

MINUTES OF THE CLIMATE ACTION COUNCIL MEETING

HELD ON APRIL 18, 2022

Pursuant to Notice and Agenda, a copy of which is annexed hereto, a meeting of the Climate Action Council (“Council”) was convened at 3:00 p.m. on Monday, April 18, 2022. The following Members attended, and a quorum was present throughout the meeting:

Council Co-Chairs

- Doreen Harris, President and CEO, New York State Energy Research and Development Authority
- Basil Seggos, Commissioner, New York State Department of Environmental Conservation

Council Members

- Richard Ball, Commissioner, New York State Department of Agriculture and Markets
- Mary T. Bassett, Commissioner, New York State Department of Health (Henry Spliethoff, Designee)
- Rory Christian, Chair and CEO, New York State Public Service Commission
- Donna L. DeCarolis, President, National Fuel Gas Distribution Corporation
- Marie Therese Dominguez, Commissioner, New York State Department of Transportation
- Justin Driscoll, Interim President and Chief Executive Officer, New York Power Authority
- Dennis Elsenbeck, President, Viridi Parente, Inc.
- Thomas Falcone, CEO, Long Island Power Authority (Rick Shansky, Designee)
- Rose Harvey, Senior Fellow for Parks and Open Space, Regional Plan Association
- Dr. Bob Howarth, Professor, Ecology and Environmental Biology at Cornell University
- Peter Iwanowicz, Executive Director, Environmental Advocates of NY
- Hope Knight, President and CEO-designate and Acting Commissioner, Empire State Development (Kevin Hanson, Designee)
- Roberta Reardon, Commissioner, New York State Department of Labor
- Robert Rodriguez, Acting Secretary of State, New York State Department of State (Kisha Santiago-Martinez, Designee)
- Raya Salter
- Dr. Paul Shepson, Dean, School of Marine and Atmospheric Sciences at Stony Brook University
- RuthAnne Visnauskas, Commissioner and CEO, New York State Homes and Community Renewal

Also present were Climate Action Council Executive Director Sarah Osgood, various State agency staff and members of the public. Mr. Seggos and Ms. Harris, Co-Chairs of the Council, welcomed all in attendance.

Consideration of March 3, 2022 Meeting Minutes

This Agenda item was to advance the minutes from the March 3, 2022 meeting. Upon a motion duly made and seconded, the minutes were adopted.

Co-Chair Remarks

Co-Chair Seggos thanked the Council Members for their hard work and efforts during the Draft Scoping Plan public hearing process, stating that it has been extremely valuable to hear from New Yorkers from across the State. He also discussed the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6 that found immediate and deep emissions reductions must occur across all sectors, or global warming limited to 1.5° Celsius will be beyond reach. However, the Report indicated strong confidence that the current strategies in place to decommission or repurpose fossil fuel infrastructure could result in deep reductions in methane.

Co-Chair Harris highlighted the NYS Public Service Commission approval of the contracts for the Clean Energy Standard Tier 4 Clean Path New York and Champlain Hudson Power Express projects, noting that these are the largest transmission project investments in the State for the past fifty years. The NYS Public Service Commission also approved the 10-gigawatt Distributed Solar Road Map and together these decisions set the State on a path toward the Climate Act goal of 70% renewable electricity by 2030 and on a path toward a zero-emission electric grid. She stated that these approvals will benefit all New Yorkers with fossil fuel use reduction, air quality improvements, economic development, and investments in disadvantaged communities. She characterized the NY-Sun Program as the most inclusive and ambitious in the nation. Chair Christian added that these decisions were the culmination of months of hard work by multiple organizations, over multiple years, to set a strong foundation for the State's 2030 and 2050 goals.

