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I N S E N A T E

May 15, 2014

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 service law and the public authorities law, in relation to establishing a fuel cell incentive program

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-n to read as follows:

3 S 66-N. FUEL CELL INCENTIVE PROGRAM. 1. AS USED IN THIS SECTION:
4 (A) "ELECTRIC DISTRIBUTION COMPANY" MEANS AN INVESTOR-OWNED ELECTRIC
5 CORPORATION THAT DISTRIBUTES AND DELIVERS ELECTRICITY WITHIN THIS STATE
6 AND HAS ANNUAL REVENUES IN EXCESS OF TWO HUNDRED MILLION DOLLARS; AND

7 (B) "QUALIFIED FUEL CELL ELECTRIC GENERATING SYSTEM" MEANS: A SYSTEM
8 BASED ON A SOLID OXIDE, MOLTEN CARBONATE, PROTON EXCHANGE MEMBRANE OR
9 PHOSPHORIC ACID FUEL CELL THAT IS MANUFACTURED, INSTALLED AND OPERATED
10 IN ACCORDANCE WITH APPLICABLE GOVERNMENT AND INDUSTRY STANDARDS, THAT IS
11 CONNECTED TO THE ELECTRIC SYSTEM AND OPERATED IN PARALLEL WITH AN ELEC-
12 TRIC CORPORATION'S TRANSMISSION AND DISTRIBUTION FACILITIES, AND THAT IS
13 OPERATED IN COMPLIANCE WITH ANY STANDARDS AND REQUIREMENTS ESTABLISHED
14 IN THIS CHAPTER OR BY ORDER OF THE PUBLIC SERVICE COMMISSION.

15 2. WITHIN FORTY-FIVE DAYS OF THE EFFECTIVE DATE OF THIS SECTION, THE
16 COMMISSION SHALL COMMENCE THE CONSIDERATION OF MODIFICATIONS TO ITS
17 EXISTING PROGRAMS THAT ENCOURAGE THE DEVELOPMENT OF QUALIFIED FUEL CELL
18 ELECTRIC GENERATING SYSTEMS AND, NO LATER THAN JANUARY FIRST, TWO THOU-
19 SAND FIFTEEN, THE COMMISSION SHALL MAKE A DETERMINATION ESTABLISHING
20 MODIFICATIONS TO ITS EXISTING PROGRAMS THAT ENCOURAGE THE DEVELOPMENT OF
21 QUALIFIED FUEL CELL GENERATING SYSTEMS IN CONFORMANCE WITH THIS SECTION.
22 THE DEPARTMENT SHALL CONSULT WITH THE NEW YORK STATE ENERGY RESEARCH AND
23 DEVELOPMENT AUTHORITY IN THE PREPARATION OF ITS RECOMMENDATIONS TO THE
24 COMMISSION FOR SUCH DETERMINATION. THE PROGRAM MODIFICATIONS SHALL
25 REQUIRE:

26 (A) ADMINISTRATION BY THE NEW YORK STATE ENERGY RESEARCH AND DEVELOP-
27 MENT AUTHORITY;

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

LBD15112-02-4

1 (B) PLANNED ANNUAL EXPENDITURES INCLUDING ALL COSTS OF A MINIMUM OF
2 FIFTY MILLION DOLLARS COMMENCING IN CALENDAR YEAR TWO THOUSAND FIFTEEN
3 AND SUSTAINED EACH YEAR THROUGH CALENDAR YEAR TWO THOUSAND TWENTY-FIVE;

4 (C) A DIVERSITY OF PROJECT SIZES, GEOGRAPHIC DISTRIBUTION, AND PARTIC-
5 IPATION AMONG CUSTOMER CLASSES, SUBJECT TO COST-EFFECTIVENESS CONSIDER-
6 ATIONS;

7 (D) INCENTIVE STRUCTURES THAT MAXIMIZE COST-EFFECTIVENESS AND PRACTI-
8 CALITY THROUGH COMPETITIVE PROCUREMENTS, STANDING-OFFERS, PRODUCTION
9 INCENTIVES OR CAPACITY INCENTIVES AT THE WHOLESALE OR RETAIL LEVEL AS IN
10 THE JUDGMENT OF THE COMMISSION, IN CONSULTATION WITH THE NEW YORK INDE-
11 PENDENT SYSTEM OPERATOR, PROVIDE FOR THE MOST EFFECTIVE PROGRAM;

