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Pursuant to the Invitation for Public Input on a Draft Memorandum of Understanding (“MOU”) of the Transportation and Climate Initiative (“TCI”), the Municipal Electric Utilities Association of New York (“MEUA”), and the New York Municipal Power Agency (“NYMPA”) collectively the “Municipal Utilities”) hereby submit the following comments on the TCI MOU issued on December 17, 2019.

**Introduction**

The Municipal Utilities have been actively participating in the TCI process. The Municipal Utilities support well-reasoned and cost-effective environmental and climate programs and will continue to work in a cooperative manner with all other stakeholders on the TCI. The Municipal Utilities are specifically familiar with the interests of rural electric customers.

The Municipal Utilities’ members are not-for-profit, customer-owned systems, whose primary goal and statutory obligation is to provide safe and reliable service at just and reasonable rates. The MEUA is an association of forty New York municipal electric utilities. All MEUA members purchase a portion of the power produced by the Niagara Power Project pursuant to federal<sup>1</sup> and State<sup>2</sup> statutes (“preference power”) and contract. The MEUA members require more energy than they have preference power. These members acquire their supplemental energy needs from the NYISO markets through a joint action agency. NYMPA is a joint action agency of thirty-five New York municipal utility members and has been supplying its members’ supplemental needs through the wholesale markets for over 20 years.

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<sup>1</sup> 16 U.S.C. § 836 (2018).

<sup>2</sup> N.Y. Pub. Auth. Law § 1005(5) (McKinney 2019).

The Independent Emergency Efficiency Program (“IEEP”) is the mechanism used by the MEUA to advance the State’s energy efficiency, conservation, and climate goals. The IEEP is a municipal, not for profit cooperative entity designed to implement energy efficiency and system benefit projects, as well as renewable resource demonstration and education programs, in the participating municipal systems’ service territories. While the Municipal Utilities’ programs are administered centrally for economies of scale and consistency of contracting, each municipality determines which of the approved programs it will offer. The Municipal Utilities’ programs are designed to deliver benefits to the system and its electric customers based on specific local input. The Municipal Utilities’ programs are funded through an adder to its member systems’ purchased power costs.

The Municipal Utilities’ members are spread across upstate New York and vary widely in their relative size, operating characteristics, customer makeup, and location. They range from small systems, with under 450 total customers and a peak load of 2.1 MW, to larger ones, with over 17,000 total customers and a system peak of 116 MW. In total, our systems compose over 100,000 customers. The vast majority of these customers are rural and residential. The combined load of the Municipal Utilities’ members accounts for just over 2% of the New York Control Area, with that load dispersed between Zones A through F.

### The MOU

The transportation sector in New York represents the highest level of GHG emissions of any sector in New York and action in this sector is needed to address the State’s climate goals. The Municipal Utilities are ideally situated to undertake such action. The Municipal Utilities supply their customers with 100 percent carbon free electricity. At the same time, members’ size and nimble work force allows them to try unique and innovative programs through the IEEP and directly observe those impacts on the members’ electric costs. For example, various members have installed Level 2 electric charging infrastructure, and assisted with electrification of municipal fleet vehicles. In sum, the Municipal Utilities’ unique intersection of electric supply, local control and accountability, and individually tailored program offerings afford the opportunity to effectively influence the electrification of the transportation sector in their largely rural, residential communities.

The Municipal Utilities support the recognition of the unique needs and circumstances of rural communities. Specifically, the MOU provides that while each “Participating Jurisdiction shall invest the proceeds from the auction of allowances as determined appropriate by each Participating Jurisdiction to achieve TCI Program goals,” the signatory parties “agree[] that it is a shared priority to expand low-carbon and clean mobility options in . . . rural communities, particularly for populations and communities that are disproportionately adversely affected by climate change and transportation pollution and currently underserved by the transportation system.”<sup>3</sup> However, the Municipal Utilities are concerned about the potential program cost impacts on their residential, commercial, and industrial customers from two perspectives. First, the TCI is likely to result in higher fuel costs due to the contemplated gasoline/diesel per gallon adder. In addition, rural communities are likely to be more significantly affected based simply on their average higher vehicle miles travelled annually. At the same time, electric system costs are likely to increase, due to infrastructure and capital investment needed to accommodate increased energy usage due to electrification of the transportation, building, and heating sectors. We strongly encourage that modeling takes into account both impacts—cost per gallon

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<sup>3</sup> MOU at 8.

