S T A T E O F N E W Y O R K

2264

2009-2010 Regular Sessions

I N S E N A T E

February 17, 2009

Introduced by Sen. YOUNG -- 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 the purchase and procurement of natural gas at lowest available price at the city gate

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 66-f of the public service law, as added by chapter 519 of the laws of 1984, is amended to read as follows:

S 66-f. Purchase and procurement of natural gas at lowest available price AT THE CITY GATE. 1. The commission shall have the authority to direct any gas corporation subject to the jurisdiction of the commission to purchase or procure natural gas at the lowest available price AT THE CITY GATE as determined by the commission.

2. A gas corporation shall be required to purchase supplies of natural gas whenever:

(A) a natural gas producer provides the gas corporation with at least six months prior notice of the availability of such gas, and

(B) the delivered cost of such gas AT THE CITY GATE is equal to or less than the highest delivered cost of natural gas AT THE CITY GATE produced outside the state which the gas corporation would otherwise purchase or acquire[, adjusted to reflect substantive differences, if any, in the terms and conditions applicable to the sale of such gas over the period of availability of the natural gas]; provided, however, that no gas corporation shall be required to purchase natural gas FROM INSTATE OR OUT-OF-STATE SOURCES, where it can [demonstrate] BE DEMONSTRATED THAT such purchase would have an adverse impact upon its ratepayers, which cannot be reasonably mitigated.

3. (A) A gas corporation shall respond to a notice of availability of supplies of natural gas at a specified delivered cost AT THE CITY GATE provided by a producer of such gas within one month of the receipt of

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

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such notice, and, if it indicates its intent not to purchase such supplies, shall provide in detail its reasons therefor.

(B) A natural gas producer may petition the [public service] commission, within fifteen days of the receipt of a gas corporation's response, to order such gas corporation to comply with subdivision one of this section. Such petition shall contain sufficient information to demonstrate the petitioner's ability to provide the supplies of natural gas offered for sale to the gas corporation. A copy of such petition shall also be served upon such gas corporation.

(C) Within twenty-one days of the receipt of such a petition, a gas corporation shall file such information as is necessary to demonstrate [that] WHETHER AND HOW the purchase of natural gas during the period of availability at the specified delivered cost of such gas AT THE CITY GATE would have A BENEFICIAL OR an adverse impact upon its ratepayers, AS COMPARED TO THE HIGHEST DELIVERED COST OF GAS AT THE CITY GATE OF OTHER AVAILABLE SOURCES WHICH THE GAS CORPORATION WOULD OTHERWISE PURCHASE OR ACQUIRE. The petitioner and others shall have the opportunity to comment upon the filing by the gas corporation within twenty-one days of such filing.

(D) The commission shall take final action on any such petition within [forty] NINETY days after the date upon which the petitioner's comments are due.

(E) The commission may require a gas corporation to purchase all or a portion of the supplies of natural gas offered by the petitioner during the period of availability at the specified delivered cost AT THE CITY GATE, or at such other [cost] LOWEST AVAILABLE PRICE as will not result in an adverse impact upon such gas corporation's ratepayers.

(F) Nothing in this section shall require a producer of natural gas to sell such gas to a gas corporation at a cost other than that specified in its notice of availability.

4. (A) FOR THE PURPOSES OF THIS SECTION, "CITY GATE" SHALL MEAN THE POINT OR MEASURING STATION WITHIN THE BOUNDARIES OF NEW YORK STATE AT WHICH A DISTRIBUTING GAS UTILITY RECEIVES GAS FROM A NATURAL GAS PIPELINE COMPANY.

(B) FOR THE PURPOSES OF THIS SECTION, "DELIVERED COST" SHALL INCLUDE PIPELINE DEMAND CHARGES (CAPACITY CREDIT) INCURRED TO TRANSPORT GAS TO THE CITY GATE.

S 2. This act shall take effect immediately.