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John B. Rhodes, Chair

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PSC Provides \$112.5 Million for Communities Impacted by Aging Power Plant Closures

ALBANY — The New York State Public Service Commission (Commission) today authorized the New York State Energy Research and Development Authority (NYSERDA) to provide approximately \$12.5 million annually through 2029 to create a stable source of funding for the Electric Generation Facility Cessation Mitigation Program, a program created to help local communities offset the loss of property taxes that typically occurs when a large power plant closes.

“Smart cessation funds are in the public interest,” **said Commission Chair John B. Rhodes.** “As we transition from older, existing generation toward more modern generation units, we will create a cleaner grid of the future that requires a comprehensive approach to ease the financial implications for impacted communities and are in the interest of electric customers.”

The State Energy Plan recognized New York’s electric generation fleet is undergoing, and will undergo in the coming years, a transition to cleaner energy sources as a result of market forces, State policies, and the advent of the Climate Leadership and Community Protection Act (CLCPA). This transition includes the elimination of all coal generation, the retirement of the Indian Point nuclear reactors, the goal of 70 percent renewable electricity by 2030, and the commitment to a zero-carbon electricity sector by 2040. A balance between the State’s climate goals, need to modernize, and its economic realities must be struck, with an even sharper focus given the economic ramifications of the COVID-19 pandemic.

The existing Mitigation Program is one tool that the State has utilized to recognize this balance for communities who will experience substantive financial impacts from the shift away from existing sources of generation.

The significant need to combat climate change by supporting the transition from existing generation to a more modern, cleaner grid of the future is being accomplished through a comprehensive strategic state policy and market-based approach. The strategy ranges from support for the building of new generation to easing the financial implications for impacted communities, and therefore, the Commission finds it appropriate to allocate the use of uncommitted funds from legacy programs to ease the transition for communities directly impacted across the state.

Today’s decision allows the Mitigation Program to be funded without imposing incremental funding obligations on the State’s ratepayers. With the Commission’s decision, NYSERDA is authorized to transfer funding to Empire State Development (ESD) solely for the purpose of the Mitigation Program, in the estimated amount of \$12.5 million per year, not to exceed \$112.5 million in total through 2029.

The Mitigation Program was initially created in 2016 to provide funds to local government entities where an electric generating facility has ceased operations. A local government entity may be eligible for funds where an electric generating facility located within such local government entity has ceased operations, and the closing of such facility has caused a reduction in the real property tax collections or payments in lieu of taxes of at least 20 percent owed by such electric generating facility.

Empire State Development is responsible for administering the Mitigation Program. Before ESD awards funds to a local government entity, either the State Department of Taxation and Finance or the local industrial development authority must confirm the reduction in real property taxes or payments in lieu of taxes (PILOT); and the Department of Public Service (DPS) must confirm that the electric generating facility is no longer producing electricity or participating in the markets administered by the New York Independent System Operator.

New York State's Nation-Leading Climate Plan

Governor Cuomo's nation-leading climate agenda is the most aggressive climate and clean energy initiative in the nation, calling for an orderly and just transition to clean energy that creates jobs and continues fostering a green economy as New York State recovers from the COVID-19 pandemic. Enshrined into law through the Climate Leadership and Community Protection Act, New York is on a path to achieving its mandated goal of a zero-emissions electricity sector by 2040, including 70 percent renewable energy generation by 2030, and to reach economy-wide carbon neutrality. It builds on New York's unprecedented ramp-up of clean energy including over \$4 billion invested in 91 large-scale renewable projects across the state, the creation of more than 150,000 jobs in New York's clean energy sector, a commitment to develop 9,000 megawatts of offshore wind by 2035, and 1,800 percent growth in the distributed solar sector since 2011. Under Governor Cuomo's leadership, New York will build on this progress and reduce greenhouse gas emissions by 85 percent from 1990 levels by 2050, while meeting a goal to deliver 40 percent of the benefits of clean energy investments to disadvantaged communities and advancing progress towards the state's 2025 energy efficiency target of reducing on-site energy consumption by 185 trillion BTUs in end-use savings.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 20-E-0473 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.