

New York Affordable Reliable Electricity Alliance

2011 Agenda and Policy Recommendations

As ratified by the New York AREA Advisory Board on November 18, 2010

Revised on July 25, 2011

Overview

The New York Affordable Reliable Electricity Alliance (New York AREA) is a diverse and ever-expanding coalition of more than 150 business organizations, labor unions, independent energy experts and community and environmental leaders. While each of these members employ a unique focus and distinct goals, all are united under New York AREA's wide umbrella in their support for furthering New York's quality-of-life and growing New York's energy future.

New York AREA's primary mission is to educate both the general public and federal, state and local policymakers about New York's energy supply challenges, while simultaneously offering sensible, common sense solutions that stimulate the economy, create jobs and satisfy New York's growing demand for reliable and affordable power. New York AREA continues to achieve this mission through public education and governmental advocacy, media outreach, as well as through other unique avenues. Together, these efforts will lead to greater sustainability, enhanced economic economy and an improved quality-of-life for all New Yorkers.

To meet these challenges and move New York State forward, New York AREA offers the following policy recommendations for the year 2011:

New York State-Specific Recommendations

A. Meeting New York's Growing Power Demands

According to the US Census Bureau, New York State's population has grown by nearly 3% over the course of the past decadeⁱ. In New York City, the City's PlaNYC 2030 report forecasts an additional one million people inhabiting the five boroughs by the year 2030.ⁱⁱ

However, New York's energy future remains unsettled. The New York Independent System Operator (NYISO) reported in April, 2010 that New York's "power demand is expected to increase as the economy emerges from the recession. The NYISO forecasts that usage will resume a steady increase beginning in 2010."ⁱⁱⁱ Combined with NYISO's previous forecast of increased energy demands, it is important to note that NYISO continues to call for increased demand despite implementation of New York State's energy efficiency programs^{iv}

To secure New York's increasing energy demands and to secure New York's baseload energy supply, New York AREA recommends the following:

- **Re-Licensing of the Indian Point Energy Center (IPEC)** – The Westchester-based Indian Point Energy Center provides up to 10 percent of the state's total electricity and more than 25 percent of that used in the metropolitan New York City region^v. New York AREA strongly supports the facility's 20-year license renewal application, and opposes and direct or indirect local, state or federal efforts that

ⁱ US Census Bureau, State & County Quick Facts, "New York", <http://quickfacts.census.gov/qfd/states/36000.html>; accessed 8/30/10;

ⁱⁱ NYC.gov, PlaNYC "Background", <http://www.nyc.gov/html/planyc2030/html/challenge/challenge.shtml>; accessed 8/30/10.

ⁱⁱⁱ New York Independent System Operator, Press Release; "NYISO Anticipates Sufficient Electricity Supply for summer 2009," May 21, 2009. http://www.nyiso.com/public/webdocs/newsroom/press_releases/2009/NYISO_Anticipates_Sufficient_Electricity_Supply_for_Summer_2009_05212009.pdf

^{iv} New York Independent System Operator, Press Release; "NYISO Anticipates Sufficient Electricity Supply for summer 2009," May 21, 2009. http://www.nyiso.com/public/webdocs/newsroom/press_releases/2009/NYISO_Anticipates_Sufficient_Electricity_Supply_for_Summer_2009_05212009.pdf

^v National Academy of Sciences. 2006. "Alternatives to the Indian Point Energy Center for Meeting New York Electric Power Needs" http://www.nap.edu/catalog.php?record_id=11666; accessed 9/14/10



would result in the facility's closure. New York AREA believes that Indian Point's continued operations must be included in any credible, progressive, sustainable energy plan proposed or administered at the federal, state or local level.

The New York Independent Systems Operator (NYISO) stated in 2009 that Indian Point's closure would result in an "immediate violation of reliability standards."^{vi} In 2010, they further added that "unexpected retirement of one of the two Indian Point nuclear units, which, due to their location in a constrained part of the system, would create reliability needs if other resources were not made available in an appropriate location."^{vii}

Making up for the loss of more than 2,000 megawatts of power through efficiencies, conservation and even a fossil-fuel burning plant on the current site of Indian Point is not feasible or realistic, and has been contradicted by numerous in-depth studies over the years; including from a prominent 2006 study from the National Academy of Sciences.^{viii}

Closure of Indian Point would also result in other unintended consequences. With electricity prices in Westchester already well over the national average, closure of the facility could raise rates by \$.50 per kilowatt-hour, over three times the national average by 2017.^{ix} According to a 2008 study by the *Westchester Business Alliance*^x, the dramatic increase in electricity prices and decrease in reliability would result in "as many as 11,000 fewer jobs; \$2.1 billion in cumulative lost wages and nearly \$5.5 billion in cumulative lost economic output"^{xi}

