by the RPS generate significant economic activity and benefits to the host communities and the State. For every dollar that the State invests in RPS Main Tier projects, the result is approximately \$3 of economic benefits to New York. In addition, approximately \$2.7 billion of direct investments in New York are expected over the projected life of renewable energy facilities procured through the Main Tier of the RPS program in the form of jobs, payments to public entities, in-state purchases of goods and services, and land leases.

While the Customer-Sited Tier, a subset of the RPS program which focuses on smaller projects, including those used by residential and small business customers, has undergone modifications to its incentive structure and budgets, updates to the Main Tier have not kept pace with evolving energy market conditions. The changes made by the PSC today bring the RPS Main Tier into closer alignment with the current market and reflect New York's continuing commitment to protecting its environment and scaling up its clean energy economy.

By developing innovative market solutions, the State is delivering on Governor Cuomo's commitment to transform the energy industry into a more resilient, clean, cost-effective, and dynamic system. Through collaboration of State, citizen, and industry-stakeholders, the way of doing business in New York is moving to a more market-based, decentralized approach. This means protecting the environment, decreasing energy costs, and creating opportunities for economic growth for current and future generations of New Yorkers. In advancing these new energy systems and solutions, New Yorkers will have improved energy affordability and

efficiency without sacrificing their right to live in a cleaner, resilient, and more sustainable environment.

The Commission's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 03-E-0188 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.