

# Appendix E: JTWG Recommendations to the Council on Issues and Opportunities Related to the EITE Entities

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## Business Impacts: Opportunities and Challenges Facing New York State Industry

New York State's transition to a net zero emission economy will present both opportunities and challenges for its industries and workers. A just transition must lean into these opportunities and address these challenges, and this section of the Scoping Plan is intended to identify strategies for addressing both positive and negative impacts.

The issues and strategies contained in this section are preliminary and broadly crafted for the whole of industry based on a general understanding of what a transition to a clean energy economy could mean. Specific impacts will vary by industry sector and subsector, and, given the global nature of commerce, international and national-level policy should continue to be monitored for its implications to New York State.

### ***Opportunities for New York State Industries and Workers***

In transitioning to a net zero emission economy, New York State is destined to experience a profound level of financial investment in the clean energy sector, and a substantial amount of these investments and jobs will flow to existing New York State businesses and residents. Further, the health benefits of the Scoping plan can make New York State a cleaner, more environmentally sustainable, and more desirable location for attracting and retaining talent. Building on these benefits, the following strategies are intended to help New York State access these opportunities.

#### 1. Establish New York State as the Green Economy Leader

As an early mover on climate change, New York State has the opportunity become a regional and national hub for green economy innovation, business formation and job creation. The State should prioritize in-state economic benefits from its transition to a net zero emission economy by continuing initiatives like the NYSEDA Carbon2Value initiative, which includes a cohort of 10 startup companies working to scale Carbontech solutions, and the State's nation-leading, multi-billion-dollar renewable energy solicitations. Between 2015 and 2019, total clean energy jobs in New York State grew from about 141,000 to 164,000,<sup>1</sup>

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<sup>1</sup> See: <https://www.nyserda.ny.gov/About/Publications/New-York-Clean-Energy-Industry-Report>.

and the ongoing transition will continue to create significant economic opportunities for both new and existing businesses.

## 2. Build and Foster Strategic Industry Partnerships

As a means to help ensure that businesses and workers have the awareness and ability to reduce their GHG emission impact and act on green economic opportunities, the State should foster partnerships between new green economy businesses and existing firms and workers that could contribute to an in-state green economy supply chain. Existing examples of partnership initiatives include the New York Battery and Energy Storage Technology (NY-BEST™) Consortium, NYSTAR-funded technology commercialization centers, the EPA ENERGY STAR program for industrial facilities, and the new SUNY Offshore Wind Training Institute. Future State-supported partnerships could include other research and development consortia, industry associations and working groups, and partnerships with educational institutions.

## 3. Promote New York State Low Carbon Products and Services

By supporting the distinguishing, development and adoption of low-carbon goods and services made within the state, New York State can foster an in-state supply chain of green economy businesses who can help the State meet its climate goals, maximize the share of economic benefits from the State's clean energy investments that accrue to in-state businesses and workers, and enhance the early competitive advantage of this in-state supply chain for the long-term. Existing examples of such initiatives include California's Buy Clean Act and the EPA ENERGY STAR program for energy-efficient products. Future State initiatives should include a state-focused program to identify and promote best practices and industrial leadership in emissions reduction and low carbon products, the development of preferential procurement standards for low-carbon building and other materials, and coordination with other states and at a national level to develop mutual mechanisms to support growing markets for low carbon products, such as a database of common standards and environmental product declarations.<sup>2</sup>

### ***Challenges for New York State Industries and Workers***

The State's transition to a net zero emission economy will also present challenges and, in certain cases, require dramatic changes to existing industries. Over time, industries that currently account for significant levels of GHG emissions are likely to be required to improve their energy efficiency, transition to cleaner energy sources, adopt less GHG emission-intensive industrial processes, and employ other creative measures to capture and sequester carbon. This economywide transition to a net zero economy has the

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<sup>2</sup> For a related strategy to prioritize low-carbon products in government procurements, see the Industry Chapter of Section IV.

potential to cause anti-competitive impacts to in-state firms who compete against firms located outside of New York State. To address these challenges, the following strategies include measures to level the playing field.

### 1. Mitigate Energy Costs Increases

To ensure the ongoing competitiveness of the state as a home for energy-intensive economic activities, New York State should avoid severe and sustained industrial energy price increases. For businesses in energy-intensive industries that trade across the State's boundaries, increases to the price of energy may result in industrial disinvestment and, over time, the loss of economic activity to jurisdictions with cheaper electricity and/or fuel. Existing examples of policies and programs to offset energy costs for price-sensitive industries include NYPA's low-cost hydropower and power proceeds programs, utility-provided discount programs, and, outside of New York State, programs such as the cheap power provided by Washington State's Grand Coulee Dam and the State of Minnesota's energy discount program for certain energy-intensive and trade-exposed industries.

### 2. Ensure Energy Reliability

To maintain the uninterrupted ability of energy-intensive industries to operate, the State should provide a stable energy system to power industrial operations. In certain industries, such as semiconductor manufacturing, even brief losses of power can result in the immediate spoilage of large quantities of high-cost products, resulting in both revenue losses and delays in fulfilling customer orders. Ensuring a reliable energy supply is a challenge for all sectors of the economy, and additional planning on this challenge can be found in Section IV of the Scoping Plan in the Electricity Chapter. Existing initiatives relevant to ensuring reliable access to energy include NYSERDA technical assistance programs and NYPA energy services. Future initiatives may need to support industrial users' ability to secure reliable and back-up power by supporting the use of more resilient microgrids and installing on-site, renewable energy and/or storage.

### 3. Mitigate Anti-Competitive Impacts

To avoid disadvantaging the in-state firms and workers most vulnerable to GHG emission and energy sector mandates, the State should adopt mitigation strategies for industry that rely on incentive-oriented approaches such as financial and technical assistance programs and low-carbon procurement incentives, as described in the Industry chapter of Section IV of this Scoping Plan. Similarly, as is described in the next section, the State should avoid placing unattainable compliance burdens on the industrial sector in ways that simply drive emissions – and their economic activities – to a less climate-friendly jurisdiction.