

STATE OF NEW YORK

Public Service Commission

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PSC SETS EXPANDED RENEWABLE ENERGY GOAL — \$200 Million To Be Set Aside to Stimulate Development of Renewable Energy —

Albany, NY—12/16/09—The New York State Public Service Commission (Commission) today expanded the Renewable Portfolio Standard (RPS) goal to increase the proportion of renewable generation to 30 percent of projected electricity consumption by 2015. Today’s decision strengthens the landmark RPS program, which has been New York’s primary policy initiative to promote the development of new renewable energy resources since it was established in 2004.

“The expansion of the RPS program offers the public significant benefits with very modest rate impacts,” said Commission Chairman Garry Brown. “The need to partially reduce our reliance on fossil fuel plants is compelling. Our history of oil and natural gas price shocks makes clear there is value in having a diversified energy mix without heavy reliance on one particular fuel source. The RPS program is a key element of the State’s strategy for obtaining a more diversified energy portfolio. This initiative not only helps reduce emissions of global warming gases, it does so at a minimal cost to the State’s ratepayers. This initiative allows New York to take greater control of our energy future.”

The new 30 percent goal for an RPS equates to a target of 10.4 million megawatt hours in 2015. Since the new goal reflects expected energy efficiency achievements under the Commission’s related initiative — the Energy Efficiency Portfolio Standard (EEPS) program — which seeks to reduce electricity usage in the State by 15 percent by 2015, the Commission’s action today is consistent with achieving Governor Paterson’s clean energy goal of 45 percent by 2015.

The Commission specially approved funding for the Main Tier, which includes wind, hydro and biomass resources. While the costs associated with the Main Tier will peak in 2015, the expected increase in average customer bills for New Yorkers in 2015 after reflecting expected wholesale market price suppression will be well under one percent. To help attain this objective, the Commission authorized a main tier renewable resource solicitation of approximately \$200 million to commence, as soon as practicable, in order to take advantage of certain expiring federal tax incentives, among other things.

Today's decision also addressed certain other matters related to Main Tier solicitations. The central procurement model for Main Tier resources was maintained. The Commission also formalized Department of Public Service Staff's role in the Main Tier solicitation process.

Lastly, the Commission recognized the potential benefits of commodity hedges or related contract options and directed Staff, in collaboration with interested parties, to explore the need for such arrangements or other alternatives to help control the costs and minimize the bill impacts of the RPS program. Staff is to report their findings to the Commission in three months, including its analysis of the issues raised by parties on this matter at the Commission's November 12, 2009 technical conference.

Today's decision by the Commission also provided for new funding up to \$30 million annually large-scale downstate solar photovoltaic (PV), anaerobic digester and fuel cell projects to assure a level of geographical balance in the RPS program. Staff will report back to the Commission in three months on an implementation plan for this geographic balancing initiatives, including solicitation methodology and data regarding potential megawatt hour savings, program costs and customer impacts in order to determine how best to implement this new initiative.

The Commission's decisions today relating to the Main Tier are expected to provide about 93 percent of the total 10.4 million megawatt hour RPS target. Projects obtained through the Geographic Balancing Initiative and the Customer-Sited Tier are expected to provide additional megawatt hours sufficient to achieve the remainder of the target. The costs and benefits of both initiatives will be considered by the Commission in early 2010.

The RPS program is part of a broader set of programs designed to implement New York's policy of clean energy investments. The Commission's programs include the: System Benefit Charge (SBC) programs administered by the New York State Energy Research Development Authority (NYSERDA), the EEPS program, and RPS. Additionally, the revenues generated from auctioning CO2 emission allowances in the Regional Greenhouse Gas Initiative (RGGI) will at least in part go toward finding clean energy.

The progress of all of these initiatives should be carefully evaluated, measured and verified so that the Commission will have sufficient information to determine if there is a more effective allocation of resources among the various programs in order to achieve the State's energy goals. The review of these initiatives will occur simultaneously in 2013.

The Commission's written decision concerning RPS, when available, may be obtained by visiting the Commission Document section of the Commission's Web site at www.dps.state.ny.us 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).