

STATE OF NEW YORK

5942

2017-2018 Regular Sessions

IN SENATE

May 8, 2017

Introduced by Sen. VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications

AN ACT to amend the public service law, in relation to long-term contracts for renewable energy

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The public service law is amended by adding a new section
2 66-o to read as follows:

3 § 66-o. Long-term contracts for renewable energy. 1. Definitions. As
4 used in this section the following terms shall have the following mean-
5 ings:

6 (a) "Eligible resource" means a source of electrical generation that:
7 (i) generates power that is within or delivered to the control region
8 of the New York independent system operator;

9 (ii) is a renewable energy resource; and
10 (iii) does not currently have a long-term contract with the state.

11 (b) "Renewable energy resource" shall have the same meaning as set
12 forth in subdivision twelve of section 1-103 of the energy law.

13 (c) "Renewable energy credit" means a tradable instrument that repres-
14 ents an amount of electricity generated from eligible resources or
15 renewable energy resources.

16 (d) "Long-term contract" means a contract with an electric and gas
17 corporation for a period of up to twenty years.

18 2. Commission authority. The commission may direct electric and gas
19 corporations to enter into long-term contracts for energy, capacity and
20 renewable energy credits with eligible resources. At a minimum, the
21 commission shall procure two percent of the state's annual retail elec-
22 tricity load by two thousand eighteen, four percent by two thousand
23 twenty, and six percent by two thousand twenty-two.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 3. Priority of long-term contracts. In selecting energy, capacity and
2 renewable energy credits for contracting pursuant to subdivision two of
3 this section, the commission shall prioritize long-term contracts with
4 eligible resources that the commission determines will maximize finan-
5 cial benefits to electricity customers, provide a hedge against volatile
6 fossil fuel prices, and create or maintain property taxes and employment
7 in the state of New York.

8 4. Contract term. A contract entered into pursuant to this section may
9 not be for a term of more than twenty years, unless the commission finds
10 a contract for a longer term would provide significantly greater rate-
11 payer benefits.

12 5. Competitive solicitation process and contract negotiation. The
13 commission shall establish a schedule for annual competitive solicita-
14 tions for long-term contracts pursuant to this section. This schedule
15 must include a timeline for negotiation, commission decision making and
16 contract closing.

17 6. Disposition of resources. An electric and gas corporation shall
18 sell energy, capacity or other products purchased pursuant to this
19 section or take other action relative to such energy, capacity or other
20 products as directed by the commission.

21 7. Cost recovery. The commission shall ensure that all costs and
22 direct financial benefits associated with contracts entered into under
23 this section are allocated to ratepayers. A price differential existing
24 at any time during the term of the contract between the contract price
25 and the prevailing market price at which the energy, capacity and renew-
26 able energy credits are sold or any gains or losses derived from
27 contracts for differences must be reflected in the amounts charged to
28 ratepayers and may not be considered imprudent.

29 8. Contract payments. Long-term contracts entered into pursuant to
30 this section must provide that payments will be made only after
31 contracted amounts of energy, capacity or other products have been
32 provided.

33 9. Customer benefits. The commissioner may direct electric and gas
34 corporations to enter into contracts under this section only as agents
35 for their customers. The commission shall adopt rules to ensure that to
36 the extent the benefits to ratepayers of a long-term contract are
37 projected to occur in the later years of the contract term, adequate
38 financial security is in place so that it is reasonably likely ratepay-
39 ers will obtain the projected benefits of the long-term contract.

40 10. Rules and regulations. The commission shall adopt rules and regu-
41 lations to implement this section. In adopting rules and regulations,
42 the commission shall consider the financial implications of this section
43 on electric and gas corporations.

44 § 2. This act shall take effect immediately.