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I N  A S S E M B L Y

May 23, 2014

Introduced by M. of A. PAULIN -- read once and referred to the Committee on Energy

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:

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

S 66-N. FUEL CELL INCENTIVE PROGRAM. 1. AS USED IN THIS SECTION:

(A) "ELECTRIC DISTRIBUTION COMPANY" MEANS AN INVESTOR-OWNED ELECTRIC CORPORATION THAT DISTRIBUTES AND DELIVERS ELECTRICITY WITHIN THIS STATE AND HAS ANNUAL REVENUES IN EXCESS OF TWO HUNDRED MILLION DOLLARS; AND

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

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

(A) ADMINISTRATION BY THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY;

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

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

(C) A DIVERSITY OF PROJECT SIZES, GEOGRAPHIC DISTRIBUTION, AND PARTICIPATION AMONG CUSTOMER CLASSES, SUBJECT TO COST-EFFECTIVENESS CONSIDERATIONS;

(D) INCENTIVE STRUCTURES THAT MAXIMIZE COST-EFFECTIVENESS AND PRACTICALITY THROUGH COMPETITIVE PROCUREMENTS, STANDING-OFFERS, PRODUCTION INCENTIVES OR CAPACITY INCENTIVES AT THE WHOLESALE OR RETAIL LEVEL AS IN THE JUDGMENT OF THE COMMISSION, IN CONSULTATION WITH THE NEW YORK INDEPENDENT SYSTEM OPERATOR, PROVIDE FOR THE MOST EFFECTIVE PROGRAM;

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

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

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

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

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

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

2. THE AUTHORITY SHALL CONTINUE TO ENCOURAGE THE DEVELOPMENT OF QUALIFIED FUEL CELL ELECTRIC GENERATING SYSTEMS IN ITS SERVICE TERRITORY THROUGH IMPLEMENTATION OF THE FUEL CELL INCENTIVE PROGRAM. THE PROGRAM SHALL REQUIRE:

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

(B) A DIVERSITY OF PROJECT TYPES;

(C) PROGRAM ADMINISTRATION AND DELIVERY;

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

(E) PROGRAM DESIGNS THAT TAKE INTO CONSIDERATION THE AVOIDANCE OF LONG-TERM COSTS TO THE TRANSMISSION AND DISTRIBUTION SYSTEM AND MINIMIZATION OF PEAK LOAD IN CONSTRAINED AREAS AND THAT MAXIMIZES COST-EFFECTIVENESS THROUGH COMPETITIVE PROCUREMENTS;

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

(G) ANY OTHER OBJECTIVES THE AUTHORITY MAY ESTABLISH.

S 3. This act shall take effect immediately.