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COMMENTS OF THE AMERICAN PETROLEUM INSTITUTE

Proposed Rule Making

IN RE: PSC 37-21-00010-P

Zero Emitting Electric Generating Facilities That Are Not Renewable Energy Systems

Introduction

The American Petroleum Institute ("API") appreciates the opportunity to provide comments on the petition filed by the Independent Power Producers of New York, Inc. ("IPPNY"), the New York State Building & Construction Trades Council ("NYSBCTC"), and the New York State AFL-CIO ("AFL") to establish a new competitive program or tier under the existing Clean Energy Standard ("CES") to encourage the development of zero-emitting electric generating facilities that are not renewable energy systems.

API represents all segments of America's natural gas and oil industry, which supports more than 11 million U.S. jobs. Our nearly 600 members produce, process, and distribute most of the nation's energy, and participate in API Energy Excellence, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. Formed in 1919 as a standards-setting organization, API has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

While New York produces little oil and natural gas, the industry supports nearly 420,000 jobs in the state and in 2019 contributed more than $70 billion to its economy. New York has also received $360 million from the industry through the Land and Water Conservation Fund. [1]

New York's Clean Energy Standard

In August 2016, the New York Public Service Commission ("Commission") adopted the CES which set a mandate whereby 50 percent of the electricity consumed in New York by 2030 must be derived from renewable energy sources. In 2019, the Climate Leadership and Community Protection Act ("CLCPA") was passed, and this law further expanded the 2030 CES goal to 70 percent. Additionally, the CLCPA set a new target of full decarbonization of the electric sector by 2040. The New York Department of Public Service reported in its *Clean Energy Standard Progress Report* that renewables represented 27 percent of load in compliance year 2019.

The Petition

On August 18, 2021, IPPNY, NYSBCTC, and AFL (together, "the Petitioners") filed a petition with the Commission requesting that it establish a competitive program to encourage private sector investment in at least one gigawatt of zero emissions energy systems that commence commercial operations by 2030. It further requested that the Commission define "zero emissions energy systems" as "systems, other than renewable energy systems, that generate electricity or thermal energy

[1] https://www.api.org/news-policy-and-issues/american-energy/energy-builds-america-jobs-economy-environment-all-50-states.

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through the use of technologies that do not lead to a net increase in greenhouse gas emissions into the atmosphere at any time in the process of generating electricity."

The need for flexible, zero-emitting resources

As part of its pursuit to decarbonize the power sector, New York has issued solicitations for significant amounts of solar and wind capacity since 2017.[2] While these resources will help achieve the state's goals, multiple studies conducted on behalf of the New York Independent System Operator ("NYISO") have concluded that dispatchable carbon-free resources will be required to fully decarbonize the power system.

The Petitioners cite a study performed by *The Analysis Group* for NYISO that determined that up to 30,000 MW of dispatchable, carbon-free resources would be needed in the region to provide reliability services while satisfying emission requirements.[3] *The Analysis Group* also noted that while battery storage resources can help meet system needs, "periods of reduced renewable generation rapidly deplete battery storage capabilities."[4]

In a separate study performed for NYISO, *Brattle Group* ("*Brattle*") similarly concluded that new, flexible technologies will be required to address balancing shortages associated with a grid that is highly dependent on intermittent resources like wind and solar.[5] This study concluded that these technologies provide flexibility and resource adequacy and will be critical in the summer when wind resources in the state generally do not perform as strongly, and in the winter when solar resources do not perform as strongly. *Brattle* found that by 2040, NYISO would require nearly 40,000 MW of "dispatchable zero-emission resources" like electric generators fueled by hydrogen or renewable natural gas ("RNG") or those that burn natural gas and utilize carbon capture and sequestration ("CCS"). Currently, none of these technologies qualify as eligible facilities under the CES.

Conclusion

API encourages the Commission to grant this petition and establish a new competitive CES program which should help in the development of dispatchable, carbon-free resources that can effectuate the state meeting environmental objectives while ensuring bulk power system reliability. API appreciates the opportunity to participate in this process and looks forward to remaining engaged as New York works to reduce emissions while maintaining reliability and grid stability.

Respectfully,

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[2] https://www.nyserda.ny.gov/all-programs/programs/clean-energy-standard/renewable-generators-and-developers/res-tier-one-eligibility/solicitations-for-long-term-contracts.
[3] https://www.nyiso.com/documents/20142/15125528/02%20Climate%20Change%20Impact%20and%20Resilience%20Study%20Phase%202.pdf/89647ae3-6005-70f5-03c0-d4ed33623ce4
[4] *Id.* at p. 11.
[5] https://www.nyiso.com/documents/20142/12610513/Brattle%20New%20York%20Electric%20Grid%20Evolution%20Study.pdf/6a93a215-9db3-d5a0-6543-27b664229d3e.