



Communities Against Regional Interconnect

Working together to protect the economic, environmental, historic and cultural resources of the upstate New York region.

July 8th, 2008

Communities Against Regional Interconnect
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Energy Plan Comments
NYSERDA
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CARI Comments on the Draft Scope of 2009 New York State Energy Plan A Working Paper for The New York State Energy Planning Board

I. Summary

Communities Against Regional Interconnect is providing comment on the Draft Scope of the 2009 New York State Energy Plan on behalf of our communities and the citizens we represent in New York State.

II. Organization Background

Communities Against Regional Interconnect (CARI) is a non-profit organization of seven New York counties and five community interest organizations formed to promote the conservation of natural resources, including scenic and aesthetic resources and natural beauty; to protect the environment, including wildlife habitat, flora and fauna, and other biological values; to preserve historic sites, including those containing archaeological or cultural resources; and to promote the orderly development of the areas within New York State in which a 190-mile in-state overhead transmission line is proposed to be constructed by New York Regional Interconnect, Inc.

The members of Communities Against Regional Interconnect are: Madison County, on behalf of the citizens thereof; Broome County, on behalf of the citizens thereof; Chenango County, on behalf of the citizens thereof; Delaware County, on behalf of the citizens thereof; Oneida County, on behalf of the citizens thereof; Orange County, on behalf of the citizens thereof; Sullivan County, on behalf of the citizens thereof; STOP NYRI, Inc.; Upstate New York Citizens Alliance; Say No 2 NYRI; Upper Delaware Council; and the Upper Delaware Preservation Coalition.

III. Recommended Guiding Principles

CARI believes that the State Energy Plan should have as one of its fundamental tenets the proposition that wherever possible, energy supply facilities should be developed as close as possible to the energy demand centers they serve, taking advantage of opportunities for load management, efficiency and conservation strategies, distributed generation, alternative energy technologies and a resulting reduction in reliance on long distance transmission of energy, which promises to be increasingly expensive.

Where the location of energy resources (e.g. wind or water potential, natural gas or oil reserves) are compatible with state, local and regional economic development plans, requires long distance transportation, via wire, pipeline, rail or highway, multi-media use of existing or new transportation corridors should be a priority consistent with the protection of public health and safety; the preservation of natural and cultural resources; and a recognition of the costs of impacts to these resources in the evaluation of public need for and benefit of energy facilities, especially those remote from the demand centers they serve.

Finally, the State Energy Plan should include provisions that assure the public a full and adequately funded voice in the energy facility approval process and especially if that process is a streamlined one designed to rapidly deliver decisions on whether and how energy infrastructure should be built or upgraded.

IV. Comments on the Draft Scope of the 2009 Energy Plan

Section (A)(a)

The development of long-range energy policies should not only include strategies appropriate to increase energy supply and reduce energy demand, factors should be considered in a priority ranking based on public concern. A prioritized list of factors will provide a clear road map to determine which elements should receive greater emphasis in developing the 2009 New York State Energy Plan and the implementation of the Plan. CARI proposes the following priority ranking of factors including two additions:

- (i) protection of public health and safety
- (ii) preservation of the State's natural resources
- (iii) the reduction of greenhouse gases
- (iv) energy conservation and efficiency
- (v) clean and renewable energy resources
- (vi) development of distributed generation
- (vii) revenue decoupling
- (viii) consumer cost impacts
- (ix) the needs of vulnerable communities
- (x) the relative economic competitiveness of the State
- (xi) diversity of fuel supplies
- (xii] maintenance of reliable electric and gas systems
- (xiii) existing energy policies and objectives including the Statewide Transportation Plan and State (Air Quality) Implementation Plan

The scope should include a process to answer to the following:

What are the characteristics of a “vulnerable” community? How does one identify a vulnerable community?

- i. Vulnerable to what?
 - environmental impacts?
 - economic impacts? Including those on local and regional economic development plans and initiatives from proposed energy projects.
 - rate impacts?
- ii. What needs should be recognized in the analysis of community vulnerability?
 - community character?
 - resource preservation?
 - economic growth?
 - rate stability?
 - impact on local and regional zoning and land use plans for economic and community development?

