

# NY Energy and Business Coalition

- Business Council of NYS
- Energy Association of NYS
- Environmental Energy Alliance of NY
- Independent Power Producers of NY
- International Brotherhood of Electrical Workers (Locals 83, 97 & 503)
- Utility Workers of America AFL-CIO (Local 1-2)

# Coalition Supports RGGI Goals

The NY Coalition supports the *RGGI Program Goal* to "...reduce CO<sub>2</sub> emissions while maintaining energy affordability and [electric system] reliability and...the diversity in policies and programs in individual states."

# Basic Position

- Adaptability - increase the likelihood the program will be adopted by states outside RGGI region
- Must not jeopardize jobs or economy
- Don't put state at a competitive disadvantage
- Get full credit for power plants emissions reductions since 1990

# NY CO<sub>2</sub> Reduction Leadership

- Generation sector reductions already made
  - New efficient generation
  - Dual fuel capability
  - Retirements
- Energy efficiency programs
- Renewables since 1990

# Economic Considerations From a NY Perspective:

- NYS is No. 1 in combined state and local taxes at 48% above the national average (2002 census bureau data)
- 2002 electricity prices (EIA data)
  - 11.50 cents/kwh in NYS
  - 9.65 cents/kwh in other RGGI states
  - 6.83 cents/kwh remaining US states
- An inflexible program will further reduce competitiveness and may increase leakage

# Additional Key Considerations

- The power industry is extremely capital intensive with long-term planning horizons
- Unlike other plant emissions, there are no emission control technologies for CO<sub>2</sub>

# How should regional cap on CO<sub>2</sub> emissions be set?

- RGGI has already chosen 1990 as the baseline
- Sector cap should be phased in
- First stage stabilize at current levels because that represents a substantial reduction from 1990 NYS levels
- Additional stages determined by modeling analysis and participation by other states

# How should each state's allowances budget be established?

- States get their percentage of emissions from the regional cap
- Done in a manner that gives credit for progress to date and protects NY's competitiveness.

# How should allocations of allowances be done?

- Our position will be determined at a later date when more information is known about the program
- Allocation methodology should recognize that there are no add-on controls for CO<sub>2</sub>.

# Uniform allocation methods

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# Flexibility Mechanisms

- Unlimited banking with no flow control
- Temporal flexibility and borrowing
- Use of offsets and allowances including those from other GHG programs
  - Forest sequestration
  - Biomass used for energy, including waste-to-energy which eliminates generation of landfill methane