12 (E) INCENTIVE STRUCTURES THAT TAKE INTO CONSIDERATION THE ECONOMIC
13 BENEFITS TO THE STATE OF NEW YORK;

14 (F) PROGRAM DESIGNS THAT TAKE INTO CONSIDERATION THE AVOIDANCE OF
15 LONG-TERM COSTS TO THE TRANSMISSION AND DISTRIBUTION SYSTEM AND MINIMI-
16 ZATION OF PEAK LOAD IN CONSTRAINED AREAS;

17 (G) ANNUAL REPORTS ON THE ACHIEVEMENTS AND EFFECTIVENESS OF THE
18 PROGRAM; AND

19 (H) SUCH OTHER ISSUES DEEMED APPROPRIATE BY THE COMMISSION.

20 S 2. Sections 1020-ii, 1020-jj and 1020-kk of the public authorities
21 law, as renumbered by chapter 388 of the laws of 2011, are renumbered
22 sections 1020-jj, 1020-kk and 1020-ll and a new section 1020-ii is added
23 to read as follows:

24 S 1020-II. ESTABLISHMENT OF FUEL CELL INCENTIVE PROGRAM. 1. AS USED IN
25 THIS SECTION THE TERM "QUALIFIED FUEL CELL ELECTRIC GENERATING SYSTEM"
26 MEANS: A SYSTEM BASED ON A SOLID OXIDE, MOLTEN CARBONATE, PROTON
27 EXCHANGE MEMBRANE OR PHOSPHORIC ACID FUEL CELL THAT IS MANUFACTURED,
28 INSTALLED AND OPERATED IN ACCORDANCE WITH APPLICABLE GOVERNMENT AND
29 INDUSTRY STANDARDS, THAT IS CONNECTED TO THE ELECTRIC SYSTEM AND OPER-
30 ATED IN PARALLEL WITH AN ELECTRIC CORPORATION'S TRANSMISSION AND
31 DISTRIBUTION FACILITIES, AND THAT IS INSTALLED IN THE AUTHORITY'S
32 SERVICE TERRITORY AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN.

33 2. THE AUTHORITY SHALL CONTINUE TO ENCOURAGE THE DEVELOPMENT OF QUALI-
34 FIED FUEL CELL ELECTRIC GENERATING SYSTEMS IN ITS SERVICE TERRITORY
35 THROUGH IMPLEMENTATION OF THE FUEL CELL INCENTIVE PROGRAM. THE PROGRAM
36 SHALL REQUIRE:

37 (A) PLANNED ANNUAL EXPENDITURES INCLUDING ALL COSTS OF AT MINIMUM
38 FIFTEEN MILLION DOLLARS COMMENCING IN CALENDAR YEAR TWO THOUSAND FIFTEEN
39 AND SUSTAINED EACH YEAR THROUGH CALENDAR YEAR TWO THOUSAND TWENTY-FIVE;

40 (B) A DIVERSITY OF PROJECT TYPES;

41 (C) PROGRAM ADMINISTRATION AND DELIVERY;

42 (D) INCENTIVE STRUCTURES THAT TAKE INTO CONSIDERATION THE ECONOMIC
43 BENEFITS TO THE STATE OF NEW YORK;

44 (E) PROGRAM DESIGNS THAT TAKE INTO CONSIDERATION THE AVOIDANCE OF
45 LONG-TERM COSTS TO THE TRANSMISSION AND DISTRIBUTION SYSTEM AND MINIMI-
46 ZATION OF PEAK LOAD IN CONSTRAINED AREAS AND THAT MAXIMIZES COST-EFFEC-
47 TIVENESS THROUGH COMPETITIVE PROCUREMENTS;

48 (F) ANNUAL REPORTS ON THE ACHIEVEMENTS AND EFFECTIVENESS OF THE
49 PROGRAM; AND

50 (G) ANY OTHER OBJECTIVES THE AUTHORITY MAY ESTABLISH.

51 S 3. This act shall take effect immediately.