



**ENVIRONMENTAL
ADVOCATES OF NEW YORK**

YOUR GOVERNMENT WATCHDOG

State Energy Plan Testimony

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Good morning. My name is Jackson Morris and I serve as the Air & Energy Program Director at Environmental Advocates of New York. Environmental Advocates's mission is to protect New York's air, land, water and wildlife and the health of all New Yorkers. We monitor state government, evaluate proposed laws, and champion policies and practices that will ensure the responsible stewardship of the environment. We also work to support and strengthen the efforts of New York's environmental community and to make our state a national leader.

On behalf of Environmental Advocates, I would like to begin by recognizing the leadership Governor Paterson has shown by reinstating the state energy planning process through Executive Order No. 2 after years of inaction by the New York State Legislature. However, this year both houses passed legislation to reinstate the energy planning board and process in statute, which was recently delivered to the Executive. **Environmental Advocates strongly urges Governor Paterson to sign this bill and ensure the continuity of the planning process under future administrations.**

We commend the hard work by the New York State Energy Research & Development Authority (NYSERDA), the Department of Public Service, the New York State Department of Environmental Conservation (DEC), members of the State Energy Planning Board and Energy Coordinating Working Group, as well as the staff at other state agencies and authorities who produced the Draft State Energy Plan.

It is clear that an enormous amount time and effort has gone into the Draft Plan, as for the most part it successfully summarizes New York's energy markets, sources and impacts. But Environmental Advocates has serious concerns regarding the plan's lack of specific timelines and milestones. While in its closing pages the draft states that such details will be included in the *final* version released later this fall, such an approach denies the public an opportunity to comment on those critical components of the plan. After all, **without such action items, deliverables and deadlines, the document reads more like an encyclopedia of our current energy resources than a strategic roadmap to meet New York's energy needs in the years ahead.**

The following are our brief comments on specific aspects of the draft.

Implementation

The Draft Plan repeatedly highlights the Governor's "45 x 15" energy efficiency and renewable energy platform, and rightly so—these targets are among the strongest in the nation. However, unless the pace at which these initiatives are implemented is dramatically increased, New York stands little chance of

meeting them. Per modeling by the New York Independent System Operator only 27 percent of the overall goal will be achieved.

In addition, the Public Service Commission (PSC) has only approved collections and funding for the initial phase of the “15 x 15” target through the end of 2011. While we recognize the importance of learning from the first phase before initiating the second, with so much of New York’s energy future hinging on the successful and *timely* implementation of 15 x 15, we strongly urge the PSC to begin proceedings in short order to approve the collections through 2015.

Looking beyond 2015, the New York must be prepared to reassess the findings of the 2008 Optimal Study that generated the MW/hr targets for all potential cost-effective efficiency. While 15 x 15 seeks to achieve the bulk of that potential, when carbon costs \$25-\$30/ton, the metric of *cost-effective* is inherently altered. The state must adopt a policy—and 15 x 15 is a great start—to achieve all cost-effective energy efficiency that is updated to reflect changing energy prices and technologies.

A similar situation exists with regard to the Renewable Portfolio Standard (RPS). While Governor Paterson has announced his intention to pursue an increase of the RPS from 25 percent in 2013 to 30 percent in 2015, that official proceeding has yet to begin. **We strongly urge the PSC to initiate that proceeding without delay, thereby increasing the state’s chances of meeting the target.** This expansion must also include full funding for the RPS over the long term, thereby providing the marketplace the regulatory certainty required to invest in New York on the scale necessary.

Also with regard to the issue of implementation, Executive Order No.111 was issued *eight years ago*. Due to a lack of coordinated reporting and aggressive action on the part of the state, we have failed to meet its efficiency target of reducing energy use 35 percent below 1990 levels by 2010. **State government must lead by example—if New York cannot successfully tighten up its own building stock over an eight-year period, how can the state ask the private sector and New York households to do so?** Environmental benefits of reduced energy demand aside, every day that passes without making these buildings more efficient costs taxpayers real dollars in wasted energy. At a time when New York faces a \$2 billion budget deficit, such a scenario is unacceptable.

Environmental Advocates also urges the Governor to amend Executive Order No. 111 to require state buildings to be carbon neutral within 10 years, through the installation of efficiency measures, on-site renewable installations, or purchases of renewable energy.

Carbon Price Modeling

In its current form, Draft State Energy Plan modeling includes some major flaws. However, these flaws can be corrected in the final plan. The Electricity Assessment Modeling section is missing a third reference case to be consistent with "Starting Point" and "SEP Policy."

There are two main problems that need to be addressed. First, there should be an aggressive energy efficiency program that runs through the planning period—not one that ends on December 31, 2015, as the Draft Plan lays out—leaving the final three years of the plan with no new progress on energy efficiency. Second, in the near future, there will be a federal cap and trade carbon policy and a significant price to emit carbon, these factors must be incorporated into all cases.

The Final version of the State Energy Plan must include a reference case with 1) an aggressive efficiency program through at least the year 2018; and 2) a meaningful federal carbon price so New York can realistically examine options for transmission and generation. Without these corrections, the

modeling in the Plan fails to paint an accurate picture for informed decisions by policy makers, which in the end should be the core purpose of the energy planning process.

We strongly urge the Board to make these adjustments to the Modeling in order to strengthen the Plan.

