

STATE OF NEW YORK

2955

2017-2018 Regular Sessions

IN ASSEMBLY

January 23, 2017

Introduced by M. of A. HEVESI -- read once and referred to the Committee on Energy

AN ACT to amend the public service law and the public authorities law, in relation to the creation of renewable energy credits for retail electric providers, the New York power authority and the Long Island power authority; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "New York
2 renewable energy development and jobs act of 2017".

3 § 2. The public service law is amended by adding a new section 66-o to
4 read as follows:

5 § 66-o. Procurement of renewable energy credits. 1. As used in this
6 section:

7 (a) "Alternative compliance payment" means a payment of a defined
8 dollar amount per megawatt-hour, as established by the commission, that
9 a retail electric supplier shall submit to the commission in order to
10 comply with its annual obligations established in subdivision two of
11 this section.

12 (b) "Distributed renewable energy resource systems" means small-scale
13 power generation technologies in the range of one kilowatt to ten thou-
14 sand kilowatts used to provide an alternative to or an enhancement of
15 the traditional electric power system, using renewable energy resources.

16 (c) "Distributed renewable energy generation" means qualified renewa-
17 ble energy generation produced by a qualified renewable energy system
18 that is interconnected to the customer's side or utility distribution
19 company meter.

20 (d) "Electric distribution company" means an investor-owned utility
21 that distributes electricity within New York state.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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(e) "New energy technologies" means all methods used to produce, distribute, conserve and store energy by methods not in common commercial use, with emphasis on renewable energy sources including but not limited to solar, wind, bioconversion and solid waste.

(f) "Power purchase agreement" means an agreement, for a minimum of fifteen years, for the purchase of renewable energy credits from an owner of a qualified renewable energy system.

(g) "Qualifying owner" means the owner of a qualifying renewable energy system that is also a:

(i) resident of New York state;

(ii) limited liability company organized under the New York state limited liability company law and made up of a majority of members who are New York state residents; or

(iii) New York not-for-profit organization organized under the New York state not-for-profit corporation law.

(h) "Qualified renewable energy generation" means the electric energy measure in kilowatt-hours produced from a qualified renewable energy system.

(i) "Qualified renewable energy system" shall mean a distributed renewable energy resource system or technology as determined by the commission consistent with the definition provided in paragraph (b) of this subdivision that may result in the cost effective production of electricity from renewable resources that has been constructed and is owned by a qualifying owner. For the purposes of this section, they shall include:

(i) wind;

(ii) solar photovoltaic, including rooftop and stand alone systems;

(iii) solar thermal;

(iv) geothermal;

(v) fuel cell technology;

(vi) hydro-kinetic, including approved river or tidal generation systems;

(vii) hydroelectric;

(viii) biomass;

(ix) anaerobic digestion; and

(x) landfill gas to energy systems.

(j) "Renewable energy credit" or "REC" means the environmental attributes associated with one megawatt-hour of qualified renewable energy generation.

(k) The term "renewable energy resources" shall have the same meaning as set forth in subdivision twelve of section 1-103 of the energy law.

(l) "Retail electric supplier" means an entity authorized to sell electricity at retail rates and terms and conditions to end-use customers in New York, including an electric distribution company acting as a provider of last resort or an energy service company approved by the commission for such purpose.

(m) "Small retail distributed customer-sided renewable energy generation" means retail distributed renewable energy generation produced by a qualified renewable energy system that is equal to or less than one hundred kilowatts in size.

2. (a) Each retail electric supplier shall annually procure RECs by an additional annual percentage point of such supplier's total electric sales in each compliance year:

Compliance
Year

Annual
Requirement

1	<u>2019</u>	<u>0.05%</u>
2	<u>2020</u>	<u>0.13%</u>
3	<u>2021</u>	<u>0.15%</u>
4	<u>2022</u>	<u>0.17%</u>
5	<u>2023</u>	<u>0.20%</u>
6	<u>2024</u>	<u>0.23%</u>
7	<u>2025</u>	<u>0.27%</u>
8	<u>2026</u>	<u>0.32%</u>
9	<u>2027</u>	<u>0.38%</u>
10	<u>2028</u>	<u>0.44%</u>
11	<u>2029</u>	<u>0.52%</u>
12	<u>2030</u>	<u>0.61%</u>
13	<u>2031</u>	<u>0.72%</u>
14	<u>2032</u>	<u>0.85%</u>

15 (b) If by the year two thousand thirty-four New York state has not met
16 its goal of thirty-five percent electric energy from renewable energy
17 sources, the program established in this section shall be extended and
18 shall grow at a rate of 0.85 percentage points until this goal is
19 achieved.

