Climate Leadership and Community Protection Act 2024 Update

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CLCPA Mandates:

- **70% electricity from renewable energy by 2030**
- **100% electricity zero emissions by 2040**
- **100% light duty zero-emission vehicle sales by 2035**
- **85% reduction in GHGs from 1990 levels by 2050**

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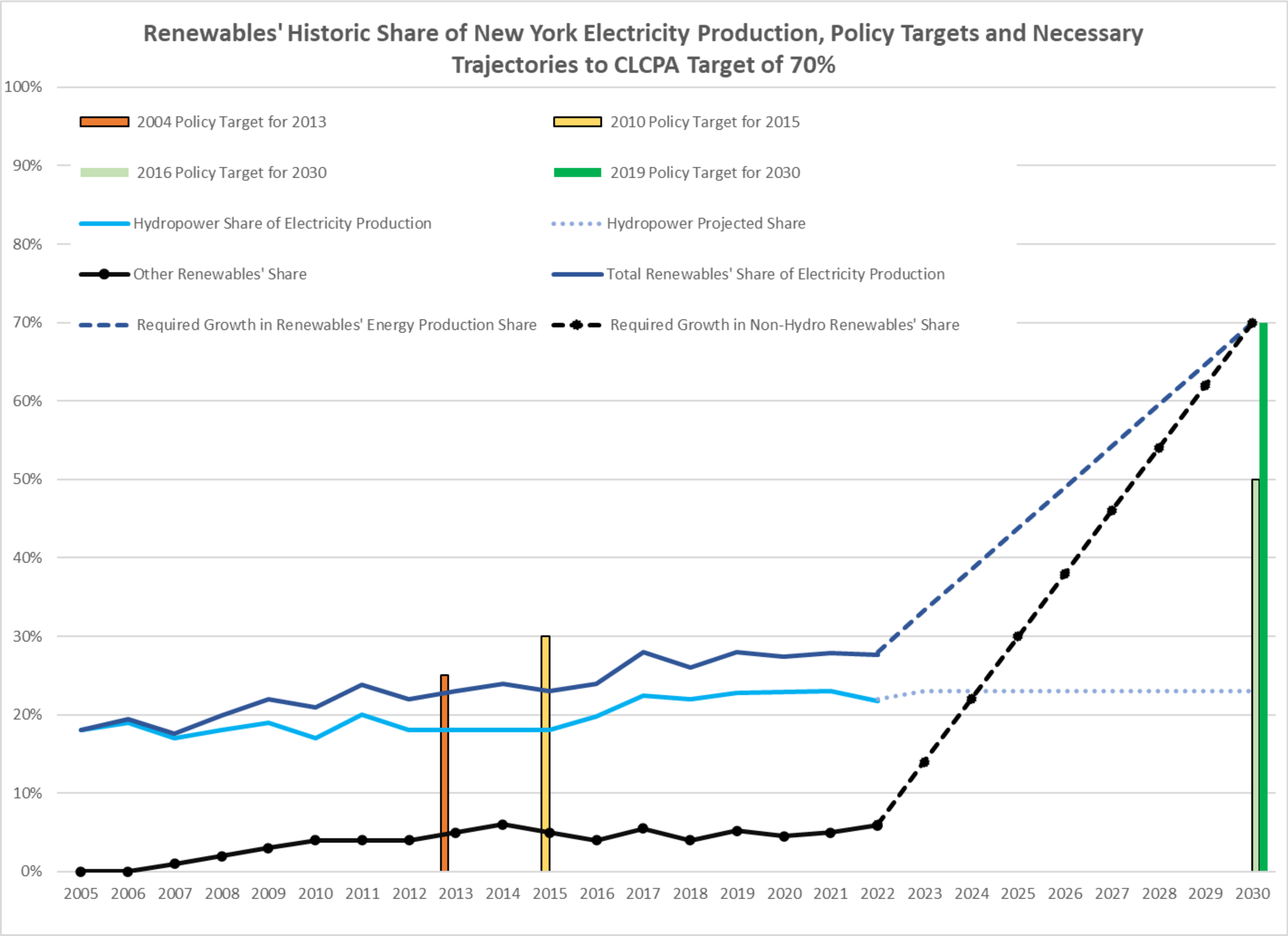

