

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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PROCEEDING ON MOTION OF THE COMMISSION  
TO IMPLEMENT A LARGE-SCALE RENEWABLE  
PROGRAM AND A CLEAN ENERGY STANDARD

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Case No.: 15-E-0302

**COMMENTS OF UPSTATE ENERGY JOBS  
IN SUPPORT OF  
STAFF'S RESPONSIVE PROPOSAL FOR  
PRESERVING ZERO-EMISSIONS ATTRIBUTES  
(July 8, 2016)**

Dated: July 22, 2016

Upstate Energy Jobs<sup>1</sup> (UEJ) supports the Department of Public Service (DPS) Staff's Responsive Proposal for Preserving Zero-Emissions Attributes as presented in its July 8, 2016 submission. Moreover, UEJ urges the Commission to adopt an Order implementing the proposed component of the Clean Energy Standard (CES) that establishes Zero-Emissions Credits (ZECs) to encourage the continued operation of nuclear-powered electric generating facilities in New York State. Such an Order will benefit the State's electric system and the customers it serves, the local and regional economies that host these facilities – thus the entire State of New York, and the environment.

UEJ concurs with the conclusions of DPS Staff that *“the result of this proposal is significant economic and environmental benefits for New York.”*<sup>2</sup> UEJ directs the Commission's attention to the overwhelming support from the business<sup>3</sup> and scientific<sup>4</sup> community as further proof that implementation of a ZECs component into the CES is not only justified, but critical to achieving the State Energy Plan.<sup>5</sup>

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<sup>1</sup> Upstate Energy Jobs is a broad-based coalition of municipal, business, labor, education and economic development leaders dedicated to ensuring the continued operation of Upstate New York's four nuclear power plants. The coalition is supported by local businesses, families, employees and skilled labor that are deeply concerned about preserving Upstate New York's nuclear power plants. See, [www.upstateenergyjobs.com](http://www.upstateenergyjobs.com)

<sup>2</sup> Staff's Responsive Proposal For Preserving Zero-Emissions Attributes, July 8, 2016, Page 1.

<sup>3</sup> "With Governor Cuomo's leadership, we have an opportunity to rescue and continue to operate a critical power plant that supports thousands of skilled men and women," Chris Crane, Exelon president and CEO, said in a statement about FitzPatrick. "The proposed CES program, if approved, will give us the confidence to invest hundreds of millions of dollars in FitzPatrick in January to refuel the plant and upgrade systems needed to reverse the shutdown decision." Chris Crane, Exelon President and CEO, Megawatt Daily, July 14, 2016, Page 6.

<sup>4</sup> Climate scientists and conservation leaders urge New York Public Service Commission to save nuclear power, <http://www.environmentalprogress.org/new-york-public-service-commission-letter/>

<sup>5</sup> <http://energyplan.ny.gov/>

## Cost-Benefit Analysis

Particular attention must be given to the cost-benefit analysis associated with this proposal, taking into account not just the dollar value of the direct subsidy for zero-emissions attributes, but of equal importance the calculated dollar value associated with removing an estimated 31 million metric tons of CO<sub>2</sub> from being emitted into the atmosphere over the next two years as reported by The Brattle Group<sup>6</sup>, as well as “*the significant contribution [made by Upstate New York’s nuclear plants] to keeping New York’s average electricity costs down.*”<sup>7</sup> Without the Upstate New York nuclear power plants, New York State would be forced to meet its immediate electricity demands through an increase in the use of natural gas-fired plants, resulting in higher average electricity prices due in part by energy market effects, and constraints on the NYISO capacity market, particularly in the upstate zones.<sup>8</sup>

Furthermore, renewable energy sources are not being constructed at a pace that makes replacing nuclear power with renewable power a realistic approach at this time. Nuclear-powered electric generating facilities are reliable, steady sources of power that are already in operation and contributing to the energy mix. The Upstate New York nuclear facilities enjoy a broad base of public support from multiple interests (as evidenced by the very existence of the UEJ coalition and the several supportive letters, comments and resolutions by UEJ members) including the unprecedented, unanimously-carried joint resolution by the Counties of Oswego and Wayne in

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<sup>6</sup> New York’s Upstate Nuclear Power Plants’ Contribution to the State Economy, The Brattle Group, December 2015, Pages 11-12. (The Brattle Study)

<sup>7</sup> Ibid, at Page 4

<sup>8</sup> Ibid, at Pages 7-8

support of the upstate nuclear power plants (attached). Conversely, renewable power sources – particularly wind and solar – are weather-reliant and intermittent, and increasingly subject to challenge by local communities and competing environmental interests throughout the State of New York.<sup>9</sup>