- **Extraction of Natural Gas from the Marcellus Shale** – New York AREA clearly recognizes the vast potential of the Marcellus Shale formation. As New York State imports nearly all of its natural gas from international and other domestic sources, the amount of gas located within New York State boundaries can potentially supply the entire American market for two years, while potentially pumping into the upstate economy; creating new jobs and stimulating investment into Upstate New York.^{xii}

While the advantages of the formation are numerous, so too are the challenges potentially resulting from the extraction process – including the results on New York's air quality and New York City's watershed. New York AREA encourages all parties to work together in a collaborative fashion to realize the potential of this baseload power treasure-trove while also safeguarding local autonomy and environmental quality.

- **Support for New Nuclear** – New York AREA recognizes that nuclear power is one of the central reasons why New York State now possesses the lowest per-capita carbon emissions rate in the entire nation.^{xiii} With 30 percent of New York's energy derived from this clean, safe baseload energy resource and numerous policy goals well-established seeking to reduce New York's carbon footprint, New York AREA supports increasing this component of the state's energy portfolio by continuing operations at New York's six existing commercial nuclear reactors, as well as supporting the siting and construction of a third nuclear reactor at Nine Mile Point in Oswego County. Additionally,

^{vi} New York Independent System Operator. "2009 Comprehensive Reliability Needs Plan", released May 20, 2009.

^{vii} ^{vii} New York Independent System Operator. "2010 Power Trends", released April 5, 2010.

^{viii} National Academy of Sciences. 2006. "Alternatives to the Indian Point Energy Center for Meeting New York Electric Power Needs" http://www.nap.edu/catalog.php?record_id=11666; accessed 9/14/10

^{ix} *An Assessment of Energy Needs in Westchester County: The Economic Impact of Rising Energy Prices and Shortages in Supplies*, page 11.

^x Members Include: Building and Realty Institute, Inc.; Construction Industry Council/Construction Advancement Institute, Inc.; The Business Council of Westchester; and Westchester County Board of Realtors, Inc.

^{xi} *An Assessment of Energy Needs in Westchester County: The Economic Impact of Rising Energy Prices and Shortages in Supplies*, page 14.

^{xii} *New York Daily News*. "New York has riches down under in Marcellus shale's natural gas." Editorial, 8/17/08; www.nydailynews.com/opinions/2008/08/17/2008-08-17_new_york_has_riches_down_under_in_marcel.html

^{xiii} Moore, Dr. Patrick, Issue Brief: "New York: America's Low Carbon Leader", published 10/22/09 <http://www.area-alliance.org/documents/New%20York%20AREA%20Carbon%20Emissions%20Study.pdf>

governmental regulations and statutes should also be crafted and/or amended that would not impede, nor financially penalize or curtail the development of new nuclear within New York State.

B. Supporting Competition and Lowering Energy Costs

The introduction of competition has generated numerous benefits for New Yorkers, including the ability for consumers to choose their energy carrier.^{xiv} Wholesale energy prices dropped 18% when adjusted for fuel costs. Emission levels from generating facilities have been reduced across the board, and a record level of wind energy has been added to New York’s generation portfolio.^{xv}

Despite the benefits of competitive markets, New York consumers still suffer from the impact of excessive taxes, fees and other assessments levied from numerous levels of government. According to the Public Policy Institute of New York State’s report “*Short-Circuiting New York’s Recovery*”^{xvi}:

- ✓ On average, more than one-quarter of customers’ electric bills in New York are made up of state and local taxes.
- ✓ New York’s electric rates are the third-highest in the nation, and 66 percent above the national average.
- ✓ New York State manufacturers pay rates on average 52 percent above their competitors in other states, and the rest of New York’s businesses pay on average 54 percent more than the rest of the nation.
- ✓ In 2009, electrical generators and utilities in New York State paid more than \$6 billion in state and local taxes, assessments and fees, most of which were passed on to customers. That equates to more than \$500 million per month that government adds to New Yorkers’ electric bills.
- ✓ Increased taxes and fees have more than made up for the 18 percent drop in wholesale electricity costs since 2000.