How are consumer costs determined?

- i. What is the Interplay between needs of vulnerable communities and consumer cost impacts?
- ii. What are the protections against electric cost increases especially where there is not an opportunity for increased access to power via transmission line take off or for electric cost reductions (e.g.) with bulk D.C. power transmission where mid-line power take off is generally not available and electric cost benefits along the route are difficult to identify.

How do we compare the value of the State’s natural resources in the face of energy concerns?

- i. What consideration should natural resources be granted in the face of a need to increase energy supply?
- ii. Does preservation of resources commend a policy of undergrounding for transmission projects?
- iii. What is the role of DEC and its natural resources division(s) in development of the Plan? How can adherence with local environmental laws and federal environmental standards be ensured to the maximum extent possible?

How do energy conservation and efficiency fit into the energy equation?

- i. How should the potential for energy conservation and efficiency be evaluated and credited in public need evaluations for energy supply increases?

What needs to be considered in disproportionate Health and Environmental Impacts?

One of the elements required to be considered is the assessment of the impacts associated with electricity production and energy use on public health and the environment, including communities that are burdened disproportionately by health and environmental impacts.

- i. Disproportionate impacts are also imposed by transmission facilities, not just those for electricity production (and use).
- ii. Consider means to evaluate, quantify and internalize to the proposed project the disproportionate impact on communities and means to avoid or offset such impacts.

Revenue Decoupling

Much of the discussion concerning revenue decoupling has focused on the relationship of revenues to reduced electricity sales resulting from demand side management (DSM) and energy efficiency initiatives.

DSM and Energy efficiency initiatives, if successful, result in a reduced volume of electricity sales. Reduced sales result in reduced revenue. Consequently, both generators and transmission owners have an economic disincentive with respect to DSM and energy efficiency. Revenue decoupling has been widely discussed as the way to eliminate that disincentive - literally by decoupling revenue from sales. That is to say, revenue would be essentially guaranteed at some forecast level, regardless of whether energy efficiency measures resulted in a lower volume of electricity sold or moved.

Section (A)(b)

Demand forecasts should also include data related to conservation, distributed generation, alternative fuels and evolving alternative technologies.

Section (A)(c)

When determining supply requirements, scope should include an emphasis on local supply resources including alternative energy resources and alternatives to petroleum coal and natural gas such as biomass and geothermal. Set targets for local supply resource-production as a factor in forecasting (and reducing) projected demand, and in meeting the goal of economic development through incentives and policies that spur local supply resource-production, alternative energy production and conservation.

Section (A)(d)

Assessments of existing electric generation, transmission and distribution systems should be prioritized to first consider energy efficiency and conservation before new transmission facilities, secondly, upgrading existing transmission systems with newer technology such as composite cabling, thirdly, combining systems in existing multi-use highway and transmission corridors and lastly, considering new infrastructure projects. If new transmission infrastructure is needed, undergrounding with proper shielding in population centers needs to be required. Proximity of generation resources to the load center should be a primary factor in assessing future need over the forecast period. Moreover, all forecasts of “resource supply requirements” should be qualified to account for reduced transmission and distribution needs, as a result of targeted local supply resource-production.

Section (A)(e)

Projections of energy prices should include models based on de-coupling energy rates and re-regulation of the energy market as comparisons to current projections under de-regulation.

Section (A)(f)

Assessments of cost for renewable alternatives should take into consideration externalized costs of traditional energy production in terms of related environmental impacts, health, carbon emissions, and increased maintenance costs of existing facilities using current energy technologies. Moreover, the reference to “alternatives to traditional energy resources, . . . which are reasonably available [emphasis added] for satisfying energy supply requirements” implies a skepticism of these alternative energy technologies. Rather, the State should unconditionally and proactively pursue these alternatives, given the rising costs, finite resources and negative environmental impacts of traditional energy production.

Section (A)(g)

Assessments of impacts on communities disproportionately burdened should include complete demographics and economic data as part of the analysis and scope.

