

Resolution No. 72 February 18, 2014

Urging The Federal Energy Regulatory Commission (FERC) To Postpone Indefinitely Its Order Issued August 13, 2013 And Halt The Creation Of The New Capacity Zone

Referred to: The Laws and Rules, Governmental Services Committee (Chairman Richard Parete and Legislators Archer, Donaldson, Roberts, and Ronk)

Legislator Manna Jo Greene and Legislators Bartels and Rodriguez offer the following:

WHEREAS, the Federal Energy Regulatory Commission (FERC), in an order issued on August 13, 2013, accepted the tariff revisions proposed by the New York Independent System Operator to create a New Capacity Zone (NCZ) that groups the Mid-Hudson Valley (electricity load zone G) in the same capacity zone as Westchester and New York City (Zones H, I, and J); and

WHEREAS, this order is scheduled to go into effect on May 1, 2014; and

WHEREAS, the stated purpose of the NCZ is to address existing transmission constraints by altering the price signals in wholesale energy markets to attract investors in new plants whose Installed Capacity (ICAP) will be sufficient to meet electricity needs in times of peak demand; and

WHEREAS, the Public Service Commission (PSC) opposes the creation of the NCZ, stating that the order ignores PSC proceedings underway to address transmission constraints by upgrading transmission lines; and

WHEREAS, these transmission upgrades were recommended by the Governor's New York State Energy Highway Blueprint, which seeks to increase the capacity of transmission lines to carry 1,000 MW of additional lower-cost power from the north and west to meet downstate needs, eliminating bottlenecks in transmission; and

WHEREAS, the PSC is currently reviewing four proposals to accomplish the task of upgrading transmission lines; and

WHEREAS, the PSC further stated on September 12, 2013, that the NCZ will result in unjust and unreasonable electricity rates, possibly increasing rates by as much as 25%, costing ratepayers in the new zone over half a billion dollars in a three-year period; and

WHEREAS, Central Hudson-Fortis, a utility serving rate-payers in Zone G, also opposes the creation of the NCZ, estimating that it will increase prices by at least 6% for residential and 11% for industrial rate-payers; and

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WHEREAS, the NCZ will hurt many small to medium-sized industries, including the dairy industry for whom electrical power makes up a large percentage of its costs; and

WHEREAS, the NCZ will cause disproportionate harm to low- and fixed income rate-payers, particularly in light of the Public Service Commission's report that the percentage of customers in the Central Hudson service area whose electricity has been shut off for not paying their bills has risen from 1.89% to 5.99% in 2012; and

WHEREAS, the creation of the NCZ will unfairly burden rate-payers in upstate counties, whose "peak" energy needs are much lower than those in Westchester and New York City; and

WHEREAS, the express purpose of the NCZ is to create new "peaking" capacity, which favors increased use of fossil fuel-based generation; and

WHEREAS, increasing fossil fuel generation contradicts and in no way addresses New York State's Renewable Portfolio Standard goal of at least 30% renewable electricity by 2015; and

WHEREAS, the FERC has failed to adequately consider these proposed transmission upgrades, which make the NCZ unnecessary; now, therefore, be it

RESOLVED, that the Ulster County Legislature calls upon the Federal Energy Regulatory Commission to postpone indefinitely its order issued August 13, 2013, which conflicts with State efforts currently underway to address the same problem of transmission constraints; and, be it further

RESOLVED, that the Ulster County Legislature calls on United States President Barack Obama, United States Senators Charles Schumer and Kirsten Gillibrand, United States Representative Chris Gibson, New York State Governor Andrew Cuomo, New York State Senators John Bonacic, William Larkin, James Seward, and Cecilia Tkaczyk, and Assemblymen Kevin Cahill, Peter Lopez, Frank Skartados and Claudia Tenney to intervene on behalf of Ulster County residents to halt the creation of the NCZ; and, be it further

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RESOLVED, that the Clerk of the Ulster County Legislature shall forward copies of this resolution to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the United States Congress, United States Congressman Chris Gibson, United States Senator Kirsten Gillibrand and United States Senator Charles Schumer, and Federal Energy Regulatory Commission Secretary Kimberly Bose, with a request that this resolution be officially entered into the Congressional Record as a memorial to the Congress of the United States of America; and, be it further

RESOLVED, that the Clerk of the Ulster County Legislature shall forward copies of this resolution to New York State Governor Andrew Cuomo, New York State Senators John Bonacic, William Larkin, James Seward, and Cecilia Tkaczyk, and Assemblymen Kevin Cahill, Peter Lopez, Frank Skartados and Claudia Tenney, Public Service Corporation Secretary Kathleen H. Burgess, Central Hudson Chief Executive Officer/Director Steven V. Lant, Central Hudson President James P. Laurito, American Association of Retired Persons (AARP) State Director Joan Parrott-Fonseca, Public Utility Law Project of NY (PULP) Executive Director Gerald Norlander, and Business Council of the State of New York President and CEO Heather C. Briccetti,

and move its adoption.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

Passed Committee: Laws and Rules, Governmental Services on _____.

FINANCIAL IMPACT:

NONE