

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:

- 1 Section 1. Section 66-f of the public service law, as added by chapter
2 519 of the laws of 1984, is amended to read as follows:
3 S 66-f. Purchase and procurement of natural gas at lowest available
4 price AT THE CITY GATE. 1. The commission shall have the authority to
5 direct any gas corporation subject to the jurisdiction of the commission
6 to purchase or procure natural gas at the lowest available price AT THE
7 CITY GATE as determined by the commission.
8 2. A gas corporation shall be required to purchase supplies of natural
9 gas whenever:
10 (A) a natural gas producer provides the gas corporation with at least
11 six months prior notice of the availability of such gas, and
12 (B) the delivered cost of such gas AT THE CITY GATE is equal to or
13 less than the highest delivered cost of natural gas AT THE CITY GATE
14 produced outside the state which the gas corporation would otherwise
15 purchase or acquire[, adjusted to reflect substantive differences, if
16 any, in the terms and conditions applicable to the sale of such gas over
17 the period of availability of the natural gas]; provided, however, that
18 no gas corporation shall be required to purchase natural gas FROM
19 INSTATE OR OUT-OF-STATE SOURCES, where it can [demonstrate] BE DEMON-
20 STRATED THAT such purchase would have an adverse impact upon its rate-
21 payers, which cannot be reasonably mitigated.
22 3. (A) A gas corporation shall respond to a notice of availability of
23 supplies of natural gas at a specified delivered cost AT THE CITY GATE
24 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.

LBD04732-01-9

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

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

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

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

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

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

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

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

38 S 2. This act shall take effect immediately.