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Comment on Behalf of NFIB (National Federation of Independent Business) to the CLCPA's Climate Action Council Regarding the Draft Scoping Plan

On behalf of NFIB, representing nearly 11,000 small, independent businesses across every community and neighborhood in New York State, we are writing to express our concerns and comments as the Climate Action Council finalizes the draft scoping plan to achieve New York's climate goals established by the Climate Leadership and Community Protection Act.

There are close to 500,000 small businesses with employees in New York. These businesses employ half the state's private-sector workforce, nearly 4 million New Yorkers, and their production accounts for nearly half of the state's GDP. A strong, vibrant small business eco-system supports local tax bases, governments, and schools. Sixty-seven cents of every dollar spent at a local small business is reinvested into the community.

New York State should recognize, value, and fight to protect small businesses and it's important to keep small businesses, and their employees in mind when considering the far-reaching impacts of the draft scoping plan.

While NFIB supports efforts to reduce greenhouse gas emissions, protect our environment, preserve New York's natural assets, and responsibly transition to sustainable energy sources, it cannot be done at a cost that is overly burdensome to small businesses nor can it upset energy reliability and availability. Achieving New York's greenhouse gas emission reduction targets requires careful planning and preparedness to ensure that the transition is effective and affordable. Additionally, a plan of this magnitude will come with substantial costs – both direct and indirect; however, small businesses and consumers do not know how much this scoping plan will cost to implement and the capital needed to build new infrastructure, nor do they know how much their utility bills will be each month.

NFIB's overarching concerns with this plan relate to affordability and reliability. Small businesses depend on energy supplies at globally competitive prices to operate and run their businesses. New York ratepayers already pay the 8th highest electricity costs in the nation according to the US Energy Information Administration. Additionally, in NFIB's 2020 Problems and Priorities report, small businesses rank energy costs as a top problem of doing business in New York State.[1] With the recent increase in utility bills, it is more than likely that energy costs rank higher on the problems and priorities report compared to responses in 2020 when carbon-based energy costs were much lower.

Even more problematic is the plan's proposals to ban gas service to existing buildings and newly constructed buildings and forcing building electrification in two years. Small businesses have already seen their utility bills soar in recent months due to constrained supply, and eliminating certain fuel and technology options will exacerbate supply issues, driving utility bills even higher. Requiring small businesses to electrify will mean higher operating expenses with electricity costing 3.2 times higher than natural gas rates in addition to the costs to convert existing HVAC systems and purchase electric appliances and equipment.

Furthermore, there are serious questions and fears around the grid's ability to absorb this influx in demand for electricity. NYISO published its concern about declining levels of reliability beginning as early as 2023, and this is before the state imposes any additional electrification mandates. At this time, New York is putting the cart before the horse. Investments in electric grid infrastructure and renewable energy projects must and should come online to ensure there are no interruptions in service or increased costs to small businesses and consumers.

NFIB also opposes the plan's recommendation to use project labor agreements and extend prevailing wage to virtually all energy and climate-related projects. New York's prevailing wage has long been established to increase the cost of construction and development, limit small business contractors' ability to participate in public procurement, and ignores rational regional wage scales. Transitioning New York State to renewable-based energy suppliers and building out energy infrastructure should be as affordable as possible to mitigate any excess expense. Mandating prevailing wage on such projects will only increase the transition's cost, making energy more expensive for future consumers, including small businesses.

Overall, what is sorely lacking is a full assessment of the true costs of this plan for small business owners. What impact will this plan have on monthly utility bills? What is the cost to a small manufacturer with a warehouse that will need to be heated by electric instead of gas? How much will it cost a small trucking company to purchase a new fleet of electric trucks and build the electric charging infrastructure? How are small businesses expected to pay for all of this – out of their own pockets?

At this time, NFIB strongly recommends that the Climate Action Council conduct a full assessment of the true costs of this transition for small businesses and taxpayers, as well as revisit and carefully contemplate timelines, absolute bans, and labor mandates, while

[1] NFIB Research Center, 2020 Small Business Problems & Priorities, https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf

also utilizing additional low carbon sources in the state’s energy portfolio. The Council should formulate a plan that is flexible and embraces new energy technologies and developments as they come online and not box itself into limited energy sources. It’s imperative that New York listens to all stakeholders and prepares a plan that is reasonable, affordable, and flexible, and does not place the state’s small businesses at an even greater competitive disadvantage.

Please do not hesitate to contact us with questions, concerns, or if we can be of any additional help with providing direct feedback from small business owners.