



NEW YORK STATE SENATOR

Terry Gipson

Senator Gipson Introduces Legislation to Mitigate Cost Impact of Federal Capacity Zone in the Hudson Valley

TERRY GIPSON May 19, 2014

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**SENATOR GIPSON INTRODUCES LEGISLATION TO MITIGATE COST IMPACT OF
FEDERAL CAPACITY ZONE IN THE HUDSON VALLEY**

POUGHKEEPSIE, NY – New York State Senator Terry Gipson (D-Dutchess, Putnam) today announced that he has introduced legislation, S.7537 and S.7507, aimed at mitigating the financial impact of the federal government’s Federal Energy Regulatory Commission’s (FERC) mandated capacity zone in the lower Hudson Valley that could potentially cost residential, commercial, and industrial customers up to an additional \$350 million in electric bills. **Senator Gipson has opposed** the federally mandated capacity zone from its onset and has **supported** the New York State Public Service Commission’s (PSC) legal actions to stop the recently implemented rate hikes.

“The federal government’s unjust plan to increase electric rates for the Hudson Valley in order to better service New York and Long Island is wrong and a harsh blow to hard working families and businesses in the Hudson Valley,” said Senator Gipson. “Despite an outpouring of **opposition** from our community, businesses and **local officials**, the federal government refuses to listen. I hope that the state’s recent legal actions prove successful and we can end the capacity zone all together. However, I believe it’s important to take the necessary steps to try and ease its burden on families and businesses.”

The first piece of legislation, **S.7537**, would direct the PSC to use funds from the System Benefits Charge to cover costs associated with the new capacity zone. In 1996, the PSC called for the establishment of a System Benefits Charge (SBC) to fund public policy initiatives that could not be adequately addressed directly by New York State's electricity markets. This funding would address the electricity market’s failure to provide adequate service. In the past, the PSC has used the funds from this charge for energy programs targeting efficiency measures, research and development, and helping to reduce the cost of energy for low-

income New Yorkers.

The second bill, [S.7507](#), would create a capacity zone task force to develop and implement a conservation plan for Westchester, New York City and Long Island to alleviate the need for the new capacity zone. The task force would be charged with developing a plan within 90 days of the effective date and implementing the plan within 180 days. The overall goal would be for New York State to work with Long Island, Westchester, and New York City to reduce energy consumption instead of raising the cost of energy for residents of the Hudson Valley.

Senator Gipson concluded, “No matter how frustrating and misguided Washington’s actions have been, we cannot just sit back and do nothing. In addition to wrongly increasing energy rates for hardworking upstate families in favor of New York City and Long Island interests, the capacity zone does nothing to address the lack of consideration for energy conservation in their region. I remain committed to fighting for a complete end to the federally mandated capacity zone, while working to ensure New York State continues to step up to the plate to try and combat the unbearable rate increase.”