Chart created by James Hanley

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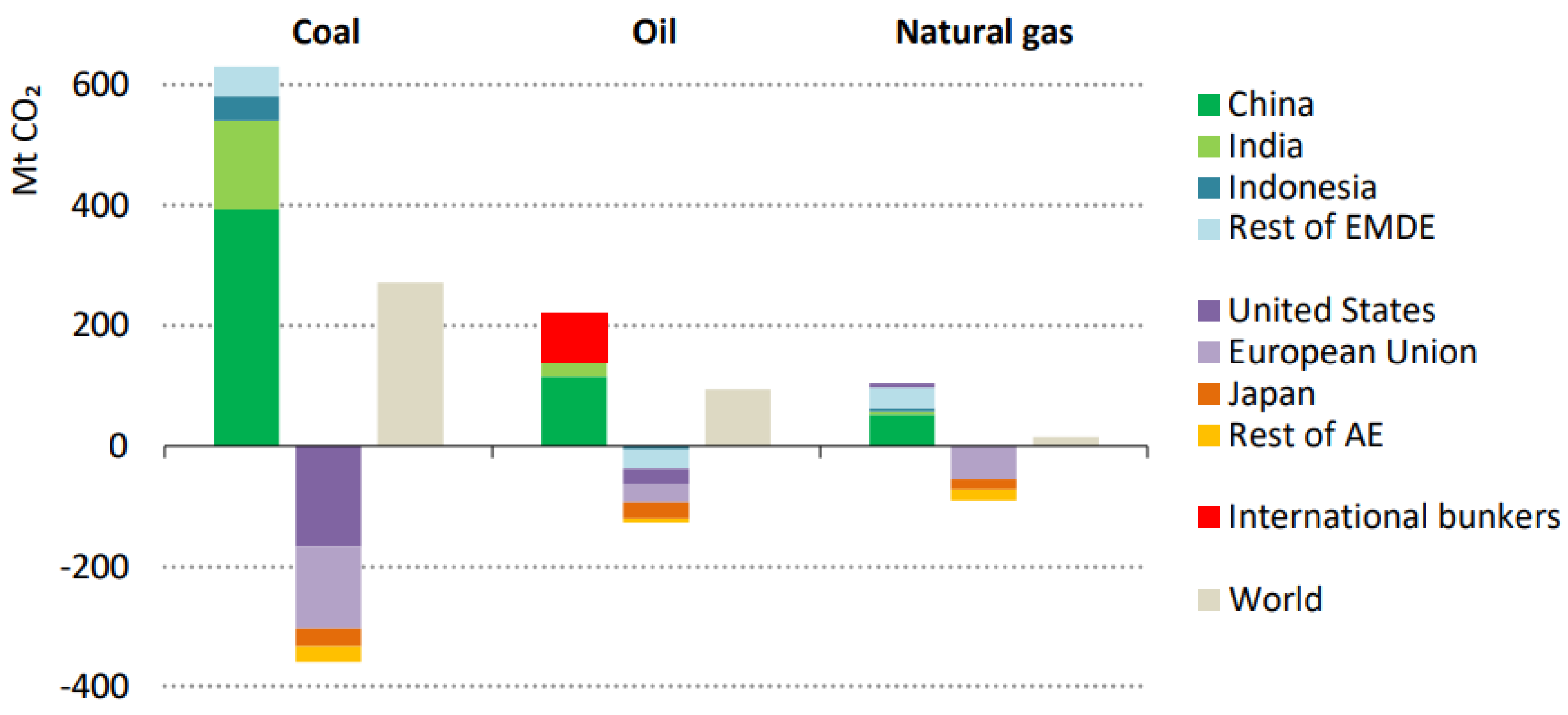
Figure 14: Change in CO_2 emissions from combustion by fuel and region, 2022-2023



Notes: AE = advanced economies; EMDE = emerging market and developing economies. International bunkers include the demand for fuels for international aviation and international maritime transport.

