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State Energy Plan Comments
NYSERDA
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Dear State Energy Planning Board:

Thank you for the opportunity to comment on the 2025 Draft State Energy Plan. NRDC continues to fully support the Climate Leadership and Community Protection Act of 2019 (CLCPA) and the legal mandates contained therein. The more we do and the sooner we do it to reduce greenhouse gases and toxic air pollution, and invest in a clean energy economy, the better our outcomes will be. Slower and lower reduction goals are not in service of our economy, our children's health, or our future.

New York sends tens of billions of dollars out of state every year buying dirty fossil fuels. Burning those fuels also costs us billions of dollars from the health and other damages to New Yorkers from toxic air pollution. By remaining dependent on fossil fuels, we stay beholden to the whims of people, corporations, and nations that would do us harm. And we have seen some of those harms in stark relief over the past few years with economy-wide inflation caused and exacerbated by global energy market disruptions from unprovoked military actions on other continents. We can and must do better, for our economy, our health – especially for the young and old – and our future as a state and a society.

Despite all that, the state just gave a nod to the North East Supply Enhancement pipeline which is a climate and affordability boondoggle that New Yorkers should not bear, saddling families and businesses across New York City and Long Island with billions of dollars in unnecessary utility costs over the next 15-plus years, increasing air pollution, and threatening our water quality and marine ecosystems.

The CLCPA passed more than six years ago and those years have been filled with unprecedented social, political, and economic upheaval. Despite, but also because of, that upheaval taking the more ambitious actions outlined in the Climate Action Council's 2022 Scoping Plan will make the state stronger and more resilient when other unexpected disruptions occur. We will have invested in our future to create better, cheaper to operate, and more resilient buildings and transportation systems, more family-sustaining jobs, healthier and more equitable communities, and more stable energy costs.

We need a State Energy Plan (SEP) that clearly moves forward policies and programs that benefit our state and our people to:

1) Implement Cap-and-Invest through the Clean Air Initiative to reduce greenhouse gas and toxic air emissions as required by the CLCPA and deliver huge benefits to New Yorkers;
2) Enable smarter, cleaner, more economic and equitable infrastructure decisions by amending the obligation to serve methane gas, investing in clean energy solutions instead; and,
3) Deliver the best, cheapest, most equitable and resilient clean electric infrastructure on the large and small scales through offshore wind and empowered consumers that can participate in distributed energy, load flexibility, and other "virtual power plant" technology and activities.

There is no question that the future is clean energy; the capital, the science, and the elected officials in the rest of the world are rowing in a single direction. We know these are the infrastructure investments we need, so business-as-usual planning and investment cannot and should not be continued; and an "all-of-the-above" strategy should not prolong or revive bad ideas that should be tossed on the ash heap of history.

Implement Cap-and-Invest Through the Clean Air Initiative

The SEP must include policies that will reduce pollution at the lowest cost while driving investment in clean energy solutions that keep our energy dollars in-state, growing local economies. The proposed Cap-and-Invest Clean Air Initiative (CAI) program is the key tool for doing this; it will reduce greenhouse gas emissions in the building and transportation sectors, and raise funds that will make energy more affordable while advancing an orderly and equitable clean energy transition.

The State must release the full suite of required regulations necessary to move forward the CAI. California just reauthorized their cap-and-invest program for the next twenty years; providing predictable, consistent funding for critical affordability measures and climate projects. While the Sustainable Future Fund capital spending will help move forward important projects and demonstrate the benefits of climate investments, it falls far short of the necessary sustained sources of funding needed to meet the demands of smart economic investments to improve electric system reliability, reduce energy costs, improve our buildings, which are the oldest in the nation, and address the climate crisis.

The CLCPA required DEC to issue regulations to limit greenhouse gases and co-pollutants by January 2024. The CAI will include those regulations and reduce emissions by requiring purchase of allowances by suppliers of polluting fuels and other sources of significant emissions. There are very few regulatory options at the state level to reduce emissions from the buildings and transportation sectors, which are the first and second largest sources of climate and air pollution in New York; the CAI is by far the best of those options, yielding the largest emissions reductions, and highest benefits for New Yorkers, at the lowest cost. It is the only option that will ensure we are on a path toward achieving our CLCPA goals.

New York was instrumental in establishing the first "cap-and-invest" program for electricity in the nation, the Regional Greenhouse Gas Initiative (RGGI). Since RGGI began in 2009 through the end of 2024, New Yorkers have saved $12 billion on their energy bills, and greenhouse gas emissions have been reduced by 38 million tons CO2e (per the RGGI-Funded Programs Status Report - Semiannual Report through December 31, 2024). And the RGGI Third Program Review completed last summer will further reduce electric sector emissions and increase benefits for New Yorkers going forward. We have seen the benefits from RGGI for a decade and a half, we should implement CAI as soon as possible and expand those benefits.

