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**Assemblyman Kevin Cahill, Chair of the Assembly Energy Committee
Comments Draft State Energy Plan
SUNY-New Paltz, September 24, 2009**

Introduction and Overview

First and foremost, I applaud Governor Paterson for continuing to demonstrate that he is the leading government executive in nation when it comes to energy policy. I appreciate the remarkable efforts undertaken by Tom Congdon, Deputy Secretary for Energy, New York State Energy Research and Development Authority (NYSERDA), Department of Public Service (DPS), Department of Environmental Conservation (DEC) and all of the members of the State Energy Planning Board who have participated in the 2009 draft New York State Energy Plan.

Once completed, the Plan will provide the foundation for the comprehensive process called for in State Energy Planning statute signed by Governor Paterson last week. The policy objectives and goals in the Plan provide a basis for New York State to meet its energy needs in a manner that is economically viable, environmentally sustainable and socially equitable. More importantly, it puts New York on the path toward energy independence.

I am proud to note that the Legislature and the Executive have already made significant progress on many of the policy objectives recommended by the draft Plan.

- The Green Jobs / Green New York Program and the expansion of financing opportunities through the New York Power Authority will significantly boost our energy efficiency efforts while fostering the development of a sustainable green workforce.
- We enabled the Office of General Services to lead the way towards greening state's facilities and vehicle fleet.
- We also increased opportunities for public participation in the Article VII transmission siting process, by providing for intervenor funding.
- Our efforts to encourage university and industry partnerships around renewable energy generation and storage technologies will leave New York well positioned to compete in the 21st Century economy.

These and other collective actions have established New York as the clear leader in developing modern energy policy.

The draft Plan and the new statutory planning process present us with an opportunity to go even further. New York State's "45 by 15" initiative for renewable power and energy conservation is at once ambitious and does not go far enough. As impressive as those targets are, particularly when compared to other states, we should expand them to instead strive toward energy independence. Such a

fundamental shift in our basic mindset will get policymakers to think in terms of how we can best use renewable power, energy efficiency, indigenous resources and infrastructure enhancements to help satisfy our most pressing needs while addressing long term energy security at the same time.

Adhering to conventional goals and approaches runs the risk of funneling precious resources to the technologies and techniques du jour in order to meet arbitrary benchmarks. Setting our sites on energy independence will allow for new thinking, new models and signal to the rest of the world that New York is serious about being the leader in energy innovation.

Specific Comments and Recommendations

Guidance and Timelines for the Implementation of Recommendations

The draft Plan, along with its sixteen supporting Issue Briefs and Assessments, provides a relatively good snapshot of New York's existing energy policies and programs. While it does provide over eighty recommendations, it does not establish actual guidance for implementation, timelines and milestones for those recommendations; nor, does it provide information on how accountability of the various State energy policies and programs will be measured and verified. The draft Plan notes that the implementation planning for the recommendations will be presented in the final document; therefore, regrettably not subject to public comment prior to final approval by the Board.

Energy Efficiency and Distributed Generation

I agree with the draft Plan's emphasis on energy efficiency and distributed generation. Improvement in these areas is the quickest and most effective path to reaching our policy objectives. New York State is already a leader in energy efficiency policies. These expressed values have resulted in structural changes in the marketplace, leading to the adoption of new technologies and practices. As the draft plan noted, there are numerous programs that have encouraged both commercial and residential consumers to change and improve their energy usage. Specifically, the draft Plan highlights the four largest energy-related programs administered in New York: Systems Benefit Charge (SBC); Renewable Portfolio Standard (RPS); Regional Greenhouse Gas Initiative (RGGI); and Energy Efficiency Portfolio Standard (EEPS).

While these programs are valuable in promoting a clean energy economy that supports efficiency and renewable resource and technology development, not one of the draft recommendations calls for any aspect of these energy-related programs to be statutorily authorized. Rather, several of the recommendations call for additional action by the Public Service Commission to expand or extend their Consent Orders to accommodate future needs. Continuation of these publicly funded programs should have statutory authorization to ensure greater public accountability and programmatic long-term predictability. This aspect of predictability is especially critical to businesses who want to improve their energy efficiency and seek State assistance under one of the various programs and for those commercial interests seeking to build new renewable capacity but are dependent on programs such as the RPS.

The draft Plan also supports implementing alternative financing programs to fund energy efficiency retrofits. The Assembly has already advanced innovative sources of funding and would welcome the Energy Planning Board's specific suggestions to promote additional

“alternative” financing for cost-effective energy efficiency improvements in the final draft. The Green Jobs-Green New York Act of 2009 represents significant progress in this realm. It has been passed by both the Assembly and the Senate and, given the partnership with the Governor in the development of the Act, I am confident that he will soon sign this legislation into law.

The draft Plan seeks to encourage deployment of distributed generation (DG) through improved net metering laws. This is an important “fix” to the net metering law which is generally supported by the Assembly. I appreciate the extraordinary efforts undertaken by the Deputy Secretary for Energy and the Assistant Secretary for Renewable Energy to help forge a consensus in this area.

Energy Code

I fully support and agree with the draft Plan’s call to up-date the State’s Energy Code and improve training and compliance initiatives. To that end, the Assembly Energy Committee is reviewing this legislation to ensure that localities that are responsible for enforcing codes changes are appropriately trained and funded and that codes changes do not result in unreasonable costs to builders and home owners.

