

Memorandum in Strong Opposition S.6032 / A.9031 and S.5888 / A.8901

September 09, 2009

S.6032 (Aubertine) / A.9031 (Cahill) - AN ACT to amend a chapter of the laws of 2009 amending the public authorities law relating to establishing the "green jobs-green New York act of 2009"; and amending the state finance law relating to establishing the green jobs-green New York fund, as proposed in legislative bills numbers S.5888 and A.8901, and to amend the public authorities law, in relation to the green jobs-green New York fund; and to repeal certain provisions of such chapter and the state finance law relating thereto

S.5888 (Aubertine) / A.8901 (Silver) - AN ACT to amend the public authorities law, in relation to establishing the "green jobs-green New York act of 2009"; and to amend the state finance law, in relation to establishing the green jobs-green New York fund

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 strongly opposes both S.6032 / A.9031 and S.5888 / A.8901. Remarkably, these legislative measures ignore the fact that the Board of Directors of the New York State Energy Research and Development Authority (NYSERDA) adopted on April 27, 2009 a plan for the use of allowance auction proceeds under the Regional Greenhouse Gas Initiative (RGGI). These bills now seek to reallocate \$112 million in RGGI monies, in a manner that could produce fewer reductions in greenhouse gas emissions and smaller consumer benefits than NYSEDA's plan will provide.

The diversion of these funds is unnecessary, given that NYSEDA's plan already provides significant resources for energy efficiency programs, including those to be targeted in environmental justice areas. Additionally, according to the draft New York State Energy Plan, average annual spending through 2015 on efficiency programs administered by the utilities and the state's energy authorities is expected to approach \$1 billion, consisting of:

- \$330 million in the New York State Public Service Commission's expected authorization of utility and NYSEDA spending on electricity programs (in addition to the System Benefits Charge) and \$130 million on gas efficiency programs
- approximately \$175 million for NYSEDA's programs through the System Benefits Charge
- \$135 million in planned spending by the New York Power Authority
- more than \$90 million in expected spending by the Long Island Power Authority

Furthermore, the New York State Division of Housing and Community Renewal is administering more than \$500 million for the Weatherization Assistance Program over the next two years.

Also, New York State is the recipient of funding from the American Recovery and Reinvestment Act (ARRA) that includes resources for energy efficiency from the following sources:

- approximately \$129 million from the State Energy Program
- over \$29 million from the Energy Efficiency and Conservation Block Grant Program, which will provide for energy efficiency activities in small cities and municipalities
- funding for clean energy activities through the Large Cities Program to be implemented directly by large municipalities

New York's energy efficiency initiatives are complemented by activities at the local and federal levels that range from enhanced energy efficiency activities, appliance and equipment labeling programs and tax credits, such as those from PlaNYC, the Federal ENERGY STAR, and Federal Tax Incentives. These existing, well funded programs already are positioned to provide services to those that would qualify and benefit under this proposed legislation.

The activities outlined in NYSEDA's adopted plan, in conjunction with other existing state programs, are designed to reduce emissions, which contribute to climate change across the economy, while also encouraging investment in the technologies that are needed to achieve emission reductions consistent with a science-based goal of stabilizing atmospheric greenhouse gas concentrations at a level adequate to prevent catastrophic consequences due to climate change. NYSEDA's combined short-term and long-term strategies set the stage for growth of New York's clean energy economy. NYSEDA's strategies are intended to provide the following significant benefits, including emission reductions of up to 8.3 million tons (equal to removing approximately 100,000 cars from the road), customer energy bill savings of more than \$1 billion dollars, a 6.5 million barrel reduction in oil imports, and the creation or retention of thousands of jobs.

Importantly, the bills would divert necessary funding slated to be provided under NYSEDA's plan for an advanced renewable energy program. According to NYSEDA's plan, the program can reasonably be expected to support the demonstration of up to ten renewable generation pilot projects, several energy conversions and repowering projects, and characterization and evaluation of up to twenty sites for potential development of renewable generating technologies. The advanced renewable energy component of the program will support site-specific pre-development activities that will foster the market introduction of a broad range of renewable energy technologies in New York, including advanced biomass, tidal and off-shore wind technologies.

Additionally, this legislation would divert monies to be provided under NYSEDA's plan for the development of carbon capture and sequestration (CCS) technology. CCS does not exist today in a commercially cost-effective manner and is essential for the successful implementation of the RGGI program, in order to achieve the required emission reductions.

Ongoing support of renewable energy programs and the successful development and implementation of CCS technology represent major steps in addressing climate change. These actions 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. Ultimately, the state would improve its energy security and reduce energy price volatility.

NYSEDA's plan strikes a balance between identifying and capturing today's most cost-effective greenhouse gas reductions and investing in long-term strategies and technologies that are necessary to make a significant and sustainable impact on climate change. In the near term, RGGI programs will help reduce the cost of energy for New Yorkers and free energy dollars to invest in other products and services. Long-term programs will stimulate activity in New York's new energy programs and maintain the momentum and economic benefit initiated by the short-term programs. Utilizing the RGGI auction proceeds, as envisioned in NYSEDA's plan, will prepare New York to realize the next generation of technologies required for the state to advance its comprehensive climate change goals. These goals should not be undermined by legislation to create a program that provides services that already are available, are being implemented and regulated properly, and are funded sufficiently.

For the reasons stated above, IPPNY respectfully strongly opposes the passage of both S.6032 / A.9031 and S.5888 / A.8901.

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