



January 20, 2021

New York State Climate Action Council (“CAC”) Co-Chairs

Doreen Harris, Acting President and CEO
New York State Energy Research and Development Authority

Basil Seggos, Commissioner
New York State Department of Environmental Conservation (“DEC”)

Re: Letter in Support of Multiple Intervenors’ Request for a Quantitative Analysis of the Costs of CLCPA Compliance

Dear Doreen and Basil:

At our December 15, 2020 CAC meeting, Council members raised the importance of an upfront cost study to inform the feasibility of potential recommendations that the Council would consider in forming the Scoping Plan. The discussion continued at yesterday’s Council meeting and included the need to know the frame of reference for costs and to evaluate such costs in the near-term and the long-term. This letter is a follow-up to that discussion and affirms the importance of understanding energy bill impacts and minimizing consumer energy burden as we prioritize policy pathways for decarbonization.

As members of the CAC, we, along with the other nearly 70 signatories on this letter, believe part of the Council’s critical work is to identify the most cost-effective means for emissions reductions, as required by the New York Climate Leadership and Community Protection Act (“CLCPA”). In the spirit of having a full knowledge and understanding of the costs and benefits of alternative pathways for emissions reductions under the CLCPA, we write to express our support for the November 25, 2020 Multiple Intervenors letter (“MI Letter”) to the Just Transition Working Group, a copy of which is attached, that urges an upfront cost study to be conducted. Additionally, included is the list of groups that also agree with the need for such a cost study.

The MI Letter raises important and timely suggestions, particularly in identifying the need for the CAC to promptly “retain an independent consultant to conduct a **quantitative** analysis of the potential impacts of compliance with the CLCPA on NYS businesses.” (emphasis added) A detailed assessment of such costs is critical for our understanding of the most effective means to achieve the CLCPA’s greenhouse gas reduction targets, and we believe it will be instrumental to the CAC in developing its draft Scoping Plan. This cost study should be commenced as soon as possible in order to guide the work of the CAC, instead of only being performed after the CAC’s recommendations are developed.

Further, we request that such consultant conduct a detailed analysis to estimate the annual and total cost impact on electric and natural gas bills for all customer sectors across the state, including residential, small and large business customers, associated with implementation of the CLCPA’s requirements. This study should include ranges of costs, based upon the selection of various potential decarbonization pathways, so that the CAC may develop a better understanding of the most cost-effective beneficial approaches as we prepare the Scoping Plan. Moreover, this information will be important so that the CAC can recommend least-cost measures that meet the

requirements of the CLCPA and our collective desire for emissions reductions, while also minimizing the financial impacts to the people and businesses of our state.

Such a study is part of the charge of the CAC in developing its Scoping Plan, as described in the CLCPA requirements. ECL § 75-0103 (14)(b) specifically states that “[i]n developing such plan the council shall . . . **[e]valuate, using the best available economic models . . . the total potential costs and potential economic and non-economic benefits of the plan for reducing greenhouse gases, and make such evaluation publicly available.**” (emphasis added). This section further states that, in conducting its evaluation, the CAC shall quantify “[t]he costs of implementing proposed emissions reduction measures, and the emissions reductions that the council anticipates achieving through these measures.” Similarly, Section 3(a) of ECL § 75-0109 requires the DEC to “[d]esign and implement all regulations in a manner that seeks to be equitable, **to minimize costs and to maximize the total benefits to New York**, and encourages early action to reduce greenhouse gas emissions.” (emphasis added).

Finally, ECL § 75-0119, Implementation Reporting, requires the DEC, in consultation with the CAC, to publish a report not less than every four years, which shall include recommendations regarding the implementation of greenhouse gas reduction measures. (ECL § 75-0119 (1)). The report must address, among other things, “[w]hether regulations or other greenhouse gas reduction measures undertaken are equitable, **minimize costs** and maximize the total benefits to the state, and encourage early action.” (ECL § 75-0119 (2)(e), emphasis added).

