Empire State Energy Association, Inc.

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Introduction

These comments are filed on behalf of the Empire State Energy Association, Inc. (ESEA or Association) in response to the invitation to the public for input on the December 19, 2019 Draft Memorandum of Understanding (MOU) on the Transportation and Climate Initiative (TCI or Initiative). While our Association agrees with and is desirous to work on efforts to reduce greenhouse gas (GHG) emissions to address climate change, we have concerns regarding how the TCI will implement emission reductions in New York State's transportation sector.

Interest of ESEA

ESEA is a New York non-profit trade association representing petroleum product marketers throughout the state. Our members are mostly small family-run businesses, some of whom supply and sell motor fuels as wholesalers and retailers for passenger and commercial vehicle use. Members also sell heating oil and propane, as well as electricity and natural gas under New York State's energy service company laws and regulations.

Long before climate change initiatives became the focus of our state government, our Association began making strides to reduce emissions from the products we sell. For example, at our urging over a number of years, New York State adopted a statewide ultra-low sulfur limit for home heating oil beginning in 2012. Our industry has also been advocating for the use of biodiesel and renewable diesel to blend with heating oil and motor fuels to reduce GHG emissions. In 2018, the state began requiring that all home heating oil in Nassau, Suffolk and Westchester Counties be comprised of at least a 5% blend of biodiesel (B5) which matches a New York City B5 heating oil requirement also in effect. We are continually seeking higher biodiesel blends both in the marketplace and through government policies in order to contribute to New York State's carbon reduction targets contained in the recently enacted Climate Leadership and Community Protection Act (CLCPA) and the Governor Cuomo's Green New Deal programs.

Discussion

We initially note that the MOU does not contain enough details to allow for a substantive review of the program. We are concerned with how the Initiative will be implemented logistically since the motor fuels industry is quite different than the power plant industry under the RGGI, the program upon which the TCI is modeled.

More significant, we understand that the cap and invest program will result in an increase in the price of motor fuels at the pump. While it is unclear what the program will cost the consumer, conservative estimates are that an increase would be at least $0.17 per gallon. As a group that deals directly with passenger and commercial motor fuel consumers, we believe that such an increase will have a disproportionate and harmful impact on our less fortunate customers in economically distressed regions of the state. Also, the additional cost of fueling commercial vehicles will result in price increases being passed on to the ultimate consumer of any product or service being supplied. Therefore, goods and services that rely on vehicular transportation would experience cost increases that would affect the budgets of all New York State residents.

It is also unclear how the TCI would interface with the programs yet to be established under New York's CLCPA. The statute specifically requires that the state's transportation sector be addressed by requiring the creation of programs and measures to reduce emissions. The motor fuel industry could experience logistical difficulties in its attempt to satisfying different emission reductions programs.

Finally, we note that one state, New Hampshire, has already announced that it will not sign the MOU. Should other Northeast states decline to participate, New York State would be at an economic disadvantage in the Northeast and mid-Atlantic region with regard to motor fuel sales.

ESEA appreciates the opportunity to present these comments on the draft MOU.

Respectfully submitted,

Kris DeLair
Executive Director