Update on Public Comments

Sarah Osgood, Climate Action Council Executive Director, stated that the public has shown strong, heartening interest in providing feedback on the Draft Scoping Plan, with over 8,000 written comments received since the opening of the comment period on January 1, 2022 and approximately 200 oral commenters during the first four public hearings. She reported that many of the commenters expressed their support for the Draft Scoping Plan and their desire to protect and restore the environment. Environmental justice, the prioritization of disadvantaged communities, concerns regarding the timeline (in both directions), affordability of electricity, the cost of the transition, adequacy of electricity reliability, the potential for job losses among energy and utility workers, competing sentiments regarding the use of green hydrogen and biofuels and the future use of the gas infrastructure were some of the many issues raised by commenters. At this time, the comment period is expected to conclude on June 10, 2022. Having attended each of the public hearings to date, Chair Harris stated that she is thrilled with the public turnout.

Presentation and Discussion: 2022 CAC Workplan

Sarah Osgood revisited the 2022 Workplan as discussed at the last Council meeting, restating that Council meetings are planned to continue at approximately monthly intervals, with additional meetings to be scheduled, if necessary. Given that the public comment period is planned to continue through June 10, 2022 and given the volume of comment submission to date, the comments are

being reviewed as quickly as possible, with a distillation and presentation planned for the Council in late July.

Ms. Osgood stated that the issue of forming subgroups will be put forth for Council consideration at this meeting, with the expectation that any subgroup recommendations will be developed and shared with the Council in July and August. Subgroups will be comprised of about six to ten members, meet bi-monthly (if feasible), and will be supported by the State staff team and a Consensus Building Institute or Cadmus facilitator at each meeting. The subgroups will not be decision-making bodies, and are expected to report findings back to the Council for final deliberation and consensus. While meetings are not intended to be publicly held, by design, distillations of these meetings by subgroup members at full Council meetings will be made publicly available.

Regarding updates to the Scoping Plan, Ms. Osgood noted that while some updates must necessarily wait until some of the planned for processes are carried out, other updates will be presented to the Council periodically throughout the year, to make it easier for Council Member review.

Presentation and Discussion: Gas Transition Subgroup

Catherine Morris, Senior Mediator, Consensus Building Institute, reviewed the expectations and process for subgroup formation as discussed at the previous meeting, including agreement on forming Gas System Transition and Alternative Fuels subgroups. She also reviewed the parameters of formation, the responsibilities of the prospective subgroup members, how the Council and public could track their work, and reiterated the intention for the work to be intensive and detailed.

Ms. Morris then introduced Jessica Waldorf, Chief of Staff and Director of Policy Implementation, NYS Department of Public Service, who provided an overview of the proposed Gas System Transition Subgroup including the Draft Scoping Plan directive, the workgroup purpose, and the key focus areas. In developing a coordinated plan for the orderly downsizing of the gas system, this subgroup will be charged with creating a framework, including recommendations, for the coordinated plan to reduce emissions from the gas system through an orderly transition that is equitable, cost-effective, and maintains system safety and reliability. The State teams involved include staff from the NYS Department of Public Service, NYSERDA, NYPA, LIPA, NYS Department of Environmental Conservation, in consultation with utilities, environmental justice groups, and sectoral experts.

Key focus areas for this Subgroup include:

- Criteria to guide the timing of the transition
- Maintain energy affordability, safety, and reliability in coordination with the electricity system expansion
- Prioritize benefits and affordability of the transition to cleaner energy for low-to-moderate income customers and disadvantaged communities
- Consideration for reuse of gas infrastructure and alternative fuels
- Just transition for gas industry
- Best practices for other jurisdictions; and
- Constraints and opportunities under existing laws and regulations.

In response to an inquiry by Dennis Elsenbeck as to the actual make-up of the subgroup, Ms. Morris responded that any Council Member is free to volunteer, and the volunteers are free to seek input from any expert or group. It was stated that the aforementioned State entities are those reflected in the Draft Scoping Plan as the State entities tasked with developing the plan after the framework is scoped out by the Council, and there is a suggestion to engage the Utility Consultation Group to receive their input and expertise.

