



New York Energy Highway
Response to Request for Information
May 29, 2012

The Natural Resources Defense Council (“NRDC”) and Pace Energy and Climate Center (“Pace”) appreciate the opportunity to submit the below response to the New York Energy Highway Request for Information (RFI) and commend the Governor for initiating this process.

Respondent Information

The NRDC is an international nonprofit environmental organization with more than 1.3 million members and on-line activists. Since 1970, its lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has a long-standing interest in environmental issues in New York, particularly with respect to energy policy, on which it has focused for forty years. We continue to work to move us toward a clean energy future in New York.

Based at Pace Law School in White Plains, NY, Pace is a non-profit organization with a twenty-five year track record of analyzing and addressing environmental interests in the production and use of energy. Within this focus, Pace promotes energy efficiency, renewable energy and clean distributed generation technologies—options that are cost effective means to reduce the negative climate, air, water, land and human health impacts from current patterns of electricity production and consumption. Using research, education, and negotiation, we work with individuals, institutions and governments involved in energy decision making. We participate in regulatory proceedings, engage policymakers, and work with a diverse community of business, labor, consumer and environmental stakeholders to support the advancement of cost-effective clean energy technologies.

Project Description

We strongly support the New York Energy Highway goal of helping to “provide reliable, affordable power to New York’s homes and businesses for the next half century while creating jobs, energizing private-sector investment and protecting the State’s environment and the well-being of its citizens.” We believe that in order to achieve this promise, New York must employ an integrated approach to its energy vision – focusing not only on transmission and large-scale, central generation, but on energy efficiency and clean, distributed generation, as well. In doing

so, we can transform our antiquated energy infrastructure into a 21st century energy system that is both clean and reliable, while harnessing a multitude of benefits, including creating thousands of good quality jobs, saving households and businesses money on their energy bills, improving public health, increasing grid reliability, reducing the state's reliance on oil, and positioning New York as a national leader on clean energy. Our "proposal" reflects this belief and consists of the approaches on energy efficiency, renewables, and clean, distributed generation that we think are critical for the state to include in its forthcoming Action Plan to achieve its enumerated Energy Highway objectives.

Energy Efficiency

Energy efficiency is an important resource and is the cheapest, easiest and fastest way to meet the State's energy needs while also achieving the important benefits for New Yorkers, listed above. We must move expeditiously to achieve our current state efficiency targets, but also take action now to ensure New York harnesses the substantial amount of cost-effective energy efficiency that remains untapped. We could achieve an additional 20% greater efficiency by 2025 (beyond our "15 by '15" goal) with the right programs and policies in place and should establish a target to do so. In addition to strong NYPA, LIPA, utility and NYSERDA programs, along with updated and effectively enforced codes and standards, it is critical that there are frameworks in place that address the various market barriers to scaling up efficiency in existing buildings.

These market barriers prevent people from harnessing the varied benefits of energy efficiency. Thus, only a very small percentage of existing building stock has undergone efficiency retrofits despite the attractive economic, financial, and environmental returns presented by such measures. We need to create greater demand for efficiency and increase transparency through benchmarking our building energy use; you can't manage what you don't measure. Benchmarking provides us with an important understanding of our building energy consumption, telling us how well our buildings perform over time and how their performance compares to buildings of a similar size and type. It also helps identify opportunities for efficiency improvements. The state should also address the lack of access to up-front capital for energy efficiency through the implementation of frameworks that promote private sector financing through credit enhancement mechanisms (like loan loss reserve funds) and other means.

The fastest and easiest thing the State can do to create jobs is to scale up energy efficiency in existing buildings. The state's "Master Plan for Energy Efficiency in State Facilities" should include the development of a NYPA multi-year loan loss reserve fund to provide needed credit enhancement for energy efficiency loans for publicly-owned buildings; a program to benchmark building energy use to increase transparency and help create demand for energy efficiency; and, a streamlining of the process of working with energy efficiency providers through the development of standardized contracts and a pre-approved list of such providers. This effort could subsequently be used as a model for a similar program for large, private buildings throughout the State, for which the State should provide credit enhancement with a portion of NYSERDA and RGGI funds, as well as enhanced financing options through an expansion of the State's Property Assessed Clean Energy (PACE) legislation.

Finally, the State should also develop and implement a plan to repower the older, inefficient natural gas-fired power plants throughout the State, as typically half of the gas used to generate power is wasted by such facilities. We must use natural gas as efficiently as possible on both the aforementioned supply-side of the equation as well as where the gas is consumed by the end user, and thus must ensure that strong and effective utility and NYSERDA incentive programs are in place to enable New Yorkers to do so.

