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Virtual Roundtable to Examine
the Legislative, Budgetary, and Executive Agency Actions
Necessary to Reach New York State's CLCPA Targets

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Thank you, Chairs Krueger, Harckham, and Parker, for the opportunity to testify before you today. I am Gavin Donohue, President & CEO of the Independent Power Producers of New York ("IPPNY"), and a member of the Climate Action Council. I appreciate the invitation to participate in this roundtable regarding the examination of the legislative, budgetary, and executive agency actions necessary to assist reaching the targets of the Climate Leadership and Community Protection Act ("CLCPA").

IPPNY's members support the reliable transition to a clean energy future. Established in 1986, we are a trade association dedicated to representing the largest fleet of clean energy generating companies in New York State. Our members generate over 50% of New York's clean electricity and have been awarded more than half of the Renewable Energy Credit ("REC") contracts provided by the New York State Energy Research and Development Authority ("NYSERDA"). Further, IPPNY's members produce nearly 80% of New York's total electricity, which powers our state's economy, using all fuel sources, such as: wind, solar, hydro, energy storage, natural gas, low sulfur oil, biomass, and nuclear. In combination, these resources maintain electric system reliability for more than 19 million New Yorkers every day. Our members have invested more than $10 billion in capital improvements to their facilities, employ over 19,000 people across the State, and pay approximately $1.5 billion in local property taxes annually. Since 2000, power producers in this state have reduced emissions of sulfur dioxide by 99%, nitrogen oxides by 92%, and carbon dioxide by 46% through the implementation of competitive electricity markets and regulatory requirements. Our members bear the risk of their decisions, and they cannot charge ratepayers for recovery of their costs, like utilities used to do when they were in charge of power generation prior to 1999.

According to the New York Independent System Operator ("NYISO"), since 2019, more than 14,000 MW of clean energy projects have completed the interconnection process, many of which are developments led by IPPNY members. These projects not only help accomplish the CLCPA's targets, while maintaining reliability, but also create thousands of jobs and support their local communities. Additionally, more than 5,200 MW of the oldest and highest emitting facilities in New York have retired since 2019, and there is no coal generation in this state.

In preparation for my work on the Climate Action Council's Scoping Plan and to help ensure that New York's clean energy transition is done in a responsible manner, IPPNY, along with the New York State AFL-CIO, the New York State Building & Construction Trades Council, and the Business Council of New York State, formed a unique coalition to develop a set of seven

principles[1] to advance New York's clean energy goals and establish the criteria to be met by the Scoping Plan. These principles address key issues of reliability, affordability, worker training and safety, emissions reductions, and fuel and technology diversity. They are still useful today to guide the implementation of the CLCPA.

As the New York Public Service Commission's ("PSC") review of the Clean Energy Standard confirmed, progress toward the targets is affected by conditions in the larger global markets, such as supply chain issues, high interest rates, and inflation. Additionally, federal policy changes have reduced or phased-out clean energy tax incentives, creating financial uncertainty for renewable projects.

My recommendations for CLCPA's implementation are in the areas of: using Regional Greenhouse Gas Initiative ("RGGI") money to reduce electricity bills; identifying the zero emissions sources to meet the CLCPA's 100 by 40 target; allowing New York Power Authority ("NYPA") and NYSERDA to issue competitive solicitations to expand renewables and energy storage at housing authorities located within Disadvantaged Communities ("DACs"); providing a Commercial Energy Storage Systems Sales Tax Exemption; including specific timelines for the implementation of the Energy Plan; and continuing competitive procurement to secure the resources needed to meet the CLCPA's targets.

A. POLICY CONTEXT ON AFFORDABILITY

1. High Electricity Bills

Consideration about how to move forward with reaching the CLCPA's targets is now occurring with greater awareness about the importance of affordability as energy consumers are experiencing higher electricity bills. Roughly 2/3 of a typical electric bill is made up of utility costs, State fees and taxes.

As summarized in its press release, the PSC recently approved the electric rate case for National Grid, which included "a total electric revenue increase, on a levelized basis, of 3.4 percent in the first year, 5.6 percent in the second year, and 4.6 percent in the third year." Additional significant rate increases raised consumer electricity bills by 31.4% for NYSEG, by 20.1% for RG&E, and 12.5% for Con Edison. Those bills will continue to rise as progress continues toward meeting the CLCPA's targets, given that massive investment in energy infrastructure will be essential to reach those targets.