The CLCPA fully envisions the type of cost study suggested in the MI Letter and a study to further include other sectors of the New York economy. We fully support efforts to reduce greenhouse gas emissions and meet the CLCPA targets while maintaining reliable, resilient, affordable, and efficient energy and related infrastructure in New York State. A well-reasoned quantitative analysis of the costs associated with various emissions reduction strategies will be essential in enabling the state’s transition to a decarbonized energy future. For this reason, we respectfully request the CAC commence this study immediately, since the recommendations of the various CAC Advisory Panels are due to be delivered in March of 2021. The cost study is essential to evaluating the viability of those recommendations.

Thank you again for your consideration of this critical matter. Please do not hesitate to contact us for assistance as you consider the development of a detailed analysis of the costs of compliance with the CLCPA.

Sincerely,



Donna L. DeCarolis
President
National Fuel Gas Distribution Corporation



Gavin J. Donohue
President
Independent Power Producers of NY

(Filed in capacity as Members of the Climate Action Council)

Attachments:

List of Groups Supporting a Cost Study
MI Letter

ATTACHMENT 1: List of Groups Supporting a Cost Study to Guide Climate Action
Council's Scoping Plan Development
(in alphabetical order)

Alcoa Corp.
American Petroleum Institute, Northeast Region
Amherst Chamber of Commerce
Arconic Corp.
Aurubis Buffalo, Inc.
Association of General Contractors of NYS
Boilermakers Local 5
Bricklayers & Allied Craftworkers Local #3
Buffalo Niagara Partnership
Business Council of New York State
Business Council of Westchester
Cement Masons Local 111
Central Hudson Gas & Electric Corporation
Consumer Energy Alliance
Construction Contractors Association
Council of Industry (of the Hudson Valley)
Dutchess County Regional Chamber of Commerce
Empire State Forest Products Association
Engineers Labor-Employer Cooperative
Engineers Labor-Employer Cooperative (ELEC) 825
GLOBALFOUNDRIES, U.S.
Hudson Valley Building Trades
International Association of Bridge, Structural, Ornamental, and Reinforcing Ironworkers Local 6
International Association of Heat and Frost Insulators and Allied Workers Local #4
International Brotherhood of Boilermakers Union Local #7
International Brotherhood of Electrical (I.B.E.W) Workers Local #41
I.B.E.W. Local 237
I.B.E.W Local 320
International Union of Elevator Constructors Local #14
International Union of Operating Engineers Local #17
International Union of Operating Engineers 825
International Union of Painters and Allied Trades Painters District Council #4
Iron Workers Local No. 9

Laborers-Employers Cooperation and Education Trust
Laborers Local #91
Laborers Local #210
Liuna Local 17 Laborers
MACNY & the Manufacturers Alliance of New York State
Millwrights Local 1163
National Biodiesel Board
National Federation of Independent Business
New Paltz Regional Chamber of Commerce
New York Affordable Reliable Electricity Alliance, Inc.
New York Construction Materials Association
New Yorkers for Affordable Energy
New York Propane Gas Association
New York State Association of Convenience Stores
New York State Energy Coalition
New Paltz Chamber of Commerce
North Atlantic States Regional Council of Carpenters Local 276
Olin Corporation
Operative Plasterers' & Cement Masons' International Association Local #9
Orange County Chamber of Commerce
Orange County Partnership
Power for Economic Prosperity
RED-Rochester, LLC
Revere Copper Products, Inc.
Sheet Metal, Air, Rail and Transportation Workers Local #71
Teamsters Local 449
The Buffalo Building Trades Council
The Niagara Building Trades Council
Ulster County Chamber of Commerce
United Association of Plumbers & Steamfitters Local #22
United Association of Road Sprinkler Fitters Local #669 JATC District 34
United Union of Roofers, Waterproofers and Allied Workers Local #74
Unshackle Upstate
Utility Workers Union of America (UWUA) Local 1-2



November 25, 2020

Commissioner Roberta Reardon
New York State Department of Labor
Doreen Harris, Acting President and CEO
New York State Energy Research and Development Authority
Co-Chairs, Just Transition Working Group (“JTWG”)
New York State Climate Action Council

Re: **Request for a Quantitative Analysis of the Costs of
CLCPA Compliance on New York State Businesses**

Dear JTWG Co-Chairs:

Multiple Intervenors is an unincorporated association of approximately 57 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State. As large end-use consumers of electricity in New York, Multiple Intervenors’ members are subject to state decarbonization policies, and pay substantial energy-related costs. The outcome of the Just Transition Working Group’s (“JTWG”) work, especially regarding energy and/or emissions-intensive and trade-exposed (“EITE”) industries, may have a significant impact on the electricity and regulatory compliance costs then incurred by Multiple Intervenors’ members. Accordingly, Multiple Intervenors has a substantial interest in the matter, and its members will be directly affected by the recommendations from the JTWG to the Climate Action Council (“CAC”).

