



Issue Snapshot: 18-a

Background: Section 18-a of the Public Service Law authorizes an assessment on utility bills to fund the operations of energy-related agencies and authorities such as the Department of Public Service (DPS) and the New York State Energy Research and Development Authority (NYSERDA). All energy customers pay the assessment through their utility bills.

Historically, the assessment was set at one-third of one percent of a utility’s annual gross intrastate operating revenue.

2009 Increase

In the 2009-2010 Budget, the assessment was increased six-fold. There are two components to the increase:

1. A permanent increase of the base assessment from one-third of one percent to one percent.
2. A new one-percent “temporary state energy and utility service conservation assessment”, at a cost of \$250 million annually to Con Edison’s customers. This temporary assessment was scheduled to expire in March of 2014.

The additional revenue raised from the increase is deposited in the state’s general fund – it is not used to fund energy-related initiatives as originally intended.

2013-2014/2014-2015 State Budgets

The 2013-2014 Executive Budget proposed an extension of the temporary assessment for five years. After extensive negotiations, lawmakers agreed to phase-out the temporary assessment through 2017.

The issue was again in 2014 when the Executive Budget proposed an immediate repeal for “industrial customers”, defined based on annual load, and an accelerated phase-out for all remaining customers. The proposal would have primarily benefitted large upstate utility customers. However, the final agreement included an across-the-board reduction for all customers based on the following schedule:

Year	Prior Rate	Final Budget Language
2014-2015	2%	1.63%
2015-2016	1.75%	1%
2016-2017	1.5%	.73%
March 2017 Payment	.75%	.365%

2015-2016 Budget

New York State has a \$5 billion surplus going into the next fiscal year stemming from several bank settlements related to the subprime mortgage crisis. The Senate Republicans, who now hold the majority, have indicated that they intend to pursue an outright repeal of 18-a using the windfall during the 2015-2016 budget negotiations.

Company Position: Utility customers cannot afford to pay the added 18-a tax, which provides no benefit to the system, when investments that will enhance critical infrastructure and improve reliability are so necessary.

As a result, Con Edison strongly opposed any extension of the temporary assessment and led the charge amongst New York's utilities to phase it out. The company also led the utility industry's efforts during the 2014-2015 budget negotiations in pushing for an equitable reduction that would benefit all utility customers. Con Edison will continue to support any efforts to repeal the onerous tax for all utility customers.