Section (A)(h)

Scope should not only include review of current environmental policies and programs but also study the long-range effects of current and proposed programs related to environmental issues such as water quality, watershed protection and fragmentation of our State Forest Lands. Specifically, laws that are out of date or out of step with today’s technologies and market demands should be revisited and changed.

An example is the New York State Environmental Conservation Law Article 23 (Mineral Resources) Title 3, which “supersedes all local laws or ordinances relating to the regulation of the oil, gas and solution mining industries.” This law and others like it must be changed to account for industry changes and increased market demand for this type of extraction, in particular to protect communities and the environment from the cumulative effects of industrial processes like natural gas and oil drilling on individual

properties, which is currently permitted and subject to environmental review at the level of individual developments—not in terms of impacts that multiple drilling sites might have on an area.

Moreover, the aggregate effects of energy production and distribution within different sectors must be examined when one discusses impacts—and the net effects of extraction, production, transmission and distribution through a community must be examined in the aggregate, despite the fact that these processes might be overseen by different public entities. For example, the fact that natural gas drilling and extraction are administered and permitted by the DEC and that natural gas transmission pipelines are administered by the PSC is problematic: it fragments the review of impacts on a community by artificially separating two processes which are linked inextricably.

Local review of infrastructure impacts and open storage pits for fracturing fluids must be included as part of the process. Requiring the use of steel tanks for storage of fracturing fluids used in natural gas drilling when drilling permits are issued within the 100 and 500-year flood plains is a necessary measure. New York State energy policy should include plans to ensure that localities are compensated for road impacts (as well as other infrastructure impacts) prior to issuing a drilling permit.

Section (A)(i)

It is important for carbon mitigation programs to include a multi-state cooperative plan as part of New York's overall carbon mitigation measures. For example, if New York imports power from outside the New York control area, the state should work to ensure energy is not generated by "dirty coal" plants outside of New York, which contributes to poor air quality in New York State.

Section (A)(j)

Reducing vehicle miles traveled to reduce the environmental and health impacts of using traditional and alternative fuels should include a comparison of the traditional workplace model versus a distributed workplace model. Distribution of economic resources should be included as it relates to reducing vehicle miles traveled to economic centers.

Section (A)(k)

State programs providing incentives to business owners, homeowners, and consumers to use green energy, energy efficient devices, participate in conservation and other demand side reduction measures are an important consideration. Programs employing the philosophy of "a watt saved is worth as much as a watt generated" can have a significant effect on how energy is produced, distributed and used. Support for economic growth must be based on principles of environmental and economic sustainability; development of a clean energy economy must be a high priority within program goals for supporting economic growth.

Section (A)(l)

Comparison of international energy prices should be included as well. New York State must be competitive on an international as well as a domestic level in the overall global economy.

Section (A)(m)

Development of the 2009 Energy Plan must include a review of and recommend changes in New York's environmental laws and environmental justice policies as needed to ensure that communities and natural resources are protected from the anticipated cumulative effects of energy production, transmission and distribution practices.

Moreover, policies must be developed to balance and compensate for economic impact gains to individual property owners or companies that may result in externalized costs on other owners, municipalities or the general public.

Section (A)(n)

Consider regional involvement to work on these recommendations.

Section (A)(o)

Consider regional involvement to work on these recommendations.

Section (B) - Technical and Issue Briefs

Include technical assessments on distributed generation and transmission alternatives (local generation compared to transmission).

Section (B) - Meeting Future Energy Needs

Issue briefs should take into consideration conservation and energy use education and encourage building economic growth around an environmentally responsible model. Use more efficient transmission technology (e.g., new, light weight wiring) to maximize use of existing infrastructure right-of-way.

Section (B) - Energy Infrastructure Needs

Focus on additional programs to meet New York's Energy needs within the borders of New York State in contrast to using sources outside the New York control area such as Ohio's dirty coal plants and Canada's foreign energy sources. Utilize existing energy and transportation corridors before proposing new energy corridors; have NYS establish NYS owned and controlled corridors where new corridors are needed as opposed to having private market forces propose corridors; use new innovative technologies and energy generated in New York State to meet State energy demands.