Climate Action Plan

Environmental Advocates strongly supports Executive Order No. 24 establishing a Climate Action Council and Plan for New York. We are particularly pleased that the Draft Energy Plan further outlines the specific near- and mid-term targets of a 25 percent reduction from 1990 levels in 2025. We call on the Governor and the Chair of the Climate Action Council Director of Operations Valerie Grey to engage stakeholders from the energy and environmental non-governmental community early and often in a substantive manner throughout the drafting of the Climate Action Plan, convening an advisory panel and prescribing definitive timelines and processes for involvement at regular intervals to ensure the plan is as strong as possible.

Low Carbon Fuel Standard

One vital component of the aforementioned Climate Action Plan will be how to reduce emissions from the transportation sector—the fastest growing sector of the state’s greenhouse gas profile. We are pleased the Draft Plan calls for advancing this initiative and strongly urge New York move the process beyond the discussion phase and finalize the framework of the program with a regional Memorandum of Understanding by the end of 2009. The agreement must incorporate provisions that ensure the program includes criterion qualifying biofuels as sustainably harvested and that ensure a full lifecycle emissions analysis for qualifying fuels in order to avoid a repeat of the failed corn ethanol mandate at the federal level.

Codes Legislation

We strongly support the Draft Plan’s recommendation to amend Article 11 of the Energy Law to allow for the adoption of more stringent building codes and fully fund code enforcement statewide. We look forward to working with the Paterson Administration and the State Legislature to pass such legislation in the coming months.

Solar Installations

In order to realize its full market potential, New York must pursue an aggressive solar strategy achieving 2000 MW of solar PV by 2020. A robust solar program will bring numerous benefits to New York residents, including: local grid congestion relief; long-term energy cost reduction and electricity price stabilization; and improved air quality and improved energy security. And since the state’s peak demand correlates well with solar output, an investment in increased solar generation will save all ratepayers money by reducing the most expensive wholesale electricity purchases.

We strongly urge Governor Paterson to accelerate ongoing solar programs at the New York Power Authority (NYPA), Long Island Power Authority (LIPA), NYSERDA and investor-owned utilities in order to achieve the 2000 MW by 2020 goal.

Net Metering

In 2008 Governor Paterson signed into law legislation that many, including Environmental Advocates, assumed would expand net metering in New York. Unfortunately, the implementation of that statute has run up against significant roadblocks, undermining the intent of the Legislature and Executive. We are pleased to see that the Draft Plan recognizes this problem and supports a fix for it. We will continue to aggressively pursue net metering legislation—again—to correct this problem and ensure

that non-residential customers are permitted to net meter on-site renewable systems sized to meet their annual energy use up to 2 MW.

Power for Jobs/Economic Development Power Programs

The Draft State Energy Plan includes a recommendation to extend NYPA's subsidized power programs, including Power for Jobs, for a longer time period, in addition to expanding the program. We agree that this suite of programs is in dire need of reform, but before any discussions of expansion and extensions occur the state must adopt requirements that any recipients undergo energy audits and make energy efficiency improvements—preferably with NYPA financing and support. Doing so will not only result in environmental benefits from reduced energy demand but also in significant economic development benefits to the state—the less kilowatt hours each recipient needs to operate, the more firms across which New York can spread the cheap power. The one-year extender Power for Jobs legislation signed this year by Governor Paterson was a step in the right direction, but much work remains to tighten up these wasteful and inefficient programs.

We look forward to working with the Executive, NYPA and the Legislature to adopt these reforms.

CCS

The Draft Plan includes a recommendation to enact legislation that addresses carbon capture and sequestration (CCS) technology. What role CCS may or may not have to play in the future of New York's energy mix is complex. However, the question of whether or not the state needs the Governor's program bill as written—to enable the construction of an unnecessary and prohibitively expensive new coal plant in Jamestown, New York—is simple to answer. New York State does not need this plant. Furthermore, pursuing and incentivizing an unproven technology to expand the burning of coal in a state with no viable coal reserves but hundreds of megawatts of untapped renewable resources makes no sense.

We continue to oppose the Jamestown plant and urge the Governor to follow the lead of the project's primary sponsor Praxair and walk away before additional taxpayer money is squandered on this boondoggle.

Marcellus Shale

Natural gas will inevitably serve as a bridge fuel during our transition to an energy mix dominated by renewable sources of generation and energy efficiency. But being the least dirty of fossil fuels does not make it clean. While emitting roughly half the carbon dioxide on a per kW/hr basis than coal, the volume of gas burned in New York still represents a major portion of our overall greenhouse gas emissions profile.

The Draft Plan presents a full scale endorsement of expanded natural gas drilling on both private and state-owned lands. Environmental Advocates believes that until New York State updates the regulations governing such projects to ensure our natural resources are protected and industry discloses the relevant information regarding toxic hydro-fracturing chemicals and impacts, no drilling in the Marcellus Shale should proceed.

Conclusion

Environmental Advocates of New York looks forward to continuing to work with the State Energy Planning Board and agency staff to adopt as strong a plan as possible and to supplementing the plan with a Climate Action Plan that will serve as a model for the nation on how to achieve the reductions in global warming emissions necessary to avoid the worst impacts of climate change. New York has the expertise to build upon the successes of the Regional Greenhouse Gas Initiative and other state

policies. Now we must muster the political will to lead the state successfully into a carbon constrained future.

Thank you for this opportunity to comment.

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