2. Use of RGGI Money for Affordability

Recently, California advanced legislation that will drive down electricity costs. According to its press release, among these bills is AB 1207 (Irwin), which would significantly increase California's Climate Credit that shows up on utility bills and save hundreds of dollars every year.

[1] https://www.ippny.org/page/advancing-new-york-states-energy-goals-1016.html

According to a summary of the legislation, among other provisions, California AB 1207 would require monies in the California Climate Mitigation Fund to be available, upon appropriation by the Legislature, for purposes of providing direct rebates and investments to reduce household energy costs. The legislation would require credits to be provided to residential customers on their bills to maximize customer electric bill affordability. Further, the bill would also authorize revenues to be credited to small businesses and emission-intensive trade-exposed retail customers.

As indicated within the RGGI report, *The Investment of RGGI Proceeds in 2023*, which was published in July of this year, "direct bill assistance returns money to consumers as a rebate on their energy bills. Approximately 15% of 2023 RGGI investments have funded direct bill assistance. RGGI investments in direct bill assistance in 2023 returned $128 million in bill savings to energy consumers in over 141,000 households and 39,000 businesses. These programs provide rate relief to electricity consumers in the RGGI region. Some programs provide assistance specifically to low-income families, while other programs provide small on-bill credits to all consumers. Direct bill assistance typically appears as a credit on a consumer's electricity bill."

Among the RGGI states, Maine, Maryland, New Hampshire, New Jersey, and Rhode Island provide direct bill assistance. New York could consider using RGGI money to also reduce electricity bills. The most recent RGGI allowance auction cleared at an allowance price of $22.25 per ton and raised $102.9 million for this state. In 2023, the NYS Budget created the New York Climate Action Fund with a Consumer Climate Action Account. The State could consider allocating a portion of RGGI monies into this account to reduce electricity bills.

3. Ratepayer Impacts of Meeting CLCPA's Targets

At its September 18, 2025 Session, the PSC provided a report on the status of its efforts to comply with the CLCPA's requirements and included the CLCPA's customer bill impacts for 2023 and 2024 and projections from 2025 through 2029. The cost information is summarized below:

- Electric CLCPA Recoveries of Major Electric Utilities:
  - $1,324,170,112 (2023)
  - $1,619,357,841 (2024)
- 2024 CLCPA component of typical electric bills:
  - 5.2% - 9.5% (residential)
  - 5.9% - 15.7% (commercial)
  - 7.5% - 18.3% (industrial)
- National Grid forecast of the CLCPA residential bill component (note that the report includes similar forecasts for each major utility):
  - 9.5% (2024)
  - 7.1% (2025)
  - 6.2% (2026)
  - 8.8% (2027)
  - 12.0% (2028)

- 12.6% (2029)

This report is a step towards addressing the need for determining the CLCPA's impact on ratepayers' bills, as urged by IPPNY since the enactment of the CLCPA through proposed legislation and my efforts on the Climate Action Council. Additionally, for the past four years, over 60 organizations, in collaboration with IPPNY, have asked for an independent, transparent, and comprehensive ratepayer cost impact analysis of meeting the CLCPA's targets.

Bipartisan bills have been in print to determine the cost of meeting the CLCPA. For example, this year, S.1536 (Parker), which first was introduced in 2019, would require NYSERDA, in consultation and coordination with the Department of Public Service ("DPS"), the Department of Environmental Conservation ("DEC"), and the NYISO, to publish and update a comprehensive study to determine the ratepayer impact and economic and technical feasibility of meeting the CLCPA's goals.

Furthermore, greater transparency of the costs of meeting the CLCPA's targets would be accomplished by adding a separate line item on electricity bills, as envisioned by S.5515 / A.7021. A Climate Cost Council with bipartisan appointments could provide the Legislature with a greater voice in working with NYSERDA to identify and address the costs of the CLCPA, along the lines of S.5611 / A.7539.

