

MEMORANDUM IN OPPOSITION TO
S.737 (Parker) / No Assembly Bill
To allow utility companies to own large-scale renewable generation
projects and authorizing funding to low-income customers

April 2023

The Alliance for Clean Energy New York opposes S.737, a bill which would allow New York utility companies to own renewable generation facilities. This legislation would give New York State public utilities the right to own and operate large-scale renewable electricity generation projects within the state, which they are currently not allowed to do. Also, it requires that net revenues from electricity sales and renewable energy credits from these facilities be provided to low-income customers in the form of bill credits, and the bill contains prevailing wage, labor project agreements and buy American provisions.

We strongly oppose electric utility companies owning electric generation. Currently, New York State's electricity markets preclude generation ownership by the utilities that distribute and sell electricity. This separation of generation from distribution has resulted in more competition, less ratepayer risk, and the entry of newer, cleaner, and cheaper energy suppliers. Utility ownership of generation would backtrack on that progress and set an uncompetitive and harmful precedent.

Utility-owned generation poses a serious risk to ratepayers for underperformance or higher-than-expected construction, operation and maintenance costs. A utility can simply make up for any financial loss by billing ratepayers. **The Public Service Commission (PSC) has repeatedly decided against authorizing utilities to own renewable energy generation.** Although the bill memo states that the Program will protect ratepayers through the calculation of costs, benefits and risks of a project, the bill language does not require the PSC to consider this information when making a decision about a project.

ACE NY supports the stated intention of this bill: increasing renewables generation and reducing electricity costs for low-income customers. But the best and least-cost way to achieve both goals is with renewable generation competitively developed by the private sector. Privately-owned renewable generation companies have shown they are able to keep energy bill increases to a minimum.

NYS has aggressive renewables goals and private developers are clearly stepping up to help NYS meet these goals. Already, there have been 70 grid-scale solar projects and 12 land-based wind projects awarded NYSERDA contracts, a total of 6,000 megawatts, and there has been robust competition in the State's first five solicitations under the Clean Energy Standard. These companies come to New York specifically because there are aggressive goals, and fair and open competition. Allowing utility ownership would undermine this competition, since utilities can recover all costs from ratepayers; can control the length and expense of the interconnection process; and can choose to procure their own generated electricity rather than the least-cost electricity.

For the above reasons, the Alliance for Clean Energy New York opposes this legislation. For more information contact Deb Peck Kelleher, Deputy Director, at (c) 518-698-3211. All of ACE NY's memos on legislation are available at <https://www.aceny.org/legislative-actions>.