



# Empire State Forest Products Association

*The people behind New York's healthy forests and quality wood products*

*www.esfpa.org*

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## **Memorandum of Opposition**

### **A 4592-B/S 2016-B**

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Dear Assemblymember Fahy and Senator Krueger:

The Empire State Forest Products Association has significant concerns with **A. 4592-A/S. 2016-A** which could have deleterious impacts on the natural gas system serving New York's businesses and industry and assuring a predictable and affordable transition to a less carbon intensive economy. While we support the Climate Leadership & Community Protection Act (CLCPA) goals for renewable energy and reduction of Greenhouse Gas (GhG) emissions, we need to pursue these in a way that avoids impacts on the State's economy, leads to the loss of manufacturing within the State, and incentives leakage of both jobs and emissions out of state.

The Empire State Forest Products Association (ESFPA) represents more than 350 member businesses, industries and landowners engaged in forest resource production and stewardship of New York's 19 million acres of forest. In total, \$22.9 billion in annual industry production and nearly 100,000 jobs are attributable to operations of various industries within the forest related sectors. There are more than 200,000 private forest landowners who also depend on sound forest and timber management and production to help them keep their forests as forests.

This legislation would codify the achievement of CLCPA goals in the Public Service Law which we believe already is the case in the CLCPA. As specified in the CLCPA, "all state agencies, offices, authorities and divisions" are required when considering issuing permits, licenses and approvals to consider the attainment of the CLCPA goals and requirements and to mitigate direct and indirect impacts of such decisions if they are approved.

The CLCPA does not, however, impose any specific restrictions on the use of natural gas nor changes in the natural gas distribution system. While the Act does impose GhG emission reductions, including on methane, the Act is agnostic on exactly how those reductions are achieved. Many businesses in ESFPA as well as across the economy will rely on adequate supplies and affordable natural gas for the foreseeable future. Many of our industrial users are Energy Intensive & Trade Exposed (EITE's) as defined in the CLCPA and "cap and invest" program under

development. We are concerned that the HEAT Act's broad authority and ambitious push for curtailment or discontinuance of natural gas will create system instability in the distribution system. This will result in uncertainty for numerous in-state businesses, and have impacts on their decisions to invest or re-invest in gas dependent operations.

Even if provisions of the Act call for discretion in discontinuance of gas in the commercial/industrial sectors, a rapid change in residential consumption could have significant impacts on local and regional stability in the delivery system. Now is the time for all stakeholders to come together and examine the big picture. It will take regulators, manufacturers, technology innovators and other industry interests working together to affect real change. This includes a focus on keeping reliable gas systems on line to ensure minimum leakage, while keeping the costs of system conversion and discontinuance in balance while maintaining New York's economic competitive position.

We also want to point out that several provisions in the HEAT Act are unnecessary or redundant with ongoing proceedings at the Public Service Commission (PSC) for addressing the natural gas system. There are at least two PSC proceedings underway to address this very issue. First the "gas planning proceeding (case 20-G-0131) requires each gas utility to develop a comprehensive, utility specific proposal on gas system and policy needs. Second, is the CLCPA Implementation Proceeding (case 22-M-0149) which directs the PSC staff to issue an annual report detailing overall compliance with the CLCPA. This case will look at assessing emissions associated with electric and gas usage, the costs and benefits to ratepayers of CLCPA investments, and other analysis of ongoing implementation of the CLCPA.

Together, these proceedings will provide the PSC and consumers with transparency to evaluate potential changes to the natural gas system in New York. We must be careful not to undermine or complicate the analysis that are ongoing.

The key to successfully transition to a lower carbon economy is to find a balance between regulation, encouraging innovation, and safeguarding the interests of businesses, consumers and the environment. ESFPA stands ready to help lead our manufacturers through and energy transition in the wood products industry. But it is imperative to avoid imposing excess restrictions on access to reliable natural gas systems, and to leave options to achieve GHG emission reductions while keeping the cost of transition in check with economic advantage.

Transition of the natural gas system must be achievable, reliable, and cost competitive with current technology alternatives. Expanded use of renewable natural gas and hydrogen may be options for manufacturing and other EITE businesses going forward. As such, the State needs to avoid imposing unnecessary restrictions on these types of emission reduction strategies and avoid overly aggressive curtailment or discontinuance of the existing distribution system.

For the above reasons, the Empire State Forest Products Association cannot support this legislation.

cc: Assembly Corporations, Authorities & Commissions Committee Members

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