20 (c) At least twenty-five percent of the annual obligation applicable
21 to each retail electric supplier shall be met through the procurement of
22 RECs associated with small retail customer-sided distributed renewable
23 energy generation. In the third compliance year and each year thereaft-
24 er the commission shall undertake a review concerning the retail elec-
25 tric supplier's ability to meet twenty-five percent of their annual
26 obligations through small retail customer-sided distributed renewable
27 energy generation. If the commission concludes that a retail electric
28 supplier cannot reasonably meet this obligation, the commission may
29 allow a retail electric supplier to apply for a waiver to procure power
30 purchase agreements from other sources.

31 (d) Obligations for the procurement of RECs associated with qualified
32 renewable energy generation shall continue until all existing power
33 purchase agreements have expired.

34 (e) Retail electric suppliers may meet their obligations established
35 by the commission pursuant to this subdivision through the procurement
36 of RECs together with or separate from the associated qualified renewa-
37 ble energy generation.

38 (f) The New York state energy research and development authority shall
39 establish an automated REC tracking system within one hundred eighty
40 days of the effective date of this section. Each qualifying owner shall
41 apply to the New York state energy research and development authority to
42 certify the amount of qualified renewable energy generation they will be
43 able to achieve and to receive a renewable energy credit certificate.
44 The New York state energy research and development authority shall
45 consult with the New York independent systems operator to verify the
46 amount of qualified renewable energy generation produced. Once this
47 amount is verified, the New York state energy research and development
48 authority shall issue the qualifying owner RECs proportional to the
49 amount of qualified renewable energy generation produced. Each REC
50 certificate shall have an electronic identification number to assist in
51 the tracking. Each issuance, sale, and trade of a REC shall be recorded
52 in the tracking system.

53 (g) RECs shall be eligible for use in meeting the obligations estab-
54 lished in this subdivision in the compliance year in which they are
55 created and for the following two compliance years.

1 3. (a) In the event that retail electric suppliers cannot meet their
2 obligations established in subdivision two of this section, they shall
3 be permitted to discharge such obligations by making an alternative
4 compliance payment in an amount established by the commission, provided,
5 however, that the commission shall set such payment at a level that
6 shall stimulate the development of new qualified renewable energy gener-
7 ation necessary to achieve the obligations established in subdivision
8 two of this section.

9 (b) No later than December first, two thousand twenty, the commission
10 shall establish an alternative compliance payment schedule through the
11 year two thousand twenty-one. The commission shall set alternative
12 compliance payment levels no later than January thirty-first of each
13 year thereafter to serve as the payment level for the year in which it
14 is set. The commission shall review such schedule to ensure that the
15 payments are set at a level to stimulate the development of new quali-
16 fied renewable energy generation in accordance with paragraph (a) of
17 this subdivision. Once such schedule is established, the commission may
18 adopt, after appropriate notice and opportunity for public comment, an
19 increase in alternative compliance payments, provided that the commis-
20 sion shall not reduce previously established levels of payments, nor
21 shall the commission provide relief from the obligation of payment of
22 the alternative compliance payments by the retail electric suppliers in
23 any form.

24 (c) The commission shall make available all monies from amounts
25 collected through such alternative compliance payments for renewable
26 programs and initiatives to be administered and funded by the New York
27 state energy research and development authority.

28 4. (a) No later than December first, two thousand twenty, the commis-
29 sion shall establish a template for power purchase agreements to be used
30 by retail electric suppliers for their procurement of RECs for the
31 purpose of fulfilling their obligations established in subdivision two
32 of this section.

33 (b) Each retail electric supplier shall, not later than January first,
34 two thousand twenty-one, submit for commission review and approval a
35 solicitation plan that shall include a timetable and methodology for
36 soliciting proposals for RECs associated with qualified renewable energy
37 generation other than small retail distributed renewable energy gener-
38 ation, for the purpose of fulfilling its obligations established in
39 subdivision two of this section. The electric distribution company's
40 solicitation plan shall be designed to foster a diversity of renewable
41 project sizes and participation among all eligible customer classes
42 subject to cost-effectiveness considerations.

