

NEW YORK STATE ASSEMBLY • SHELDON SILVER, SPEAKER



# 2014 ANNUAL REPORT



Committee on  
Energy

*Amy R. Paulin, Chair*



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Committee on Energy

COMMITTEES  
Education  
Health  
Higher Education

AMY PAULIN  
Assemblywoman 88<sup>TH</sup> District  
Westchester County

December 15, 2014

Honorable Sheldon Silver  
Speaker of the Assembly  
Legislative Office Building, Room 932  
Albany, NY 12248

Dear Speaker Silver:

I am pleased to submit to you the 2014 Annual Report of the Assembly Standing Committee on Energy. I am happy to report that during my second year as chair, this committee was able to once again address issues of importance to New York's ratepayers and those advocating for increased energy efficiency and renewable resources.

In 2014, the committee worked on several important legislative issues, including legislation incorporated in the SFY 2014-2015 budget that will expedite the repeal of the 18-a Temporary State Energy Conservation Assessment. Since its establishment in 2009, this assessment has increased gas and electric bills for homes and businesses statewide. This legislation was the result of close cooperation with the Committee on Ways and Means and the Committee on Corporations, Authorities and Commissions as well as various groups representing residential and industrial ratepayers.

Outside of the budget process, the committee played an important part in legislation building on New York's net-metering statute and encouraging greater participation by customers who can produce electricity at their home, business or farm.

In the year ahead I am eager to work with the committee on legislation that will increase the affordability and availability of renewable energy technologies for all classes of customers, including the establishment of a shared renewables program that will allow customers who do not have the ability to install solar or wind devices at their residences to subscribe to receive credit for the electrical output of a local renewable facility. Additionally, I am hopeful that the committee will work together with advocates on legislation designed to protect ratepayers from the type of short term rate increases that many New Yorkers incurred last winter. I look forward to a busy and productive year for the committee.

Sincerely,

Amy R. Paulin  
Chair of the Assembly Energy Committee

2014 ANNUAL REPORT  
OF THE NEW YORK STATE ASSEMBLY  
STANDING COMMITTEE ON ENERGY

Amy R. Paulin, Chairwoman

Committee Members

Committee Members

Steve Englebright  
Andrew Hevesi  
Marcus Crespo  
Francisco Moya  
Linda Rosenthal  
Addie Russell  
Aravella Simotas  
Sean Ryan  
Anthony Brindisi  
Angelo Santabarbara  
Edward Hennessey

Phillip Palmesano, Ranking Minority Member  
Gary Finch  
William Barclay  
John Ceretto

Staff

Paul Esmond, Legislative Analyst  
Julia Mallalieu, Legislative Coordinator  
Nairobi Vives, Associate Counsel  
Stephanie Amann, Legislative Director  
Andrew Buder, Committee Clerk  
Nikki VanAuken, Program and Counsel Executive Secretary

## I. INTRODUCTION

### 2014 Energy Report

The Assembly Energy Committee, now in its 33rd year, has jurisdiction over legislation relating to energy availability and sources, policy and planning, conservation, and electric, gas and steam rate-making in New York State. The committee considers legislation that amends the Energy Law, the Public Service Law, the Public Authorities Law, Economic Development Law and Rural Electric Cooperative Law. The committee works closely with the Assembly Committee on Corporations, Authorities and Commissions, which considers legislation concerning the structure and operations of the Power Authority of the State of New York (PASNY, aka NYPA) the Public Service Commission (PSC), the New York Energy Research and Development Authority (NYSERDA), and the Long Island Power Authority (LIPA). The committee also works with other state agencies including the Department of Economic Development (DED), the Department of Environmental Conservation (DEC), the Department of State and the Department (DOS) of Transportation (DOT).

In 2014, 107 bills were referenced to the committee and 25 were reported from the committee. The full Assembly considered and passed 14 of these bills. Four of those bills were signed into law. This report outlines the legislation that incorporates many of the Assembly's proposals developed by the committee to address the challenges facing us regarding New York State energy policy.