B. LEGISLATIVE RECOMMENDATIONS

To continue making progress toward meeting the CLCPA's targets, IPPNY recommends that the Legislature prioritize the following bills for the 2026 Legislative Session:

1. PSC to Establish Zero Emissions Energy Systems Program - S.1549 (Parker)

This legislation, which first was introduced in 2021 and passed the Senate unanimously that year, would help meet the CLCPA's 100 by 40 target. The bill would require the PSC to establish a competitive program to secure investment in 1 GW of zero greenhouse gas emission resources by 2030. This legislation is the genesis of IPPNY's 2021 Joint Petition at the PSC, with the NYS AFL-CIO and the NYS Building & Construction Trades Council, to urge the PSC to establish a competitive program to foster the development of, and investment in, zero emissions energy systems, including dispatchable emissions free resources ("DEFRs"), to help reach the 100 by 40 target, while also maintaining electric system reliability. The full Senate should urge the PSC to act on this petition, as Senator Parker has done.

In July of 2024, the NYISO came out with its second iteration of the biannual System and Resource Outlook ("Outlook"). The report looked at five scenarios for the future of New York's grid, three of which satisfy CLCPA mandates. The Outlook highlights the impact of policy driven end use electrification increases, while dispatchable emitting resources are forced to retire. It notes that New York is expected to increase electric energy consumption by roughly 50-90% over the next 20 years, due in large part to building heating electrification and electric vehicle charging. In addition, large loads are set to come on-line. The report finds that, due to the CLCPA, the grid will need about three times the current capacity of the New York generation

fleet (between 100 GW and 130 GW by 2042). Considering the needed overall build out, the NYISO anticipates between 20 GW and 47 GW of DEFRs will be needed for the grid to stay reliable.

Under the PSC's process related to this petition, IPPNY submitted comments to the PSC in 2023 with an affidavit [2] from Sargent & Lundy, which also participated in a technical conference in December of 2023. Sargent & Lundy, a world-renowned engineering firm, has identified DEFRs capable of "filling the gap" created by increased intermittent resources on New York's electric grid and the retirement of existing fossil fueled resources. To transition away from fossil fuels while maintaining reliability, all solutions must be considered, including new and existing nuclear, hydrogen, renewable natural gas ("RNG"), and carbon capture and sequestration technologies. In February of 2024, IPPNY submitted comments on six legal questions that the PSC posed. In November of 2024, DPS Staff released a proposal interpreting key terms under Section 66-p of the Public Service Law, and IPPNY's provided comments on this proposal on January 21, 2025. Since then, additional actions still have not been taken by the PSC.

The PSC has made some progress, but much more is required. Almost six years have passed since the CLCPA was enacted, and the IPPNY-Labor petition was submitted nearly five years ago. 2040 is only 15 years away. This legislation would help ensure that the resources needed are in place to enable the electrification of the economy, while maintaining reliability and affordability.

Bipartisan bills are also in print to help advance specific zero emission sources, such as the following by Senator Parker:

- Establishment of Carbon Capture Projects – S.7134 (Parker), which would initiate a proceeding to determine whether it would be in the public interest to approve or modify carbon capture demonstration projects from gas corporations
- RNG Standard Act – S.7133 (Parker), which would require the PSC to have gas corporations procure RNG from third parties, including affiliates of the gas corporation, for distribution to natural gas customers. The RNG would be derived from non-hazardous landfills, farms, wastewater treatment plants and food waste processing facilities. The PSC could waive the procurement requirement due to inadequate RNG supply or to protect ratepayers from adverse impacts.
- Development of Renewable Hydrogen - S.7132-A (Parker), which would foster the development of renewable energy sources, including renewable hydrogen, and support the development of the renewable hydrogen industry in this state. NYSERDA, in consultation with the PSC, would support the production, processing, delivery, storage, or end use of hydrogen in New York and identify any barriers to the widespread development of renewable hydrogen.