### **Economic Value**

Upstate New York, and particularly Oswego County – the host county for three of the four upstate nuclear power plants – can ill-afford to lose the revenue source provided by these economic engines. Oswego County consistently ranks at the top of the State’s unemployment statistics, and currently has the third highest rate of unemployment among the State’s 62 counties.<sup>10</sup> From the well-paying jobs these facilities provide, to the significant local property tax payments made by the owners, to the additional businesses that are supported as a result of the regular employment opportunities our upstate nuclear power plants provide, the nuclear power industry is critical to ensuring the continued economic vitality of our region. In turn, as Governor Cuomo recently pointed out, a healthy upstate economy actually helps the rest of the State and allows all of New York State to flourish.<sup>11</sup>

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<sup>9</sup> *Once in favor of wind power, Yates residents become overwhelmingly opposed*, The Buffalo News, January 10, 2016; *Town Residents Oppose Location of Wind Farm*, The Cornell Daily Sun, February 5, 2016; *Clayton proposes banning industrial turbines in reaction to Horse Creek wind project*, Watertown Daily Times, March 11, 2016; *Niagara USA Chamber opposes wind turbine project*, Wind-Watch.org, April 22, 2016.

<sup>10</sup> [http://www.labor.ny.gov/stats/PressReleases/county\\_rates.pdf](http://www.labor.ny.gov/stats/PressReleases/county_rates.pdf)

<sup>11</sup> <https://www.governor.ny.gov/news/video-photos-and-transcript-governor-cuomo-announces-oswego-receive-10-million-downtown>

Another measure of economic value is in the comparison of the proposed subsidy for nuclear facilities through the ZECs methodology, and the subsidies currently established for renewable energy sources. It is undisputed that nuclear power constitutes approximately 31% of the Statewide Fuel Mix for Electricity Generation, while all other sources of renewable energy – the bulk of which is hydropower – amounts to roughly 26%. The fuel mix of renewable energy sources receiving state and federal subsidies – primarily wind and solar projects – is closer to 4% of the statewide total.<sup>12</sup>

The subsidy proposed by the DPS ZEC Calculations for the first two years of the program establishes a price of \$17.48/MWh for qualifying nuclear power generators. Conversely, the State subsidy payments offered to renewable power generators currently averages out to approximately \$22/MWh. Federal Production Tax Credits provide these renewables with an additional \$23/MWh in benefits.<sup>13</sup>

UEJ supports the characterization of nuclear power as a “bridge fuel” towards reaching the future goal of “50 by 30”<sup>14</sup> but there must be equal support for and recognition of the undisputed truth that the State of New York will not realize the Energy Plan without each and every one of

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<sup>12</sup> DPS Staff White Paper on Clean Energy Standard, Case 15-E-0302, January 25, 2016, Appendix B, Page 3 of 4.

<sup>13</sup> Climate scientists and conservation leaders urge New York Public Service Commission to save nuclear power, <http://www.environmentalprogress.org/new-york-public-service-commission-letter/>

<sup>14</sup> <http://energyplan.ny.gov/>

the upstate nuclear power plants open and operating through their current license expiration dates.<sup>15</sup>

### **Environmental Value**

Some of the most prominent climate scientists, environmentalists and conservation leaders in the nation support the implementation of the CES and the inclusion of ZECs for nuclear power plants, among them Dr. James Hansen, a UEJ supporter. UEJ concurs with July 14, 2016 letter from Environmental Progress to the PSC, particularly the following statement: *“Most of all, the climate benefits, and with it our children and grandchildren. New York’s nuclear plants have many decades of useful life left in them, generating power while preventing the emission of hundreds of millions of tons of greenhouse gases. They can shoulder much of the burden of transitioning the state towards a cleaner, more sustainable future.”*<sup>16</sup>

UEJ concurs with the filing submitted by the indicated Joint Utilities (Con Edison, et al.), dated June 6, 2016, which incorporates several key findings as reported by Navigant Consulting (The Navigant Study).<sup>17</sup> In particular, as stated in the Con Edison filing, “the Navigant Study demonstrates that retaining existing nuclear facilities will significantly reduce overall CES costs,

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<sup>15</sup> FitPatrick: 2034, Nine Mile Point Unit 1: 2029, Nine Mile Point Unit 2: 2046, Source: <http://www.nei.org/Knowledge-Center/Nuclear-Statistics/US-Nuclear-Power-Plants/US-Nuclear-Plant-License-Information>

<sup>16</sup> Climate scientists and conservation leaders urge New York Public Service Commission to save nuclear power, <http://www.environmentalprogress.org/new-york-public-service-commission-letter/>

<sup>17</sup> Navigant Consulting, Inc., Achieving New York State’s Clean Energy Policy Objectives, Position Paper (“Navigant Study”)(June 6, 2016)

especially those associated with reducing GHG emissions, reinforcing the State’s approach to support nuclear units;”<sup>18</sup> and therefore advancing the State’s Energy Plan goal of reducing carbon emissions by 40% by the year 2030.