## II. MAJOR ISSUES FOR 2014

### Accelerated Phase-Out of 18-a Temporary Surcharge (A.8557-D (budget bill); Chapter 57 of the Laws of 2014)

The SFY 2014-15 budget included legislation reducing the "Temporary State Assessment Charge" provided for in Public Service Law. Commonly referred to as the "Temporary 18-a", the surcharge is paid by utility companies, including gas and electric corporations and the Long Island Power Authority as a percentage of annual gross operating revenues of such entities. The surcharge is then recovered from ratepayers. Under the legislation, the assessment charged to gas and electric corporations was reduced from 2 percent to 1.63 percent in the current fiscal year. In the two subsequent years, the assessment will be reduced to 1 percent and .73 percent respectively. For LIPA, the assessment was reduced from 1 percent to .84 in the current fiscal year. In the two subsequent fiscal years, the assessment will be reduced to .5 percent and .34 percent. The assessment will sunset in 2017.

## A. GAS SAFETY

### Mapping of Proposed Gas Production and Transportation Facilities

(A.3674 Lupardo/S.3287 O'Mara; Passed Assembly)

The Assembly approved legislation that would require the Department of Public Service (DPS) and Department of Environmental Conservation (DEC) to establish a computer mapping program for plotting the location of proposed gas gathering and gas pipeline facilities. Under the legislation all persons proposing to construct such facilities would be required to field with DPS special mapping data, detailing the location and route of projects. Gas gathering lines are pipelines that transport gas from a production facility to a transmission line, main or end user. Pipeline facilities would include new and existing pipelines, rights-of-way and equipment used in the treatment or transportation of gas.

## B. CONSUMER ISSUES

### Notification of Meter Reading Rights to Consumers Disconnecting Service

(A.2197 Simotas/S.5387 Parker; Passed Assembly)

The Assembly passed legislation that would require a gas and electric company, upon discontinuation of residential service to a customer, to notify such customer that he or she is entitled to a physical meter reading within 48 hours of such request.

### Providing Gas and Electric Bill Information to Prospective Renters

(A.3552 Camara/S.1736 Espailat; Passed Assembly)

The Assembly passed legislation that would require a utility to make available to a landlord or lessor of rental property, upon the written request of a prospective tenant prior to the commencement of tenancy, information consisting of charges incurred at the premises for gas or electric service for the life of the dwelling unit or two years, whichever is less. Under this legislation, a previous tenant or ratepayer's privacy would be protected by allowing only for the disclosure of the address and charges.

### Membership of the New York State Energy Research and Development Board

(A.9426 Paulin/S.6969 Maziarz; Chapter 156 of 2014)

The Assembly passed legislation that would substitute the President and Chief Executive Officer (CEO) of the Power Authority of the State of New York (NYPA) for the Chair of NYPA as an ex-officio member of the New York State Energy Research and Development Authority (NYSERDA).

## C. NET ENERGY METERING, ENERGY EFFICIENCY, ALTERNATIVE ENERGY AND ENERGY PLANNING

### The NY Sun Act of 2014

(A.5060-E Englebright/S.7739 Latimer; Passed Assembly)

The Assembly passed legislation that would commit \$150 million in annual funding to solar programs administered by the state through 2023. Under this legislation, the PSC would be required to analyze, and where necessary, modify, existing programs to ensure adequate funding, geographic distribution and incentive structures that are geared towards large and small project sizes.

### Allowing Net Metering Customers to Carry Over Credits From Excess Energy on an Annual Basis

(A.5822/Englebright/S.2957Parker; Passed Assembly)

The Assembly passed legislation that would further encourage electric customers to participate in net-metering. This legislation would allow customer generators operating solar, farm waste, and wind generation electric systems the option to carry over credit earned for excess energy they produced indefinitely. Under current net-metering law, unless the utility chooses otherwise, customers are paid out at the end of each year. Additionally customer-generators would be entitled to an accounting of aggregate credits once on a five-year basis. The legislation would encourage greater participation by allowing customers to use aggregated credits at times when energy is more expensive.