[2] https://www.ippny.org/page/press-releases-64/news/ippny-and-labor-coalition-offer-solutions-to-avoid-potential-blackouts-or-adverse-health-effects-and-to-ensure-labor-standards-in-new-yorks-clean-energy-transition-992.html and https://www.ippny.org/page/ippnys-zero-emissions-comments-provide-solutions-to-psc---executive-summary-1054.html

2. NYPA NYCHA Renewables Storage RFP - S.1331 (Parker)

This legislation, first introduced in 2021, would help the State reach the CLCPA's 70 by 30 target. Under this bill, NYPA and NYSERDA would cooperate to issue competitive Requests for Proposals ("RFPs") for independent power producers ("IPPs") to develop renewable energy systems and energy storage for the NYC Housing Authority ("NYCHA"). IPPNY also proposed an amendment to have NYPA more broadly provide these resources to housing authorities located within DACs.

3. Commercial Energy Storage Systems Sales Tax Exemption - S.1527 (Parker) / A.313 (Paulin)

This legislation, first introduced in 2019, would help make progress toward the CLCPA's energy storage target. This bill would provide a sales tax exemption for the retail sale and use of commercial energy storage systems and the cost of their installation.

C. IMPLEMENTATION STEPS BY THE EXECUTIVE BRANCH

The State Energy Planning Board has provided the Draft State Energy Plan for public comment until October 6, 2025, and IPPNY is in the process of developing recommendations to improve the document. Below are our suggestions related to the implementation of the CLCPA's targets.

1. Include Implementation Timeline

a. Repowering

Some IPPNY Member facilities, which have proposed to repower, have been denied permits by the DEC, resulting in a foregone opportunity by the State to reduce emissions in those communities. The State needs to acknowledge that State entities must permit new or repowered combustion facilities to initially run on natural gas and then be capable of converting to hydrogen or RNG in the future, when those fuels become widely commercially available.

The Energy Plan needs to include a specific timeline for how its recommendations for new or repowered supplies will be accomplished. The State needs a clear pathway for: how and by when the repowering of existing facilities will be accomplished and the DEC will issue the permits needed for these facilities; and for how, by when, from where, and in what quantity the hydrogen and RNG will be sourced and delivered in time to allow the repowering to be completed.

According to the NYISO's annual "state of the grid" publication, *2025 Power Trends: The New York ISO Annual Grid and Markets Report*, an aging generation fleet, with more than 11% of the State's energy production coming from units that are at least 50 years old, requires repowering, which involves modernization to provide numerous economic and environmental benefits, while assisting with the transition to a cleaner and more reliable electric grid. The document finds that opportunities to repower these aging units need to be addressed as they are critical components of New York transitioning to a cleaner energy future in a reliable, affordable, and responsible fashion. Energy consumption will continue to increase as New York strives to achieve its

electrification goals, and that will require a diverse energy portfolio, as well as modernized generation units.

b. Zero Emission Sources

The Energy Plan must include a timeline for when the PSC will determine the eligibility of zero emission sources and develop a program to ensure their availability for power plant owners to meet the CLCPA's 100 by 40 target by the document's project 2045 date. The Energy Plan must also indicate by when NYSERDA and DPS will complete the technoeconomic study that will inform the PSC's decision.

2. Continue Competitive Procurement

The PSC has affirmed that competition and competitive procurement are the best ways to meet the CLCPA's targets, in order to ensure affordability and reliability for energy consumers. The State should continue and expand its competitive RFP and REC contract efforts, while introducing ways to speed up the issuance and decision-making processes to ensure that the private sector can continue to invest in New York. Specifically, the following areas should be addressed:

- NYSERDA should continue and increase its ongoing competitive procurements to reach the CLCPA's 70 by 30 target by the PSC's projected 2033 date and its energy storage target.
- NYPA should issue a competitive RFP to secure IPP sector investment under its efforts to develop at least 1 GW of nuclear power generation.
    - Additionally, since the siting of nuclear generating facilities is within the jurisdiction of the Nuclear Regulatory Commission ("NRC"), NYSERDA could establish a nuclear energy coordinator, who would assist IPP applicants and operators of advanced nuclear reactors more broadly with the permitting and regulatory compliance processes at the NRC and act as a State-level industry liaison as suggested by S.8458.
- NYPA should issue an RFP for a hydrogen demonstration project at an IPP facility, as a way to share NYPA's experience from its successful hydrogen blending demonstration project at its Brentwood facility.

Thank you for the opportunity to provide these comments, and I would be happy to answer any questions.

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