43 (c) Each retail electric supplier shall execute its approved solicita-
44 tion plan no later than thirty days after commission approval and submit
45 for commission review and approval its preferred procurement plan
46 comprised of any proposed power purchase agreements for RECs associated
47 with qualified renewable energy generation other than small retail
48 distributed renewable energy generation. The commission may approve,
49 reject or modify an application for approval of such plan, provided that
50 the commission shall approve such plan if the commission finds that: (i)
51 the solicitation and evaluation conducted by the electric distribution
52 company was the result of a fair, open, competitive and transparent
53 process; (ii) approval of the procurement plan would result in the
54 achievement of the distribution company's obligations pertaining to the
55 procurement of RECs associated with qualified renewable energy gener-
56 ation other than small retail distributed renewable energy generation at

1 the lowest reasonable cost; and (iii) such procurement plan satisfies
2 other criteria as may be established in the approved solicitation plan.
3 If the commission does not approve, reject or modify the distribution
4 company's application within sixty days, the procurement plan shall be
5 deemed approved.

6 (d) No later than January first, two thousand twenty-one, each retail
7 electric supplier shall submit to the commission for review and approval
8 a plan for the achievement of its obligation pertaining to the procure-
9 ment of RECs associated with small retail distributed renewable energy
10 generation established in subdivision two of this section.

11 5. Each retail electric supplier shall be entitled to recover the
12 prudently incurred costs of complying with its obligations established
13 in subdivision two of this section, as determined by the commission.

14 6. No later than January first, two thousand twenty-one, the commis-
15 sion shall establish an incentive program for retail electric suppliers
16 based on such companies' achievement of their obligations, and exemplary
17 performance beyond such obligations, established in subdivision two of
18 this section (a) in a cost-effective manner that achieves the obli-
19 gations at least cost and avoids long-term costs to the transmission and
20 distribution system; (b) provides enhanced electricity reliability with-
21 in companies' service territories; and (c) minimizes peak load in
22 constrained areas.

23 7. No later than January first, two thousand twenty-one, the commis-
24 sion shall establish the terms and conditions that shall be applicable
25 to power purchase agreements entered into by retail electric suppliers
26 for the procurement of RECs associated with small retail distributed
27 renewable energy generation, for the purpose of achieving such compa-
28 nies' obligations pertaining to RECs associated with such generation
29 established in subdivision two of this section. Such terms and condi-
30 tions shall include a tariff, as established by the commission, for the
31 procurement of RECs associated with small retail distributed renewable
32 energy generation, to be paid by electric distribution companies to
33 applicable owners of qualified renewable energy technologies. The
34 commission shall review such tariffs every two years and adjust as
35 necessary to achieve the obligations pertaining to RECs associated with
36 small retail distributed renewable energy generation established in
37 subdivision two of this section; provided, however, that such adjust-
38 ments shall not go below the originally set tariff rate.

39 8. Retail contracts for the sale of electricity entered into before
40 January first, two thousand twenty-one by retail electric suppliers that
41 are not electric distribution companies shall be exempt from the obli-
42 gations established in subdivision two of this section.

43 9. Each retail electric supplier shall be permitted to resell or
44 otherwise dispose of RECs and any associated qualified renewable energy
45 generation procured by such company that is in excess of its obligations
46 established in subdivision two of this section, provided the company
47 shall net the cost of payments made for RECs and any associated quali-
48 fied renewable energy generation under power purchase agreements against
49 the proceeds of the sale of RECs and any associated qualified renewable
50 energy generation, and the difference shall be credited or charged to
51 the electric distribution company's customers through a reconciling
52 component of electric rates, as determined by the commission.

53 10. (a) No later than January first, two thousand twenty-three, and no
54 later than January first of each year thereafter through the year two
55 thousand thirty-four, the commission shall report to the governor,
56 speaker of the assembly, the minority leader of the assembly, the tempo-

1 rary president of the senate, the majority leader of the senate, the
2 minority leader of the senate, chairs of the senate and assembly energy
3 committees, and the ranking minority members of the senate and assembly
4 energy committees, the chair of the renewable energy subcommittee in the
5 assembly, and shall post on its website, a report regarding the progress
6 of each retail electric supplier in meeting its obligations established
7 in subdivision two of this section.

8 (b) Each retail electric supplier shall provide to the commission the
9 information necessary to fulfill the commission's obligations pursuant
10 to this subdivision, in accordance with an annual reporting obligation
11 and process to be established by the commission.

12 (c) Each report that shall be submitted pursuant to this subdivision
13 shall include, but not be limited to, for each retail electric supplier
14 for the previous calendar year and for the total of all calendar years
15 to date: (i) the actual number of megawatt-hours of qualified renewable
16 energy generation sold at retail to New York end-use customers and the
17 total number of megawatt-hours sold at retail to New York end-use
18 customers and the rate impact to end-use customers; (ii) the number of
19 RECs associated with qualified renewable energy generation that were
20 retired for the purposes of meeting the supplier's obligations estab-
21 lished in subdivision two of this section; and (iii) the amount, if any,
22 of alternative compliance payments made.