### Changing the Credit Structure for Net-Metering for Combined Heat and Power and Fuel Cell Customers

(A.6367 Paulin/S.2383Maziarz; Veto Message 535 of 2015)

The Assembly passed legislation that would allow electric customers who own and operate Combined Heat and Power (CHP) and fuel cell electric generating equipment to earn credits for energy produced at the same rate as charged to the same class of customers who do not produce electricity through net-metering. Currently, CHP and fuel cell customers receive credit at an electric company's avoided cost.

### Ensuring Adequate Funding for Residential Heating and Cooling Retrofits

(A.6945-B Quart/S.4533-D/Maziarz; Passed Assembly)

The Assembly passed legislation that would direct the PSC and the New York State Energy Research and Development Authority (NYSERDA) to provide for \$15 million in funds to support residential and multi-family building owners to increase the efficiency and emissions profile of heating and cooling equipment in their buildings. The funds would support conversions to cleaner burning fuel sources and steam.

Consumer Representation in Energy Planning  
(A.7069 Barrett/S.5290 Tkaczyk; Passed Assembly)

The Assembly passed legislation that would amend the Energy Law to create a new voting member position on state Energy Planning Board (EPB). Under this measure, the Secretary of State would be directed to appoint the board member from within the Department of State's Utility Intervention Unit.

Cost Benefit Analysis of Net-Metering Programs  
(A.7679-A Simotas/S.5149-A Maziarz; Passed Both Houses)

The Assembly passed legislation that would direct the PSC to conduct a study which would include an analysis of the economic and environmental benefits from and costs associated with net-metering. The study would include an analysis of the costs on ratepayers which do not participate in net-metering as well as the impact on ratepayers who don't participate in net-metering.

Farm Waste Net Metering for Non-Residential, Non-Farm Operation Customers  
(A.8798-A Paulin/S.6159-A Ranzenhoffer; Chapter 494 of 2014)

The Assembly approved legislation that would authorize non-residential customers who own or operate a farm waste generating system to participate in net-metering. Under current statute, only farm operation customers are authorized to operate such equipment for the purposes of net-metering. This legislation would aid New York's burgeoning yogurt industry, as many dairy processors do not fall under the classification of a farm operation, but are nevertheless essential to the industry. Farm waste electric systems can produce energy with the whey byproduct of yogurt production.

Increasing the Rating of Fuel Cell Electric Generating Equipment  
(A.8800 Paulin/S.6485 Maziarz; Passed Both Houses)

The Assembly passed legislation that would increase the maximum capacity for non-residential fuel cell electric generating systems eligible for net-metering from 1,500 kilowatts to 2,000 kilowatts. The bill is intended to incentivize the use of fuel cells, which can provide critical electricity to large electric customers during times of disruption, including blackouts caused by extreme weather events.

#### D. MUNICIPAL ENERGY AGGREGATION

Municipal Energy Aggregation for Westchester County  
(A.7896-C Paulin/S.5500-D Ball; Passed Both Houses)

The Assembly approved legislation that would authorize municipalities in Westchester County to create and participate in Municipal Energy Aggregation Programs. Under such programs cities, towns, and villages request bids from Energy Service Companies

(ESCOs) for the purpose of providing electric and/or gas supply service for residential and small non-residential customers. Unless these customers opt-out of receiving such supply services, they would be automatically enrolled. Customers would still receive delivery services from their participating electric corporation. Additionally, the bill would require that any ESCO selected adhere to specific price benchmarks.