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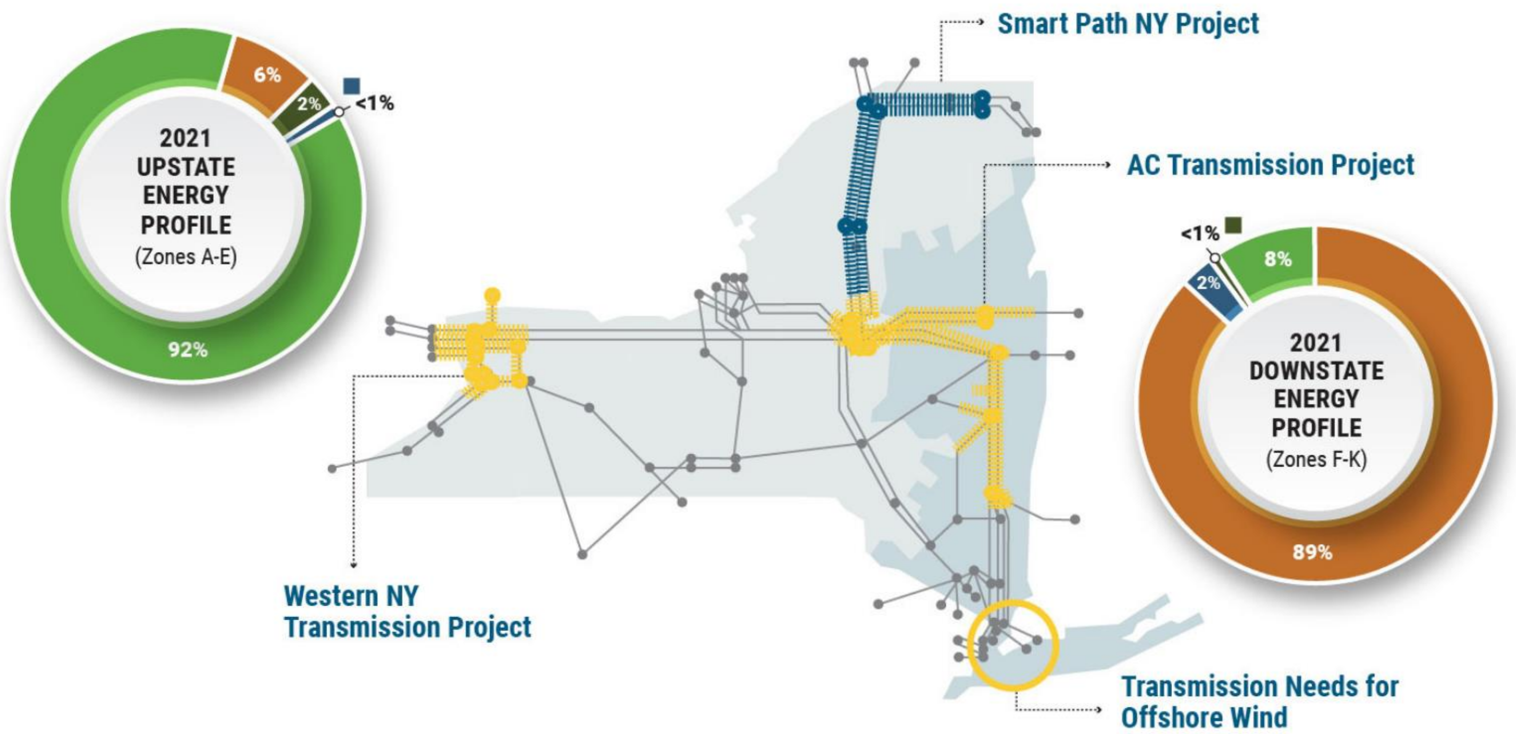

2021
UPSTATE
ENERGY
PROFILE
(Zones A-E)
92%
6%
2%
<1%
Smart Path NY Project
AC Transmission Project
Western NY
Transmission Project
Transmission Needs for
Offshore Wind
2021
DOWNSTATE
ENERGY
PROFILE
(Zones F-K)
89%
8%
2%
<1%

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DPS FIRST ANNUAL REPORT ON OVERALL IMPLEMENTATION OF THE CLCPA

The July 2023 report stated that the PSC approved $43.7 billion in costs related to the CLCPA that ratepayers will shoulder as of the date of the report (at that same meeting another $5 billion was approved bringing the total to $48.7 billion).