23 (d) Such report shall also include, for each small retail electric
24 supplier that is an electric distribution company: (i) the number of
25 RECs each associated with small retail distributed renewable energy
26 generation and distributed renewable energy generation produced by
27 equipment of any size that were procured; (ii) the number of such RECs
28 procured through power purchase agreements and the electric distribution
29 company's ownership of qualified renewable energy generation, respec-
30 tively; and (iii) the amount paid to qualified renewable energy genera-
31 tors through tariffs established pursuant to subdivision seven of this
32 section for RECs associated with small retail distributed renewable
33 energy generation.

34 § 3. Section 1005 of the public authorities law is amended by adding a
35 new subdivision 26 to read as follows:

36 26. a. For purposes of this subdivision, the following terms shall
37 have the following meanings:

38 (i) "Alternative compliance payment" means a payment of a defined
39 dollar amount per megawatt-hour, as established by the public service
40 commission, that the authority shall submit to the public service
41 commission in order to comply with its annual obligations established in
42 paragraph b of this subdivision.

43 (ii) "Distributed renewable energy resource systems" means small-scale
44 power generation technologies in the range of one kilowatt to ten thou-
45 sand kilowatts used to provide an alternative to or an enhancement of
46 the traditional electric power system, using renewable energy resources.

47 (iii) "Distributed renewable energy generation" means qualified renew-
48 able energy generation produced by a qualified renewable energy system
49 that is interconnected to the customer's side or utility distribution
50 company meter.

51 (iv) "Electric distribution company" means an investor-owned utility
52 that distributes electricity within New York state.

53 (v) "New energy technologies" means all methods used to produce,
54 distribute, conserve and store energy by methods not in common commer-
55 cial use, with emphasis on renewable energy sources including but not
56 limited to solar, wind, bioconversion and solid waste.

(vi) "Power purchase agreement" means an agreement, for a minimum of fifteen years, for the purchase of renewable energy credits from an owner of a qualified renewable energy system.

(vii) "Qualifying owner" means the owner of a qualifying renewable energy system that is also a:

(A) resident of New York state;

(B) limited liability company organized under the New York state limited liability company law and made up of a majority of members who are New York state residents; or

(C) New York not-for-profit organization organized under the New York state not-for-profit corporation law.

(viii) "Qualified renewable energy generation" means the electric energy measure in kilowatt-hours produced from a qualified renewable energy system.

(ix) "Qualified renewable energy system" shall mean a distributed renewable energy resource system or technology as determined by the public service commission consistent with the definition provided in subparagraph (ii) of this paragraph that may result in the cost effective production of electricity from renewable resources that has been constructed and is owned by a qualifying owner. For the purposes of this subdivision, they shall include:

(A) wind;

(B) solar photovoltaic, including rooftop and stand alone systems;

(C) solar thermal;

(D) geothermal;

(E) fuel cell technology;

(F) hydro-kinetic, including approved river or tidal generation systems;

(G) hydroelectric;

(H) biomass;

(I) anaerobic digestion; and

(J) landfill gas to energy systems.

(x) "Renewable energy credit" or "REC" means the environmental attributes associated with one megawatt-hour of qualified renewable energy generation.

(xi) The term "renewable energy resources" shall have the same meaning as set forth in subdivision twelve of section 1-103 of the energy law.

(xii) "Retail electric supplier" means an entity authorized to sell electricity at retail rates and terms and conditions to end-use customers in New York, including an electric distribution company acting as a provider of last resort or an energy service company approved by the public service commission for such purpose.

(xiii) "Small retail distributed customer-sided renewable energy generation" means retail distributed renewable energy generation produced by a qualified renewable energy system that is equal to or less than one hundred kilowatts in size.

b. (i) The authority shall annually procure, either through long-term contracts of a minimum of fifteen years or payment to the commission for compliance, RECs associated with gigawatt-hours of qualified renewable energy generation in accordance with the following schedule:

<u>Compliance</u>	<u>Annual</u>
<u>Year</u>	<u>Requirement</u>
<u>2019</u>	<u>0.25%</u>
<u>2020</u>	<u>0.40%</u>
<u>2021</u>	<u>0.55%</u>
<u>2022</u>	<u>0.70%</u>