In the final analysis, UEJ wholly adopts the conclusions of the DPS Staff when it opines that “[T]he benefits of paying for the zero-emission attributes far exceed the costs.”<sup>19</sup> Not only did the DPS Staff acknowledge and adopt the findings of The Brattle Study, but in turn The Brattle Group has analyzed the Staff’s Responsive Proposal For Preserving Zero-Emissions Attributes and has concluded that while the costs appear to be higher than anticipated, the savings to the consumer that will result from the implementation of the ZECs methodology will always remain greater than the costs, both in terms of electricity cost savings but also in the real and tangible value in preventing the release of 15 million tons of CO<sub>2</sub> into the atmosphere on an annual basis.<sup>20</sup>

Perhaps said best, and early in the current proceeding, are the comments of Governor Andrew Cuomo in his instructions to the DPS when he stated: “Specifically, elimination of upstate nuclear facilities...would eviscerate the emission reductions achieved through the State’s renewable energy programs, diminish fuel diversity, increase price volatility, and financially harm host communities.”<sup>21</sup>

The New York State Public Service Commission is in the unique position of establishing a Clean Energy Standard that will become a national standard that no other state has yet to

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<sup>18</sup> Ibid, Page 4

<sup>19</sup> Staff’s Responsive Proposal For Preserving Zero-Emissions Attributes, July 8, 2016, Page 2.

<sup>20</sup> [http://www.brattle.com/system/publications/pdfs/000/005/310/original/Comment\\_on\\_July\\_8\\_Staff\\_Proposal\\_-\\_Brattle.pdf?1468356391](http://www.brattle.com/system/publications/pdfs/000/005/310/original/Comment_on_July_8_Staff_Proposal_-_Brattle.pdf?1468356391)

<sup>21</sup> DPS Staff White Paper on Clean Energy Standard, Case 15-E-0302, January 25, 2016, Page 3.

successfully implement. Such an accomplishment is as practical as it is historic, and shall serve as a model for all others to follow.

### **Conclusion**

Upstate Energy Jobs thanks the Commission for the opportunity to submit these formal comments for consideration and urges the timely adoption of an Order implementing the DPS Staff's proposed component of the Clean Energy Standard as more fully set out herein and in the record developed in this proceeding.

Respectfully Submitted,

### **UPSTATE ENERGY JOBS**

By: */s/ Kevin C. Caraccioli*

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**Attachment:** JOINT RESOLUTION BY THE COUNTIES OF OSWEGO & WAYNE IN SUPPORT OF THE PRESERVATION OF THE ENVIRONMENTAL VALUES AND ATTRIBUTES OF ZERO-EMISSIONS NUCLEAR POWERED ELECTRIC GENERATING FACILITIES FOR THE BENEFIT OF THE ELECTRIC SYSTEM, ITS CUSTOMERS AND THE ENVIRONMENT.



## JOINT RESOLUTION

### BY THE COUNTIES OF OSWEGO & WAYNE

### IN SUPPORT OF THE PRESERVATION OF THE ENVIRONMENTAL VALUES AND ATTRIBUTES OF ZERO-EMISSIONS NUCLEAR POWERED ELECTRIC GENERATING FACILITIES FOR THE BENEFIT OF THE ELECTRIC SYSTEM, ITS CUSTOMERS AND THE ENVIRONMENT.