Another example of a way the state can support cleaner, more efficient generation, is through the conversion of Con Edison's 59th Street steam facility (the former Interborough Rapid Transit (IRT) Powerhouse) to a state-of-the-art cogeneration facility and cultural center. In doing so, the plant would be twice as efficient, providing for steam as well as additional electricity, on a footprint one-third the size of the existing plant. This change would open up a world of possibilities for the historic building to serve the public in other important ways.

Renewable Energy and Clean, Distributed Generation

In addition to integrating energy efficiency into the Energy Highway plan, the state must incorporate renewables, as well – focusing on both large-scale generation and distributed generation technologies that can generate clean and reliable power in our most congested areas. We should be sure to explore and utilize every opportunity to use clean resources rather than providing support for aging and polluting generation from which we should be transitioning away. Through our state policies, we need to promote investment in a broad range of clean technologies - solar PV and thermal, land-based and offshore wind, geothermal, sustainable biomass, fuel cells, CHP, tidal, low impact hydro, anaerobic digestion, etc.

It is critical that transmission upgrades facilitate and complement the increased use of clean, renewable resources; transmission lines from upstate must tie in renewables, such as land-based wind, to ensure that clean power is being transported. We can also encourage the development of offshore wind through the use of long-term power purchase agreements with utilities. Deploying more renewable energy would result in numerous benefits for New Yorkers, including significant job creation and economic development, long-term energy cost reduction and price stabilization, improved air quality and energy security, and reduced transmission and distribution (T & D) costs.

New York should move forward with a strategy to provide needed regulatory certainty and demonstrated long-term commitment to solar to develop a robust solar energy industry in the state. Establishing a program that includes the three tenets of certainty, longevity and scale, such as the New York Solar Industry Development and Jobs Act (which establishes a target of 3,000 MW of solar power by 2021), would bring scaled solar investment to New York, creating thousands of jobs and providing an engine for spurring economic development. In addition, greatly increasing the deployment of solar in New York would strengthen the reliability of our electric grid, reduce T & D costs, and improve our air quality, as it would decrease harmful emissions associated with dirty peaker plants that run on the hottest summer days.

The State should also take steps to extend the Renewable Portfolio Standard (RPS) beyond the current end year of 2015 so that New York continues to harness the many benefits associated with clean, renewable power. Building upon the current target for that year of 30%, New York

should expand the RPS by an incremental 2% per year over a period of ten years – thus requiring that we obtain 50% of our electricity from renewable sources by 2025.

Increased combined heat and power (CHP) sited in the right locations can also defer or avoid the need for costly T & D capital upgrades, provide solutions for meeting energy demand in transmission-constrained areas, and avoid disruption of service to business and neighborhoods. Additionally, CHP resources can help reduce operating costs for customers and improve system utilization. New York City, through PlaNYC 2030, is taking steps to expand CHP deployment, having established an 800 MW target for local CHP development by 2030.

Project Justification

The elements described in our proposal would help the state achieve all of its objectives outlined in the RFI. The increased deployment of energy efficiency, renewable energy, and clean, distributed generation would result in:

- the creation of thousands of local, good quality jobs that cannot be outsourced, from plumbers and construction workers, to electricians and engineers;
- lower energy bills for New York consumers through energy savings, peak capacity savings, and reserve margin savings;
- reduced strain on our electric system and enhanced grid reliability;
- lower T & D costs through the avoidance or deferral of the need for expensive T & D capital upgrades;
- a greater diversity of energy resources and increased energy security; and
- a decrease in harmful emissions and associated improved public health.

Financial

Not applicable, as we have not proposed a specific “project”.

Permit/Approval Process

Permits would be needed for some aspects of the elements included in our proposal (e.g. siting of renewables), but not for others (e.g. increased energy efficiency). Of course, one of the benefits of many of the approaches described above is that they can be quickly deployed, in contrast to new, conventional generation.

Conclusion

We applaud the Energy Highway Task Force’s efforts and urge it to give serious consideration to our recommendations regarding initiatives that should be included in its Action Plan due out this summer. We appreciate this opportunity to respond to the RFI, and look forward to working with the Task Force and others to ensure that New York achieves its important energy objectives.

Respectfully submitted,

Donna De Costanzo
Senior Attorney
Natural Resources Defense Council, Inc.
40 W. 20th St.
New York, New York 10011
(212) 727-4555
ddecostanzo@nrdc.org

Jackson D. Morris
Director of Strategic Engagement
Pace Energy & Climate Center
744 Broadway
Albany, NY 12207
914-539-1985
jmorris@law.pace.edu