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Hon. Kathleen H. Burgess, Secretary
State of New York Public Service Commission
Bldg. 3, Empire State Plaza
Albany, New York 12223
By E-mail: secretary@dps.ny.gov

Re: STAFF'S RESPONSIVE PROPOSAL FOR PRESERVING ZERO-EMISSIONS
ATTRIBUTES (July 8, 2016)

Dear Secretary Burgess:

The New York Public Service Commission (NY PSC) is considering a Clean Energy Standard (CES) to encourage the preservation of the environmental values or attributes of zero-emissions nuclear-powered electric generating facilities. The Staff of the Department of Public Service has prepared a "responsive proposal" dated July 8, 2016. The American Petroleum Institute (API) and API New York submit the following comments on the cited proposal. API and API New York represent over 650 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America's energy, supports more than 9.8 million jobs and 8 percent of the U.S. economy, and, since 2000, has invested nearly \$2 trillion in U.S. capital projects to advance all forms of energy, including alternatives.

We would like to make two key points regarding the responsive proposal: 1) All greenhouse gas reduction approaches should be incentivized and 2) the Social Cost of Carbon should not be utilized in this effort.

All greenhouse gas reduction approaches should be incentivized

The NY PSC must create a level playing field by making emissions credits available to all technologies and energy sources that can reduce net GHG emissions from the electricity sector, including, but not limited to nuclear power, energy efficiency measures, and other forms of electricity generation that can help achieve compliance with state emission reduction goals, such as natural gas, CHP, biomass, and waste heat power.

- Use of natural gas for electricity generation reduces CO2 emissions by about half relative to the use of coal. American producers have delivered a huge, low-cost supply of natural gas that has enabled the conversion of significant coal power to natural gas. The Intergovernmental Panel on Climate Change (IPCC), Energy Information Administration, International Energy Agency, EPA, Brookings Institution, the Breakthrough Institute and many others recognize natural gas as

the primary reason that the United States has reduced overall greenhouse gas emissions more than any other nation.

- Natural gas also emits much lower levels of criteria pollutants, and studies have shown increased use for power generation produces direct air quality improvements and health benefits.
- According to the Energy Information Agency, carbon dioxide emissions from energy consumption in 2014 were at their lowest level in over 20 years. Nearly 2/3 of the reduction in the power sector CO₂ emissions since 2005 has come from fuel switching to natural gas.
- Overall, largely due to market forces, driven by the revolution in shale energy production, increasing use of natural gas has led to a substantial drop in carbon dioxide emissions, while providing significant savings to consumers and businesses through lower energy costs.

The Social Cost of Carbon should not be utilized in this effort

The Social Cost of Carbon (SCC) is inappropriately utilized in the cost-benefit analysis performed in connection with the Zero Emissions Credits in the proposal and should be withdrawn as a basis for this rulemaking. As we have indicated in other regulatory venues, the SCC calculation should not be used in any rulemaking or policymaking until it undergoes a more rigorous notice, review and comment process. These arguments were more fully developed in comments filed by the American Petroleum Institute and several other trade associations on DOE's Energy Conservation Standards for Commercial Refrigeration Equipment,¹ and more recent comments to the Office of Management and Budget on the Regulatory Impact Analysis of the Social Cost of Carbon,² and are incorporated by reference herein.³ Please note that the National Academy of Sciences has highlighted that the set of estimates provided by the

¹ See Comments of the U.S. Chamber of Commerce, American Forest & Paper Association, American Fuel & Petrochemical Manufacturers, American Petroleum Institute, Council of Industrial Boiler Owners, National Association of Manufacturers, National Mining Association, and Portland Cement Association; Docket No. EERE-2010-BT-STD-0003-0079; <http://www.regulations.gov/#!documentDetail;D=EERE-2010-BT-STD-0003-0079>.

² See Comments of the U.S. Chamber of Commerce, The American Chemistry Council, American Coalition for Clean Coal Electricity, American Exploration & Production Council, American Forest & Paper Association, American Fuel & Petrochemical Manufacturers, American Iron & Steel Institute, American Petroleum Institute, America's Natural Gas Alliance, Brick Industry Association, Council of Industrial Boiler Owners, The Fertilizer Institute, Independent Petroleum Association of America, National Association of Home Builders, National Association of Manufacturers, National Mining Association, National Oilseed Processors Association, Natural Gas Supply Association, and Portland Cement Association; Docket ID OMB-2013-0007; <http://www.regulations.gov/#!documentDetail;D=OMB-2013-0007-0100>.

³ Notably, even DOE has acknowledged that (1) "[t]he estimates are presented with an acknowledgement of the many uncertainties involved and with a clear understanding that they should be updated over time to reflect increasing knowledge of the science and economics of climate impacts;" (2) "[i]t is important to recognize that a number of key uncertainties remain, and that current SCC estimates should be treated as provisional and revisable since they will evolve with improved scientific and economic understanding;" and (3) "[t]he interagency group also recognizes that the existing models are imperfect and incomplete." See 81 Fed. Reg. 15885, 15887 (March 24, 2016). These acknowledgments provide further support for the assertion that the SCC calculation should undergo further review before being used in any rulemaking or policymaking.

Interagency Working Group “does not yield a probability distribution that fully characterizes the uncertainty about the SCC.”⁴ This level of uncertainty contributes to the arbitrary nature of using the SCC to anchor the ZEC value.

In conclusion, we urge the NY PSC to incentivize all greenhouse gas reduction approaches and to discontinue the usage of the Social Cost of Carbon in this effort.

Sincerely,

Howard J Feldman

⁴ [Assessment of Approaches to Updating the Social Cost of Carbon](#): Phase 1 Report on a Near-Term Update: Committee on Assessing Approaches to Updating the Social Cost of Carbon; Board on Environmental Change and Society; Division of Behavioral and Social Sciences and Education; National Academies of Sciences, Engineering, and Medicine (2016)