1	<u>2023</u>	<u>0.90%</u>
2	<u>2024</u>	<u>1.10%</u>
3	<u>2025</u>	<u>1.30%</u>
4	<u>2026</u>	<u>1.50%</u>
5	<u>2027</u>	<u>1.75%</u>
6	<u>2028</u>	<u>2.00%</u>
7	<u>2029</u>	<u>2.50%</u>
8	<u>2030</u>	<u>3.00%</u>
9	<u>2031</u>	<u>3.50%</u>
10	<u>2032</u>	<u>4.50%</u>

11 (ii) If by the year two thousand thirty-four New York state has not
12 met its goal of thirty-five percent electric energy from renewable ener-
13 gy sources, the program established in section sixty-six-o of the public
14 service law shall be extended and shall grow at a rate of 0.85 percent-
15 age points until this goal is achieved.

16 (iii) At least twenty-five percent of the annual obligation applicable
17 to each retail electric supplier shall be met through the procurement of
18 RECs associated with small retail customer-sided distributed renewable
19 energy generation. In the third compliance year and each year thereaft-
20 er, the independent authority budget office, in consultation with the
21 commission, shall undertake a review concerning the authorities' ability
22 to meet twenty-five percent of their annual obligations through small
23 retail customer-sided distributed renewable energy generation. If the
24 independent authorities budget office, in consultation with the commis-
25 sion, concludes that the authority cannot reasonably meet this obli-
26 gation, the independent authorities budget office may allow the authori-
27 ty to apply for a waiver to procure power purchase agreements from other
28 sources.

29 (iv) Obligations for the procurement of RECs associated with qualified
30 renewable energy generation shall continue until all existing power
31 purchase agreements have expired.

32 (v) Retail electric suppliers that are also subject to compliance with
33 the requirements of the Renewable Portfolio Standard may use a portion
34 of the RECs procured under this act toward their Renewable Portfolio
35 Standard Requirements as follows: twenty percent of RECs procured under
36 this act may be applied toward a retail electric supplier's Renewable
37 Portfolio Standard requirement.

38 (vi) The authority may meet its obligations established in this para-
39 graph through the procurement of RECs together with or separate from the
40 associated qualified renewable energy generation.

41 (vii) The authority shall track RECs through the automated REC track-
42 ing system established pursuant to paragraph (f) of subdivision two of
43 section sixty-six-o of the public service law.

44 (viii) RECs shall be eligible for use in meeting the obligations
45 established in this subdivision in the compliance year in which they are
46 created and for the following two compliance years.

47 (ix) In the event that retail electric suppliers cannot meet their
48 obligations established in this paragraph, they shall be permitted to
49 discharge such obligations by making an alternative compliance payment
50 in an amount established by the commission, provided, however, that the
51 commission shall set such payment at a level that shall stimulate the
52 development of new qualified renewable energy generation necessary to
53 achieve the obligations established in this paragraph.

54 c. (i) No later than December first, two thousand twenty-one, the
55 authority shall submit to the independent authorities budget office,
56 governor, speaker of the assembly, the minority leader of the assembly,

1 the temporary president of the senate, the majority leader of the
2 senate, the minority leader of the senate, chair of the senate energy
3 and telecommunications committee, the ranking minority member of the
4 senate energy and telecommunications committee, chair of the assembly
5 energy committee, the ranking minority member of the assembly energy
6 committee, and chair of the renewable energy subcommittee in the assem-
7 bly, and shall post on its website, a solicitation plan that shall
8 include a timetable and methodology for soliciting proposals for RECs
9 associated with qualified renewable energy generation other than small
10 retail distributed customer-sided renewable energy generation, for the
11 purpose of fulfilling its obligations established in paragraph b of this
12 subdivision.

13 (ii) The authority shall execute its solicitation plan no later than
14 thirty days and shall submit to the independent authorities budget
15 office, governor, speaker of the assembly, minority leader of the assem-
16 bly, temporary president of the senate, majority leader of the senate,
17 minority leader of the senate, chair of the senate energy and telecommu-
18 nications committee, the ranking minority member of the senate energy
19 and telecommunications committee, chair of the assembly energy commit-
20 tee, the ranking minority member of the assembly energy committee, and
21 chair of the renewable energy subcommittee in the assembly, and shall
22 post on its website, its procurement plan comprised of any power
23 purchase agreements for RECs associated with small retail distributed
24 customer-sided renewable energy generation other than small retail
25 distributed renewable energy generation. The independent authorities
26 budget office shall review such plan to assess whether it is the result
27 of a fair, open, competitive and transparent process and shall report to
28 the governor, speaker of the assembly, minority leader of the assembly,
29 temporary president of the senate, minority leader of the senate, major-
30 ity leader of the senate, chair of the senate energy and telecommuni-
31 cations committee, the ranking minority member of the senate energy and
32 telecommunications committee, chair of the assembly energy committee,
33 the ranking minority member of the assembly energy committee, and chair
34 of the renewable energy subcommittee in the assembly regarding the
35 results of such assessment.