### III. PUBLIC OVERSIGHT AND HEARINGS

In May of 2014, the Assembly Committee on Energy and the Committee on Corporations, Authorities and Commissions held a hearing to examine gas safety efforts by New York's major gas utilities. New York's utilities operate a vast gas distribution infrastructure network and recent incidents underscore the importance of strong state oversight to ensure public safety. At this hearing, the Assembly Committees received testimony from the Chair of the Public Service Commission, Audrey Zibelman, all the major gas utilities operating in the state, and from other interested parties. The hearing was an opportunity to discuss the challenge and scope of improving gas safety and a chance to educate the public on how they can address gas safety with their utility or state regulators.

In December of 2014, the Committee on Energy and the Committee on Corporations, Authorities and Commissions held a hearing to examine the PSC's implementation of expanded oversight and enforcement authority over gas and electric corporations that came in the wake of Hurricane Sandy. The committees listened to testimony from the PSC about its performance carrying out new authorities, including levying administrative penalties for violations, enhanced management and operations audits.

**APPENDIX A**

**2014 SUMMARY SHEET**

**Summary of Action on All Bills Referred to the Committee on**

**ENERGY**

<b><u>Final Disposition</u></b>	<b><u>Assembly Bills</u></b>	<b><u>Senate Bills</u></b>	<b><u>Total</u></b>
<b>TOTAL Bills Referred to Committee</b>	<b>107</b>	<b>8</b>	<b>115</b>
<b><u>Bills Reported With or Without Amendment</u></b>	<b>25</b>	<b>0</b>	<b>25</b>
To Floor	<b>3</b>	<b>0</b>	<b>3</b>
To Ways and Means	<b>21</b>	<b>0</b>	<b>21</b>
To Codes	<b>1</b>	<b>0</b>	<b>1</b>
To Rules	<b>0</b>	<b>0</b>	<b>1</b>
<b>Bills Having Enacting Clause Stricken</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>Bills Never Reported, Remained in Committee</b>	<b>70</b>	<b>6</b>	<b>76</b>
<b>TOTAL NUMBER OF COMMITTEE MEETINGS HELD</b>		<b>5</b>	

## APPENDIX B

### Bills Passed by Both Houses

<u>Governor's Action</u>	<u>Bill Number</u>	<u>Description</u>
Chapter 156	A.9426/Paulin	Relates to membership of the NYSERDA board.

## APPENDIX C

### Bills Passed by the Assembly

<u>Bill Number</u>	<u>Sponsor</u>	<u>Description</u>
A.2197	Simotas	Requires electric and gas corporations to provide an actual meter reading upon discontinuation of residential service.
A.3552	Camara	Requires gas and electric utilities to make available to landlords upon request information concerning gas and electric charges incurred for residential premises.
A.3674	Lupardo	Requires certain information to be filed with the Department of Public Service
A.5060-E	Englebright	Establishes the NY Sun Act of 2014, requiring \$150 million annual statewide spending on solar electric generating devices.
A.5822	Englebright	Allows residential electric customers to roll over credits earned from net-metering on a yearly basis.
A.6367	Paulin	Directs utilities to credit net-energy metering customers operating fuel cell and combined heat and power (CHP) equipment at the same rate of customers who do not participate in net-metering.
A.6945	Quart	Requires the Public Service Commission (PSC) and the New York State Energy Research and Development Authority to ensure funds are available for certain heating and cooling replacement programs.
A.7069	Barrett	Directs the Secretary of State to appoint a person from the Department of State's Utility Intervention Unit to serve on the State Energy Planning Board (SEP).
A.7679	Simotas	Authorizes and directs the PSC to perform a study on the economic and environmental benefit and costs of net-metering.

A.7896-C	Paulin	Relates to the authorization of municipal energy aggregation programs in Westchester County.
A.8798	Paulin	Relates to net-metering standards for non-residential customers with farm waste electric generating equipment.
A.8800	Paulin	Relates to amending the combined rated capacity of fuel cell electric generating equipment.