

Ratepayer and Community Intervenors

39 Woodcrest Ave., Ithaca, NY 14850

<http://ratepayersgroup.com/>

November 14, 2013

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

Your administration's Public Service Commission (PSC) will soon make a first-of its-kind decision: repower the uneconomic coal-burning Cayuga Operating Plant (COP) with natural gas – a plan that could cost as much as a half-billion dollars and would increase electric rates for people and businesses across a 12-county region in Upstate New York -- or instead require NYSEG to upgrade the transmission lines - a far cleaner and much less costly option.

This controversial decision, the first among many repowering proposals in the State, will set the precedent for how future repowering decisions are made, and will signal your administration's priorities in this crucial time of climate crisis. Will New York State be a leader on energy policy or succumb to shortsighted goals and business as usual?

Sadly, at their September meeting, even as New Yorkers continue to dig out from the ravages of Superstorm Sandy, the PSC indicated their aim to “accommodate repowering” rather than upgrade the transmissions lines – a solution that places corporate interests ahead of ratepayer protection and fails to take seriously the urgent need to end fossil fuel consumption.

The goal of deregulation was to protect the ratepayer by increasing market competition. Now, market competition has rendered a 55-year-old coal-fired power plant bankrupt. Why should New Yorkers - who already pay some of the highest electric rates in the country – be forced to see our rates go even higher to build a \$150 to \$500 million gas-fired power plant and a 14-mile new gas pipeline to feed it – when upgrading the transmission lines for \$50 million will suffice to meet the region's electric service needs?

The PSC is supposed to protect the public interest. Yet their repowering directive amounts to an unabashed corporate bailout – a half-billion dollar gift from NYSEG customers to J.P. Morgan and other Cayuga bondholders, compliments of the PSC. And with several more repowering decisions on the horizon, one can't help but wonder, how many more uneconomic power plants will New Yorkers be asked to bail out?

The PSC's interference with the competitive market by subsidizing uneconomic plants with ratepayer dollars puts us on a slippery slope and risks destabilizing the free market system. Subsidized plants will have a competitive advantage over others. Soon all power generators will be clamoring for ratepayer subsidies.

Additionally, repowering does not properly take into account the urgent need to reduce *all* greenhouse gas emissions as much as possible. While it is true that burning gas instead of coal cuts carbon dioxide emissions by half, not burning anything and instead upgrading transmission lines results in far fewer emissions.

Further, carbon dioxide is not the only greenhouse gas to be concerned about. Indeed, over these next crucial 20 years, according to recent International Panel on Climate Change calculations, natural gas (methane) is 86 times more potent a greenhouse gas than carbon-dioxide, and recent studies show the leakage of gas from drilling sites, pipelines and compressor stations contributes significantly to global warming.

This week we have watched in horror to see the devastation wrought halfway around the world in the wake of another superstorm. How many more lives must be lost before we take the climate crisis seriously and seize every opportunity we can to reduce fossil fuel consumption?

Now is not the time for business as usual, with the same old answers to the same old problems. It is time for innovative solutions and strong leadership. The PSC has a pivotal role to play in setting the course for New York's energy future, and we are heartened by your appointment of Audrey Zibelman to chair the PSC, as well as your appointment of Richard Kauffman at NYSERDA. We hope this signals your Administration's interest in seeing New York take its place as the Nation's green energy leader.

Further, we are appreciative of your Administration's efforts to promote economic development in upstate New York, and we are cognizant of the new mandate that requires the Commission to consider local economic development impacts along with other factors when making repowering decisions. *However, we caution that you not let short-term economic development goals become the driver of energy policy and decision-making.*

Investing our hard-earned ratepayer dollars in costly fossil-fuel pipelines and generators that will be obsolete as we transition to a renewable energy economy is a bad investment. It makes more financial sense to invest in infrastructure improvements that enhance our grid and that will have lasting value as we build toward a renewable energy future.

We are confident that as New York makes a commitment to become a leader in renewable energy, lasting economic development will follow. Such commitment would make upstate New York the epicenter of renewable energy production and long-lasting green job development.

We refer you to our enclosed memorandum, which details our concerns about repowering as well as our concerns about the *ad hoc* nature and lack of transparency in the PSC's process. (Our experience is distressingly similar to the problems the Moreland Commission has identified.)

We urge you to use your authority to steer the PSC toward transmission upgrades and responsible energy policy that serves the best interests of the ratepayer, the environment, and future generations.

Respectfully,



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The Ratepayers and Community Intervenors group consists of elected and public officials, organizations, scientists, engineers, and community members working to ensure process transparency, ratepayer interests, and environmental protection in New Public Service Commission's decisions regarding the future of Cayuga and Dunkirk coal-burning power plants and the development of "natural" gas infrastructure.

Please see current list of members, which includes elected officials from an eight county region, attached and at <http://ratepayersgroup.com/members>

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Members, Ratepayer and Community Intervenors
Memorandum on Repowering and PSC

cc: Robert Abrams, co-chair, Moreland Commission on Utilities
Richard Kauffman, Chairman of Energy & Finance, Chair NYSERDA
Benjamin Lawskey, co-chair, Moreland Commission on Utilities
NYS Senator George Maziarz, Chair, Energy Committee
NYS Assemblywoman Amy Paulin, Chair, Energy Committee
Hon. Audrey Zibelman, Chief Commissioner, PSC