Written Statement

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Draft Climate Action Council Scoping Plan

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Opening

The Council must produce a Scoping Plan that will inform New York residents and businesses about what needs to be done to meet the CLCPA's requirements. The Plan must maintain energy system reliability and consumer affordability. Implementation of the Plan through independent private sector investment in renewable energy, energy storage, and zero-emission dispatchable resources, all while retaining our existing fleet of non-emitting resources, is essential to our State's success.

I am very concerned that the draft Plan being released for public review still falls extremely short. The draft Plan has identified the scope of issues that need to be considered, but the Council has not come to reconciliation on controversial matters and, instead, has deferred much of its important decision-making until more discussion can occur next year. This delay means that the State's residents and businesses cannot fully appreciate what direction the Council is taking on the important issues of reliability and affordability, and they will be unable to offer worthwhile feedback, since so much is missing.

Importantly, the New York Independent System Operator (NYISO) has indicated that, as we move to a zero-emissions grid, the State must understand how the growth of intermittent resources and extreme weather could impact the ability to maintain reliability of the New York bulk electric system. Resource adequacy margins are tightening across the New York grid from Buffalo to Long Island. Reliability margins are thinning to concerning levels as soon as 2023.

The concerns about the adequacy of electricity supply will be even more magnified, as the State looks to undertake the aggressive electrification of the sectors of the economy that is needed to meet the CLCPA's targets. The goals and timetable for achieving electrification need to be made clear and carefully coordinated with the reduction in the use of emitting fuels. Electrification efforts must be aligned with the processes of the NYISO and the NYS Reliability Council, in order to ensure that adequate supply is available to maintain reliability.

Below are highlights of top tier issues, in terms of the Plan's deficiencies. However, the draft Plan includes a major benefit: for the first time, New York State is discussing the importance of carbon pricing, which is a long-standing IPPNY priority.

Plan's Short-Comings

Consumer Cost and How to Pay for It

The draft Plan does not include enough specifics to provide directionality for what it will cost residents and businesses and how they will be able to pay for those costs. It is true that NYSERDA's Integration Analysis has looked at the "total potential costs and potential economic and non-economic benefits of the plan," as required by the CLCPA, but this macro-economic examination of societal costs and benefits does not yield practical information for consumers. The CLCPA also requires analysis of the cost of implementing the draft Plan's proposed emissions reduction measures, and the quantification of these costs is less clear.

It is difficult for consumers to understand that compliance with the CLCPA is intended to produce more benefits for them than costs, when they are faced with the costs of installing or accessing renewable energy and energy storage, replacing their heating systems, buying electric cars, and figuring out ways to charge them. Their dilemma is compounded by the need to do their best to afford their standard of daily living in the face of increasing costs arising from the State's ongoing recovery from the COVID-19 pandemic.

The compliance costs are known to some extent, and the draft Plan should include more specific cost study scenarios that show residential, commercial, industrial, and institutional energy consumers, along with local governments, what actions they need to take to comply with the draft Plan and how to pay for them. The draft Plan must include specific proposals to make Plan compliance affordable in a way that avoids or minimizes upfront costs to energy consumers.

Need for Zero-Emission Dispatchable Technologies

In the area of reliability, ambiguity about the role of zero-emission dispatchable technologies is particularly perplexing, in regards to the role of resources such as green hydrogen and renewable natural gas, when the State's own consultant, E3, and the NYISO both have indicated the need for zero-emission dispatchable resources to meet the CLCPA's 100 by 40 goal reliably.

Although the draft Plan mentions the need for zero-emission dispatchable resources, it focuses on energy storage; energy storage is important, and developers are making those investments. However, additional technologies are needed, as shown by E3 and the NYISO, but the draft Plan does not recognize the steps, such as the ones noted below, that the State is taking, and should continue to take, in order to ensure energy reliability on the road to 100 by 40. New York can set an example for other states and nations by exploring every resource available as a potential tool to address climate change.

Indeed, NYPA, a fellow Council member, is conducting a pilot project to blend hydrogen and natural gas at one of its power plants on Long Island. Also, the State held a ribbon-cutting event at the opening of Plug Power's $125 million Hydrogen Fuel Cell Innovation Center and grounding breaking on its $290 million, state-of-the-art, green hydrogen fuel production facility and electricity substation at the Western New York Science, Technology and Advanced Manufacturing Park. For our part, IPPNY submitted a joint petition with the NYS AFL-CIO and the NYS Building and Construction Trades Council to the PSC to urge the creation of a market-based program for the development of needed technologies to maintain reliability on the way to the 100 by 40 target. However, the draft Plan does not acknowledge or include these provisions.

Preserving Existing Renewables

Although the draft Plan includes existing hydro and nuclear facilities as part of the resource mix to meet reliability, the draft Plan needs more provisions to help ensure that the State's existing renewable energy baseline is strengthened. The State must make improvements to NYSERDA's Competitive Tier 2 Program.

The renewable energy baseline will be lower next year than it was when the CES first started. Renewable companies are exporting their RECs to other regions, where they are compensated more. Exported RECs do not count towards CLCPA targets.

Preserving our mix of existing renewable energy facilities and retaining and expanding other non-emitting facilities are as important as the investments that developers are making to grow the State's renewable energy and energy storage resource portfolio.

Avoiding Moratoriums

In terms of meeting 100 by 40 reliably, the draft Plan contains some mention of moratoriums on the permitting of new fossil fuel plants and natural gas infrastructure, but, importantly, these are not the views of the Council as a whole. I have pointed out that moratoriums should be avoided because the Article 10 power plant siting law contains provisions that ensure adherence to the CLCPA's targets. Article 10 also provides for a process to minimize, avoid and offset any significant and adverse disproportionate environmental impacts to the maximum extent practicable using verifiable measures for the duration of the Article 10 certificate.

Positive Aspect of the Plan

Carbon Pricing

New York State deserves credit for including a robust discussion of carbon pricing and closely examining how it can be implemented. The State has long been silent on carbon pricing, and this level of engagement is positive and necessary.

The draft Plan includes provisions supportive of carbon pricing and acknowledges the NYISO's carbon pricing proposal, which is an IPPNY priority, along with the need to reconcile programs with RGGI. IPPNY has underscored that the NYISO's carbon pricing program will: diminish New York State's reliance on out-of-market subsidies (thereby reducing costs for consumers); accelerate both the decarbonization of the State's generation fleet and the entry of new renewable projects (thereby meeting CLCPA targets sooner); and create stronger economic incentives for cost-effective transmission investment. The sooner New York State adopts the NYISO's carbon pricing proposal related to electric generation, the sooner New York's public policies will be achieved.

Carbon pricing would not operate in a vacuum and would be cognizant of, and consistent with, the State's enforceable emission limits under its existing air permits and programs, Section 7 of the CLCPA, and its CLCPA regulations that will be in place by 2024. Furthermore, and more specifically, the DEC already has its Part 251 CO2 Performance Standard Rule for new, modified, and existing facilities.

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