Better Decision Making for Infrastructure Investments

<u>Gas System Transition:</u>

> *In addition, the Board will consider legislative and regulatory actions to effectuate the* ***strategic downsizing*** *of the gas system, to address the financial challenges of transition in part through* ***reforming the business model of gas utilities*** *(local distribution companies), and to adopt* ***market-based emissions reduction mechanisms****.*
> *(Draft Scope for the New York State Energy Plan, September 2024, at 8.)*

The SEP should state unequivocally that expansion of gas infrastructure in any form is counter to the CLCPA and New York's clean energy future. Any proposed fossil infrastructure must be thoroughly, publicly, and transparently analyzed and a full suite of alternatives must be considered so that any public or ratepayer funds for energy infrastructure are expended most efficiently, considering all economic and social measures, including the cost of carbon and health impacts etc. and with robust, quantitative system resilience analysis. As was stated at a recent Public Service Commission meeting, it is illogical to address the threat of systemic failures of the gas system by increasing dependence on methane gas.

To that end, these reforms are needed to address capital spending by gas utilities:

- Modify the obligation to serve gas for gas utilities, and analyze all gas-system capital investments to always implement cleaner, more efficient and flexible decarbonization projects when they are demonstrated to be preferable in a benefit/cost analysis.

- End subsidies for new gas interconnections by repealing the "100-foot rule" legislatively (Governor Hochul's signature is needed to enact A.8888/S.8417 passed by the legislature) or through rulemaking.

And with programs specific to buildings:

- Include the Scoping Plan's recommendations to start end-of-life phasing out of gas appliances in the 2030s, and ensure programs and markets are ready to implement easy, affordable retrofits to improve our buildings.
- Fully fund EmPower+, Energy Affordability Programs, and Green Affordable Pre-electrification programs to reduce energy bills and improve housing for LMI families.
- Support expansion of building performance programs, and streamline compliance for those programs to enable full service, faster, easier, low-risk, lower-cost retrofits to invest in better, more resilient housing and buildings.

Smart, Efficient Electric Sector Investments

<u>Smart Electrification, Grid of the Future, and Distributed Energy Resources:</u>

As we transform our state's economy to one primarily powered by clean homegrown electricity, creating markets that enable and encourage flexible demand and distributed energy generation from consumers and other market participants at the grid edge will minimize system costs, individually and societally, and accelerate the clean energy transformation; with New York leading the way and reaping the jobs and other economic rewards from being a first mover in these industries.

Electricity markets will eventually be fundamentally transformed, with consumers no longer being passive users, but participating in dynamic markets that will incent and enable more and better investments in homes, buildings, and vehicles yielding energy efficiency, flexible loads, and behind the meter distributed energy resources (DERs), which will yield lower costs, cleaner air, better buildings, and greater resilience.

<u>Total System Benefit (TSB) to Enable Markets for Efficient Infrastructure Decisions:</u>

The TSB metric enables comprehensive valuation of benefits provided by Distributed Energy Resources (DERs) to the grid based on utility avoided cost. This valuation facilitates direct comparison between the full range of benefits provided by different types of DERs. TSB can serve as a critical tool to optimize planning and procurement processes for DERs and help unlock New York's DER potential.

Having a common value for all DERs will enable competition and optimization of the full suite of supply and demand options. Without a common value and market there will be missed opportunities and unnecessary spending. If the objective of robust regulatory planning is to provide the least-cost, safe and reliable system, avoiding the need for building new capacity and reducing total energy use using energy efficiency, distributed generation, and demand response in various combinations to meet that goal must be assessed on a level playing field with other investments. Ideally, a system plan would define the total system need and let all potential projects compete to meet that need in a least-cost manner

Offshore Wind:

Meeting the CLCPA's electric-sector mandates will ultimately require major offshore wind injections into the downstate grid. In the near term, while federal policy temporarily constrains offshore wind development, the State must continue to take complementary actions to maintain reliability and reduce emissions downstate – particularly in Zone J – so that progress toward decarbonization is not stalled. At the same time, New York must strengthen the foundations for New York City's long-term electricity reliability while addressing the disproportionate costs and pollution burdens borne by downstate consumers, especially those living in disadvantaged communities adjacent to aging peaker plants.

