New York State Policy Update

NORA Technical Review & Research Planning Workshop
April 3-4, 2019
Overview

- Political Landscape
- Administrative and Legislative Issues
- Governor Cuomo’s Proposal
- Response of NYS Home Heating Oil Industry Response
The NYS Political Landscape Has Changed

• Before 2019 – Two Party Rule
  • Governor Andrew M. Cuomo - Democrat
  • State Senate - Republican Majority
  • State Assembly - Democrat Majority

• 2019 Brings Democrat Party Rule to New York State
  • Governor Andrew M. Cuomo – Democrat
  • State Senate - Democrat Majority
  • State Assembly – Democrat Majority

• Issues Elected Upon
  • Progressive & Anti-Trump Agenda
  • Environmental Conservation, Energy Efficiency, Carbon & GHG Emission Reductions
  • Social Justice, Abortion Rights, Gun Violence, Voting Rights
  • Single Payer Health Care
Administrative and Legislative Issues

• NYISO Market Based Pricing of Carbon in Electric Power Generation
  – Adding a base-price for carbon into the wholesale electric market

• Climate & Community Protection Act
  – Reduce GHG Emissions by 50% by 2030
  – Zero GHG Emissions by 2050
    – Full Electrification through Wind, Solar, Hydro and Nuclear
  – Establishes a basis for creation of a social cost of carbon
  – Creates a Council for implementation

• Carbon Tax of All Fossil Fuels
  – Proposal to set the Social Cost of Carbon at $35 to $185 per ton
  – Each $10 per ton equates to $0.10 cents per gallon on heating oil

• NYSERDA Residential Heat Pumps
  – Analysis of Residential Heat Pumps Potential and Economics

• Natural Gas Hook-Up Moratorium
  – Westchester County - Con Ed institutes a moratorium
  – Long Island - National Grid warns of a moratorium
Governor Cuomo’s Proposal
Climate Leadership Act

“New York State is committed to achieving carbon neutrality as soon as practicable and to ensuring that the transitioning to a carbon neutral economy is equitable for all New Yorkers and a transitioning workforce”

• Climate Control Council to set Roadmap for Statewide Carbon Neutrality
  – Heating Oil, Propane & NatGas not in State’s Energy Future (c.2070)
  – Electric Clean Fuel is immediate
  – Transportation, Building, Industrial/Commercial, and Agriculture Sectors
  – Solar and Off-Shore Wind are game-changers
  – Report to be issued by December 31, 2020

• By 2030, 70% of Electricity Generated by Renewable Resources
• By 2040, 100% of Electricity Generated by Clean Energy Sources
• GHG Emission Reduction of 40% by 2030
• GHG Emission Reduction of 80% by 2050
• Mechanisms Include:
  – Market-Based mechanisms for pricing carbon in electric power generation
  – Eliminating Fossil Fuel-based electric generation – replace with clean fuels
  – Social Cost of Carbon (i.e.: a Carbon Tax)
Response of NYS Home Heating Oil Industry

Providing examples of how home heating industry has been responsible in the clean energy and energy efficiency future:

- Since the inception of NORA in 2000, the Oil Heating Industry has:
  - Reduced residential home heating oil consumption by 40% per household through efficiencies and cleaner burning fuel
  - Promoted the use of Ultra-Low Sulfur Diesel – reducing PM2 Emissions
  - Introduced Biodiesel Blended Heating Oil - reducing CO2e Emissions
  - Provided Residential Home Energy Efficiency Programs – making homes more energy efficient and reducing fuel use and energy costs
  - Provided Burner and Heating Oil Tank Replacement Rebates – making customers home heating systems state-of-the-art, more efficient and environmentally cleaner
Response of NYS Home Heating Oil Industry

- Positioning itself as part of the Clean Energy Future
  - Heating oil is the ONLY fossil fuel which can improve its environmental characteristics
- Embracing cleaner fuels
  - Current 5% biodiesel and renewable diesel requirement
    • 5% Blend in NY City, Nassau, Suffolk and Westchester Counties
    • NY City Statute
      - 2025 - B10
      - 2030 - B15
      - 2034 - B20
  - Industry Proposed Statewide Blending Requirement
    • 2020 - B5
    • 2023 - B10
    • 2025 - B15
    • 2028 - B20
    • Waiver application for cold flow issues where K-1 is blended
  - Discussion with the State Legislature for a More Aggressive Schedule
    • 2020 - B5
    • 2023 - B10
    • 2025 - B20
    • 2030 - Increase blending levels as ASTM Specifications increase (B21-50)
    • 2050 - Increase blending levels as ASTM Specifications increase (B51-100)
    • Waiver application for cold flow issues where K-1 is blended
- Continuing to invest NORA funds
  - Consumer energy efficiency programs
  - R&D to drive towards higher percentage blends of Biodiesel
Thank You!

Contact Information:

Michael C. Trunzo
Dir., Government Relations & Association Management
Shenker Russo & Clark LLP
121 State Street, 4th Flr
Albany, NY 12207

Office: 518-407-5800
Cellular: 518-596-6262
Email: michael.trunzo@srclawoffices.com