



MEMO OF OPPOSITION

S.8421 (Krueger)

Customer Savings and Reliability Act

Among its provision, this legislation would amend the Public Service Law to include achievement of the “Climate Leadership and Community Protection Act,” or CLCPA. We believe this is already the case under the CLCPA section 7.2, “all state agencies, offices, authorities, and divisions” are required, when considering and issuing permits, licenses, and all other administrative approvals, to consider whether they are inconsistent with the CLCPA or will interfere with the attainment of the CLCPA’s statewide greenhouse gas emission reduction mandates, and where that is the case, to require justification and mitigation measures if such actions are to be approved.

Even so, the CLCPA does not impose any specific restrictions on the use of natural gas or changes in the natural gas distribution system, including the significant system restrictions authorized under the HEAT Act. Many businesses - especially those likely to be designated as “emissions intense” and “trade exposed” industries (EITEs) under the state’s pending “cap and invest” rule - will continue to rely on adequate and affordable natural gas for the foreseeable future to remain economically viable. We are very concerned that the HEAT Act’s broad authority to prohibit some uses of natural gas and mandate the discontinued use of portions of the gas distribution system will result in significant uncertainty for numerous in-state businesses and adversely impact decisions to invest or re-invest in gas-dependent operations. While the draft amendments provide that EITEs and other “difficult to electrify” industrial and commercial customers will not have their gas service discontinued without consent, the overall gas system changes authorized under this legislation will likely have adverse impacts on the supply and cost of natural gas for gas-dependent business.

Importantly, the state’s electric grid needs significant upgrades and expansions to accommodate the shifting of building and transportation energy demand from the direct consumption of fossil fuels to electric power (increasingly from non-emitting sources.) The state needs a dramatic increase in non-emitting electric production and storage capacity to meet system supply and reliability needs under the CLCPA’s decarbonization goals. Expedited contraction of the natural gas distribution system would only make these other transition efforts more economically disruptive and costly.

Further, several provisions of the HEAT Act are unnecessary to address the future of the state’s gas distribution systems. Two separate proceedings are underway through the Public Service Commission to address this very issue. First, the PSC’s “gas planning proceeding,” (Case 20-

G0131), which requires each gas utility to develop a comprehensive, utility-specific proposal on forward-looking system and policy needs, with a goal of minimizing total costs, among other issues. These utility-specific proposals are under review by the Commission, prior to finalization and implementation. Second, its “CLCPA Implementation Proceeding” (Case 22-M-0149) directs the Department of Public Service staff to issue an annual report “detailing overall compliance with the Climate Leadership and Community Protection Act,” including assessing emissions associated with electric and gas usage, the cost and benefit to ratepayers of CLCPA investments, among other factors.

Together, these proceedings provide the Commission and other stakeholders with a public, transparent process to evaluate potential changes to the state’s gas system.

The transition to a low-emission economy will be challenging, and most businesses will be affected by multiple CLCPA mandates imposing increased costs and operational changes. As New York State moves forward on CLCPA implementation, it is crucial to avoid imposing excessive restrictions on access to reliable energy supplies, and to leave open options to achieve greenhouse gas emissions with the least amount of economic disruption. Expanded use of renewable natural gas and hydrogen may be significant long-term options of EITEs and other businesses for which full electrification is infeasible, so the state needs to avoid imposing unnecessary restrictions on these types of emission reduction strategies.

For these reasons, MACNY and the Manufacturers Alliance of New York oppose the adoption of S.8421.

ABOUT MACNY: [MACNY, The Manufacturers Association](#), is a 113-year-old non-profit organization representing manufacturers and other non-industrial service providers throughout Central New York. With a commitment to enhancing economic development and workforce opportunities, MACNY serves as an advocate for manufacturers, offering a wide array of programs and services to help businesses grow and thrive in a competitive global market.

ABOUT THE MANUFACTURERS ALLIANCE OF NEW YORK: The Manufacturers Alliance of New York is a statewide organization comprised of nine manufacturing associations, united to advocate for the manufacturing community in Albany and Washington.