Replacing these polluting facilities with clean resources is essential to meeting both the CLCPA's greenhouse gas reduction requirements and its environmental justice objectives. Overreliance on speculative Dispatchable Emissions-Free Resources (DEFRs) – technologies that remain unproven at scale and that could replicate the localized pollution profile of fossil gas – would jeopardize these goals. DEFRs may ultimately play a complementary role in achieving a fully decarbonized grid, but they cannot substitute for the scale and characteristics of offshore wind resources paired with battery storage.

The Commission itself has underscored this point. In its June 22, 2023 order, it identified and sized New York City's transmission need to enable at least 4,770 MW of offshore wind to interconnect with the Con Edison system – an amount calibrated both to advance the State toward its 9 GW by 2035 offshore wind target and to reduce overall program costs. This transmission need persists notwithstanding current federal headwinds, as downstate load growth from electrification and emerging end uses will require large volumes of clean, firm-compatible supply located proximate to demand. Accordingly, meeting the CLCPA's mandates and safeguarding downstate reliability hinges on advancing offshore wind at scale; no other resource can deliver the combination of clean, proximate, and cost-effective power needed to decarbonize New York City's grid while protecting disadvantaged communities and ensuring long-term system resilience.

Because the limiting factor for downstate offshore wind is not just megawatts but access, the State should immediately pursue a new Public Policy Transmission Need (PPTN) focused on an expandable "backbone" offshore wind transmission solution into Zone J, akin to the prior New York City PPTN. A shared, meshed-ready corridor would let multiple projects connect over time, make optimal use of scarce harbor routes, and minimize cumulative environmental and community impacts – an approach multiple parties have previously supported to address constrained corridors and waterways leading into New York City. This approach establishes the scalable transmission foundation needed to accommodate both existing and future offshore wind procurements, ensuring that multiple projects can interconnect efficiently and reliably into Zone J over time. The State should also acknowledge the physical and regulatory limits on how many cables can traverse New York Harbor and plan proactively for a coordinated, HVDC-to-AC solution with designated points of interconnection (POIs) that future offshore wind projects can rely on.

We recognize the Commission's July 17, 2025 order withdrawing the prior NYC PPTN in light of federal actions temporarily pausing leasing and permitting. But those federal constraints are, by the terms of the memorandum itself, temporary and indeterminate; they do not erase the State's statutory obligations nor the transmission lead times inherent in offshore wind integration. Accordingly, the State should not "wait out" federal policy. Instead, it should adopt a new PPTN expressly designed to advance everything New York can do unilaterally now – planning, siting, and POI readiness – so the system is shovel-ready when federal policy normalizes. This approach is consistent with filings in the NYC PPTN docket emphasizing both the enduring need and the feasibility of sequencing state-jurisdictional activities first.

To protect customers while maintaining momentum, the new offshore wind-transmission PPTN should include clear guardrails that: (1) authorize early-stage activities that are state jurisdictional on a phased basis with defined milestones and decision points; (2) limit cost recovery prior to federal clarity to capped, pre-construction development budgets, with off-ramps if federal authorizations remain unavailable by specified dates; (3) require expandability and meshed-grid readiness to maximize long-term value; and (4) prioritize use of existing corridors and constrained harbor routes to reduce risk and community impacts. These concepts align with the competitive Public Policy Transmission Planning framework and stakeholder input that a coordinated backbone is more efficient and cost-effective than piecemeal radial buildouts.

In short: offshore wind is indispensable to decarbonizing the downstate grid; a backbone transmission solution into Zone J remains the least-regrets path; and a renewed PPTN with cost containment guardrails will let New York lawfully and prudently advance all state-controlled work now – so the State can move immediately to construction once federal obstacles lift.

Conclusion

The extraordinary improvements in air and water quality in New York over the last half century that have benefited all our residents and all our communities are at grave risk from attacks on the bedrock laws of environmental and public health protections. Every day we delay action on the broad and complete implementation of the CLCPA – guided by a final State Energy Plan that tracks our long term goals as closely as possible, and avoids saddling us with expensive, unnecessary dirty energy infrastructure – we delay the promise of cleaner air for disadvantaged communities and long-term investments for more affordable, modern energy infrastructure, homes, and transportation delivered by New Yorkers working in tens of thousands of new clean energy jobs.

If the state is truly pursuing an “all-of-the-above” energy strategy, the clean energy investments that are also fast and equitable for our communities, and the resulting better air, homes, schools, jobs, and transportation, must be able to compete visibly and fairly against any slow, dirty, uncertain, inflexible projects being proposed in transparent public venues. As has been demonstrated over and over since the last SEP, uncertainty is more certain than ever, and so decisions should be made with an eye towards the inevitable future where we know clean energy and clean air is the best and safest bet for the people of New York.