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I N S E N A T E

(PREFILED)

January 8, 2014

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

AN ACT to amend the public authorities law, in relation to certain programs of the New York state energy research and development authority

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

1 Section 1. Legislative intent. The legislature hereby finds and  
2 declares that it is in the best interests of the state of New York to  
3 pursue policies that will improve air quality, reduce pollution and  
4 further the economic well-being of all of our citizens. The Carbon Diox-  
5 ide Allowance Auction Program as described in Part 507 of Title 21 of  
6 the New York Codes, Rules and Regulations and the Carbon Dioxide Budget  
7 Trading Program as described in Part 242 of Title 6 of the New York  
8 Codes, Rules and Regulations are two non-legislative programs that have  
9 been adopted by state agencies and state authorities in furtherance of  
10 the above stated policy goal. These programs collect money for the sale  
11 of carbon allowances and use that revenue to fund energy efficiency  
12 programs and other programs with the laudable goal of reducing green-  
13 house gas emissions.

14 The legislature further declares that areas of the state that host  
15 coal plants or older natural gas or oil fired plants are most negatively  
16 impacted economically by the costs associated with the above referenced  
17 programs, which can threaten the continued operation of these plants and  
18 therefore the jobs and tax base that they represent. Even though these  
19 plants contribute the most revenue to the above referenced programs and  
20 any negative impacts on air quality would, as a result, be felt most  
21 acutely by those communities, there is currently no requirement that  
22 these programs invest any fixed percentage of their monies in those  
23 areas.

24 Therefore, the legislature finds that it is necessary to require mini-  
25 mum levels of investment of revenues derived from the Carbon Dioxide

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

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1 Allowance Auction Program and the Carbon Dioxide Budget Trading Program  
2 in communities that host carbon intensive electric generating facili-  
3 ties. Such a policy would allow the state to continue to pursue its  
4 goals of reducing emissions and pollution, while still demonstrating  
5 support for the development of a clean energy economy in those communi-  
6 ties most impacted by the costs associated with the Carbon Dioxide  
7 Allowance Auction Program and the Carbon Dioxide Budget Trading Program.

8 S 2. The public authorities law is amended by adding a new section  
9 1882 to read as follows:

10 S 1882. DISBURSEMENT OF FUNDS DERIVED FROM CERTAIN PROGRAMS. 1.  
11 NOTWITHSTANDING ANY RULE, REGULATION, POLICY OR ORDER TO THE CONTRARY:

12 (A) THE AUTHORITY SHALL, WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF  
13 THIS SECTION, ESTABLISH A PROGRAM TO TRACK THE PURCHASE OF CARBON ALLOW-  
14 ANCES IN THE AUCTION OR AUCTIONS ESTABLISHED UNDER THE CARBON DIOXIDE  
15 ALLOWANCE AUCTION PROGRAM AS DESCRIBED IN PART 507 OF TITLE 21 OF THE  
16 NEW YORK CODES, RULES AND REGULATIONS AND/OR THE CARBON DIOXIDE BUDGET  
17 TRADING PROGRAM AS DESCRIBED IN PART 242 OF TITLE 6 OF THE NEW YORK  
18 CODES, RULES AND REGULATIONS, WITH THE GOAL OF IDENTIFYING ELECTRIC  
19 GENERATING FACILITIES THAT PURCHASE SUCH ALLOWANCES, THE LOCATION OF  
20 SUCH ELECTRIC GENERATING FACILITIES, AND THE VALUE OF THOSE PURCHASES.  
21 THE AUTHORITY MAY IN ITS DISCRETION, CONSULT WITH THE DEPARTMENT OF  
22 ENVIRONMENTAL CONSERVATION, THE PUBLIC SERVICE COMMISSION, AND THE BULK  
23 SYSTEM OPERATOR FOR THE STATE OF NEW YORK, AND MAY CONTACT ELECTRIC  
24 GENERATING FACILITIES WITHIN THE STATE TO REQUEST SUCH INFORMATION AS  
25 THEY ARE WILLING TO PROVIDE.