36 (iii) No later than January first, two thousand twenty-one, the
37 authority shall submit to the independent authorities budget office,
38 governor, speaker of the assembly, minority leader of the assembly,
39 temporary president of the senate, majority leader of the senate, minor-
40 ity leader of the senate, chair of the senate energy and telecommuni-
41 cations committee, the ranking minority member of the senate energy and
42 telecommunications committee, chair of the assembly energy committee,
43 the ranking minority member of the assembly energy committee and chair
44 of the renewable energy subcommittee in the assembly, and shall post on
45 its website, a plan for the achievement of its obligation pertaining to
46 the procurement of RECs associated with small retail distributed custom-
47 er-sided renewable energy generation established in paragraph b of this
48 subdivision.

49 d. (i) No later than January first, two thousand twenty-three, and no
50 later than January first of each year thereafter through the year two
51 thousand thirty-four, the authority shall report to the independent
52 authorities budget office, governor, speaker of the assembly, the minor-
53 ity leader of the assembly, the temporary president of the senate,
54 majority leader of the senate, the minority leader of the senate, chair
55 of the senate energy and telecommunications committee, the ranking
56 minority member of the senate energy and telecommunications committee,

1 chair of the assembly energy committee, the ranking minority member of
2 the assembly energy committee, and chair of the renewable energy subcom-
3 mittee in the assembly, and shall post on its website, a report regard-
4 ing its progress in meeting its obligations established in paragraph b
5 of this subdivision.

6 (ii) Each report that shall be submitted pursuant to this paragraph
7 shall include, but not be limited to, for the previous calendar year and
8 for the total of all calendar years to date: (A) the number of RECs
9 associated with qualified renewable energy generation retired for the
10 purposes of meeting the authority's obligations established in paragraph
11 b of this subdivision; (B) the number of such RECs each associated with
12 small retail customer-sided distributed renewable energy generation and
13 retail distributed renewable energy generation produced by equipment of
14 any size that were procured; (C) the number of such RECs procured
15 through power purchase agreements and the authority's ownership of qual-
16 ified renewable energy generation, respectively; and (D) the amount paid
17 to qualified renewable energy generators through tariffs for RECs asso-
18 ciated with small retail distributed renewable energy generation.

19 § 4. Sections 1020-ii, 1020-jj and 1020-kk of the public authorities
20 law, as renumbered by chapter 388 of the laws of 2011, are renumbered
21 sections 1020-jj, 1020-kk and 1020-ll and a new section 1020-ii is added
22 to read as follows:

23 § 1020-ii. Procurement of renewable energy credits. 1. As used in
24 this section:

25 (a) "Alternative compliance payment" means a payment of a defined
26 dollar amount per megawatt-hour, as established by the public service
27 commission, that the authority shall submit to the public service
28 commission in order to comply with its annual obligations established in
29 subdivision two of this section.

30 (b) "Distributed renewable energy resource systems" means small-scale
31 power generation technologies in the range of one kilowatt to ten thou-
32 sand kilowatts used to provide an alternative to or an enhancement of
33 the traditional electric power system, using renewable energy resources.

34 (c) "Distributed renewable energy generation" means qualified renewa-
35 ble energy generation produced by a qualified renewable energy system
36 that is interconnected to the customer's side or utility distribution
37 company meter.

38 (d) "Electric distribution company" means an investor-owned utility
39 that distributes electricity within New York state.

40 (e) "New energy technologies" means all methods used to produce,
41 distribute, conserve and store energy by methods not in common commer-
42 cial use, with emphasis on renewable energy sources including but not
43 limited to solar, wind, bioconversion and solid waste.

44 (f) "Power purchase agreement" means an agreement, for a minimum of
45 fifteen years, for the purchase of renewable energy credits from an
46 owner of a qualified renewable energy system.

47 (g) "Qualifying owner" means the owner of a qualifying renewable ener-
48 gy system that is also a:

49 (i) resident of New York state;

50 (ii) limited liability company organized under the New York state
51 limited liability company law and made up of a majority of members who
52 are New York state residents; or

53 (iii) New York not-for-profit organization organized under the New
54 York state not-for-profit corporation law.

