

COMMENTS ON DRAFT OPERATING PLAN FOR INVESTMENTS IN NEW YORK UNDER THE CO₂ BUDGET TRADING PROGRAM AND THE CO₂ ALLOWANCE AUCTION PROGRAM

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General Comments:

1. New York State is fortunate for the visionaries in the past that created three major technological innovations that make our present electric system one of the smallest green house gas generators in the nation. This plan fails to either recognize these contributions or promote actions to increase the contributions of two of these technologies.
2. The technologies are:
 - a. Nuclear electric generation
 - b. Hydro-electric generation
 - c. The New York Steam SystemThey are responsible for generating more than 40% of the electricity in NYS without creating green house gases.
3. Nuclear electric generation supplies 25 % of the electric kilowatt hours in NYS, but is not even mentioned in this Plan. It does not create green house gases or other air pollution. One new nuclear plant would reduce green house gases more than this whole program. Where is the support for Constellation Energy's proposed new Nine Mile Nuclear Plant?
4. The policy of this administration including the NYS DEC and the Attorney General if successful will result in the closure of the 2,000 megawatt Indian Point Nuclear Energy Plant. This policy is unacceptable to those of us that support the reduction of green house gas generation in New York. The proposed plan cannot in any way offset the increase in the green house gases that would result from implementation of the policy. The Governor must immediately change the policy and support the relicensing of the Indian Point Plant.
5. There is no mention of development of hydro-electric generation in the Plan, yet it currently supplies 15% of the electric kilowatt hours in NYS. It is the greenest of the technologies, and has more than a century of proven performance. Where is the list of opportunities for new hydro - electric generation? Without pursuing these opportunities, this Plan is incomplete.
6. The Plan calls for combined heat and power installations. Yet, the Plan makes no mention of the largest combined heat and power installation in the world, the New York Steam System. There are significant opportunities for the modernization and expansion of this system. Therefore, the Plan needs to fully develop these opportunities for NYC.
7. This Plan is ill-directed in that electricity production accounts for about 23% of the Green House Gases while it bears 100% of the cost for the Plan. Apply the costs to the transportation and other sectors proportionately.
8. This Plan raises the cost of electricity to an already overburdened population that pays the highest costs in the nation. It has the effect of increasing the costs disproportionately to those of lower income.
9. The Plan has the further impact of raising costs or taxes on municipalities; therefore, it is in effect an unfunded state program.

10. There is no mention of fuel cells in this Plan, yet these have significant Combined Heat and Power applications that both reduce GHG generation and improve on other pollutants.
11. The Plan calls for significant new responsibilities for NYSERDA which just adds to the state bureaucracy and the number of employees who receive greater pay and benefits than the average taxpayer.

Specific Comments:

1. Pg. ES-8: The list of highlighted benefits does not include the negative impact on the consumers of NY. Obviously there is no consideration for negative impacts. While the impact on the average residential customer of about \$8 a year may seem small, it is just another example of a tax imposed through the electric bill. Add this to the recent seemingly small increases in the SBA, it gets bigger and bigger. This is another example of taxation without elected officials passing a law. It raises our electric bills even higher continuing to make NY either the highest or second highest electric cost in the USA.
2. Pg. ES-9: How does the Plan save \$87M for fuel oil? Where is the fuel oil used? Is this heating oil? Is it transportation oil? This chart is incomplete. Be more specific.
3. Pg. ES-9: These charts make it very clear that efficient electric usage is a minor part of the energy savings, yet all of the Plan funds are from electric usage. I can't be sure of where we get benefits. These charts reinforce the conclusion that electric funds the whole program but receives a minor benefit.
4. Pg. ES-10: The emission reductions claim sound very beneficial, but the Plan doesn't accomplish that goal. Explain how it is achieved.
5. Pg 1: The Figure 1 shows the electric supply accounted for about 23% of the greenhouse gases in 2006 yet this Plan has this electric energy source supplying 100% of the funds. That is grossly miss-managed; the other major sources need to be taxed proportionately.
6. Pg. 3: The 45 by 15 goal doesn't mean much without a starting point. In 2009 we are 40 by 09. So this means that there must be an increase of 5% yet there is a call for 30 % renewable. Since there is 15% hydro and about 1% wind, we have 14% to go to meet the goal by 2015. How does the goal account for increased electric usage? In 2007 NY saw an increase in electric usage of 4% over 2006. Use of new electric energy will be a solution for improving short term transportation improvements and definitely long term mass transit and individual transport.
7. Pg. 14: Criterion 4 expects CO2 reductions through water management. This is very unclear. This relates to water production; only by reducing water usage will there be a direct energy correlation. How does the Plan accomplish that? Many of us who operate water treatment plants have made significant investments in improving energy efficiency. Waste water, however, is a different matter. Many larger plants would benefit from installation of either fuel cells or turbines installed to produce combined heat and power. Europe and Japan have moved ahead of us.
8. Pg. 23: There is no mention of fuel cells to produce electricity and heat utilizing the waste gases that are often flared. Make this a major goal of the Plan.
9. Pg. 27: Since transportation accounts for 39% of the GHGs, then a tax on gasoline and diesel fuel should be used to pay for their portion of the Plan, not electric generation.
10. Pg. 27: I see no mention in the Plan to encourage individuals to purchase plug-in electric-hybrid vehicles, yet that is the nearest term improvement that can be made in GHG

production from vehicles. It is a technology that needs to be implemented as fast as possible. It will increase electric usage in NYS, but will improve electric system performance by using off-peak energy. And, most importantly, it has a readily available infrastructure.

11. Pg. 27-28: The Plan does not include the other transportation option of using natural gas. It has already proven successful in NYC and needs to be expanded to transportation in all of the larger cities. A nationwide system needs to be considered, and NYS must accelerate the finding and production of natural gas.
12. Pg. 34: \$3M for plug-in electric hybrid vehicles is not enough to develop and encourage this critical transport option that probably has the greatest potential for reducing GHG.
13. Pg. 36: Photovoltaic programs for NYS haven't made economic sense for years. I and others have tried to make them work for specific installations. Unfortunately, they never have a pay back. Encourage passive solar for new homes.
14. Pg. 37: Criterion 3 discusses distributive generation for solar. NYS would accomplish a lot more if the Plan substituted fuel cells which are far more practical and have reduced their costs. Natural gas is often an available fuel where distributive generation may be applied.