



OFFICE OF THE MAYOR  
THE CITY OF NEW YORK

DEAN FULEIHAN  
FIRST DEPUTY MAYOR

April 19, 2021

Ms. Doreen Harris  
President and Chief Executive Officer  
New York State Energy Research and Development Authority  
17 Columbia Circle  
Albany, New York 12203-6399

Re: Clean Energy Standard Joint REC Purchase by the City of New York

Dear Ms. Harris:

The purpose of this letter is to advise you that the City of New York (the “City”) is committed to pursuing a joint or concurrent purchase with the New York State Energy Research and Development Authority (“NYSERDA”) of Clean Energy Standard Renewable Energy Certificates (“RECs”) associated with the delivery of renewable energy into Zone J of the New York Control Area. It is the City’s belief that a Joint Purchase will provide additional value to disadvantaged and energy burden communities as well as all residents of the State. This letter describes some of the parameters the City will take into consideration prior to entering into a long-term agreement to purchase such RECs.

Through the Renewable Portfolio Standard and the Clean Energy Standard, and more recently via the Climate Leadership and Community Protection Act, the State has established a bold policy for transforming our economy and the manner in which electricity is produced and delivered to customers in New York. Concurrently, through OneNYC 2050, Mayor Bill de Blasio has set ambitious and aggressive goals for confronting our climate crisis, ending the age of fossil fuels, and securing a livable climate for the next generation. We believe State and City policies are fully aligned on the need to replace the existing in-City fossil generation fleet with renewable resources, and the deliverability of renewable energy into the city is an important step in doing so.

According to forecasts prepared by the New York Independent System Operator, Inc., electricity demand in New York City is expected to gradually increase over the next 30 years from about 11,300 MW to almost 12,800 MW. Because of transmission constraints and local reliability requirements, approximately 80% of that demand must be satisfied by generation resources located

within New York City. The value of renewable energy delivered to the city will be enhanced if the resources selected are capable of satisfying local reliability requirements and reducing reliance on the in-City fossil generation fleet.

The City's current thinking is that it would participate in the joint purchase of RECs in the following manner:

1. NYSERDA completes the ongoing solicitation process and evaluates all of the proposals received.
2. NYSERDA selects one or more projects to be awarded.
3. NYSERDA provides details regarding the selected projects, including its evaluation of the underlying proposals, to the City.
4. The City reviews the information provided to determine whether and to what extent the projects will help achieve the City's goals and satisfy the needs discussed above in a cost-effective manner.
5. The City advises NYSERDA its willingness to enter into a long-term agreement with NYSERDA for the purchase of RECs from one or more selected projects, as designated by the City and on terms to be discussed. In particular, the City would expect to pay the same price per REC as set forth in the contract(s) between NYSERDA and the developer(s) plus NYSERDA's administrative costs customarily included in all of its REC sales to load-serving entities.

The City's intent is to purchase a sufficient quantity of RECs that would allow it to achieve its goal of securing 100% of its energy needs from renewable resources while preserving the ability to engage in deep energy retrofits, other energy efficiency measures and the deployment of renewable distributed energy resources. The City's current annual consumption is around 4 terawatt hours. We would expect to purchase at least enough RECs to cover about 80 percent of this consumption. However, especially because of the effects of the COVID pandemic on the New York City economy, the City must consider costs and its determination of REC purchases will necessarily be based in part on the cost of the RECs.

Other important considerations for the City include:

1. For the reasons set forth above, the City is interested only in RECs associated with renewable resources that are delivered into New York City and which lessen the need for the in-City fossil generation fleet.
2. New generation and transmission resources that create or exacerbate negative impacts on environmental justice communities will not be considered by the City. Further, the degree to which the project(s) will directly contribute to local air quality improvements and provide other localized benefits must be evaluated and considered in selecting project(s).

3. The City commends NYSERDA for requiring that hydropower credited under Tier 4 is additional to historical production, and for ensuring that new hydropower impoundments are ineligible under Tier 4. Nevertheless, to the extent the selected project(s) involve Canadian hydropower resources, the City will continue to prioritize actions that respect the rights of First Nations and their ancestral territories. The City would reserve the right throughout the term of an agreement with NYSERDA to terminate the continued purchase of RECs associated with Canadian hydropower and, to the extent available, substitute other RECs that meet the criteria herein (such as ORECs) if any new developments intrude into or interfere with First Nations' communities and lands without the affected communities' free and informed consent at any time during the term of the agreement between the City and NYSERDA.
4. As noted above, the City plans to continue to reduce its energy usage via robust energy efficiency measures. Any contractual agreement for RECs cannot inhibit or restrict these efforts but would serve as a necessary complement to its continued robust investment in energy conservation.
5. The City has not determined a specific duration for any long-term commitment to purchase RECs but would not want it to exceed the term of any contract between NYSERDA and an awardee. The term of the commitment would be determined based on all of the foregoing factors and as part of any contract negotiations with NYSERDA or a NYSERDA counterparty.

The Public Service Commission's decision to establish components of the Clean Energy Standard that will deliver renewable energy into the city was a major step towards achievement of the concurrent State and City policies and rectify the current disparity in accessibility of renewable energy between upstate and downstate New York. Furthermore, it will catalyze the City's electrification of building heating and hot water and its commitment to end natural gas connections. While any contractual obligation for the purchase of RECs would arise only upon execution of a definitive agreement and receipt of all requisite approvals for that agreement, the City is committed to pursuing a joint purchase within the next few months and to working with NYSERDA on implementing and securing cost-effective renewable resources that would directly benefit New York City residents and reduce reliance on the in-city fleet of heavily polluting, inefficient, fossil-fueled generating facilities.

Sincerely,

Dean Fuleihan

