

January 27, 2015

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Transitional Electricity Discount Payments
for Certain Power for Jobs and Energy Cost
Savings Benefit Customers**

SUMMARY

The Trustees are requested to authorize funding, not to exceed \$8 million for Transitional Electricity Discount (“TED”) payments to 98 former Power of Jobs (“PFJ”) and/or Energy Cost Savings Benefit (“ECSB”) customers in accordance with the statutory authority provided to the Authority by Chapter 60 of the Laws of 2011, Part CC, §6 (“Chapter 60”). The funds will be used to fund TED payments through June 30, 2015. The 98 businesses that would be eligible to receive TED payments were determined to be “Qualified Transitional Customers” by the Economic Development Power Allocation Board (“EDPAB”) at its June 25, 2012 meeting. The Board of Trustees approved these businesses for TED payments at its June 26, 2012 meeting.

BACKGROUND

Chapter 60 created the RNY Power program and provided for the expiration of the PFJ and ECSB programs. In addition, Chapter 60 provides that:

Notwithstanding any provision of title 1 of article 5 of the public authorities law or article 6 of the economic development law to the contrary, with respect to applicants who are in substantial compliance with all contractual commitments and receiving benefits under the power for jobs, energy cost savings benefit, economic development, high load factor or municipal distribution agency programs, but do not receive a recommendation from the New York state economic development power allocation board for a recharge New York power allocation pursuant to section 188-a of the economic development law, such board shall recommend that the power authority of the state of New York provide for a transitional electricity discount to such applicants. The power authority of the state of New York is authorized, as deemed feasible and advisable by the trustees, to provide such transitional electricity discounts as recommended by the New York state economic development power allocation board. The power authority of the state of New York shall identify and advise such board whether sufficient funds are available for the funding of such transitional electricity discounts through June 30, 2016. The amount of the transitional electricity discount for the period July 1, 2012 through June 30, 2014 shall be equivalent to 66 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010. The amount of the transitional electricity discount for the period July 1, 2014 through June 30, 2016 shall be equivalent to 33

percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010.

DISCUSSION

The Trustees are requested to authorize an amount of money for the period from July 1, 2013 through June 30, 2015 (“Year Two” and “Year Three”), not to exceed \$8 million (the “Authorized Amount”), that would be available to fund TED payments to Qualified Transitional Customers for Year Two and Year Three of the program.

At its June 26, 2012 meeting, the Board of Trustees authorized the use of Authority funds in an amount not to exceed \$9 million for TED payments to the Qualified Transitional Customers for the period through June 30, 2013 (“Year One”), and approved TED payments for the Qualified Transitional Customers.

To date, 83 customers have been issued a TED, totaling \$3.92 million. Fifteen Qualified Transitional Customers have not yet received a TED payment for Year One because they have not yet provided proper documentation to receive a TED. Approximately \$1 million from the Year One funds has been set aside for these Customers.

Staff intends to make TED payments to Qualified Transitional Customers as recipients submit the required documentation. TED payments will be subject to a certification on the date of such payment by the Authority’s Treasurer or Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented.

While the Trustees will not be asked to approve individual payment amounts on an annual basis, such information will be made available to the Trustees as requested. Staff intends to return to the Trustees, as may be necessary, to address such matters as necessary modifications to the Authorized Amount and any additional recommendations made by EDPAB for current Qualified Transitional Customers.

Staff has reviewed the effects of the TED payments of up to the Authorized Amount on the Authority’s projected financial position and reserve requirements. In addition, in accordance with the Trustees’ Policy Statement dated May 24, 2011, staff calculated the impact of these payments on the Authority’s debt service coverage ratio and determined that it would not fall below the 2.0 reference point level. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to make the payments of up to \$8 million at this time.