26 (B) THE AUTHORITY SHALL, COMMENCING WITH CALENDAR YEAR TWO THOUSAND  
27 FOURTEEN, DETERMINE THE TOTAL AMOUNT OF REVENUE COLLECTED IN EACH COUNTY  
28 EACH YEAR AS A RESULT OF THE PURCHASE OF CARBON ALLOWANCES BY ELECTRIC  
29 GENERATING FACILITIES LOCATED WITHIN EACH COUNTY IN CONNECTION WITH THE  
30 CARBON DIOXIDE ALLOWANCE AUCTION PROGRAM AND/OR THE CARBON DIOXIDE BUDG-  
31 ET TRADING PROGRAM. BEGINNING ONE YEAR AFTER THE EFFECTIVE DATE OF THIS  
32 SECTION, THE AUTHORITY IS DIRECTED TO SPEND NO LESS THAN FIFTY PERCENT  
33 OF THE TOTAL AMOUNT OF REVENUE COLLECTED IN EACH COUNTY ON PROJECTS OR  
34 PROGRAMS LOCATED WITHIN SUCH COUNTY. SUCH EXPENDITURES MUST BE CONSIST-  
35 ENT WITH THE RULES, REGULATIONS AND LIMITATIONS ESTABLISHED BY THE  
36 AUTHORITY WITH RESPECT TO SUCH EXPENDITURES AND MAY BE EFFECTUATED  
37 THROUGH ANY EXISTING PROGRAM, OR THROUGH NEW PROGRAMS, PROVIDED THAT THE  
38 GOAL OF SUCH PROGRAM OR PROGRAMS IS CARBON DIOXIDE ABATEMENT.

39 (C) IF SUCH CARBON ALLOWANCES ARE PURCHASED IN AN AUCTION UNDER THE  
40 CARBON DIOXIDE ALLOWANCE AUCTION PROGRAM AND/OR THE CARBON DIOXIDE BUDG-  
41 ET TRADING PROGRAM BY A MUNICIPAL ELECTRIC CORPORATION, RURAL COOPER-  
42 ATIVE OR OTHER PUBLIC POWER ENTITY THAT OWNS AND OPERATES ITS OWN ELEC-  
43 TRIC GENERATING FACILITIES AND IS SUBJECT TO THE CARBON DIOXIDE  
44 ALLOWANCE AUCTION PROGRAM AND/OR CARBON DIOXIDE BUDGET TRADING PROGRAM,  
45 THEN SUCH CORPORATION OR RURAL COOPERATIVE OR OTHER PUBLIC POWER ENTITY  
46 MAY RETAIN UP TO FIFTY PERCENT OF THE REVENUE THAT IT WOULD OTHERWISE  
47 USE TO PURCHASE ALLOWANCES IN ORDER TO IMPLEMENT ITS OWN LOCALLY BASED  
48 CARBON DIOXIDE ABATEMENT PROGRAMS. SUCH PROGRAMS MUST BE SUBMITTED TO  
49 THE AUTHORITY IN WRITING WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THIS  
50 SECTION AND SHALL ONLY BE IMPLEMENTED AFTER SUCH PROGRAM HAS BEEN  
51 APPROVED BY THE AUTHORITY. ANY PROGRAM SUBMITTED FOR APPROVAL MUST  
52 SATISFY THE RULES AND REQUIREMENTS ESTABLISHED BY THE AUTHORITY FOR THE  
53 PROGRAMS THAT THE AUTHORITY ADMINISTERS THAT ARE FUNDED THROUGH PROCEEDS  
54 COLLECTED THROUGH THE CARBON DIOXIDE ALLOWANCE AUCTION PROGRAM AND/OR  
55 THE CARBON DIOXIDE BUDGET TRADING PROGRAM. FURTHER, THE AUTHORITY SHALL

1 REQUIRE AUDITS OF SUCH PROGRAMS INITIATED FROM TIME TO TIME AND AT ITS  
2 DISCRETION IN ORDER TO ENSURE COMPLIANCE.

3 2. THE AUTHORITY IS AUTHORIZED TO PROMULGATE OTHER RULES AND REGU-  
4 LATIONS AS IT DEEMS NECESSARY AND PROPER TO IMPLEMENT THE PROVISIONS OF  
5 THIS SECTION, PROVIDED THAT SUCH RULES AND REGULATIONS ARE ADOPTED IN A  
6 MANNER CONSISTENT WITH THE TIMELINE NECESSARY FOR THE FULL IMPLEMENTA-  
7 TION OF THIS SECTION, AND ARE CONSISTENT WITH THE LEGISLATIVE INTENT OF  
8 THE CHAPTER OF THE LAWS OF TWO THOUSAND FOURTEEN WHICH ADDED THIS  
9 SECTION.

10 S 3. This act shall take effect immediately.