(h) "Qualified renewable energy generation" means the electric energy measure in kilowatt-hours produced from a qualified renewable energy system.

(i) "Qualified renewable energy system" shall mean a distributed renewable energy resource system or technology as determined by the public service commission consistent with the definition provided in paragraph (b) of this subdivision that may result in the cost effective production of electricity from renewable resources that has been constructed and is owned by a qualifying owner. For the purposes of this section, they shall include:

(i) wind;

(ii) solar photovoltaic, including rooftop and stand alone systems;

(iii) solar thermal;

(iv) geothermal;

(v) fuel cell technology;

(vi) hydro-kinetic, including approved river or tidal generation systems;

(vii) hydroelectric;

(viii) biomass;

(ix) anaerobic digestion; and

(x) landfill gas to energy systems.

(j) "Renewable energy credit" or "REC" means the environmental attributes associated with one megawatt-hour of qualified renewable energy generation.

(k) The term "renewable energy resources" shall have the same meaning as set forth in subdivision twelve of section 1-103 of the energy law.

(l) "Retail electric supplier" means an entity authorized to sell electricity at retail rates and terms and conditions to end-use customers in New York, including an electric distribution company acting as a provider of last resort or an energy service company approved by the public service commission for such purpose.

(m) "Small retail distributed customer-sided renewable energy generation" means retail distributed renewable energy generation produced by a qualified renewable energy system that is equal to or less than one hundred kilowatts in size.

2. (a) The authority shall annually procure, either through long-term contracts of a minimum of fifteen years or payment to the public service commission for compliance, RECs associated with gigawatt-hours of qualified renewable energy generation in accordance with the following schedule:

<u>Compliance</u>	<u>Annual</u>
<u>Year</u>	<u>Requirement</u>
<u>2019</u>	<u>0.25%</u>
<u>2020</u>	<u>0.40%</u>
<u>2021</u>	<u>0.55%</u>
<u>2022</u>	<u>0.70%</u>
<u>2023</u>	<u>0.90%</u>
<u>2024</u>	<u>1.10%</u>
<u>2025</u>	<u>1.30%</u>
<u>2026</u>	<u>1.50%</u>
<u>2027</u>	<u>1.75%</u>
<u>2028</u>	<u>2.00%</u>
<u>2029</u>	<u>2.50%</u>
<u>2030</u>	<u>3.00%</u>

2031 3.50%
2032 4.50%

(b) If by the year two thousand thirty-four New York state has not met its goal of thirty-five percent electric energy from renewable energy sources, the program established in section sixty-six-o of the public service law shall be extended and shall grow at a rate of 0.85 percentage points until this goal is achieved.

(c) At least twenty-five percent of the annual obligation applicable to each retail electric supplier shall be met through the procurement of RECs associated with small retail customer-sided distributed renewable energy generation. In the third compliance year and each year thereafter, the independent authorities budget office, in consultation with the commission, shall undertake a review concerning the authorities' ability to meet twenty-five percent of their annual obligations through small retail customer-sided distributed renewable energy generation. If the independent authorities budget office, in consultation with the commission, concludes that the authority cannot reasonably meet this obligation, the independent authorities budget office may allow the authority to apply for a waiver to procure power purchase agreements from other sources.

(d) Obligations for the procurement of RECs associated with qualified renewable energy generation shall continue until all existing power purchase agreements have expired.

(e) The authority may meet its obligations established in this subdivision through the procurement of RECs together with or separate from the associated qualified renewable energy generation.

(f) Retail electric suppliers that are also subject to compliance with the requirements of the Renewable Portfolio Standard may use a portion of the RECs procured under this act toward their Renewable Portfolio Standard requirements as follows: twenty percent of RECs procured under this act may be applied toward a retail electric supplier's Renewable Portfolio Standard requirement.

(g) The authority shall track RECs through the automated REC tracking system established pursuant to paragraph (f) of subdivision two of section sixty-six-o of the public service law.

(h) RECs shall be eligible for use in meeting the obligations established in this subdivision in the compliance year in which they are created and for the following two compliance years.

(i) In the event that retail electric suppliers cannot meet their obligations established in this subdivision, they shall be permitted to discharge such obligations by making an alternative compliance payment in an amount established by the commission, provided, however, that the commission shall set such payment at a level that shall stimulate the development of new qualified renewable energy generation necessary to achieve the obligations established in this subdivision.

