

Power Pressures

N.Y. needs new plants soon

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THE governor and Legislature need to act now if New York is to avoid electricity shortages as soon as 2011. The state needs to re-enact a fair and balanced law to govern the siting of power plants.

The independent entity in charge of maintaining the reliability of the state's electric system, the New York Independent System Operator, believes current energy supplies are adequate to meet this summer's needs. But demand is growing — particularly in the lower Hudson Valley, Long Island and New York City. NYISO fears shortages could jeopardize the system's reliability as early as 2011.

Yes, both Mayor Bloomberg and Gov. Spitzer have recently unveiled plans that emphasize meeting future needs mainly via gains in efficiency and reductions in demand. Such programs are essential elements of any power policy, but New

York also needs new, efficient electric generation — and needs it soon. By 2011, warns NYISO, New York City will need about 250 megawatts (MW) — power for roughly 250,000 homes — of new resources. Statewide, the need hits the 1,750 MW to 2,000 MW range by 2016.

This doesn't mean immediate blackouts. NYISO gets these numbers by estimating peak demand, then adding a 16.5 percent safety margin. But that buffer is needed to guard against unforeseen demand spikes (a vicious heat wave, for example) and unexpected loss of generation.

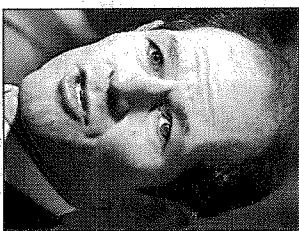
Overall, there's no serious debate: New York needs new generation. But time is running out. Power plants don't go up fast — realistically, each takes up to five years to develop, license and build. They also require major capital investment. And investors want certainty in terms of time, cost and likelihood of success — which is where the siting law comes in.

New York's "Article X" siting law expired in 2002. Without it, power-plant development has

been at the mercy of local zoning laws — and, worse, subject to seemingly endless legal and political battles thanks to "not in my back yard" reactions. As a result, few new power-plant projects have gotten under way these past 4½ years and none has been built in the areas of the state that need the most — leaving New York on the path to brownouts, if not blackouts.

Happily, the state Senate and Assembly each passed a plant-siting bill this year; the two houses are now trying to hammer out their differences in conference committees. But there's a danger that they could "compromise" their way to a law that doesn't do the job.

For example, lawmakers face the temptation to turn the measure into a piece of environmental legislation. Remember, the purpose of a siting law is to allow an expedited, reliable process where all state and local permits can be obtained in a one-stop pro-



Spitzer: Must push quickly for new law.

cess. Project developers undergoing the siting process remain required to meet the many environmental requirements established by state law. Yet some would restrict that process to plants that meet even higher standards than current law requires. In effect, this would exclude certain types of fuels from being used in new plants. (A few lawmakers would like to exclude outright certain specified fuel types, such as nuclear and waste-to-energy.) Yet fuel diversity is a significant factor in preserving reliability — imagine a sudden shortage of natural gas or oil, for example — so it doesn't make sense to rely overly on any given fuel.

In any case, New York has the strictest environmental laws in the country — and power plants, new and old, must meet those standards. It's certainly the Legislature's right to toughen them as it sees fit — but the siting law is the wrong place to do so: This measure

must give priority to securing future energy supplies.

Incidentally, no siting law will force the public out of the process. In fact, the opposite is true: All current legislation provides local representation on the siting board that ultimately decides a project's fate. The bills also continue to require that the developers of a given project contribute hundreds of thousands of dollars in "intervenor fees" to opponents of that project.

That's right: Project developers will actually fund the efforts of those who don't wish the plant to be built. (New York is one of only two U.S. states with such a requirement.) Re-enactment of siting legislation is not a bid to shut out local participation — it's simply an effort to re-establish an efficient, consistent process for all involved, while still meeting New Yorkers' collective power needs.

Several other elements are essential for an effective siting law — but the most important one is that the law provide regulatory certainty, so that decisions are made in a timely manner, freeing power producers to do what they do best: efficiently and responsibly generate energy for New York's future.

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