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John B. Rhodes, Chair

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## **PSC Initiates Review of New York’s Resource Adequacy Programs**

### ***New Proceeding Will Explore Options to Align Clean Energy Goals with Capacity Programs***

**ALBANY** —The New York State Public Service Commission (Commission) commenced a review today to examine the alignment of resource adequacy programs, the State’s renewable energy and emission reduction goals and the Commission’s duty to assure safe and adequate service at just and reasonable rates. New York, in its push for a cleaner electric grid, has adopted policies to encourage the growth of onshore and offshore wind, solar, and energy storage resources. Resource adequacy is defined as the electric system’s ability to supply and deliver the total quantity of electricity demanded at any given time accounting for scheduled and unscheduled outages of system elements.

Under its Reforming the Energy Vision (REV) initiative, the Commission has committed to aligning compensation for owners of distributed and renewable energy projects for the values they provide to society and the grid, including carbon-free power. Concurrently, the New York Independent System Operator, Inc. (NYISO) has the responsibility to ensure that there is adequate electricity supply. The primary goal of the new proceeding is to consider whether capacity products are likely long-term effective solutions for the State’s resource adequacy needs given the likely future generating resource mix.

“New York’s Reforming the Energy Vision strategy to create a cleaner, affordable and more resilient energy system is working,” **said Commission Chair John B. Rhodes.** “We must continue to make sure that all of the State’s energy policies share a common goal to ensure clean, reliable, and affordable energy while meeting Governor Cuomo’s ambitious carbon-reduction goals.”

Achieving the State’s clean energy goals requires the continued development and maintenance of a strong market for the development of clean distributed energy resources. Likewise, New York must ensure resource adequacy. Currently, NYISO uses its Installed Capacity (ICAP) approach, which is designed to promote resource adequacy by providing a pricing signal for new investment. Utilities and third-party retail electricity suppliers are required to purchase adequate ICAP to meet peak load demand plus ‘excess’ amounts, as required in the NYISO’s federally-approved wholesale tariff.

In July, Governor Cuomo signed the nation-leading Climate Leadership and Community Protection Act (CLCPA). The CLCPA seeks to significantly build upon the Commission’s Clean Energy Standard by establishing programs to ensure a minimum of 70% of load served by jurisdictional Load Serving Entities is from eligible renewable technologies by the year 2030. Given the CLCPA’s new clean energy goals and the requirement that the Commission establish a program to require that there are zero statewide emissions in 2040 associated with electric demand, the Commission determined that

the time was right to commence this proceeding to ensure that the full benefit of the State's clean energy resources are properly valued and compensated.

An effective resource adequacy program has two fundamental goals. First, to ensure sufficient power generation resources are available for the safe and reliable operation of the electric grid in real time. Second, to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future. Such a program establishes obligations applicable to all energy suppliers within New York, including investor-owned utilities, energy service providers, and community choice aggregators. The Commission seeks to provide guidance for resource procurements and to promote infrastructure investment that is aligned with the State's public policy objectives while ensuring reliability.

The review is premised on the Commission's authority and statutory responsibility to ensure safe, adequate and reliable service at just and reasonable rates, and to encourage regulated companies to develop long-range programs. The review will be focused on the following:

- An assessment of the policy position the Commission should take with respect to resource adequacy;
- Consideration of how policies can best be aligned under existing mechanisms such as NYISO's ICAP auctions or whether new alternative approaches should be pursued; and,
- Consideration of cost impacts and benefits to consumers under various resource adequacy mechanisms.

The proceeding will provide ample opportunity for public comment and review.

Today'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 19-E-0530 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents 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.

### **New York State's Green New Deal**

Governor Andrew M. Cuomo's Green New Deal is the most climate change program in the nation and puts the State on a path to being entirely carbon-neutral across all sectors of the economy, including power generation, transportation, buildings, industry and agriculture. The Governor's program also establishes a goal to achieve a zero-carbon emissions electricity sector by 2040, faster than any state in the nation. The recently passed Climate Leadership and Community Protection Act mandates several of the Governor's ambitious Green New Deal clean energy targets: installing six gigawatts of distributed solar by 2025, three gigawatts of energy storage by 2030, and at least nine gigawatts of offshore wind by 2035. The CLCPA also calls for an orderly and just transition to clean energy, creating jobs while spurring a green economy. It builds on New York's unprecedented ramp-up of clean energy including a \$2.9 billion investment in 46 large-scale renewable projects across the state, the creation of more than 150,000 jobs in New York's clean energy sector and 1,700% growth in the distributed solar sector since 2012. The CLCPA also directs New York State's agencies and authorities to work collaboratively with stakeholders to develop a plan to reduce greenhouse gas emissions by 85% from 1990 levels by 2050, and to work toward a goal for disadvantaged communities to receive 40% of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments.

### **Reforming the Energy Vision**

The CLCPA builds on Governor Cuomo's landmark Reforming the Energy Vision strategy to lead on climate change and grow New York's economy. REV is building a cleaner, more resilient and affordable energy system for all New Yorkers by stimulating investment in clean technologies like

solar, wind, and energy efficiency. Already, REV has driven growth of nearly 1,700 percent in the statewide solar market, leveraged nearly \$3.4 billion in private investments, improved energy affordability for 1.65 million low-income customers, and led to more than 150,000 jobs in manufacturing, engineering, and other clean tech sectors across New York State.

To learn more about REV, visit [rev.ny.gov](http://rev.ny.gov), follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).