

## The New York Renewable Energy Sources Act

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On January 7, 2009, Assemblyman Andrew Hevesi (D-Queens), the Chair of the Subcommittee on Renewable Energy, introduced the *New York Renewable Energy Sources Act* (A187) to the State Assembly. On February 27, Senator Antoine Thompson (D-New York) followed suit with the New York State Senate (known as S2715). The objectives of the bill are to reduce the price volatility and long-term costs of electricity, to protect the environment from pollution and global warming, and the development of the renewable energy sector in New York State, especially the creation of jobs. The bill cites the ineffectiveness of the current incentive mechanisms available in New York State as part of the justification for what are essentially feed-in-tariffs. The bill is thus important for several reasons.

First, it clearly sets the rates that electric utilities must pay renewable energy generators for a period of at least 20 years. Next, the bill also calls for 1% by 2010 of total retail sales of electricity to be generated from solar, wind, hydrogen, hydroelectric projects (up to a capacity of less than 100 MW), and biomass, and 7% by 2015. It also establishes minimum tariffs, to be reviewed every two years, for wind, hydrologic, anaerobic digesters, landfill gas and PV. A preliminary review of best-practices for a properly designed Renewable Energy Payment policy (feed-in-tariff) reveals the following strengths and potential weaknesses of the New York bill:

<b>Positive Elements/Issues Addressed</b>	<b>Potential Weaknesses</b>
<ul style="list-style-type: none"><li>✓ Tariff rates (e.g., \$.50/kWh for free-standing PV) are comparable to those of other bills in other states that have been recently proposed (i.e., for Michigan).</li><li>✓ 20-year time frame offers security for investment in renewable energy development.</li><li>✓ The bill implicitly addresses the potential for farms upstate to participate through competitive pricing of biogas from anaerobic digesters (\$.105 to .145/kWh), while allowing for differentiated and competitive tariffs for PV systems which are common in urban buildings (i.e., New York City).</li></ul>	<ul style="list-style-type: none"><li>– The New York bill does not explicitly describe the method for calculating the tariffs or if they are indeed based on a levelized cost of generation.</li><li>– Feed-in-tariffs and existing federal and state tax incentives are exclusionary, according to the bill. An adequate cost-benefit analysis would provide options whereby tax incentives and tariffs are complementary (e.g., the Gainesville, FLA, model).</li><li>– There is no explicit consideration of in-state manufacturing incentives versus out-of-state components for systems. A differentiated tariff allowance (e.g., a coefficient multiplier) could benefit in-state manufacturers.</li></ul>

Although the Hevesi-Thompson bill's future is uncertain, it provides key stakeholders from the public, private and non-profit sectors an important opportunity to review and publicly discuss the future of renewable energy incentive mechanisms in New York State. Perhaps one of the most important steps that could be taken to promote and improve the policy framework in the state for renewable energy technologies, particularly Renewable Energy Payments, would be for a credible entity such as NYSERDA to coordinate public hearings, workshops and meetings on key issues. This would be especially effective if done in collaboration with other public, private, and NGO actors such as the Alliance for Renewable Energy, as well as academic institutions. Even in the midst of an extremely difficult economic crisis, renewable energy in New York State provides the opportunity for local citizen participation, public discussion and time-tested democratic process. *Hear hear.*