To lower consumer costs and encourage further innovation to benefit consumers, New York AREA:

- ***Supports Continued Use of the Wholesale Competitive Market Structure*** – New York AREA opposes any legislative attempts to undermine, weaken or eliminate the wholesale competitive market structure as currently administered by the New York Public Service Commission.
- ***Supports Continued Use of the Market Clearing Price Auction*** – New York AREA opposes any legislative attempts to undermine, weaken or eliminate the market clearing price auction system currently administered by the New York Independent Systems Operator (NYISO).
- ***Supports Sensible Tax Relief for Utility Consumers*** – New York AREA recognizes that the continued use of utility bills to raise revenues from New Yorkers is a regressive form of taxation and should be ended. We also support the return of the New York State utility tax surcharge from 2% back to its previous level of .33%, with the long-term goal of eliminating this surcharge.
- ***Supports Sensible Tax Relief for Power Producers*** – New York AREA supports efforts to curtail growing fee increases for power producers within New York State, as well as supporting the elimination of the Gross Receipts Tax (GRT). These prudent actions will enable power producers to create new jobs, lower energy costs and further invest in New York infrastructure.

C. Encouraging Sustainability in the Era of “Cap and Trade”

^{xiv} “New York State Public Service Commission, “Your Energy...Your Choice”; <http://www.ipnny.org/article.cfm?article=1198>; accessed 9/15/10

^{xv} Independent Power Producers of New York, “IPPNY Critical of Flawed Report Attacking New York’s Energy Markets”, <http://www.ipnny.org/article.cfm?article=1198>; accessed 9/15/10

^{xvi} Public Policy Institute of New York State, “*Short-Circuiting New York’s Recovery*”; accessed 9/15/10

More than 48% of New York State’s energy portfolio is made up of clean, affordable and sustainable energy resources, such as hydro and nuclear power; contributing to New York’s distinction of producing the lowest per-capita CO₂ emissions in America. The success of the Regional Greenhouse Gas Initiative (RGGI), which effectively instituted a “cap-and-trade” program within participating states, would not have been possible without New York’s significant energy portfolio of clean, affordable and sustainable energy resources.

New York AREA supports implementation of a federal climate change program modeled on RGGI that would curb global climate change, encourage energy efficiencies, cultivate needed renewable energy research and development, and spur a new generation of green-collar jobs. Furthermore, New York AREA:

- ***Supports a Uniform, Fair Climate Change Program*** – Any federal climate change legislation modeled on RGGI cannot pit states and regions against each other, and must provide a uniform, fair standard for all states and regions within the United States.
- ***Endorses the Benefits of Hydro Power*** – Hydro accounts for approximately 18% of New York State’s energy portfolio, and is a renewable, virtually emission-free baseload energy resource. In federal climate change legislation, hydro must be fully utilized towards meeting renewable electricity standards. Eliminating or weakening hydropower provisions from federal legislation places New York State at a disadvantage.
- ***Endorses the Benefits of Nuclear Power***- Nuclear accounts for approximately 30% of New York State’s energy portfolio, and the viability of the RGGI program was made possible by the continued operations of New York’s six operating nuclear reactors. Nuclear produces large supplies of reliable, affordable baseload power while emitting virtually zero carbon emissions or greenhouse gases, and spent fuel rods can be safely recycled using the latest in technologies. To benefit New York State, nuclear power must be a central provision of federal climate change legislation.
- ***Endorses the Classification of Hydro, Nuclear and Waste Energy as “Renewable” and “Sustainable” Energy*** – To benefit New York State and to eliminate a potential disadvantage, federal definitions of “renewable energy resources” should be crafted to model the same under New York State Energy Law, being “sources that are capable of being continuously restored by natural or other means or are so large as to be useable for centuries without significant depletion and include but are not limited to solar, wind, plant and forest products, wastes, tidal, hydro, geothermal, deuterium, and hydrogen.”.
- ***Encourages Further Stakeholder Collaboration*** – Like any groundbreaking legislation, implementation of federal climate change legislation will likely create regulatory conflict and potential financial hardship for a number of parties to the process. New York AREA encourages federal leaders to seek out and listen to the thoughts of labor unions, power producers, business leaders and other respective parties throughout this process. New York AREA also encourages policymakers to ensure that jobs are secured and local economic interests fortified while implementing federal climate change legislation.

New York AREA also recognizes the need to develop new renewable energy technologies that will create jobs, stimulate economic growth and further enhance New York’s State’s reputation as a center of innovation and opportunity. To advance these ends, New York AREA also:

- Supports the continued private development of off-shore wind projects on Lake Ontario and off the coast of the Rockaways in Queens.
- Supports federal Property Assessed Clean Energy (PACE) bonds to facilitate greater energy conservation and alternative energy use by property owners.
- Supports federal investment in the continued research and development of carbon capture and sequestration (CCE) technology in Western New York.

- Supports new partnerships between government, business and academia to develop the renewable technologies of the future, and the continued support for such partnerships supporting GE's sodium battery manufacturing facility in Niskayuna, and the Advanced Energy Research and Technology Center at SUNY Stony Brook.
- Supports federal, state and local investment in waste-to-energy technology to reduce landfill capacity, create new jobs and meet our growing energy needs.
- Opposes government procurement of renewable and alternative energy infrastructure from foreign, non-American entities.
- Encourages all New York-based energy products to be constructed using New York-based labor.

