Honorables Andrew Cuomo
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August 13, 2019

Subject: A. 4294/S 23: In Relation to Maintaining the Continued Viability of the State’s Existing Large-Scale, Renewable Energy Resources

Dear Governor Cuomo:

The Empire State Forest Products Association encourages you to sign A 4294/S 23 as it addresses a significant shortcoming in New York’s Clean Energy Standard (CES) and addresses the significance that the CES can have in support of our State’s forest based economy.

The Empire State Forest Products Association (ESFPA) represents over 400 member businesses, industries and landowners engaged in forest resource production and stewardship of New York’s 19 million acres of forest. In total, $22.8 billion dollars in annual industry production and nearly 100,000 jobs are attributable to operations of various industries within the forest related sectors. There are over 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 require the Public Service Commission (PSC) to modify the Clean Energy Standard (CES) to ensure that operating renewable electric generation facilities stay in operation in New York. The CES, as it is currently drafted, will likely lead to renewable energy projects leaving the State or retiring their units and lead to the state losing ground on its ambitious renewable energy targets.

Many of the projects currently participating in the RPS program as Maintenance Tier resources have substantial remaining life, and it would not be in New York State’s interest for the energy, renewable energy attributes and capacity from some or all of these resources to be exported from the New York market or for these resources to shut down. If that were to occur, New York would lose the ability to claim the renewable energy from these facilities toward its renewable energy goals, and the loss of these resources to premature retirements would lead to lost jobs and the loss of fuel diversity benefits.
The forest products sector has a significant interest in the CES, particularly in regards to biomass facilities, and wants to ensure that the CES supports the development and continuance of in-state biomass power projects. The biomass sector in New York has been in distress in recent years due to market conditions, and the sector may be particularly hit hard if the 70% by 2030 renewable electricity mandate established by the recently enacted Climate Leadership & Community Protection Act is implemented without a support mechanism for existing renewables. The forest products industry would be negatively impacted if biomass electric generation is completely phased out by 2040, further jobs would be lost, if these markets for low-value forest and mill residue were to be constricted further due to a flawed renewable energy policy. The forests themselves also would suffer, as landowners and loggers would resort to “high-grading” the forests, or would be unable to properly manage their forestland or even keep them as forests. The markets these facilities provide for low grade and otherwise unusable material are critical when implementing approved forestry management plans which dictate the removal of such material from the forest for the betterment of the healthier, quality material which remains.

The biomass sector contributes to a diverse renewable portfolio and a robust rural regional economy. The PSC, however, has not adequately addressed the needs of existing biomass facilities, among other legacy Maintenance Tier renewables, in its existing or proposed clean energy standards. A result of this shortcoming has already been felt in New York. In December 2017, ReEnergy was compelled to cease operations of its biomass facility in Lynden due to the expiration of Tier 2 contract and inability to achieve economically sufficient renewable energy certificates to sustain operation of the facility going forward. The net result was the idling the facility, which led to the laying off 18 plant operations personnel, the discontinuation of feedstock contracts with more than one hundred loggers and the loss of a renewable low-grade biomass market to hundreds of family forest landowners in the North Country. The loss of a significant market for low-grade forest biomass also translates into higher costs throughout the forest product value chain and less economic benefits to forest landowners.

Through the Renewable Portfolio Standard (RPS), New York ratepayers have invested heavily in the development of wind, solar, and biomass facilities. Without fair compensation going forward, at the expiration of the RPS contracts these generators will likely export into neighboring energy markets or terminate operations (as evidenced in Lynden). This will mean that despite being located in NY, these resources will not contribute to the 70 by 30 goal, depriving New York ratepayers of continuing benefit from their investment and the loss of thousands of family supporting wage paying jobs mostly in rural upstate New York. In addition, with the loss of credits or generation, new capacity will need to be built at a higher cost to achieve the same target.

Based on the aforementioned reasons, ESFPA supports this legislation and we look forward to working with you on advancing renewable energy in New York.

Sincerely,

John K. Bartow, Jr.

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