

**The Manufacturers Association of Central New York**

**Comments on the Climate Action Council’s Draft Scoping Plan**

The Manufacturers Association of Central New York (MACNY) is a trade association representing more than 300 member companies, most of which are industrial, with more than 50,000 employees across a 26-county region. Founded in 1913, MACNY advocates for the growth and development of the manufacturing sector in New York and supports policies that will enable New York manufacturers to thrive in today’s competitive global market. In addition, MACNY partners with the Manufacturers Alliance of New York, which includes seven regional manufacturing associations across the state, in an effort to collaborate on strategies that help to advance our common goals. On behalf of our members, MACNY respectively offers the following comments on the Climate Action Council’s (CAC) Draft Scoping Plan (“The Plan”).

**Overview**

The implementation of the Climate Leadership and Community Protection Act (CLCPA) is an important opportunity for New York’s manufacturing sector. The Final Scoping Plan will not only act as a foundation for decision-makers to advance policy in the coming years, but will also send a signal to businesses and markets as to where the future of manufacturing in New York is heading. MACNY and its members are supportive of the overall goals of the CLCPA and acknowledge that there are potential meaningful benefits to the Plan. However, it is vital that the Plan accounts for the economic well-being of the public and strives to ensure that New York businesses remain strong in a competitive economy. Therefore, our comments recognize both potentially positive aspects of the CLCPA goals while identifying areas of serious concern in the Plan, which left unaddressed may have negative unintended consequences for New York’s manufacturing sector for years to come.

**Cost-Benefit Analysis**

Although the integration analysis for the Draft Scoping Plan featured a general benefit-cost analysis, this lacked specific costs and benefits associated with distinct policy recommendations featured throughout the rest of the Plan. While the analysis highlights at a macro-level the overall societal benefits associated with the Plan, the costs will be shared by all of New York’s residents, businesses, and institutions. By delaying the evaluation of costs associated with the Plan until the implementation stage, the public is missing critical information as to how each respective policy will impact their livelihoods. Additionally, there is no information as to what recommendations are most cost-effective, as well as what policies should be prioritized in the near-term vs. long-term.

Moving forward, it is critical that any evaluation of the impact of CLCPA compliance costs on New York energy consumers include the financial obligations related to the CLCPA that already are being imposed on present and future utility customers by the Public Service Commission and others.

**Energy-Intensive and Trade-Exposed Industries**

The Draft Scoping Plan fails to recommend a specific definition of Energy-Intensive and Trade-Exposed (“EITE”) industries or specify recommendations as to how to minimize the imposition of CLCPA compliance costs on EITE industries to prevent out-of-state economic and emissions leakage. A Final Scoping Plan that does not fully address leakage would be self-defeating as it would drive companies and jobs out of the state without providing the carbon emission reductions it aims to achieve.

Multiple Intervenors previously submitted comments to the CAC’s Just Transition Working Group, which proposed adding three EITE industries to the list of EITE industries outlined by the Just Transition Working Group (JTWG) Staff in its October 26, 2020, presentation to the Business Issues Subgroup. These were Industrial Ceramics, Major Industrial-Scale Brewing, and Industrial Gas Manufacturing which are energy-intensive and trade-exposed major employers in New York. To be able to address the significant risks associated with economic and emissions leakage from EITE industries in a competent and effective manner, the Final Scoping Plan should include a more specific definition of what constitutes an EITE industry.

**Grid Reliability and Energy Costs**

It is imperative that the Final Scoping Plan provide a comprehensive transition plan for natural gas that ensures existing gas customers will continue to receive reliable and affordable energy service during the transition. Natural gas is a highly reliable, resilient and dispatchable energy source providing base power when renewables are not available for use. The Draft Scoping Plan seeks to decommission existing gas networks, which would significantly impact business and manufacturing operations in New York.

Specifically, the current Draft Scoping Plan would prohibit gas hookups for existing buildings beginning in 2024 and ban natural gas in most newly constructed buildings, beginning in 2024, with limited exemptions. It also would ban new natural gas appliances for domestic heating, cooking, and water heating from 2030. This is a serious concern seeing that the Draft Scoping Plan recognizes that the state will still need 20-25 GW of low-emissions energy sources after the projected build-out of renewables. This is a significant gap that poses a risk to the energy security of all New Yorkers.

However, the natural gas network can play a key role in meeting this demand. By placing a greater emphasis on maintaining the current natural gas network, future technologies such as hydrogen and renewable natural gas may be able to close the projected energy demand gap and provide low-emissions energy to New Yorkers.

MACNY, along with other business groups and institutions, have requested that the state conduct a quantitative analysis of the potential impacts of compliance with the CLCPA on New York State businesses. In 2020, Multiple Intervenors sent a letter to the CAC’s Just Transition Working Group requesting a quantitative analysis, in order to guide the CAC. Then in 2021, MACNY and the Manufacturers Alliance joined a significant list of statewide associations, councils, unions, and businesses on a letter in support of Multiple Intervenors’ request for a cost study. Such a study was never conducted.

We simply cannot generate all the energy needed to maintain operations at hundreds of facilities using only renewables. Concerns regarding the future reliability of certain renewables should be considered. For example, solar and wind are often much less available. NYISO recently presented on the 2021 performance of the wind and solar generation in New York. This presentation showed that at the end of 2021, New York had an estimated 3,265 MW of behind-the-meter solar generation. The annual capacity factor for such solar the same year was 13%. The State’s wind generation had an annual capacity factor of about 23% in 2021.

The Final Scoping Plan must consider a better way to meet and exceed New York’s clean energy goals without risking energy reliability, hurting disadvantaged communities, removing consumer choice, or harming the State’s economy. A hybrid approach that uses all available technologies would meet the state’s climate goals, while creating an affordable and just transition. A hybrid approach would include a coordinated gas and electric decarbonization strategy, utilizing diverse technologies and engaging a broad coalition of trusted partners, would potentially serve as a more effective way to manage implementation.

**Just Transition and Workforce Development**

As President & CEO of MACNY, I was pleased to sit on the Just Transition Working Group to help advise the Climate Action Council on issues and opportunities for workforce development and training related to energy efficiency measures, renewable energy, and other clean energy technologies, with specific focus on training and workforce opportunities for disadvantaged or underrepresented communities. This should continue to be a priority of the CAC and Final Scoping Plan, and MACNY would like to be part of the ongoing conversation and solution.

In closing, thank you for the opportunity to provide comments on the Draft Scoping Plan. To ensure an effective implementation of the CLCPA, MACNY and our members request a comprehensive and ongoing study conducted on the potential effects of the implementation of the Final Scoping Plan.

MACNY has surveyed and heard from many of our member companies that are already taking significant steps to reduce their carbon footprint, and they are extremely concerned with some of the elements of the Draft Plan. They fear such measures will subsequently drive their operations out of New York State. Our members are committed to their communities and the goals of the CLCPA, but they seek a reasonable and productive path to meeting the main CLCPA targets.

MACNY and its members are readily available to answer any questions that will aid in the Council’s decision-making process. We thank you for your continued work on so many critical issues, and we look forward to the release of the Final Scoping Plan.

Sincerely,

Randy Wolken

President & CEO

MACNY - The Manufacturers Association of Central New York