

RECs FAQ

What are RECs?

Renewable Energy Credits or Certificates (RECs) are a legal instrument that certifies ownership of the environmental benefits of a megawatt hour (MWh) of electricity generated from a renewable energy source.

RECs were created to help finance new renewable energy projects and accelerate the clean energy transition. Currently, almost 90% of NYC's electricity generation comes from a fossil fuel-powered utility grid. New York State's plan for decarbonizing the electric sector includes [bringing renewable energy directly into NYC](#) and achieving bold clean energy targets, including 100% clean electricity by 2040. The timely completion of these projects is a priority for the City and State to meet renewable electricity mandates in the Climate Leadership and Community Protection Act, reduce the GHG emissions associated with electricity generation and usage in Zone J (NYC), and retire in-city fossil fuel power plants that are disproportionately located in environmental justice neighborhoods.

How are RECs tracked?

Each REC has a unique ID and information related to its source, date of generation, etc. In the US, the exchange of RECs is tracked and recorded by specialized government and commercial agencies. In the state of New York, RECs are issued and tracked by New York Generation Attribute Tracking System (NYGATS), a system operated by the New York State Energy Research and Development (NYSERDA).

RECs in the context of Local Law 97 (LL97)

LL97 allows building owners to receive deductions from their annual building emissions where the building owner purchases RECs considered by the New York Independent System Operator (NYISO) to be a capacity resource **located in**, or whose **output directly sinks into**, New York City (Zone J) for the reporting calendar year. These RECs are connected to the reduction of fossil fuel-generated electricity in NYC.

The City has already passed a rule (followed by Council legislation) to limit the use of RECs for compliance with LL97 emissions limits to electricity emissions. That means a building owner can't use RECs to deduct the building's on-site fossil fuel emissions.

The latest amendments to 1 RCNY § 103-14 further limit RECs if a building owner chooses the decarbonization plan pathway. Under this pathway, a building owner must do work at the building level to reduce emissions and is not allowed to achieve emissions reductions through the purchase of RECs through 2029.

Which RECs may be used for LL97 compliance?

[Tier 4 RECs](#) will be permissible for use pursuant to LL97. NYSERDA's Tier 4 Program was [created](#) by order of the New York State Public Service Commission in 2020 to increase the penetration of renewable energy into New York City (Zone J) and help address the City's dependency on polluting fossil fuel-fired generation. Two renewable energy and transmission projects have been awarded Tier 4 contracts the Champlain Hudson Power Express ([CHPE](#)) and Clean Path New York ([CPNY](#)). These RECs are not expected to be available until 2026 (CHPE) and 2027 (CPNY).

The City anticipates that Offshore Wind Renewable Energy Certificates (ORECs) associated with offshore wind projects serving New York City (Zone J) may meet the requirements of the law and will indicate such compliance after further analysis as these projects develop.

Currently, no other RECs are permissible for use pursuant to LL97.