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

8065

2015-2016 Regular Sessions

I N A S S E M B L Y

June 5, 2015

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

AN ACT to amend the public service law, in relation to long-term contracts for renewable energy

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-o to read as follows:

S 66-O. LONG-TERM CONTRACTS FOR RENEWABLE ENERGY. 1. DEFINITIONS. AS USED IN THIS SECTION THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "ELIGIBLE RESOURCE" MEANS A SOURCE OF ELECTRICAL GENERATION THAT:

(I) GENERATES POWER THAT IS WITHIN OR DELIVERED TO THE CONTROL REGION OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR;

(II) IS A RENEWABLE ENERGY RESOURCE; AND

(III) DOES NOT CURRENTLY HAVE A LONG-TERM CONTRACT WITH THE STATE.

(B) "RENEWABLE ENERGY RESOURCE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SUBDIVISION TWELVE OF SECTION 1-103 OF THE ENERGY LAW.

(C) "RENEWABLE ENERGY CREDIT" MEANS A TRADABLE INSTRUMENT THAT REPRESENTS AN AMOUNT OF ELECTRICITY GENERATED FROM ELIGIBLE RESOURCES OR RENEWABLE ENERGY RESOURCES.

(D) "LONG-TERM CONTRACT" MEANS A CONTRACT WITH AN ELECTRIC AND GAS CORPORATION FOR A PERIOD OF UP TO TWENTY YEARS.

2. COMMISSION AUTHORITY. THE COMMISSION MAY DIRECT ELECTRIC AND GAS CORPORATIONS TO ENTER INTO LONG-TERM CONTRACTS FOR ENERGY, CAPACITY AND RENEWABLE ENERGY CREDITS WITH ELIGIBLE RESOURCES. AT A MINIMUM, THE COMMISSION SHALL PROCURE TWO PERCENT OF THE STATE'S ANNUAL RETAIL ELECTRICITY LOAD BY TWO THOUSAND SIXTEEN, FOUR PERCENT BY TWO THOUSAND EIGHTEEN, AND SIX PERCENT BY TWO THOUSAND TWENTY.

3. PRIORITY OF LONG-TERM CONTRACTS. IN SELECTING ENERGY, CAPACITY AND RENEWABLE ENERGY CREDITS FOR CONTRACTING PURSUANT TO SUBDIVISION TWO OF

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

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THIS SECTION, THE COMMISSION SHALL PRIORITIZE LONG-TERM CONTRACTS WITH ELIGIBLE RESOURCES THAT THE COMMISSION DETERMINES WILL MAXIMIZE FINANCIAL BENEFITS TO ELECTRICITY CUSTOMERS, PROVIDE A HEDGE AGAINST VOLATILE FOSSIL FUEL PRICES, AND CREATE OR MAINTAIN PROPERTY TAXES AND EMPLOYMENT IN THE STATE OF NEW YORK.

4. CONTRACT TERM. A CONTRACT ENTERED INTO PURSUANT TO THIS SECTION MAY NOT BE FOR A TERM OF MORE THAN TWENTY YEARS, UNLESS THE COMMISSION FINDS A CONTRACT FOR A LONGER TERM WOULD PROVIDE SIGNIFICANTLY GREATER RATEPAYER BENEFITS.

5. COMPETITIVE SOLICITATION PROCESS AND CONTRACT NEGOTIATION. THE COMMISSION SHALL ESTABLISH A SCHEDULE FOR ANNUAL COMPETITIVE SOLICITATIONS FOR LONG-TERM CONTRACTS PURSUANT TO THIS SECTION. THIS SCHEDULE MUST INCLUDE A TIMELINE FOR NEGOTIATION, COMMISSION DECISION MAKING AND CONTRACT CLOSING.

6. DISPOSITION OF RESOURCES. AN ELECTRIC AND GAS CORPORATION SHALL SELL ENERGY, CAPACITY OR OTHER PRODUCTS PURCHASED PURSUANT TO THIS SECTION OR TAKE OTHER ACTION RELATIVE TO SUCH ENERGY, CAPACITY OR OTHER PRODUCTS AS DIRECTED BY THE COMMISSION.

7. COST RECOVERY. THE COMMISSION SHALL ENSURE THAT ALL COSTS AND DIRECT FINANCIAL BENEFITS ASSOCIATED WITH CONTRACTS ENTERED INTO UNDER THIS SECTION ARE ALLOCATED TO RATEPAYERS. A PRICE DIFFERENTIAL EXISTING AT ANY TIME DURING THE TERM OF THE CONTRACT BETWEEN THE CONTRACT PRICE AND THE PREVAILING MARKET PRICE AT WHICH THE ENERGY, CAPACITY AND RENEWABLE ENERGY CREDITS ARE SOLD OR ANY GAINS OR LOSSES DERIVED FROM CONTRACTS FOR DIFFERENCES MUST BE REFLECTED IN THE AMOUNTS CHARGED TO RATEPAYERS AND MAY NOT BE CONSIDERED IMPRUDENT.

8. CONTRACT PAYMENTS. LONG-TERM CONTRACTS ENTERED INTO PURSUANT TO THIS SECTION MUST PROVIDE THAT PAYMENTS WILL BE MADE ONLY AFTER CONTRACTED AMOUNTS OF ENERGY, CAPACITY OR OTHER PRODUCTS HAVE BEEN PROVIDED.

9. CUSTOMER BENEFITS. THE COMMISSIONER MAY DIRECT ELECTRIC AND GAS CORPORATIONS TO ENTER INTO CONTRACTS UNDER THIS SECTION ONLY AS AGENTS FOR THEIR CUSTOMERS. THE COMMISSION SHALL ADOPT RULES TO ENSURE THAT TO THE EXTENT THE BENEFITS TO RATEPAYERS OF A LONG-TERM CONTRACT ARE PROJECTED TO OCCUR IN THE LATER YEARS OF THE CONTRACT TERM, ADEQUATE FINANCIAL SECURITY IS IN PLACE SO THAT IT IS REASONABLY LIKELY RATEPAYERS WILL OBTAIN THE PROJECTED BENEFITS OF THE LONG-TERM CONTRACT.

10. RULES AND REGULATIONS. THE COMMISSION SHALL ADOPT RULES AND REGULATIONS TO IMPLEMENT THIS SECTION. IN ADOPTING RULES AND REGULATIONS, THE COMMISSION SHALL CONSIDER THE FINANCIAL IMPLICATIONS OF THIS SECTION ON ELECTRIC AND GAS CORPORATIONS.

S 2. This act shall take effect immediately.