

DELIVERY REQUIREMENTS FOR IMPORTS FROM INTERMITTENT GENERATORS

The New York Public Service Commission (Commission) is considering modifying the Renewable Portfolio Standard (RPS) Program rules to require that out-of-state intermittent resources participating in the RPS Program abide by a form of "hourly matching." In the RPS January 20, 2006 Order (January Order), the Commission discussed comments on economic development in response to SAPA No. 03-E-0188SA10. These comments suggested that under the current RPS Program delivery rules, New Yorkers are not receiving the maximum economic development benefits of the RPS Program. Among the comments were the following:

- The existing monthly matching requirement for imports is unlikely to ensure that New Yorkers receive the environmental, energy security, price stabilization, and economic benefits appropriate to the investment they are making in the program.
- The Commission should consider either modifying the import rules to ensure that they provide real value or eliminating the current rule altogether and instead focus on other means of ensuring that value is provided to the New York economy from imported supply.
- To ensure that all possible benefits from the New York RPS Program accrue to the State, the Commission should require that renewable energy imports satisfying RPS Program contracts be scheduled on an hourly basis similar to the

requirements for imports to qualify for the Massachusetts RPS Program.

- Out-of-state intermittent resources have an advantage over New York resources in the regional renewable energy market because of the delivery requirements because:
 - ❖ If a New York resource wishes to deliver its power for RPS Program compliance in other states, those states' rules appear to require that the New York resource schedule its energy hourly with the ISO of the control area to which it is exporting if it wishes to have its environmental attributes recognized by that state.
 - ❖ On the other hand, if a resource from outside New York wishes to participate in the New York RPS Program, it has a far less stringent monthly "matching" requirement.
 - ❖ Consequently, the Commission should require out-of-state resources to "match" their eligible attributes and energy on a daily basis.

In its September 24, 2004 Order, the Commission developed a requirement that allowed for a relaxed delivery requirement for non-New York State intermittent resources. This requirement allowed for such resources to sell their energy into the spot market of the control area they are located in without simultaneous transmission into the New York Control Area (NYCA), so long as an equal quantity of energy is transmitted out of the

affected spot market into the NYCA during the same calendar month (monthly matching).

The Commission is concerned that the current monthly matching requirement may give out-of-state intermittent resources an opportunity to avoid costs of transmission, congestion, and losses on their power transactions.

Accordingly, the Commission is considering changing the delivery requirement as follows:

Renewable generators external to New York State, participating in future Program Main Tier solicitations, must demonstrate that energy in an amount at least equivalent to the renewable generator's hourly output is delivered to the electric energy purchaser in the NYCA. Contractual deliveries associated with the out-of-state resource will be recognized in each hour as the lesser of actual hourly metered energy production by the renewable generator or actual hourly energy delivered to the electric energy purchaser in the NYISO.

The Commission may accept, reject, or modify any proposals relating to these matters.