In response to inquiries by Raya Salter, Ms. Waldorf clarified that the directive of the subgroup is to develop the framework by which State entities will develop and then implement their respective plans following the adoption of the final Scoping Plan. Regarding the re-use of gas infrastructure and alternative fuels, this represents a specific question that was raised as a point of discussion by Council Members in previous meetings to discuss what role these fuels might have in the transition. Coordination is expected between the two subgroups to ensure alignment on overlapping subject matters.

Ms. Morris addressed an inquiry by Raya Salter regarding the issue of engaging non-public subgroup meetings by stating the intention was two-fold: to keep the meetings small and manageable so as to encourage them to be procedurally nimble and flexible without running afoul of public meeting requirements; and to allow for frequent meetings to increase the capacity of the subgroups to delve deeply into the topics. Ms. Osgood added that subgroup report-outs are planned for Council meetings, which are available to the public, as well as the intention to publish meeting summaries. It was noted that the non-public atmosphere of the meeting will allow for a more candid conversation between subgroup members to further develop the topics, which will not result in any final recommendations. Ms. Salter expressed her position that the meetings be held publicly for transparency, and that while it is appropriate for special interest groups or experts to present to the subgroups on particular issues, it would be inappropriate for them to become subgroup members.

Ms. Waldorf presented an overview of natural gas industry regulation in the State, noting that the Federal Energy Regulatory Commission (FERC), rather than New York State, has jurisdiction over interstate pipelines, and thus the permitting. Certain projects may also need approval from NYS Department of Environmental Conservation for approval of air and water permits. The Pipeline and Hazardous Materials Safety Administration (PHMSA) under federal Department of Transportation has jurisdiction over all pipeline safety, with delegated authority for intrastate pipelines. There are eleven major local distribution companies and seven small private or municipal systems in the State and the NYS Public Service Commission does not have any rulemaking authority over delivered fuels, such as propane. There are 49,800 miles of mains and 39,900 miles of service lines serving 4.95 million total customers, 4.5 million of whom are residential. The current system is over 99% reliable, however when gas service is disrupted, it is extremely costly to terminate and reinstate service, as each valve at each location must be manually switched and checked for safety.

Ms. Waldorf stated the gas lines carry three times as much energy during a peak winter day as the electrical grid on a peak summer day, which will likely present challenges on the electric grid as the transition occurs. Gas transmission from extraction to its area of use is quick, safe, reliable, and includes storage close to use points for ease of access and quick responses during peak demand. Both gaseous and liquid natural gas (LNG) are distributed and stored in the State and is regulated by the NYS Public Service Commission. Compressed Natural Gas (CNG), methane stored at a high pressure, can be used in place of pipeline methane during peak demand. While convenient, it is more risk-intensive due to its high-pressure storage.

Ms. Waldorf stated that the NYS Department of Public Service plays a similar role for gas supply management and procurement, as the New York State Independent Operator does for electricity, monitoring local delivery company operations and stressing the importance of accurate future demand projections. As included in the Draft Scoping Plan, the NYS Public Service Commission has a gas planning proceeding that is the regulatory vehicle for gas utilities to plan for a transition from carbon intensive fuels, incorporate elements of the Climate Act, and implement the recommendations of the Council.

Ms. Morris invited Council Members to ask questions, which would be collected, with answers provided at the next Council meeting for the sake of time efficiency. Raya Salter requested that the issues of how equipment may be subject to increased climate risk and environmental justice be discussed.

In response to an inquiry by Peter Iwanowicz regarding why Climate Act, Section 7 was not specifically addressed during the presentation, Ms. Waldorf responded that the presentation focus was on regulations, rather than legislation, but confirmed that Section 7 does influence the NYS Public Service Commission decision-making process for any infrastructure investments when it considers rate cases.

Dennis Elsenbeck expressed his interest in participating in this subgroup and stated his belief that utilities should be active members of it, to which Ms. Waldorf suggested that there will be many avenues to engage outside partners as the work scope firms up.

