

Memorandum in Support of S.6163/A.8802

March 12, 2010

S.6163 (Aubertine) / A.8802 (Parment) - AN ACT to amend the public service law, in relation to a pilot program to enable the capture and storage of carbon dioxide; and to enact the "carbon capture and sequestration act"

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY represents almost 75 percent of the electric generating capacity in New York.

IPPNY supports the passage of S.6163 / A.8802, which also is Governor's Program Bill #45. These bills would provide a regulatory framework for the development and use of carbon capture and sequestration technology, which currently is not available commercially in a cost-effective manner. The success of the Regional Greenhouse Gas Initiative depends on the development and implementation of this essential technology, in order to achieve the required reductions in carbon dioxide emissions.

The development of this technology also is essential for businesses to comply with the Climate Action Plan as required by Governor Paterson's Executive Order #24. The governor's order establishes an ambitious goal to reduce greenhouse gas (GHG) emissions in New York State by 80 percent below the levels emitted in 1990 by the year 2050. The order creates a Climate Action Council, with a directive to prepare a draft Climate Action Plan by September 30, 2010. The Climate Action Plan will assess how all economic sectors can reduce GHG emissions and adapt to climate change.

Specifically, the bills would amend the existing major transmission facility siting process (Article VII of the Public Service Law) to establish a mechanism for the review and siting of a captured carbon transmission line. Under the legislation, captured carbon means carbon dioxide extracted from the emissions of power plants or industrial facilities. The bills also would add powers and duties of the New York State Department of Environmental Conservation, in relation to regulating carbon capture and sequestration. Among other provisions, the measure would establish a procedure for obtaining a carbon sequestration permit and would establish requirements related to the ownership of captured carbon and reservoir pore space.

The successful development and implementation of carbon capture and sequestration technology represents the next major step in addressing climate change. This action also would help the state meet its own energy needs using diversified and domestic fuels. Additionally, economic development would be spurred, stimulating significant private-sector investment, driving technology and innovation, and creating high technology jobs. Furthermore, the state would improve its energy security and reduce energy price volatility. New York State's businesses that are pioneering this technology then could export it throughout the world, as developing nations seek to power their growing economies using abundant and economical fuel supplies and, at the same time, limiting carbon dioxide emissions.

For the reasons stated above, IPPNY respectfully supports S.6163 / A.8802.

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