STATE OF NEW YORK

7742

IN SENATE

February 14, 2018

Introduced by Sens. HELMING, RITCHIE, GRIFFO, FUNKE -- (at request of the Legislative Commission on Rural Resources) -- 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 setting the rate of credit per kilowatt hour for farm waste generating equipment customer-generators, which includes the anaerobic digestion of agricultural waste

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative Intent. It is the intent of this Legislature to support the ongoing financial viability of farm waste generating equipment customer-generators--more commonly known as anaerobic digesters--in New York state. Anaerobic digesters located on New York dairy farms create critical environmental attributes including, but not limited to, reducing methane gas releases and abating nutrient contamination of nearby water sources. The Legislature also recognizes that legacy anaerobic digesters are not financially viable under the current compensation methodology; as such, legacy anaerobic digesters are at risk of closure. Any closures would undo the significant financial investment made by the state of New York to install anaerobic digesters under the Clean Energy Fund program. Closures would also put New York behind on meeting greenhouse gas emission reduction goals as set forth under the State Energy Plan, and behind on developing a clean, distributed grid. While the New York state Public Service Commission has initiated a proceeding to transition to a compensation methodology based on the value of distributed energy resources, the implementation of the new methodology will not address the immediate financial need of existing, or legacy, anaerobic digesters, or new digesters installed prior to the finalization of a meaningful value stack methodology that includes environmental values attributed to the avoided use of electricity generated by fossil fuels and the reduction of on-site greenhouse gas emissions.

The Legislature hereby determines that the public interest requires an increase in the rate of compensation for customer-generators operating

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

LBD13738-03-8

legacy anaerobic digesters, and new digesters installed prior to the finalization of a meaningful value stack methodology, which will apply to credit calculations for the customer-generators' bills following implementation of this legislation.

§ 2. Paragraph (b) of subdivision 4 of section 66-j of the public service law, as amended by chapter 494 of the laws of 2014, is amended to read as follows:

(b) In the event that the amount of electricity produced by a customer-generator during the billing period exceeds the amount of electricity used by the customer-generator, the corporation shall apply a credit to the next bill for service to the customer-generator for the net electricity provided at the same rate per kilowatt hour applicable to service provided to other customers in the same service class which do not generate electricity onsite, except for micro-combined heat and power or fuel cell customer-generators [~~or farm waste generating equipment customer-generators as described in subparagraph (ix) of paragraph (a) of subdivision one of this section~~], who will be credited at the corporation's avoided costs**; provided, however, that in the case of farm waste generating equipment customer-generators, the corporation shall apply a credit to the next bill at a rate of no less than twelve cents per kilowatt hour**. The avoided cost credit provided to micro-combined heat and power or fuel cell customer-generators [~~or farm waste generating equipment customer-generators as described in subparagraph (ix) of paragraph (a) of subdivision one of this section~~] shall be treated for ratemaking purposes as a purchase of electricity in the market that is includable in commodity costs.

§ 3. This act shall take effect immediately.