Among other things, the JTWG is tasked with advising on the impact of any potential carbon reduction measures on the competitiveness of NYS businesses and industry. In order to complete that task, Multiple Intervenors submits that it is critical that the JTWG, or a subgroup operating under its direction, retain an independent consultant to conduct a **quantitative** analysis of the potential impacts of compliance with the CLCPA on NYS businesses. Such a quantitative analysis of the potential impacts of the CLCPA is long overdue and will provide fundamental information that will allow the JTWG to understand the magnitude of the impacts on businesses so that it can recommend appropriate strategies. The quantitative analysis should include, at a minimum:

- The impact of CLCPA compliance on electricity wholesale prices, delivery rates and total bills that NYS businesses will pay, including indirect energy costs. This would include the impacts of subsidies to site land-based and off-shore renewable energy projects, the build out of the electric infrastructure to receive and transmit renewable power, subsidies of energy storage projects, and the addition of new loads associated with deep electrification efforts in the heating and transportation sectors. It also would include the potential need to continue subsidizing nuclear

generating units beyond 2029 if needed to maintain reliability. The analysis should address long-term maintenance costs, not just upfront costs.

- The impact of CLCPA compliance on the reliability of the electric system in the State and its ability to support increasingly sensitive manufacturing processes that are critical to a new economy. The analysis should include a power quality study that assesses whether power reliability (on both the generation and transmission sides) will be diminished (24/365) as intermittent resources become a greater percentage of the generation mix and electric loads grow exponentially. Among other things, the study should address voltage sags and how reliability will be maintained when solar and wind resources are not generating power. It also should address how reliability will be maintained when fast-ramping gas-fired generation is phased-out.
- The impact of CLCPA compliance on natural gas market prices, delivery rates and total bills that NYS businesses will pay. This would include the impacts of potential accelerated depreciation of natural gas assets, stranded gas costs, subsidies of non-pipeline alternatives and depleting gas supplies. The analysis should address long-term maintenance costs, not just upfront costs.
- The impact of CLCPA compliance on the reliability of the natural gas system in the State and its ability to support manufacturing processes for which today there are not any known replacement fuels. For instance, many manufacturers utilize and depend upon natural gas for process purposes; it is not clear how reliable and affordable gas service will be maintained for these customers if gas use is phased-out in New York.
- Clarification of the impact of CLCPA compliance on industrial use of fossil fuels (for emergency generators, environmental emissions abatement, boilers etc.). Will there be caps on use, exemptions for certain uses, etc.?
- Clarification on the impact to manufacturing uses of GHGs (both fossil fuels and other non-fossil fuel based chemicals and gases). The E3 study seemed to assume a growth rate of 0, which could then act as a "cap", though the E3 presenter admitted that they need to get into that area in more detail. Some industries use specific GHGs as part of the manufacturing process, for which today there are no known alternatives.
- Finally, the analysis should include sensitivities for major assumptions. For instance, the cost of different initiatives may vary substantially depending on the amount of statewide electric demand and/or the level of wholesale energy prices. Thus, exclusive reliance on single assumptions for such key inputs – without, at a minimum, “high” and “low” scenarios – may provide misleading outcomes. In addition to including different sensitivities, the requested analyses should be updated periodically for changes in circumstances.

November 25, 2020

Page 3

In closing, we appreciate the efforts of the JTWG and all of the advisory panels, and we understand the hard tasks and aggressive schedules you face. The study requested herein will provide vital information that JTWG members, and ultimately the CAC members, need to protect NYS businesses and the hundreds of thousands people they employ. Thank you for your attention to this request.

Very truly yours,

MULTIPLE INTERVENORS