



REVIEW OF NYSERDA'S 2018 RENEWABLE ENERGY STANDARD RFP

April 27, 2018

www.poweradvisoryllc.com

To: Clients and Colleagues

From: John Dalton, President, and Margaret Blagbrough, Consultant, Power Advisory LLC

On April 25, New York Governor Andrew Cuomo announced the second Request for Proposals (RFP) for large renewable generation projects under the Renewable Energy Standard (RES), a component of the Clean Energy Standard (CES). The solicitation will be conducted by the New York State Energy Research and Development Authority (NYSERDA). The RFP is for approximately 1.5 million MWh of Tier 1 Renewable Energy Certificates (RECs) per year. The CES was adopted in 2016 and calls for 50% of the state's electricity to be generated by renewable energy resources by 2030 (also known as the "50 by 30" goal).

A few new provisions were added in this solicitation that were not included in the first solicitation in 2017. NYSERDA will favor renewable energy projects that avoid overlap with prime agricultural land. In addition, the state is encouraging proposals that consist of renewable energy pairing with energy storage and supports Governor Cuomo's commitment to deploy 1,500 MW of energy storage by 2025.¹ The RFP provides for an in-service date prior to November 30, 2022.

The RES is the state's main way of achieving the CES goal. Under the RES, all Load Serving Entities in the state must procure new renewable resources (called Tier 1 resources) annually as increasing percentages of their total load. The compliance mechanism is the procurement of RECs. The RES requires NYSERDA to conduct regularly scheduled solicitations for the long-term procurement of RECs. These are called RES RFPs. The first of which took place in 2017, in which approximately 3,200,000 MWh of generation was procured. For this second solicitation, eligible technology types are: biogas, biomass, liquid biofuel, fuel cells, hydroelectric, tidal/ocean, solar, and wind. If the project's first commercial operation date is on or after January 1, 2015, it is eligible for this solicitation. However, older projects may be eligible if they have undergone significant upgrades after 2015 or if an otherwise eligible unit is returned to service after 48 consecutive months of being out of

¹ 10% of the points in the final stage of the evaluation will be allocated based on operational flexibility and peak coincidence.



commercial operation. Imports from control areas that are adjacent to the New York Independent System Operator (NYISO) can be eligible Tier 1 resources.

The solicitation process consists of three steps. Step One is the Resource Eligibility Determination in which NYSERDA confirms that the bid facility meets the Tier 1 resource general eligibility requirements. If the bid facility is deemed eligible, it then must submit Step Two – Application for Qualification. In Step Two, NYSERDA will evaluate the application package to ensure that the bid facility meets or exceeds a minimum threshold in each of five Minimum Threshold Qualification categories. These categories are: site control, interconnection, permitting, project development, and resource assessment. Bid facilities that meet the minimum Threshold Qualifications will move on to Step 3 – the Bid Proposal where proposals will be evaluated and scored based on: (1) the Bid Price, which will be weighted at 70% of the overall score, and (2) non-price factors. The non-price factors will have a combined weight equaling 30% of the overall score allocated in terms of: (1) 10% Incremental Economic Benefits to New York State; (2) 10% Project Viability beyond the Minimum Thresholds; and (3) 10% Operational Flexibility and Peak Coincidence.

The solicitation timeline is outlined below:

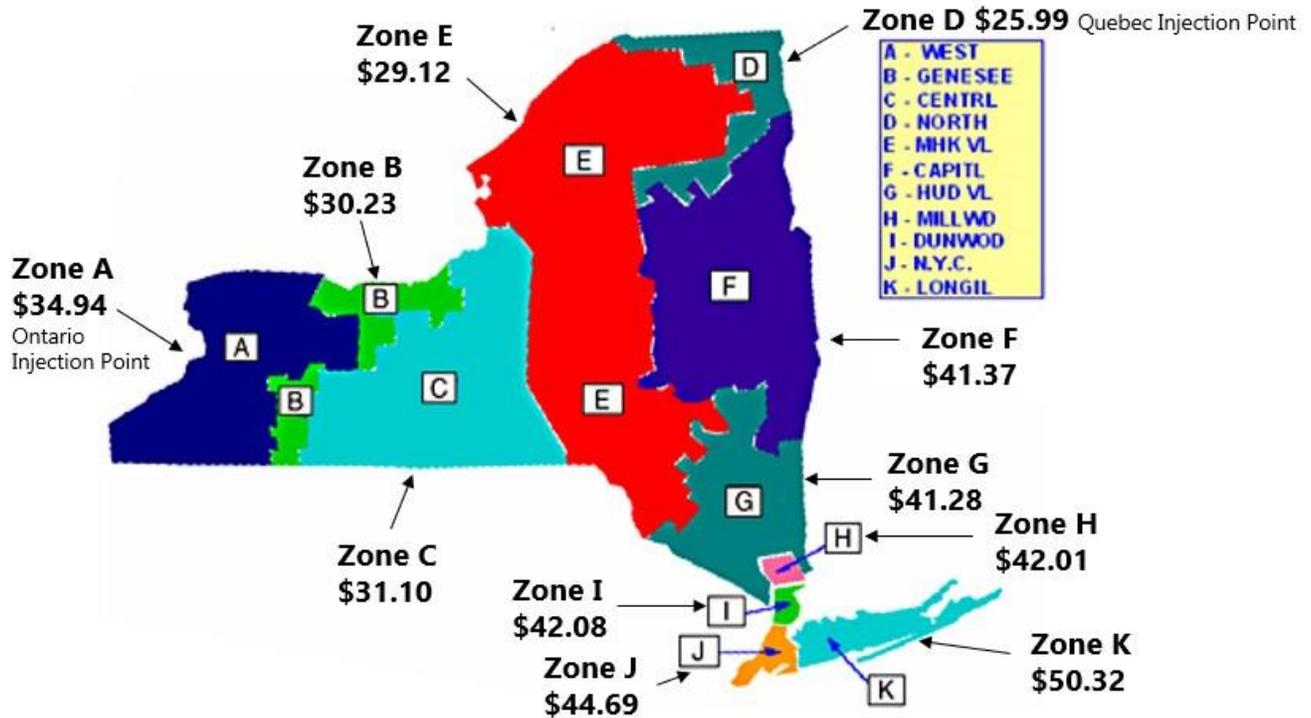
Table 1: Solicitation Timetable

Event	RFP Date
RFP Issued	April 25, 2018
NYSERDA opens Step Two Application for Qualification	April 30, 2018
Proposers' Webinar	May 2, 2018
Deadline - Submit written questions	May 4, 2018
Responses to written questions posted on NYSERDA's website	May 11, 2018
Deadline - Step One Resource Eligibility Determination submission	May 16, 2018
NYSERDA responds with Step One Resource Eligibility Determination	June 1, 2018
Deadline - Step Two Application for Qualification submission	June 12, 2018
NYSERDA responds with Step Two Application for Qualification determinations	July 19, 2018
Deadline - Step Three Bid Proposal submission	August 15, 2018
Deadline - Withdraw a Bid Proposal with refund of Bid Deposit	October 1, 2018
NYSERDA notifies Proposers receiving awards	October 2018

Source: NYSERDA

Since this is a REC-only procurement, renewable project developers will have to manage energy price risks. The following figure illustrates the average levelized future prices per zone for 2019-2027:

Figure 1: NYISO Levelized Futures Prices from 2019-2027



Source: SNL, Power Advisory

As shown in Figure 1, the lowest energy prices can be expected in Zones E and D. Project developers will have to strategically determine the best location to site their project to receive higher energy prices.