FISCAL INFORMATION

At this time, staff estimates that the total amount needed for Year Two and Year Three for TED payments to Qualified Transitional Customers is not expected to exceed the Authorized Amount (\$8 million). Payments would be made from the Operating Fund.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency recommends that the Trustees approve the Authorized Amount for Transitional Electricity Discount payments to businesses that are determined to be Qualified Transitional Customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve the Transitional Electricity Discount (“TED”) payments to the businesses identified at EDPAB’s June 25, 2012 meeting and approved by the Board of Trustees at its June 26, 2012 meeting (“Qualified Transitional Customers”);

RESOLVED, That the Trustees hereby authorize the use of up to \$8 million (the “Authorized Amount”) to fund TED payments to Qualified Transitional Customers, as discussed in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That it is hereby found that the foregoing amount may properly be withdrawn from the Operating Fund to fund such TED payments; and be it further

RESOLVED, That such monies may be withdrawn, pursuant to the foregoing resolution, upon the certification on the date of such withdrawal by the Treasurer or the Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to prepare and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**Amendment to Net Metering Provisions of Authority's
Governmental Customer Service Tariffs – Notice of Proposed
Rulemaking**

Exhibit "A"

Trustee Meeting

January 27, 2015

Rider C – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 65, 68, 69, 82, 85, 91, 93, and 98 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
 - (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
 - (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.
2. Service will be provided under this Rider to eligible Customers on a first come, first served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.
3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.
4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider.

Date of Issue:

Date Effective:

B. Net Metering Definitions and Terms:

Net Metering: Metered reverse flow of electricity that registers the difference between the electricity supplied by NYPA and the electricity generated by the Customer's electric generating equipment during a billing period.

Net Energy: The difference between the amount of energy in kWh supplied by NYPA and the amount of energy generated by the Customer's electric generating equipment during a billing period.

Excess Energy: The amount of energy in kWh generated by the Customer's electric generating equipment that is in excess to the amount of energy needed to fulfill the Account's energy needs and is exported to the Utility's distribution system during a billing period.

Remote Net Metering: A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account's Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

Host Account: NYPA-served electric Account with qualified electric generating equipment located on its premises.

Satellite Account: NYPA-served electric Account to which Host Account's Excess Energy is converted into monetary credits by NYPA and applied to such Account.

C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.
2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer's electric generating equipment, as may be required by the Utility.
3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility's billing data files to NYPA.

D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

Date of Issue:

Date Effective:

E. Remote Net Metering:

1. Customer's Account served under this Rider may apply for Remote Net Metering if they have solar, wind, micro-combined heat and power, micro-hydroelectric, or fuel cell electric generating equipment. Remote Net Metering is subject to the following conditions:
 - (a) All Satellite Accounts must be in the same NYISO zone as the Host Account. A Satellite Account can have only one Host Account, and such Satellite Account cannot be a net metered customer-generator.
 - (b) The Host Account and Satellite Account(s) shall be established in the same Customer name and located on property owned or leased by the Customer. NYPA reserves the right to require the Customer to prove that the properties served by the Host Account and all Satellite Accounts are owned or leased by the same Customer.
 - (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be remote net metered. The Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued on the Host Account. The Customer shall designate whether all or a portion of any Excess Energy converted into a monetary credit remaining after being applied to the Host Account's bill shall be applied to the Satellite Account.

F. Charges and Credits:

1. Charges
 - (a) The Customer shall pay the rates and charges of the Customer's applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day ("TOD") rates, the charge for Net Energy supplied by NYPA will be determined for each time period.
 - (b) A Customer served under this Rider shall pay any customer charge, Production minimum bill charge, and any other rates and charges under the Customer's applicable Service Classification regardless of whether the amount of energy produced by the generating equipment is less than, equal to, or greater than the amount of energy used by the Customer. A Customer taking service under a demand-billed Service Classification also shall pay Production Demand Charges based on the billing demand.
 - (c) Delivery service charges will reflect a direct pass-through of the Utility's tariff rates, including all Special Provisions, applicable to the Account, as amended from time to time by the Utility.