(j) (i) No later than December first, two thousand twenty-one, the authority shall submit to the independent authorities budget office, governor, speaker of the assembly, minority leader of the assembly, temporary president of the senate, majority leader of the senate, minority leader of the senate, chair of the senate energy and telecommunications committee, the ranking minority member of the senate energy and telecommunications committee, chair of the assembly energy committee, the ranking minority member of the assembly energy committee, and chair of the renewable energy subcommittee in the assembly, and shall post on its website, a solicitation plan that shall include a timetable and methodology for soliciting proposals for RECs associated with qualified

1 renewable energy generation other than small retail distributed custom-
2 er-sided renewable energy generation, for the purpose of fulfilling its
3 obligations established in this subdivision.

4 (ii) The authority shall execute its solicitation plan and shall
5 submit to the independent authorities budget office, governor, speaker
6 of the assembly, minority leader of the assembly, temporary president of
7 the senate, majority leader of the senate, minority leader of the
8 senate, chair of the senate energy and telecommunications committee,
9 ranking minority member of the senate energy and telecommunications
10 committee, chair of the assembly energy committee, the ranking minority
11 member of the assembly energy committee, and chair of the renewable
12 energy subcommittee in the assembly, and shall post on its website, its
13 procurement plan comprised of any power purchase agreements for RECs
14 associated with small retail distributed customer-sided renewable energy
15 generation other than small retail distributed renewable energy gener-
16 ation. The independent authorities budget office shall review such plan
17 to assess whether it is the result of a fair, open, competitive and
18 transparent process and shall report to the governor, speaker of the
19 assembly, minority leader of the assembly, temporary president of the
20 senate, majority leader of the senate, the minority leader of the
21 senate, chair of the senate energy and telecommunications committee,
22 ranking minority member of the senate energy and telecommunications
23 committee, chair of the assembly energy committee, ranking minority
24 member of the assembly energy committee, and chair of the renewable
25 energy subcommittee in the assembly regarding the results of such
26 assessment.

27 (iii) No later than January first, two thousand twenty-one, the
28 authority shall submit to the independent authorities budget office,
29 governor, speaker of the assembly, minority leader of the assembly,
30 temporary president of the senate, majority leader of the senate, minor-
31 ity leader of the senate, chair of the senate energy and telecommuni-
32 cations committee, ranking minority member of the senate energy and
33 telecommunications committee, chair of the assembly energy committee,
34 ranking minority member of the assembly energy committee, and chair of
35 the renewable energy subcommittee in the assembly, and shall post on its
36 website, a plan for the achievement of its obligation pertaining to the
37 procurement of RECs associated with small retail distributed customer-
38 sided renewable energy generation established in this subdivision.

39 (k) (i) No later than January first, two thousand twenty-three, and no
40 later than January first of each year thereafter through the year two
41 thousand thirty-four, the authority shall report to the independent
42 authorities budget office, governor, speaker of the assembly, minority
43 leader of the assembly, temporary president of the senate, majority
44 leader of the senate, minority leader of the senate, chair of the senate
45 energy and telecommunications committee, ranking minority member of the
46 senate energy and telecommunications committee, chair of the assembly
47 energy committee, ranking minority member of the assembly energy commit-
48 tee, and chair of the renewable energy subcommittee in the assembly, and
49 shall post on its website, a report regarding its progress in meeting
50 its obligations established in this subdivision.

51 (ii) Each report that shall be submitted pursuant to this paragraph
52 shall include, but not be limited to, for the previous calendar year and
53 for the total of all calendar years to date: (A) the number of RECs
54 associated with qualified renewable energy generation retired for the
55 purposes of meeting the authority's obligations established in this
56 subdivision; (B) the number of such RECs each associated with small

1 retail customer-sided distributed renewable energy generation and retail
2 distributed renewable energy generation produced by equipment of any
3 size that were procured; (C) the number of such RECs procured through
4 power purchase agreements and the authority's ownership of qualified
5 renewable energy generation, respectively; and (D) the amount paid to
6 qualified renewable energy generators through tariffs for RECs associ-
7 ated with small retail distributed renewable energy generation.

8 § 5. If any provision of this act is, for any reason, declared uncon-
9 stitutional or invalid, in whole or in part, by any court of competent
10 jurisdiction, such portion shall be deemed severable, and such unconsti-
11 tutionality or invalidity shall not affect the validity of the remaining
12 provisions of this act, which remaining provisions shall continue in
13 full force and effect.

14 § 6. This act shall take effect immediately; provided, however, that
15 this act shall expire and be deemed repealed on the date the commission-
16 er of the public service commission notifies the legislative bill draft-
17 ing commission of the occurrence of the implementation of a substantive-
18 ly similar federal program.