

TOWN OF MILAN

Dutchess County, New York



Wilcox Memorial Town Hall
20 Wilcox Circle
Milan, NY 12571

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(845) 758-5133
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MEMO TO: NYS Department of Public Service
FROM: Catherine Gill, Town Clerk *Cg*
DATE: March 31, 2014
RE: Opposing The New Capacity Zone

Enclosed please find Resolution #4 of 2014 that the Town of Milan passed at their Regular Town Board meeting held on March 17, 2014.

Thank You
Encl.

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Resolution # 4 of 2014 – Opposing the New Capacity Zone

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 rate-payers 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

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 Town Board of the Town of Milan 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 further calls on N.Y. Governor Cuomo, U.S. Senators Schumer and Gillibrand, and U.S. Representative Gibson to intervene on our behalf to halt the creation of the NCZ; and that copies of this resolution shall be sent to Governor Cuomo, the FERC, the PSC, Central Hudson-Fortis, Federal and State Elected Representatives, the American Association of Retired Persons (AARP), the Public Utility Law Project of NY (PULP), and the Business Council of the State of New York.

MOTION made by Supervisor Gallagher at a regular meeting of the Town Board of the Town of Milan March 17, 2014 by and seconded by Councilperson Egan. Roll was taken and carried.

VOTING MEMBERS:

Councilperson Campisi	YES
Councilperson Egan	YES
Councilperson Mathison	YES
Councilperson Grumet	YES
Supervisor Gallagher	YES