Section (B) - Siting New Energy Infrastructure

Include new technologies and undergrounding in existing transmission and transportation corridors as acceptable primary alternatives before considering new transmission corridors. Address health impacts related to transmission located over transportation corridors and the impact on public safety related to the multi-media use of existing/new energy/transportation corridors to maximize route availability while minimizing environmental impact. Require new/rebuilt infrastructure to accommodate potential multi-media infrastructure use (electric, gas, communications, vehicular). Include a means to quantify and recognize external project costs (such as those now borne by others, impacts to community character, visual resources, economic impacts to

various property values) and internalizing these costs to the project, or recognizing them in the public need/cost benefit evaluation. Set-up a means for project sponsor funding for stakeholder pursuit of public interest issues including intervener funding in all energy infrastructure proceedings.

Section (B) - Energy Costs and Economic Development

Determine New York's economic competitiveness on an international level in addition to the domestic outlook. Take into consideration the increased costs that certain generators will face in more competitive states if federal legislation requires carbon emitters to pay costs associated with not sequestering carbon emissions. This may lead to New York being in a better position in a carbon-constrained environment.

Section (B) - Health Impacts of Energy Use

Increased health costs related to increased energy generation and transmission facilities should be objectively studied and communities where these facilities are located should not be burdened with additional health care costs associated with these facilities. Scope should include studying the health benefits of reducing overall energy consumption on host communities.

Section (B) — Environmental Justice

Determine the areas disproportionately hosting energy facilities and equalize the distribution of new generation resources across all demographics regardless of economic considerations. In other words, there should be just as many generating facilities in an economically well off community as there are in an economically challenged community. Location of generation facilities should be determined by per capita energy usage and close to the load pocket.

Section (B) - Meeting Transportation Needs and Alternative Transportation Options

Include data related to a distributed economic model outlining the benefits if economic and government centers were distributed throughout New York State resulting in less vehicle miles traveled if viable jobs were created within local communities. Include a study of programs and economic incentives that would encourage employers including the State to decentralize large corporate, governmental centers and other business activities into regional hubs, particularly in distressed communities that have available power and other infrastructure, reducing vehicle miles traveled and reducing need for new transmission and power generation facilities (including program incentives for car pooling) using mass transportation and alternative transportation. A mandate to coordinate and rationalize transportation corridor planning, make maximum use of existing, rebuilt and new transportation corridors recognizing that movement of goods by highway, rail or pipeline, and of electricity, data or communication by wire all typically involve the clearing of linear routes to and from population centers.

Section (B) - Climate Change

Consider including individual and community based initiatives in this issue brief.

Section (B) - Environmental Impact and Regulation of Energy Systems

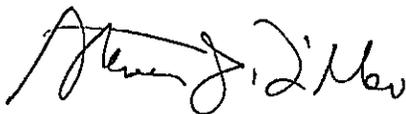
Can environmental and adverse economic costs be quantified and internalized as part of the project cost for consideration of cost/benefit analysis? Explore how to quantify costs related to impacts to community character, environmental resources, private property values and economic development. Explore the possibility that New York State can be economically viable without consuming more energy. The assumption is that New York needs to consume power at increasing levels to be economically viable, the alternative is that through the use of energy efficiency standards, conservation, demand side reduction and use of alternative energy, New York can be energy independent and economically viable. Private gain to individual property owners or companies from energy related activities, including the extraction of mineral resources must not come at public loss through costs or deleterious effects imposed on other individuals, municipalities or the general public.

Section (B) - Regional Energy Issues

In considering New York State power imports, consider the generating source of the energy. Power transmitted from certain neighbors in the Midwest is generated by dirty coal plants resulting in "coal by wire transmission". These plants to the west pollute New York State with their emissions due to prevailing wind patterns. To import that energy into New York State would not contribute to the development of a clean energy economy in New York State. The energy source must be included in the scope of this issue brief. Local supply resource-production and clean-energy sector growth must be prioritized over long-distance transmission, either for import or export, of fuels and power.

Thank you for considering our comments. Please feel free to contact us should you require clarification or further information regarding any of the comments included in this document.

Sincerely,



Steve DiMeo
Chairman
Communities Against Regional Interconnect