



Empire State Forest Products Association

The people behind New York's healthy forests and quality wood products
www.esfpa.org

47 Van Alstyne Drive / Rensselaer, New York 12144 / p: 518-463-1297 / f: 518-426-9502

Chairman
Michael J. McLarty
Finch Paper, LLC

Vice Chair
Jennifer DeFrancesco
B & B Forest Products, LTD

Treasurer
Christopher Truso
Farm Credit East

Secretary
Sarah R. Bogdanovitch
Natural Resources Consultant

Immediate Past Chair
Sean Ross
Lyme Timber Company

Executive Director
John K. Bartow, Jr.

Sarah Boggess
ReEnergy Holdings LLC

Pat Buff
B&B Lumber Co.

Timothy Burpoe, CF®
Molpus Woodlands Group, LLC.

René H. Germain, Ph.D.
SUNY ESF

Thomas E. Gerow, CF
Wagner Lumber Company

Dennis Gingles
International Paper Co.

Doug Handy
A&H Forest Management, Inc.

Michael W. Hanlon
Cotton-Hanlon, Inc.

Damon Hartman
Prentiss & Carlisle

Craig Jochum
Craig Jochum Logging

Susan Keister
Susan Keister, LLC

Elizabeth Lesnikoski
Burlington Electric

Paul Mitchell
Paul J. Mitchell Logging, Inc.

Charles Niebling
New England Wood Pellet, LLC

Jack Santamour
LandVest, Inc.

Edward G. Wright
W.J. Cox Associates, Inc.

John Zemanick
Gutchess Lumber Company

Counsel
Dennis J. Phillips, Esq.
McPhillips, Fitzgerald & Cullum

February 28, 2020

Ms. Kathleen Theoharides
Chair Transportation & Climate Initiative of the Northeast and Mid-Atlantic States
Georgetown Climate Center
600 New Jersey Avenue, NW
Washington, DC 20001

Dear Secretary Theoharides:

The Empire State Forest Products Association (ESFPA) represents over 400 member businesses, industries and landowners engaged in forest resource production and stewardship of New York's 19 million acres of forest. In total, \$22.8 billion dollars in annual industry production and nearly 100,000 jobs are attributable to operations of various industries within the forest related sectors. There are over 200,000 private forest landowners who also depend on sound forest and timber management and production to help them keep their forests as forests.

ESFPA is working collaboratively among many stakeholders in New York, and throughout the northeast and mid-Atlantic states to develop climate change solutions which recognize the role that our forests and wood-based products bring to "natural climate solutions." We are committed to working with the newly created Climate Action Council in New York to develop a comprehensive scoping plan and subsequent regulatory and programmatic strategy to achieve New York's ambitious climate change goals.

The transportation sector in New York is responsible for over 36% of New York's energy related CO2 emissions, and over 1/3 of those emissions come from hard to electrify sources of emissions. Within the forest products sector, transportation is among the top 5 cost considerations affecting our businesses. Changes in transportation costs and policy can and will have significant impacts on the competitiveness and success of forest product businesses as we develop strategies for addressing climate change across the economy. How we factor in the Transportation Climate Initiative (TCI) proposal for a "cap and invest program" is but one of many considerations we must understand and address in developing economy-wide proposals for climate change programs, regulations and pricing mechanisms.

ESFPA has participated in the last two rounds of stakeholder meetings regarding TCI and Cap and Invest and we have offered comments to our state representatives. While we certainly can appreciate the need to move on some programs and policies relative to

transportation, we cannot at this time support the TCI Cap and Invest program on a standalone proposal. In our stakeholder comments we inquired about:

- How would TCI be integrated into New York's recently established Climate Action Council and scoping plan process?
- How would consideration of Energy Intensive/Trade Exposed industries be handled under a Cap and Invest program? For example, would there be exemptions or rebates for cost sensitive sectors/businesses?
- How would the allocation of resources be envisioned under the Climate Leadership and Community Protection Act (CLCPA)?
- How would a Cap and Invest program reflect the outcomes of studies yet to be completed under the CLCPA such as the social cost of carbon?

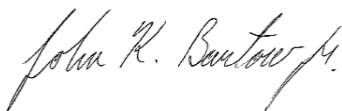
We have not received satisfactory responses to these and other comments we have offered, and we remain concerned that advancing a "one-off" program outside the scope of the Council and its scoping plan process would not be prudent at this time.

Cap and Invest, or Cap and Trade, programs will undoubtedly be included in New York's scoping plan process and justly should be considered among a variety of proposals across the energy economy. New York has proposed a rather fast and robust process that would not jeopardize consideration of the cap and invest proposal of TCI.

Governor Andrew Cuomo has also already proposed investments in electric vehicle (EV) research, technology and distribution and we assume that he will continue to advance those investment proposals as we explore regulatory and pricing mechanisms under the process outlined in the CLCPA. We do not object to these investments and in fact have supported them and will continue to support them. These are good interim measures as we frame a comprehensive approach to climate policies in the scoping plan.

Given the aforementioned concerns about pursuing a standalone Cap and Invest program outside in New York's CLCPA process, ESFPA cannot support New York's commitment to this MOU at this time.

Sincerely,

A handwritten signature in cursive script that reads "John K. Bartow, Jr.".

John K. Bartow, Jr.
Executive Director