

September 25, 2003

NEW YORK STATE  
PUBLIC SERVICE COMMISSION

Case 03-E-0188 - Proceeding on Motion  
of the Commission Regarding  
a Retail Renewable Portfolio Standard

FINAL COMMENTS OF THE EMPIRE STATE FOREST PRODUCTS ASSOCIATION  
ON A RENEWABLE ENERGY POLICY FOR THE STATE OF NEW YORK

I. Introduction

These comments build on our initial comments and per Judge Stein's direction. We will not repeat our earlier statements but rather respond to the on-going discussions and issue raised to date.

We would reinforce the importance that the forest products industry views this proceeding. The industry itself is a significant consumer of energy and is also one of the most effective producers of "renewable" based energy.

This is an industry struggling to remain competitive in the face of global pressures. The RPS offers an important opportunity to recognize the existing contributions that the industry makes to renewable energy production while providing additional impetus for expanded use and production.

The RPS can also have a positive influence on developing low-value wood markets for loggers and forest landowners that will improve the economics of forest ownership and the stewardship of New York's private forests. This only helps to further existing public policies of the State that are intended to maintain forested open space.

II. Revised Work Objectives

The revised work objectives suggest another filter for evaluating various "renewable" technologies and fuels. These objectives should be equally weighted in terms of importance.

We would also note that wood biomass makes significant economic contributions and requires relatively high levels of employment. The supply network for a wood biomass facility may require a network of a couple of hundred loggers to provide an adequate fuel supply. As a result, the local community retains a significant amount of the economic benefits.

### III. The RETEC Straw Proposal

RETEC's proposal for eligibility would exclude all resources built before 2000. This assumes that the existing facilities are economically viable in the market and are able to stand on their own. This is certainly not true for the existing biomass facilities that were built under guaranteed rate contracts but are now operating without such support.

In fact, the very biomass facility that was viewed as the consensus model for sustainably managed biomass fuel within the biomass working group has been subject to significant downtime due to an inability to compete under existing market conditions.

It is important to recognize existing "renewable" facilities; particularly those whose investors assumed risk on the belief that prior public policy would support those investments. Stability is an important part of encouraging private sector investment. Those who are already invested in this area are also the most likely to make additional investments. Ignoring their needs is counterproductive to the goals of the RPS.

### III. Eligibility

#### a. Defining Eligibility

At the outset the Commission requested comments on what should qualify as renewable rather than provide any strict definition of "renewable". The Commission did identify additional concerns regarding climatic effects of fossil-fired generation, security implications of importing fuel for electricity, system reliability, and vulnerability to price fluctuations and supply disruptions.

This approach allowed claims to be made that particular technology with low emission profiles should be part of the RPS even though they are fueled by nonrenewable sources. There is no doubt about the public value these technologies offer. However, it is also true that these do not meet the standard of "renewable" as their fuel supply is not sustainable.

#### b. Biomass Eligibility

We support the contribution of the Biomass Working Group in defining biomass eligibility. Biomass can make significant contributions to the overall goal of the RPS. The compromises struck within this group will allow this to happen while addressing many of the additional concerns raised regarding "sustainability" and emissions. It is important to recognize that these compromises achieve a level of additional contributions to environmental concerns within some economic framework that makes sense under an RPS. Further qualifications or restrictions of the group's work will diminish the ability for biomass to contribute to the RPS.

We would also reinforce the notion that co-firing, the use of petroleum and biomass or other renewable fuels, should be recognized by the RPS. That is, the portion of co-firing that is derived from a "renewable" source should be eligible for the RPS benefits.

c. Tiers

We strongly favor an open and competitive RPS. This goes to the heart of concerns regarding cost. The more we distinguish or provide support for certain technologies, the more costly the RPS will become. An open and competitive RPS that allows for various technologies and fuel sources to compete equally will help achieve a level of pricing that is reasonable for supporting the goals of this initiative.

Various NYSERDA programs provide support for emerging technologies. If additional incentives are needed to support low emission or other beneficial technology this should and can be accomplished outside the framework of the RPS.

IV. Cost

As a large consumer of electricity, we continue to be concerned that the cost of electricity is considerably higher in New York than elsewhere. We share many of the concerns expressed that the RPS has the potential to increase these costs. Those concerns are tempered by the potential value that this RPS might bring to forest products manufacturing and the practice of forestry. An RPS that is administered with an even commitment to all fuel sources and technologies will provide a host of benefits that should mitigate additional costs.

Respectfully Submitted,

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