

Cuomo signs Power Act into law; \$2 million to be used for economic development in St. Lawrence County

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Nearly \$2 million will now be available for economic development in St. Lawrence County after Gov. Andrew M. Cuomo signed legislation Monday that allows proceeds from the sale of a block of hydropower from the New York Power Authority's St. Lawrence-Franklin D. Roosevelt Power Project to be used to help create jobs and build industry in the region.

Monetization of the 20 megawatts is the centerpiece of the deal which brings to a conclusion the review of the relicensing agreement between North Country and NYPA.

The deal, if approved by the host communities, also provides a \$10 million reduction in power costs for businesses and farms in St. Lawrence, Jefferson and Franklin counties by using 239 megawatts that Alcoa temporarily relinquished at its Massena operations. The low-cost power will reduce electricity costs for up to three years, according to officials.

The sale of power will help create new jobs and spur capital investments in the region, according to state officials. Approximately \$2 million a year will be generated from the hydropower sale and will be available to qualified enterprises in support of capital investments and new jobs in the region under the Northern New York Power Proceeds Allocation Act.

"St. Lawrence County plays an important role in driving the economy throughout the north country — and this legislation supports that relationship by clearing the way for targeted investments in some of the region's best assets," Gov. Cuomo said in a news release Tuesday. "I am proud to sign the Northern New York Power Proceeds Allocation Act because it gives another boost to help attract businesses and create jobs in the region."

The act was passed after years of negotiations between the state and regional officials. The Northern New York Power Proceeds Allocation Act is similar to legislation created in 2012 for the use of unutilized hydropower from NYPA's Niagara Power Project for economic development in Western New York.

The nearly \$2 million in earnings will come from the sale of hydropower that in 2010 was made available to the St. Lawrence River Valley Redevelopment Agency and the St. Lawrence County Industrial Development Agency Local Development Corp. for economic development following the failed St. Lawrence Aquarium project.

"We have been working for nearly four years to bring the monetized value of our economic development power to this area," Robert O. McNeil, chairman of the St. Lawrence River Valley Redevelopment Agency, said in the governor's news release. "We look forward to helping to maximize the local benefits from this unique new resource."

The ability to use the proceeds of this sale for awards to eligible businesses and nonprofit organizations in St. Lawrence County is one of the key elements included in a tentative agreement reached in this month between the New York Power Authority and the St. Lawrence Local Government Task Force, the result of the completion of a 10-

year review of a settlement agreement between the two entities for the 2003 federal relicensing of the St. Lawrence-Franklin D. Roosevelt Power Project that began over one year ago.

“The ability to monetize the hydropower promises to make a big difference for economic development in our area,” said Joseph D. Gray, chairman of the St. Lawrence Local Government Task Force. “This is a crucial facet of the tentative agreement that the task force reached with NYPA in the 10-year review of the 2003 settlement agreement for the St. Lawrence’s plant’s relicensing. The governor’s signing of the proceeds bill will set everything else in motion.”

The power, intended to attract new businesses and help existing ones expand, was granted in a contract approved by New York Power Authority trustees in September. The river agency, which represents the towns of Lisbon, Waddington, Louisville and Massena and St. Lawrence County, sought the power to rectify what officials called discrepancies between NYPA’s 50-year federal relicensing settlement to operate the St. Lawrence-FDR power dam in Massena and the Niagara hydrodam in Western New York.

The agreement also includes up to \$5 million in funding for an economic development and strategic marketing and global search study by a “top-tier management consulting firm to assist the [task force] communities to identify and attract businesses and industries,” according to the proposal. The study will include identifying alternatives to deploy and leverage existing monetary and power resources.

Other elements of the agreement include:

- Initiation of an energy efficiency and renewable energy-savings program for LGTF government and school buildings that will include \$1.5 million in grants to fund energy audits for identifying opportunities for reducing energy costs. The program will be aligned with the Governor’s statewide BuildSmart NY initiative for reducing energy use in public buildings by 20 percent by 2020;
- Funding support for emergency response infrastructure and services, anticipated for Massena Memorial Hospital, Louisville Company #2, and the Massena and Waddington rescue squads, with the amount to be determined by an ongoing study;
- Improvements to an emergency access road to Wilson Hill Island in the Town of Louisville and an evaluation of improving access to town property in the vicinity of the Iroquois Dam, part of the St. Lawrence-FDR project;
- Annual financial support for the maintenance of identified roads in the vicinity of the hydroelectric plant that are used by NYPA for its operations;
- Hiring an independent recreational facility consultant to assess possible measures for increased recreational boating opportunities and fishing tournaments to support additional tourism, with NYPA committing up to \$7.5 million for the improvements;
- Additional funding of \$1 million for a shoreline stabilization program for landowners adjacent to St. Lawrence-FDR within the Towns of Waddington, Louisville and Massena, with elimination of current restrictions on the length and cost of the erosion mitigation initiatives; and

- Working with the task force, the state Department of Environmental Conservation, the U.S. Fish and Wildlife Service and outdoor fishing clubs to identify additional opportunities to enhance walleye spawning in upstream tributaries of the St. Lawrence River.

The net earnings from the sale of up to 20 megawatts of hydropower will be used for awards to eligible businesses in St. Lawrence County through a Northern New York Economic Development Fund created by the act.

Under the legislation, the Northern New York Power Proceeds Allocation Board will make recommendations for how the power is allocated based on specific criteria, including capital investments and jobs.

The board will consist of five members who will be appointed by the governor. One will be appointed upon the recommendation of the temporary president of the state Senate and reside within St. Lawrence County, and one will be appointed upon the recommended by the speaker of the Assembly and reside within St. Lawrence County.

The other three will be appointed at the governor's discretion, with at least one of them a resident of St. Lawrence County. The governor will name a chairman.

The primary role of the power allocation board is to solicit and review applications, and make funding recommendations to the NYPA Board of Trustees, which will consider the board's recommendations and award grants as they are approved.

"Eligible projects" are those that support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.

Under the legislation, examples of eligible projects include workforce development; energy-related projects, programs and services; capital investments in buildings, equipment, and associated infrastructure, transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state and support for tourism and marketing and advertising efforts.

"This is a significant milestone for the area economy," Gil C. Quiniones, NYPA president and chief executive officer, said in a news release. "The legislation is also consistent with the Power Authority's efforts to identify further economic development opportunities, in connection with the 10-year review of the settlement agreement for the 2003 relicensing of the St. Lawrence hydroelectric plant."

During the first five years of the act's implementation, net earnings generated from the sale of up to 20 megawatts of hydropower into the wholesale electricity market will be available as a source of capital for qualified businesses. One megawatt is enough electricity to meet the needs of 800 to 1,000 typical homes, according to officials.

The 20 megawatts is drawn from hydropower previously sold to out-of-state electricity customers and redirected to New York State during the 2003 St. Lawrence-FDR project relicensing.

After five years of the law's implementation, up to 10 megawatts of the unallocated power will be available for sale to generate funds.

However, the power may also be allocated to eligible businesses instead of sold to generate revenue at any point in time.