PARTNERSHIP for New York City

Public Comments from the Partnership for New York City on the Climate Action Council's Draft Scoping Plan

June 27, 2022

The Partnership for New York City supports the long-term greenhouse gas reduction goals of New York state outlined in the Climate Leadership and Community Protection Act (CLCPA). At the same time, the economic vitality and fiscal stability of the city and state depend on maintaining reliability and affordability of energy generation and distribution. We are concerned that the Draft Scoping Plan (DSP) does not clearly identify how reliability and affordability will be maintained in the transition to a low carbon economy.

We suggest that the Climate Action Council (CAC) consult with industry on revisions to the DSP that spell out how the state will ensure the consistent delivery of electricity on an economic basis while achieving the necessary reductions in greenhouse gas emissions. The Final Scoping Plan (FSP) should include recognition of the constraints of solar and wind as intermittent, non-dispatchable energy sources (sources that cannot be controlled to meet fluctuating electricity needs over time) and amend the plan to reflect these and related concerns. Below are specific points about costs, reliability, and opportunities new technologies can offer that are important for the CAC to consider before the FSP is completed in January 2023.

Affordability

The DSP suggests that the transition will cost $290-$310 billion, while producing $400-$420 billion in benefits for a net benefit of $90-$120 billion, depending on the cost-benefit scenario. The CAC has not shared the cost analysis, making it impossible to do an independent review of the potential burden of the transition on utility ratepayers and the economy in general.

A more detailed economic and fiscal analysis on each recommended strategy should be completed prior to the FSP. This is necessary to ensure that public and private investments are optimized and to avoid installation of infrastructure that may end up in the stranded asset category. Such analysis should include a thorough assessment of costs that will ultimately be passed through to business and households. Projections of increased demand and the implications for costs to consumers must be validated by industry experts and factored into the analysis of proposed strategies.

Reliability

The digital economy will result in growing demand for power which adds risk to the reliability of the grid. The DSP appropriately focuses on pathways that can achieve greater energy efficiency and ultimately reduce energy demand. There are no guarantees, however, as to the pace and effectiveness of efficiency measures in a rapidly evolving economy in which electrification of utilities, transportation, and consumer products will place unprecedented demands on the supply system.

The most recent 10-year analysis of the state's reliable energy supply by the New York Independent System Operator (NYISO) shows the power system will meet projected demand through 2030 assuming normal weather. NYISO concludes, however, a narrowing or even disappearance of capacity to maintain reliability as extreme weather events become the standard. The reliability plan also depends heavily on planned transmission projects being completed on time. If these projects are delayed, then grid reliability will be at risk. Finally, output from wind and solar energy resources is still variable and inconsistent. The FSP should consider incentivizing private development of distributed energy resources in order to support grid reliability and resiliency.

The risk of electricity shortages is rising throughout the U.S. as traditional power plants are being retired more quickly than they can be replaced by renewable energy and battery storage. Impacts from climate change intensify the issue. California Governor Newson is strongly considering the reversal of California's plan to close its last nuclear power plant for another decade to meet anticipated shortages during the transition to greener energy. In New York, fossil fuel-fired power generation facilities will be deactivated under the CLCPA or may come to the end of their lifespan before renewable projects are online and able to meet normal or peak demands. There are also limited transmission rights for offshore wind (OSW) projects raising questions about how or when OSW power will be interconnected with the grid.

The CLCPA allows for the state to approve future natural gas-fired power plants if necessary to ensure grid stability. The gas network is a reliable and resilient energy source. Since there is uncertainty that the power grid can support New York's needs with renewables on CLCPA timelines, a closer look at a more nuanced phase-out of gas-fired power plants must be explored. During this transitional period, the FSP should also support and incentivize the use of clean and efficient gas-fired distributed energy resources, including combined heat and power/cogeneration systems.

Incorporate Innovation and New Technology

NYISO's assessment of the 2040 climate goals asserted that innovation is critical to accelerating the development of new resources to replace the reliable service capabilities of fossil fuels. New York City is home to many innovative companies, some of which are focused on new technologies in clean energy and resilient design. The state should assemble an advisory group of private sector and technology experts to help convene cleantech and related networks and companies across the state. The New York State Energy Research and Development Authority's Smart Grid Program or the city's Urban Futures Lab can support efforts to identify, develop, and scale innovative technologies and build pilot programs to assist in the energy transition. Examples of existing local innovative companies include:

- BlocPower: Offers smart, all-electric heating, cooling and hot water systems to building owners for no money down. Its business model combines traditional construction and engineering with climate technology as well as increased investment opportunities in underserved communities.
- Blueprint Power: Helps turn buildings into a flexible power network by connecting them to energy markets through cloud-based software. Blueprint helps to decarbonize commercial real estate and gives them access to new revenue streams.
- Sealed: Offers an innovative financing and service model that covers upfront costs of upgrades (e.g. insulation, heating and cooling). Homeowners pay back Sealed with their energy savings.

Conclusion

Meeting the CLCPA goals will necessitate significant public and private investment and new sources of energy generation. We strongly recommend the implementation and timeline of the FSP also ensure the reliability and affordability of energy supplies across the state. New York is in a position to lead on these issues, but only if implementation of the CLCPA is successful. Reliability, affordability, and creativity in development and application of new technologies will be the key determinants of success of the CLCPA.

The Partnership for New York City represents the private sector employers of more than 1.5 million New Yorkers. We work together with government, labor and the nonprofit sector to maintain New York's position as the preeminent global center of commerce, innovation and economic opportunity.