D. Encouraging Conservation and Growing a New Generation of Green Jobs

New York State continues to serve as a leader in sustainability and conservation, with policy makers offering numerous proposals to further cut greenhouse gases, further utilize the potential of renewable energy technologies and create a new generation of "green jobs".

New York AREA believes that passage of a new, comprehensive and fuel-neutral power plant siting law is a critical component to growing a new generation of New York-based Green Jobs.

New York AREA also recognizes that policy primarily focused on conservation and a transition to renewables cannot adequately replace the benefits of certain baseload power resources such as hydro, nuclear and natural gas - but must be part of any credible, comprehensive energy policy plan.

Additionally, the investment of federal stimulus dollars to further encourage energy conservation and efficiency will eventually lower energy costs for working families and businesses alike, while creating a new generation of jobs – many of which will have the added plus of being unionized.

To further promote sustainability and to further grow our economy, New York AREA:

- ***Supports NYS High-Speed Rail Expansion*** - New York AREA strongly supports the federal designation of Buffalo to Albany as a high-speed rail corridor and supports the introduction of Acela-style high-speed rail on AMTRAK's Empire Service between New York City and Albany. This will remove additional vehicles from our roads; encouraging energy conservation and reducing air pollution as a result.
- ***Supports Local Tax Incentives for Green Building Development*** – New York AREA supports tax abatements and other incentives offered by local governments and industrial development agencies (IDAs) for the construction of new facilities in accordance with the United States Green Building Council's Leadership in Energy and Environmental Design (LEED[®]) Green Building Rating System.
- ***Supports Utilizing Federal Stimulus Funds for Green Job Training*** – New York AREA encourages federal policymakers to continue financial incentives established through the 2009 Federal Recovery Act that support worker re-training and union-based apprenticeships in the emerging green-collar job sector.
- ***Support Continued Energy Star[®] Tax Incentives*** - New York AREA supports continuing various incentives at the federal, state and local level for the purchase and installation of *Energy Star[®]*-rated appliances and building materials.
- ***Supports Greater Public Investment in Hybrid Vehicle Technology*** – New York AREA supports continued federal and state investment into local transportation authority procurement of hybrid buses, and supports incentives for taxi and other livery companies to purchase new hybrid vehicles.

- **Supports the TransitChek® Program for Commuters** – New York AREA supports the continued pre-tax benefits offered by the *TransitChek®* program.

E. Modernizing our Energy Transmission Infrastructure

Electricity demand continues to rise sharply in the United States, and is predicted to grow an additional 30 percent by 2030.^{xvii} Here in New York, we continue to see energy demand continuing to rise, while utility companies and consumers are caught between 20th century infrastructure and inefficiency and 21st century consumer technology.

According to the Department of Energy, reliability challenges “are estimated to cost American business more than \$100 billion on average each year.”^{xviii} The infamous northeast blackout of 2003 alone left over 14 million people in the New York City and surrounding areas without power and is estimated to have resulted in more than \$1 billion in economic damages.

To modernize our energy transmission infrastructure and ensure that all New Yorkers have access to reliable electricity 24/7/365. New York AREA:

- **Supports the Continued Development of “Smart Grid” Technology** – New York AREA recognizes the efforts made at the federal and state level to expedite the development and deployment of smart grid technology, and encourages a continued focus.
- **Supports Development of New “Smart Metering” Technology** – New York AREA supports incentives for businesses and homeowners to greater utilize electricity during off-peak hours, the continued development of “smart metering” technology, and utilizing federal stimulus dollars to support new apprenticeships in “smart metering” operations.
- **Supports Use of Right-of-Way for New Transmission** – New York AREA supports the use of existing right-of-way for potential transmission projects linking Upstate with the New York City metropolitan region.

New York AREA thanks you for your continuing support in 2011 and beyond. For more information on the 2010 Agenda or New York AREA programs, please contact us at (212) 683-1203 - or visit our website at www.area-alliance.org.

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^{xvii} Edison Electric Institute. http://www.eei.org/ourissues/ElectricityGeneration/Documents/bar_dmdelcinc.pdf

^{xviii} “The Smart Grid: An Introduction,” U.S. Department of Energy, [http://www.oe.energy.gov/DocumentsandMedia/DOE_SG_Book_Single_Pages\(1\).pdf](http://www.oe.energy.gov/DocumentsandMedia/DOE_SG_Book_Single_Pages(1).pdf)

