

LONG ISLAND / POLITICS**PSC eyes plan to offer incentives for wind energy companies**

Ratepayers from utilities across the state would pay for “credits” to subsidize development proposals through new charges in their energy bills.



An Alstom turbine that Deepwater Wind is using for its Block Island Wind Farm. Photo Credit: Deepwater Wind

By Mark Harrington

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The state Public Service Commission is mulling a plan to “jumpstart” the state’s offshore wind industry with proposals that would require utilities to subsidize development through the purchase of new wind-energy “credits.”

Ratepayers from utilities across the state would pay for the credits — which would be used as inducements for companies to propose projects — through new charges in their energy bills.

The plan, for which the PSC filed documents last week and is seeking comments before implementing, is part of a state initiative expected to result in hundreds of wind turbines in the waters off Long Island and New York City.

LIPA would not be required to participate in the offshore wind credit plan because it is not subject to Public Service Commission jurisdiction. But it has participated in a similar credit plan to bail out upstate nuclear power plants threatened with shutdown. Long Islanders pay \$45 million a year through the power supply charge on their electric bills for these so-called zero emissions credits, or about \$2 per customer per month.

It is unclear how much Long Islanders would pay for the wind-energy credits should LIPA sign on to the plan.

A LIPA spokesman didn't immediately comment.

Gov. Andrew M. Cuomo ultimately envisions 2,400 megawatts of offshore wind energy for the state by 2030. The state plans to issue bid requests for the first 800 megawatts of wind-energy this year and next, a solicitation Cuomo said would lead to \$3.8 billion in private investment. LIPA said its planned 90-megawatt South Fork wind farm will cost ratepayers around \$1.20 a month when finished in 2022.

If approved, the new Offshore Wind Energy Credit plan would require utilities and power companies across the state to buy credits to "jumpstart the deployment of offshore wind resources to serve New York consumers."

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Utilities would have to buy the credits in addition to what they would pay for energy from the wind farms, officials said. Payments for the credits would be offered as an extra inducement for the companies to propose projects in federal waters off the state.

A state official familiar with offshore wind said the credit program is needed because the U.S. offshore wind industry is so new and costs are high. The state, she said, would reserve the right to wind down the credits once equipment and labor costs decrease some years into the future. Incentives are needed "for now given the high cost of entry for developers," the official said.

One offshore wind opponent raised questions about the need for incentives when wind-energy companies have bid fiercely for the single lease auction already conducted for New York.

"If the merits of project are good, the state shouldn't need to be giving them an added bonus to get up and running," said Anthony Sosinski, a lobsterman from Montauk.

The state plan foresees competitive bid solicitations this year and next for at least 800 megawatts of offshore wind power from turbines 20 miles or so from the southern coast of Long Island.

By conducting the solicitations for wind energy and credits, the state gains leverage into the location of the farms and terms for labor and other factors. For instance, the PSC, according to the filing, “is considering whether the minimum distance should be 20 statute miles, or some lesser or greater minimum distance,” from land. It is also considering incorporating eligibility requirements such as project labor agreements and prevailing wage requirements, into the solicitations.

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