**WHEREAS**, in response to Governor Andrew Cuomo's to the New York State Department of Public Service (DPS) to develop a Clean Energy Standard, in an effort to achieve a 40% reduction in greenhouse gas emissions, while at the same time increasing by 50% the renewable sources of energy in New York State by the year 2030; and

**WHEREAS**, Governor Cuomo's leadership and forward-looking approach to the environment and economy is a standard by which all other states should follow, and has resulted in the development of a Clean Energy Standard proposal currently under consideration by the New York State Public Service Commission (PSC), in a proceeding identified as Case No.: 15-E-3020, Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard; and

**WHEREAS**, on July 8, 2016, the staff of the DPS issued its responsive proposal for preserving zero-emissions attributes of nuclear-powered electric generating facilities as part of a component of the Clean Energy Standard under consideration by the PSC; and

**WHEREAS**, the counties of Oswego and Wayne are home to all four nuclear facilities and will be directly affected by the proposals currently under consideration by the PSC; and

**WHEREAS**, the legislative bodies of Oswego and Wayne wish to jointly acknowledge and support Governor Cuomo's leadership on this matter, and the DPS staff's analysis of the values and attributes of preserving all four nuclear power plants in our respective counties; and

**WHEREAS**, the adoption of the DPS staff's responsive proposal, including the formula for establishing Zero-Emissions Credits (ZECs), will have immediate and significant economic and environmental benefits for the State of New York as a whole, and Upstate New York in particular; and

**WHEREAS**, the replacement of the zero-emission nuclear power with equivalent amounts of fossil-fueled electrical generation would result in an increase of approximately 31 million metric tons of CO<sub>2</sub> emitted into the atmosphere over the next two years with a societal cost of \$1.4 billion, as reported by The Brattle Group; and

**WHEREAS**, the report by The Brattle Group produced in 2015 found the nuclear plants that provide the zero-emission attributes at risk provide direct economic benefits of approximately \$1.7 billion per year, including critical local economic and Statewide benefits in the form of property taxes and on average over 2,600 well-paying jobs (as well as secondary employment benefits); and

**WHEREAS**, the legislative bodies of Oswego and Wayne support the conclusions of DPS staff that the benefits of paying for the zero-emission attributes far exceed the costs, in that during the first two years of the program, the economic and environmental benefits associated with carbon reductions, supply cost savings and property tax benefits are estimated to be approximately \$5 billion, while during this same period, the total attribute payments are calculated to be up to \$965 million, for a net benefit of \$4 billion; and

**WHEREAS**, implementation of the proposal supports New York's environmental stewardship, protects the energy market from an over-dependence on fossil fuel, promotes the upstate economy, and allows New York time to implement the 50% by 2030 renewable portion of the CES standard; and

**WHEREAS**, failure to recognize the substantial value that upstate nuclear contributes at this critical time will result in higher energy costs, capacity costs, higher CO<sub>2</sub> and other criteria pollutants and lock New York State into an enormous long term dependence of fossil fuel for the next 20-30 years; and

**WHEREAS**, the DPS staff's proposal is fair and accurate and should be implemented expeditiously to ensure future refueling outages can be executed at each of these critical nuclear facilities located in Oswego and Wayne counties; and

**WHEREAS**, the legislative bodies of the counties of Oswego and Wayne are committed to working with the PSC and other stakeholders on this important proceeding;

**NOW, THEREFORE, UPON DUE DELIBERATION AND CONSIDERATION IT IS AND SHALL HEREBY BE:**

**RESOLVED**, that the legislative bodies of the counties of Oswego and Wayne acknowledge the leadership and efforts of Governor Andrew M. Cuomo in pursuing solutions that are intended to save the economic engines that are our upstate nuclear

facilities, while at the same time leading the rest of the country in a Clean Energy Standard that helps to sustain our environment for generations to come; and be it further

**RESOLVED**, that the legislative bodies of the counties of Oswego and Wayne urge the PSC to incorporate the DPS staff's responsive proposal for preserving zero-emissions attributes into the final order in Case No.: 15-E-0302: Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard; and be it further

**RESOLVED**, that the PSC's final order, incorporating DPS staff's proposal for ZECs, be issued as soon as possible to ensure that the nuclear facilities located in Oswego and Wayne counties are in a position to utilize the ZECs, thereby continuing to support the economy of Upstate New York, while preserving the ability to generate reliable electricity for the State of New York, and helping to sustain a clean environment to pass along to generations that follow.

**ADOPTED BY THE OSWEGO COUNTY LEGISLATURE ON THE 14<sup>TH</sup> DAY OF JULY, 2016.**

**ADOPTED BY THE WAYNE COUNTY BOARD OF SUPERVISORS ON THE 19<sup>TH</sup> DAY OF JULY 2016.**

**COUNTY OF OSWEGO**

**COUNTY OF WAYNE**

**/s/ Kevin Gardner**

By: Kevin Gardner, Chairman

**/s/ Steven M. LeRoy**

By: Steven M. LeRoy, Chairman