What is astonishing is that while only $2 billion of $48.7 billion has been passed onto residential and business customers in 2022 (pages 24 and 25*), they have already resulted in double digit increases for many upstate businesses in 2022 alone and nearly 10 percent increases for many Upstate residential customers (page 27 **).

At least one commissioner noted that they would like to know better how these costs are going to impact industrial customers down the road. While the report does not lay out how the growing costs are likely to impact ratepayers in the years to come, what we can see is that recovering just $2 billion of it has already led to significant rate increases. However, it can be reasonably anticipated that as the utilities recover the outlays to comply with the CLCPA, many residential and business customers will face double digit increases well into the foreseeable future.

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Summary of Cost Recoveries

2022 Electric CLCPA Recoveries

2022 Electric CLCPA Recoveries
in thousands of dollars

	Central Hudson	Con Edison	NYSEG	NMPC	O&R	RG&E	LIPA	Total
CES[1]	$15,960	$117,560	$46,850	$85,945	$10,970	$20,053	$50,748	$348,087
Clean Energy Fund	$28,675	$211,431	$59,559	$146,730	$20,699	$33,199		$500,294
Value of Distributed Energy Resources[2]	$4,063	$8,254	$5,959	$13,827	$3,511	$1,330	$1,310	$38,254
Electric Vehicle Make Ready Program	$88	$737	$119	$225	$185	$61	$1,288	$2,703
Storage[3]								
Integrated Energy Data Resource	$263	$4,314	$731	$1,419	$410	$385		$7,524
Utility Energy Efficiency and Clean Heat[4]	$12,768	$83,279	$10,850	$85,679	$978	$4,472	$80,902	$278,928
Transmission Upgrades[5]								
Total	**$61,817**	**$425,577**	**$124,068**	**$333,825**	**$36,754**	**$59,500**	**$134,248**	**$1,175,788**

[1] – Clean Energy Standard recoveries include: Tier 1 and 2 RECs, VDER Market Environmental Recoveries, and Tier 3 ZEC recoveries. LIPA CES excludes Tier 1 RECs which are not available. The environmental attributes included in bundled purchases associated with LIPAs feed-in tariffs cannot be disaggregated.

[2] – Includes recoveries of out of market capacity, out of market environmental, market transition credit, and community credit payments.

[3] – Storage related recoveries not included. The costs for the NYSERDA Energy Storage incentive program were funded from pre-2022 CEF collections. For utility owned or operated storage, utilities: (1) own or have procured customer sided storage projects for non-wires alternatives, (2) own storage pilot projects; and (3) own demonstration projects and Staff did not consider such storage assets as CLCPA related. Additionally, utilities have issued requests for proposals to acquire dispatch rights for large scale storage projects. Utilities recovered implementation costs and received revenues for participation fees associated with storage dispatch rights procurements in 2022. However, the net was de minimis. Staff plans to report on dispatchable storage costs/benefits in future reports.

[4] – Including clean heat (heat pump) program recoveries.

[5] – Transmission costs are not included in the above table as many of the programs for Phase 1, Phase 2 and other related transmission project efforts pursuant to the Accelerated Renewables Act were authorized in 2022. Expenditures related to transmission will be reported in subsequent annual reports as they are incurred.

