

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: July 10, 2020	Board Meeting Date: July 22, 2020
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For All Board Voting Items:

Title of Agenda Item: Authorization to Execute an Agreement with the New York State Energy Research and Development Authority for the Purchase of Renewable Energy Certificates

Consent Agenda: Yes No **Accompanying Presentation:** Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & Clean Energy

LIPA Presenter: Rick Shansky (presentation at Oversight & Clean Energy) **PSEG Long Island Presenter:** N/A

For Contract Approvals Only:

RFP: Yes No **Term:** TBD

Requested Action:	The Board is being requested to authorize the Chief Executive Officer or his designee to execute an agreement with the New York State Energy Research and Development Authority (“NYSERDA”) for the purchase of renewable energy certificates (“RECs”) required for LIPA’s compliance with goals established by the Climate Leadership and Community Protection Act (“CLCPA”).
Summary: (include proposed amendments to Board Policies, if applicable)	<p>On August 1, 2016, the New York State Public Service Commission (“PSC”) adopted an order establishing a Clean Energy Standard (the “CES Order”) as part of the State’s strategy to achieve a 40% reduction of statewide greenhouse gas emissions by 2030. The Order required that 50% of New York’s electricity be generated from renewable resources by 2030. The CES Order expected every Load Serving Entity (“LSE”) in New York State, including LIPA, which is not subject to the PSC’s jurisdiction, to “participate by satisfying their requisite share of responsibility.” Effective January 1, 2020, the CLCPA has increased the 2030 renewable energy goal from 50% to 70%. While NYSERDA issues requests for proposals (“RFPs”) on behalf of jurisdictional LSEs to procure RECs from newly-developed renewable energy resources under long-term contracts, LIPA has met its renewable energy procurement targets by purchasing RECs (along with associated energy) from generators contracted under LIPA’s RFPs and Feed-In Tariff programs.</p> <p>The Board’s policy on Resource Planning and Renewable Energy provides for meeting the State’s clean energy goals in part by LIPA procuring cost-effective renewable resources and RECs and acting in coordination with other State energy authorities. Accordingly, LIPA seeks to contract with NYSERDA to include a portion of LIPA’s future needs in NYSERDA’s 2020 REC procurement in order to obtain statewide economies of scale.</p>

FOR CONSIDERATION

July 22, 2020

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Authorization to Execute an Agreement with the New York State Energy Research and Development Authority for the Purchase of Renewable Energy Certificates

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being requested to authorize the Chief Executive Officer or his designee to execute an agreement with the New York State Energy Research and Development Authority (“NYSERDA”) for the purchase of renewable energy certificates (“RECs”) required for LIPA’s compliance with goals established by the Climate Leadership and Community Protection Act (“CLCPA”).

Background

On August 1, 2016, the New York State Public Service Commission (“PSC”) adopted an order establishing a Clean Energy Standard (the “CES Order”) as part of the State’s strategy to achieve a 40% reduction of statewide greenhouse gas emissions by 2030. The Order required that 50% of New York’s electricity be generated from renewable resources by 2030. The CES Order expected every Load Serving Entity¹ (“LSE”) in New York State, including LIPA, which is not subject to the PSC’s jurisdiction, to “participate by satisfying their requisite share of responsibility.” Effective January 1, 2020, the CLCPA has increased the 2030 renewable energy goal from 50% to 70%. While NYSERDA issues requests for proposals (“RFPs”) on behalf of jurisdictional LSEs to procure RECs from newly-developed renewable energy resources under long-term contracts, LIPA has met its renewable energy procurement targets by purchasing RECs (along with associated energy) from generators contracted under LIPA’s RFPs and Feed-In Tariff programs.

The Board’s policy on Resource Planning and Renewable Energy provides for meeting the State’s clean energy goals in part by LIPA procuring cost-effective renewable resources and RECs and acting in coordination with other State energy authorities. Accordingly, LIPA seeks to contract with NYSERDA to include a portion of LIPA’s future needs in NYSERDA’s 2020 REC procurement in order to obtain statewide economies of scale.

Discussion

Recognizing that cooperation and coordination of REC procurements with NYSERDA will further LIPA’s and NYSERDA’s mutual goal of stimulating and deepening the developer marketplace

¹ Load Serving Entities include utilities and energy service companies that provide electricity commodity services to retail customers.

and providing the benefits of clean energy and efficient procurements to the State's and LIPA's electric ratepayers in a cost-effective manner, LIPA staff proposes that LIPA enter into an agreement with NYSERDA to purchase a share of RECs that NYSERDA will acquire from its 2020 REC RFP (RESRFP20-1). The agreement would allow LIPA the option to purchase a proportionate share (up to 20%) of RECs delivered under all contracts selected by NYSERDA in its 2020 REC RFP, at prices² paid by NYSERDA to the renewable project developers. The specific amount purchased will be selected by LIPA based on projected LIPA REC needs.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of an agreement with NYSERDA to enable LIPA's purchase of RECs as described above.

Attachment

Exhibit A Resolution

² The price paid by LIPA will be calculated the same way NYSERDA would calculate the REC price for other LSEs under its proposed Phase 4 Implementation Plan, if approved.

AUTHORIZATION TO EXECUTE AN AGREEMENT WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (“NYSERDA”) FOR THE PURCHASE OF TIER 1 RENEWABLE ENERGY CERTIFICATES TO BE ACQUIRED BY NYSERDA IN THE 2020 REQUEST FOR PROPOSALS (RESRFP20-1)

WHEREAS, the New York State Public Service Commission has established a Clean Energy Standard (“CES”) which requires that 50 percent of the State’s electricity be generated from renewable energy resources by 2030; and

WHEREAS, the Climate Leadership and Community Protection Act of 2019 has increased the 2030 renewable energy goal to 70 percent; and

WHEREAS, the CES established annual renewable energy procurement targets for the period 2017 through 2021 for the Load Serving Entities, including LIPA, to meet the State’s goal; and

WHEREAS, LIPA recognizes that cooperation and coordination of renewable energy certificate (“REC”) procurements by LIPA and NYSERDA will further LIPA’s and NYSERDA’s mutual goal of stimulating and deepening the developer marketplace and providing the benefits of clean energy and efficient procurements to the State’s and LIPA’s electric ratepayers in a cost-effective manner; and

WHEREAS, LIPA and NYSERDA have negotiated an agreement that would allow LIPA to purchase a portion of RECs acquired by NYSERDA under long-term contracts made as a result of its 2020 request for proposals;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby is authorized to execute and effect an agreement with NYSERDA consistent with the terms of the accompanying memorandum, and to perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement LIPA’s purchase of RECs from NYSERDA.

Dated: July 22, 2020