Presentation and Discussion: Alternative Fuels Subgroup

John Williams, Vice President, Policy and Regulatory Affairs, NYSERDA, presented the Alternative Fuels Subgroup framework, stating that it will develop guidelines for the Council to consider on the use of fuels such as hydrogen, renewable natural gas, and other biofuels to meet Climate Act emission limits and environmental justice requirements. As alternative fuels are likely to play a key role in decarbonization, a focus on supply, maximizing emissions reduction, and limiting application to hard-to-electrify applications will be critical. Mr. Williams also described the bioenergy analysis framework. With regard to accounting methodology, it was pointed out that a renewable fuel can only avoid 20-40% of a fossil fuel's emissions because it only avoids the upstream emissions associated with that fuel.

Key focus areas identified for this Subgroup include:

- Limited and strategic uses
- Addressing hard to electrify end uses – aviation, freight, industry
- Avoiding extending reliance on fossil fuel infrastructure
- On-site cogeneration or local use applications
- Sustainable use of waste-based feedstocks
- RD&D for promising technologies and end-use applications; and
- Avoiding disproportionate impacts on disadvantaged communities.

Carl Mas, Director, Energy and Environmental Analysis, NYSERDA, discussed the Integration Analysis findings for alternative fuels use. Integration Analysis Scenario 2 employs a strategic use of low carbon fuels and would see an increase in the use of renewable distillate, renewable natural gas, and hydrogen by 2030, shifting to majority renewable jet fuel and hydrogen by 2050. Scenario 3 is an accelerated transition away from combustion, and would see minimal

investment in alternative fuels as electrification takes priority. Scenario 4 is a hybrid of the two other scenarios with a goal of beyond 85% reduction in emissions, with moderate renewable fuel use by 2030, shifting to approximately 50% hydrogen use by 2050.

Mr. Mas highlighted themes from some of the sectors, as they are discussed in the Draft Scoping Plan. Alternative fuels use in buildings across each scenario would result in primarily renewable natural gas and renewable distillate usage by 2030, with significantly higher percentages present in Scenario 2. In each scenario, use of alternative fuels is quite similar by 2050 due to increased electrification. Mr. Mas stated that the industrial sector, on the other hand, would see a lower use of renewable fuels in 2030 across scenarios, but high use of hydrogen by 2050. Transportation would vary widely depending on the scenario, as each scenario includes variations in investment in alternative fuels. Overall, the Integration Analysis shows a need for alternative fuels across all scenarios, even with the aggressive electrification modeled in the scenarios. Without alternative fuels, greater levels combustion of fossil fuels would occur in 2050 to meet final energy needs. There are different degrees to which acceleration of away from them or with them can occur, so the main focus should be on where prioritization should be and what the policy drivers should be for the needed innovation.

Dr. Bob Howarth expressed his concern with the notion that biofuels do not have upstream emissions, given a recent publication from the National Academy of Sciences which states that some biofuels can have more upstream emissions than fossil fuels. Mr. Williams clarified that his statement was not meant as a value statement, but rather a reflection of the accounting methodology presented within the Climate Act.

In response to an inquiry by Donna DeCarolis as to whether this subgroup would discuss the possibility of aligning New York's renewable natural gas standards with other states, such as California or Oregon, Mr. Williams responded that it would be an issue for the subgroup members to deliberate upon and form the course of discussion.

Raya Salter noted the presence of renewable natural gas discussions in both the subgroups and suggested coordination with the Gas Transition Subgroup to avoid duplication.

Peter Iwanowicz cautioned against relying on the standards of other states, but rather setting a higher standard to encourage those states to meet the New York standard, given the fundamental differences in the laws of other jurisdictions.