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TABLE 7
2022 Typical Monthly Electric Bills
with CLCPA related costs disaggregated

	Central Hudson	Con Edison	NYSEG	NMPC	O&R	RG&E	LIPA
Residential - 600 kWh							
Total Bill	$154.20	$181.79	$93.73	$95.91	$141.65	$98.06	$168.65
CLCPA	$9.34	$7.91	$7.15	$9.38	$8.71	$7.54	$6.27
Percent	6.1%	4..4%	7.6%	9.8%	6.1%	7.7%	3.7%
Non-Residential - 50 kW and 12,600 kWh							
Total Bill	$2,353.64	$3,477.45	$1,784.57	$2,002.90	$2,479.97	$2,416.86	$3,259.34
CLCPA	$171.73	$157.60	$138.39	$183.52	$153.92	$159.00	$125.28
Percent	7.3%	4.5%	7.8%	9.2%	6.2%	6.6%	3.8%
Non-Residential - 2,000 kW and 720,000 kWh							
Total Bill	$117,445.36	$164,131.22	$80,728.52	$86,231.63	$115,864.77	$95,758.48	$156,874.89
CLCPA	$9,439.89	$8,490.10	$7,778.06	$10,203.06	$8,464.08	$8,876.21	$7,158.96
Percent	8.0%	5.2%	9.6%	11.8%	7.3%	9.3%	4.6%
Non-Residential - 2,000 kW and 1,296,000 kWh							
Total Bill	$190,505.51	$240,355.82	$129,654.24	$129,212.56	$182,302.28	$146,763.07	$258,085.90
CLCPA	$16,412.62	$14,483.37	$13,724.00	$16,291,29	$15,230.00	$15,576.92	$12,886.13
Percent	8.6%	6.0%	10.6%	12.6%	8.4%	10.6%	5.0%

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James Hanley Noted:

Despite the CLCPA not yet doing much to achieve the state's emissions reductions goals — the report indicates we have already spent or committed $43.7 billion

The CAC claims the full cost of meeting the law's objectives will be between $280 and $340 billion.

Between 12 percent and 15 percent of the purported CLCPA budget has already been committed, with very little to show for it and the vast majority of projects yet to come.

Among the upcoming big budget projects are:
- development of offshore wind;
- expansion of the electric transmission grid to transport wind and solar power;
- transforming buildings from gas heat and appliances to all-electric;
- significant upgrades to end-of-line transmission equipment to support all-electric buildings;
- the electrification of the state's public transportation and school bus fleet;
- large amounts of energy storage; and
- numerous future policies relating to agriculture, forestry, and waste management.

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Offshore Wind: Sunrise Wind & Empire Wind 1

- Two new wind projects to cost $150 per MWh (over 30% increase from their original bid) or 15 cents/kWh. The LCOE for combined cycle natural gas is $50 per MWh or 5 cents/kWh

- Assuming the same transmission costs over the LCOE of natural gas, if these same NY customers were relying on wind alone the cost would equal 31 cents /kWh or a 50% increase

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Programs and Policies to Achieve CLCPA Mandate:

- All Electric buildings
- Heat Act - 100 Foot Rule
- Electric Vehicles
- Cap and Invest
  - Large-scale emitters of GHG and distributors of heating and transportation fuels will be required to purchase allowances — via auctions hosted by the State — for the emissions associated with their activities.
  - Gas prices could increase by 62 cents per gallon and natural gas costs by 80% (According to DEC Commissioner Basil Seggos – TU article April 4, 2023).
  - Energy Intensive Trade Exposed Industries EITE
  - Preliminary Analysis by DEC/NYSERDA– Cost would be $12 billion a year

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Key Takeaways:

- **Dispatchable Emissions Free Resources - we need a significant amount of these DEFRs and that do not yet exist. Source: NYISO Power Trends 2022.**

- **We have issues with potential grid reliability as increasing demand for electricity comes online and reliable resources are going offline faster than they can be replaced. Source: NYISO Power Trends 2023.**

- **Economic Development is threatened as the recent TU article points out. We simply do not have enough electricity to meet forecasted demand.**

- **Ultimate costs are likely to far exceed $280 -$340 billion projections – Hanley** https://www.empirecenter.org/publications/first-annual-clcpa-report-indicates-high-costs-low-benefits/.

Thank You!

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