Date of Issue:

Date Effective:

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

2. Credits

- (a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under time-of-day ("TOD") rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.
- (b) For an Account served under a Service Classification with demand billing and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided will be converted to the equivalent monetary value at the ¢/kWh rate applicable to the Customer's Service Classification. The monetary credit will be applied towards any Account's outstanding demand, energy, and other charges in the billing period. Any remaining monetary credit will be carried forward to the succeeding billing period.
- (c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility's distribution system by the Host Account shall be converted to its equivalent monetary value at the ¢/kWh rate applicable to the Host Account's Service Classification and applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account's electric bill for any outstanding demand, energy, and other charges. If the Host Account's monetary credits exceed the outstanding electric charges, all or a portion of the remaining monetary credit, as designated by the Customer in its application for Remote Net Metering service, shall be applied to the Satellite Account(s) in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the monetary credit shall be carried forward to the succeeding billing period on the Host Account.

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3. Year-End Process

The following procedures shall apply:

- (a) At year-end, if an Account served under a Service Classification with energy-only rates does not participate in Remote Net Metering, any Excess Energy kWh credits remaining on the Account shall be carried forward to the next year.
- (b) At year-end, if an Account served under a Service Classification with demand billing does not participate in Remote Net Metering, any monetary credits remaining on the Account shall be carried forward to the next year.
- (c) At year-end, if an Account participates in Remote Net Metering, any monetary amounts remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the next year.

4. Account Closure

NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account on the earlier of:

- (a) the first cycle date on which a reading is taken following the requested turn off date, or
- (b) the date of a special reading, which a Customer may request for a charge.

After an Account's final bill is rendered, any remaining kWh or monetary credits will not be cashed out or transferred. Satellite Account(s) shall no longer receive credits after the final bill is rendered on a Host Account.

5. Future Changes

NYPA reserves the right, in any manner permitted by law and at any time, to terminate, change, or modify this Rider as deemed necessary by NYPA's staff analysis, including, but not limited to harmonization with requirements of the Utility or the New York State Public Service Commission.

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Rider C – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 68, 69 and 82 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
 - (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
 - (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.
2. Service will be provided under this Rider to eligible Customers on a first come, first served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.
3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.
4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider.

Date of Issue:

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B. Net Metering Definitions and Terms:

Net Metering: Metered reverse flow of electricity that registers the difference between the electricity supplied by NYPA and the electricity generated by the Customer's electric generating equipment during a billing period.

Net Energy: The difference between the amount of energy in kWh supplied by NYPA and the amount of energy generated by the Customer's electric generating equipment during a billing period.

Excess Energy: The amount of energy in kWh generated by the Customer's electric generating equipment that is in excess to the amount of energy needed to fulfill the Account's energy needs and is exported to the Utility's distribution system during a billing period.

Remote Net Metering: A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account's Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

Host Account: NYPA-served electric Account with qualified electric generating equipment located on its premises.

Satellite Account: NYPA-served electric Account to which Host Account's Excess Energy is converted into monetary credits by NYPA and applied to such Account.

C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.
2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer's electric generating equipment, as may be required by the Utility.
3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility's billing data files to NYPA.

D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

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Date Effective:

E. Remote Net Metering:

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 - (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be remote net metered. The Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued on the Host Account. The Customer shall designate whether all or a portion of any Excess Energy converted into a monetary credit remaining after being applied to the Host Account's bill shall be applied to the Satellite Account.

F. Charges and Credits:

1. Charges
 - (a) The Customer shall pay the rates and charges of the Customer's applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day ("TOD") rates, the charge for Net Energy supplied by NYPA will be determined for each time period.
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2. Credits

- (a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under time-of-day ("TOD") rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.
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- (c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility's distribution system by the Host Account shall be converted to its equivalent monetary value at the ¢/kWh rate applicable to the Host Account's Service Classification and applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account's electric bill for any outstanding demand, energy, and other charges. If the Host Account's monetary credits exceed the outstanding electric charges, all or a portion of the remaining monetary credit, as designated by the Customer in its application for Remote Net Metering service, shall be applied to the Satellite Account(s) in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the monetary credit shall be carried forward to the succeeding billing period on the Host Account.

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- (c) At year-end, if an Account participates in Remote Net Metering, any monetary amounts remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the next year.

4. Account Closure

NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account on the earlier of:

- (a) the first cycle date on which a reading is taken following the requested turn off date, or
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