

**2009 NYS Energy Plan
Public Hearing**

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On behalf of MACNY, the Manufacturers Association, thank you for the opportunity to speak today, and to allow public comment on the New York State Energy Plan. As you may know, MACNY is a trade association representing over 330 companies with over 55,000 employees across nineteen counties in Upstate New York.

With the majority of our membership comprised of energy intensive industrial manufacturing, a large focus of our advocacy efforts revolves around lowering the costs of energy for the statewide manufacturing community. In the limited time I have available today, I will be addressing MACNY's concerns with the Energy Plan's inevitable impact on state-imposed costs to electricity, and focus on the need for more diversified sources and programs as a way to reduce already high costs.

In its current format, the Energy Plan draft promotes its main cost reduction strategy to be by increasing energy efficiency, with a goal of a 15 percent reduction in usage through efficiency by 2015. While this number is aggressive, it lacks any assurance that costs to electricity that which are already high will not see impacted increases as part of its solution. While MACNY and its comprised membership has always advocated for energy efficiency standards, In order to have full support by MACNY and its membership, a plan moving forward would need specific statements that existing energy efficiency, demand response and environmental emissions reduction programs and policies remain at minimal cost to manufacturers and businesses alike. MACNY believes further research and analysis of the impacts on both outcome and cost need further investigation before going forward.

High energy costs in New York affect all consumers – from residential to industrial businesses alike. Recent information collected from the Energy Information Administration's data indicates that New York's energy prices for industrial customers are two to three times higher than in some other states – states that compete with New York for attracting and retaining manufacturing jobs.

Much of this has to do with current fuel sources. In recent years, New York's industrial sector has relied primarily on oil, followed by natural gas, and coal. Reliance on a confined portfolio of fuel sources for electricity production makes prices unpredictable, limiting a manufacturer's ability to react to or control energy costs. Another significant portion of the energy cost disparity is due to the costs imposed to fund statewide energy efficiency and environmental initiatives. The Regional Greenhouse Gas Initiative, the Energy Efficiency Portfolio Standard, the Renewable Portfolio Standard, the Systems Benefit Charge, and the Public Service Law 18-a assessment are all concrete examples of past enacted electricity initiatives that will be costing upwards of \$1.5 billion annual to New York State taxpayers.

In moving forward, which MACNY believes energy efficiency standards are an integral part of a full and comprehensive energy plan, additional resources are in need of being identified, or at least utilized in the best interest of New York State residents if they already exist.

One such method that was addressed in the State Energy Plan that addresses available sources is in the creation of a long term economic development power program to replace the current short term programs. MACNY has long lobbied for the creation of a long term economic development power program, one that which would address high electricity costs, energy efficiency standards and available resources. The Energy Plan recognizes the long overdue need do away with the short term power programs and create a long term solution. Generally, MACNY supports this statement. Specifically, MACNY will continue its efforts with the business community in working with Albany lawmakers to support the following measures, all of which should be included in a statewide energy plan going forward:

- Phase the current economic development power programs into a single, state-wide comprehensive economic development power program
- Allocate the 455 megawatts of hard-wired hydropower from the Niagara and Saint Lawrence-FDR hydroelectric projects to support these economic development power programs
- Reduce taxes and other statutory and regulatory costs on energy
- Create economic development power program with one single application and specific across-the-board selection criteria to include job retention, creation, energy efficiency and capital investment
- Establish a seven year minimum term for contracts under the new economic development power program, provide yearly eligibility review and contract extension, and establish a 180-day cure period for program participants to allow businesses to draft annual budget forecasts with a set price for their energy costs

Another mention in the State Energy Plan is the need for a new siting law for electric generation. New York's Article X Siting law expired in December 2002, halting plans to construct much needed new electricity facilities, which are essential factors into improving the State's energy supply. Since 2002, various versions of the Article X proposal were brought to the table, yet nothing has been settled on, halting the process for another year. The Energy Plan's focus on the Siting Law tends to focus more on public participation and intervener funding, and less on the specific approaches needed to expedite review and passage into Law. Simply put, a new Law is critical in order to encourage the construction of new electric generating capacity, electric and natural gas transmission and distribution facilities and other energy infrastructure, with a focus on building generation facilities where demand is greatest -- particularly in downstate New York. The goal should be to keep more Upstate power Upstate -- to stabilize supply and costs -- and Promote competitive markets and additional sources of generation (including exploring allowing utilities to be generators) for all fuels, including nuclear renewable and alternative fuels.

In closing, MACNY will continue to promote efforts in ensuring our manufacturing community remains energy efficient. However, Albany must do their part in ensuring costs for electricity are lower and will allow our businesses to remain competitive. I hope these points are recognized in energy initiatives going forward for New York State. Thank you.