Presentation and Discussion: Update on Economy-wide Approaches

Jared Snyder, Deputy Commissioner of Climate, Air, and Energy, NYS Department of Environmental Conservation, presented an update on economy-wide approaches, responding to a Council request for the application of identified criteria in the Scoping Plan to each potential economy-wide approach and consideration of the potential analyses. In doing so, he encouraged the Council to consider the policies of Carbon Pricing, Cap-and-Invest, and a Clean Energy Supply Standard, in the context of each of the criteria, in determining whether the Council believes a subgroup should be formed to weigh these options.

Vladimir Gutman-Britten, Assistant Director of Energy and Environmental Analysis, NYSERDA, presented further detail on the analyses that could be developed for the Council. The intention is to share the existing state of knowledge on the literature and experiences in other jurisdictions having adopted a price on carbon, including the challenges faced, and to commission a

new analysis to better understand the impact of a carbon price specifically on New York. The second effort is intended to evaluate the impacts of a fixed trajectory energy-only carbon tax system on the State and is designed, not as an endorsement of this approach, but because of limitations on modeling tools available during the Scoping Plan timeline and the value of the insights it might provide. Information would also be provided on the potential impact of a large-scale investment program, including the sense of scale and the amount of emissions reductions that such an effort might yield under different spending choices, and the impact it might have on specific clean energy solutions.

Mr. Snyder suggested some lines of inquiry the Council may want to consider, such as whether an economy-wide approach is needed to meet Climate Act limits, what policy goals should be prioritized or best achieve or balance the goals, and whether New York should prioritize a multi-state approach. Ms. Morris suggested that the further examination of the presented matrix may provide a good strategy for prioritization if a subgroup is created for this topic.

Kevin Hansen, Senior Vice President and Head of Public Policy, Empire State Development, highlighted the impacts on businesses and workers and the issue of leakage and requested those issues continue to be top of mind. He believes that a subgroup may be able to move faster on the issues.

Dr. Paul Shepson stated he believed a subgroup should be formed in order to receive expertise and Donna DeCarolis agreed, given the complexity of the topic.

In response to concern expressed by Raya Salter over how the topic would be parsed, particularly with regard to issues of climate justice, Ms. Morris stressed that subgroups must make it very clear as to how they arrive at consensus decisions when presenting to the Council, and that subgroups will not have final decision-making authority.

With that, Ms. Morris concluded that it appeared that the Council prefers that an Economy-Wide Subgroup be formed.

Catherine Morris revisited the outstanding suggestion raised by Ms. Salter as to whether the subgroup meetings should be held in public. Ms. Morris reiterated that, regardless, the subgroup meetings would be summarized in written form and that summaries would be made available to the public online, as would the subgroup distillation presentations provided to the full Council at the monthly meetings. Given all of the trade-offs, in an informal show of hands as to whether Council Members were supportive of requiring every single subgroup meeting to be made public, approximately four members expressed support for the approach as suggested by Ms. Salter. Ms. Morris concluded that the majority of the Council Members in attendance were, therefore, leaning toward the opportunity to conduct the subgroup meetings outside of a public setting.

Next Steps

Sarah Osgood requested interested Council Members email her after the meeting to indicate their interest in volunteering for a subgroup. She also reminded Council Members that the Draft Disadvantaged Communities Criteria, released in March 2022, comment period is open through July 7, 2022. Additionally, the scheduled public hearings and education sessions will be advertised on the Climate Act website. The Draft Scoping Plan public comment period is open through June 10, 2022 and, to date, there are six public hearings remaining in the schedule. The next Council meeting is expected to be held in May.

With that, the meeting was adjourned.



**Climate Action
Council**

KATHY HOCHUL
GOVERNOR

DOREEN HARRIS
CO-CHAIR

BASIL SEGGOS
CO-CHAIR

Meeting Agenda

April 18, 2022

- Welcome
- Consideration of March 3, 2022, Minutes
- Update on Public Comments
- Presentation and Discussion: 2022 CAC Workplan
- Presentation and Discussion: Gas Transition Subgroup
- Presentation and Discussion: Alternative Fuels Subgroup
- Presentation and Discussion: Update on Economy-wide Approaches
- Next Steps