

“Recharge New York” To Replace Power For Jobs Program

On June 30, 2012, New York’s successful Power For Jobs (PFJ) Program, administered by the New York Power Authority (NYPA), will expire. Pursuant to legislation signed into law on April 14, 2011 as part of Governor Cuomo’s statewide economic development power program, “Recharge New York” (RNY) will take its place. Its purpose will be to allocate 910 megawatts of NYPA hydro-electric, and NYPA-procured market, power to eligible businesses and not-for-profit corporations who best meet the established evaluation criteria. All current PFJ customers must submit an application to be considered for an RNY allocation.

Background

NYPA, as a corporate municipal instrumentality of the state, is authorized to procure, generate and sell for resale electric power in furtherance of state economic development policy. NYPA generates power at hydro-electric stations utilizing the Niagara and St Lawrence rivers. It procures, through a competitive solicitation process, power and energy from the market. The PFJ Program was established in 1997 to allocate this low-cost power to businesses and not-for-profit corporations who would contractually commit to create or retain jobs in New York. The Program was reauthorized by successive legislation, with increasing levels of allocable power, until RNY was enacted to take its place.

The Deal

RNY has 910 MW of electric power to allocate based on competitive application. Fifty percent of that power will be from NYPA hydro facilities. The other half NYPA will procure from the competitive market. Successful applicants will be able to enter into long term (up to 7 years) contracts with NYPA for this low-cost power. Applicants can request up to 100% of their electric load. (PFJ customers who do not receive an RNY allocation may nevertheless be eligible to receive a transitional electricity discount.) Eligible participants include businesses utilizing a minimum peak electric demand in excess of 400 kW, businesses utilizing a minimum peak electric demand equal to or less than 400 kW, and corporations defined in Section 102(a)(5) of the NYS Not-For-Profit Corporation Law. Entities NOT eligible for RNY power are: retail businesses, sports venues, gaming or entertainment-related establishments and places of overnight accommodation. Successful applicants may choose between a blended product (50% NYPA hydro – 50% NYPA-procured market power) or a 50% NYPA hydro power deal with the other 50% of load coming from customer-arranged market power. This is a one-time choice, which will apply throughout the contract term. The contract will require customer commitments for employment, capital investment and energy audits. NYPA will invoice customers for supply and NYISO costs, and the local utility company will invoice for delivery at tariff rates (the PSC is formally discussing discounted delivery rates with utilities).

The Application Process

Applications are available online beginning September 27, 2011 through the NYS Consolidated Funding Application (CFA) at <http://nyworks.ny.gov>. All applications must be submitted by November 30, 2011. Applications must address the evaluation criteria and be supported by credible documentation, including

12 months of electric bills (8/2010-7/2011) for each account at the facility, current employment data and future hiring plans, a description of capital investment for 2012 and a 5-year investment plan, and a description of future expansion plans, if any. Early application has no benefit; all applications will be considered once the application process is complete. In mid-December, Regional Economic Development Councils will review the applications and make recommendations to the State Economic Development Power Allocation Board (EDPAB). EDPAB will make its allocation recommendations to the NYPA Trustees by January. Successful applicants will sign contracts with NYPA effective July 1, 2012.

Applications will be considered based on the following:

Mandated Evaluation Criteria

- Significance of the cost of electricity to the applicant's total cost of doing business and the impact an RNY allocation will have on the applicant's operating costs;
- Extent of new capital investment in NYS that will result from an RNY allocation;
- Type and cost of buildings, equipment and facilities to be constructed, enlarged or installed; and
- Extent to which an RNY allocation would be consistent with existing regional economic development strategies and priorities.

Additional Considerations

- The applicant's payroll, salaries, benefits and number of jobs at the facility receiving RNY allocation;
- Number of jobs created or retained within NYS;
- The applicant's risk of closure, curtailing facilities or operations, relocating out-of-state, or losing jobs in NYS;
- Significance of the applicant's facility to the local economy;
- Extent of the applicant's investment in energy efficiency measures;
- Whether the applicant receives a NYPA hydropower allocation or benefits supported by the sale of NYPA hydropower;
- The extent to which an RNY allocation will result in an advantage relative to the applicant's competitors within the state;
- If the applicant is a not-for-profit corporation, the significance of the critical service or substantial benefits being provided to the local community where the facility is located.

There are substantial financial benefits to be gained by putting best efforts into a detailed, compelling application for an allocation of RNY power.

Contact Information

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