Marcellus Shale

The draft Plan encourages the private investment in and development of the Marcellus Shale natural gas formation with environmental safeguards that are protective of water supplies and natural resources. This concept is controversial and the environmental concerns associated with extracting this resource must be thoroughly and publicly vetted prior to broad consideration as a source of natural gas in the State’s long-term energy plans. That said, the extraction of natural gas we import from other states is not environmentally benign. New Yorkers simply can not leave their environmental concerns at the stateline. Nor can we ignore the significant economic benefits it would bring to our State. Extraction of natural gas from the Marcellus Shale formation within our borders is something that warrants full exploration.

It is important to note that in order to achieve energy independence, we will need a significant conventional sources of energy, at least for the foreseeable future. In natural gas, New York State has the potential to develop a reliable indigenous long-term supply. This can ensure economic development and protect consumers from the market volatility that fed some of the dramatic cost spikes of 2008. Assuming that landowners and the environment and in particular the Watershed can be protected, it is essential to consider the value of the natural gas under New York soil in a comprehensive State Energy Plan.

Article VII and X

The draft Plan supports the reauthorization of the Article X power plant siting law that provides for early and meaningful public participation with intervenor funding and early identification of environmental justice concerns. The Plan also seeks to amend Article VII of the Public Service Law (PSL), the transmission siting statute, to provide for intervenor funding to improve public participation. The Assembly supports both of these concepts and has passed legislation to accomplish these goals. The Board’s explicit support in the final Plan for these measures put forth by the Assembly would further the opportunity for them to become law sooner.

Transmission and Distribution

The draft Plan supports the upgrade and replacement of our aging transmission and distribution infrastructure to maintain electric system reliability. Any such investments in the grid should be sensitive to local concerns and take advantage of the latest technological developments.

The draft plan fails to take positions regarding specific transmission proposals, citing instead ongoing industry analyses. An independent and objective energy planning board cannot afford to be overly deferential to industry sponsored studies and assessments.

The New York Power Authority is currently exploring the feasibility of two major transmission projects that would import power from Canada and PJM Interconnection. Perpetuating our reliance on energy from sources outside of the state will continue to leave our economy vulnerable to price fluctuations caused by circumstances that exceed the scope of our influence. Further, purchasing power from PJM, where 55% of the energy supply is produced by coal burning technologies, is in direct conflict with our carbon reduction priorities. The final plan should offer positions on each of these proposed projects.

Nuclear

The draft Plan supports re-powering and replacement of existing nuclear power plants under certain circumstances. In addition to the fact that a permanent repository for high-level radioactive waste has not been sited or built, there are a vast number of environmental, health, safety, security concerns, and environmental justice issues that have remained unanswered for generations. These matters deserve to be seriously addressed prior to considering re-powering or replacing nuclear power facilities in New York State. Therefore, recommendations that support re-powering or replacing nuclear facilities in New York State before such a truly comprehensive safety, health, security cost and environmental assessment can be completed have no place in a final Plan.

Carbon Capture and Sequestration

The draft Plan endorses Carbon Capture and Sequestration legislation that will provide a siting process to guide the demonstration of this technology. While the concept of capturing and perpetually storing carbon dioxide may be appealing to some as a “quick fix”, focusing significant time, effort and money into this type of project will likely yield limited results and may direct attention away from energy efficiency and renewable energy development to reduce carbon dioxide.

University / Industry Partnerships

The draft calls for fostering collaboration among academia, research and development organizations, national laboratories, and private businesses and industry to accelerate the commercialization of emerging clean energy technologies by New York-based firms. This is an important recommendation that, if fully implemented, will help revitalize our economy and further accelerate New York’s continued commitment to invest in green jobs. For example, solar power will play a critical role in our energy future and economic development in New

York, and supporting organizations such as the Solar Energy Consortium in the Hudson Valley to develop clean energy is essential.

Environmental Justice

The draft Plan recommends developing energy facility siting and permitting criteria that assess disproportionate health risks and environmental impacts on potential environmental justice areas. The need for environmental justice action that focuses on improving the environment in under-served communities, specifically minority and low-income communities, and addressing disproportionate adverse environmental impacts that may exist in those communities is critically important and should be an integral part of energy planning efforts in New York State. This recommendation, if it is broadly applied, would demonstrate the State of New York's commitment to ensuring that all communities are afforded fair treatment and meaningful involvement in decision-making through governmental procedures which will safeguard residents' health and welfare, and achieve environmental justice.

Transportation and Smart Growth

I support the draft plan's recommendations on expanding and improving our existing transportation infrastructure. I agree that the State should be encouraging development around our mass transportation systems. The draft plan fails to place sufficient emphasis on the need for new mass transit options for the significant portions of the state that currently do not have access to efficient transportation alternatives. Similarly ignored is the long overdue development of high speed rail in New York State. The final plan should provide a more extensive assessment of opportunities in these areas.

Public Involvement

The draft Plan made several recommendations pertaining to the need to provide and enhance mechanisms for early, fair and meaningful public involvement with transparency in energy-related decisions. Applying "sunshine" to all aspects of energy policy is necessary to ensure that public is fully protected and consumers are not subject to unfair market practices.

Need for Long Term Planning Consistency

As a general note, the draft Plan states that it has developed this plan with a ten year planning horizon; however, there are numerous dates throughout the entire document and its attached briefs and assessments that do not adhere to such a timeframe. For instance, in the renewable assessment, several projections of the potential electricity generation from renewable sources are through 2018, cost assessments for building capacity are through 2015, and RPS estimates are through 2013. These and other seeming inconsistencies are in several other assessment documents and should be addressed in preparing the final plan.

Conclusion

Thank you for the opportunity to comment on the draft Energy Plan. I look forward to continuing our work toward finally establishing a truly comprehensive energy planning process in New York State.