

## Talking Points for NYSEG Transmission Upgrade vs. Cayuga Power Plant Gasification

PSC CASE No. 12-E-0577

NYSEG customers (ratepayers) are being asked by the State Public Service Commission (PSC) whether we support NYSEG's proposal to upgrade specified transmission lines to improve reliability and efficiency or Cayuga Power's proposal to gasify<sup>1</sup> the Cayuga Power Plant on Cayuga Lake.

- **Rate-payers could pay more than \$550 million dollars to gasify the Cayuga Power plant.**
  - \$360 million for Gasification option #4
  - \$90 million for new gas pipeline through Dryden; cost not known for pipeline from Auburn
    - \$1.5 to \$5 million per mile times 18 miles from Freeville to Plant
  - \$90 million surcharge to operate Cayuga Power through 2017
    - Rate-payers now paying \$30 million per year
    - If completion is delayed, the total amount paid will be above the \$90 million.
  - Plus 10's of millions more for transmission line upgrades to make gasification work.
- **Rate-payers do not need to pay for gasification. What is needed is a transmission line upgrade.**
  - NYSEG says the electricity from Cayuga Power is not needed—now or in the future.
  - NYSERDA<sup>2</sup> says that there is an excess of electricity in New York State.
  - NYSEG can address current transmission issues by an upgrade without gasifying Cayuga.
  - The plant owners and NYSEG agree, gasification can't work unless NYSEG does its proposed transmission line upgrade.
- **Between gasifying and upgrading transmission lines, upgrading is the least costly option.**
  - Because gasification requires the transmission line upgrade plus \$100's of millions more, simple arithmetic dictates that the same upgrade is 100's of millions less costly.
  - According to NYSEG, upgrading is also the one “which provides the most certainty to [rate-payers] with regard to cost, schedule, and operational risk.”<sup>3</sup>
- **Gasification is a bad investment for rate-payers. It is corporate welfare for the owners of Cayuga Power.**
  - NYSEG says the plant owner's projections for making the plant an economic success can't be duplicated—another way of saying they are overly optimistic; and
  - The owners want NYSEG rate-payers to guarantee that they get the all the revenue they expect whether the revenue is actually generated or not.<sup>4</sup>
- **Gasification is a job-killer not a job-creator.**
  - At Cayuga Power, gasification means cutting between 37 and 62 of today's 67 permanent jobs.<sup>5</sup>
  - Increasing electric rates means employers have less to spend for jobs. In the case of gasifying Cayuga Power's sister plant in Dunkirk, the state-wide job loss from rate hikes would be from 2790 to 5030 for the 10 years after the increases take effect.
  - A transmission line upgrade would cost fewer jobs state-wide because the proposed rate hike would be so much smaller. In the case of the Dunkirk, its upgrade would cost 330 jobs

---

<sup>1</sup> The owner of the Cayuga Power plant, Cayuga Operating Co. LLC, proposes 4 options to powering the plant using natural gas instead of the current operation with coal. Thus, thus the owners propose to “gasify” the plant.

<sup>2</sup> New York State Energy Research and Development Authority

<sup>3</sup> NYSEG's “Report on Cayuga Repowering Analysis,” p. 22

<sup>4</sup> NYSEG's “Report on Cayuga Repowering Analysis,” p. 12, 18

<sup>5</sup> Cayuga Operating Co. LLC's filing with the PSC: “Cayuga Repowering Proposal,” at p. 41 Gasification option #2 requires 5 permanent plant employees; options #'s 1, 3, and 4 require 30.)

over 10 years—between 88 and 94% less than for gasification.<sup>6</sup>

- Had the same projection been made for Cayuga Power, logic dictates that the results would be the same based on the proportion of rate increases needed to pay for gasification vs. the rate increase for the upgrade.
- **None of the projected construction jobs or plant jobs are guaranteed for local residents.**
  - Much of the pipeline and gas plant construction is highly specialized.
  - Running a gas plant requires different skills and experience than those for this coal plant.
- **Gasification means keeping the coal burning plant open at least another three years. It does substantial ecological damage, now.**
  - About 7 deaths per year in our County can be attributed to the fine particle pollution the plant emits<sup>7</sup>
  - The plan has been non-compliant with the Clean Air Act in three of the last 12 quarters according to EPA data and non-compliant with the Clean Water Act in 10 of the last 12 quarters<sup>8</sup>
  - NPR has reported that the plant is on a government watch list as a “high priority violator” of environmental laws<sup>9</sup>
  - The coal ash dump at the plant seeps toxins into the local ground water.<sup>10</sup>
- **Gasification means adding methane pollution to local air and worsening global warming. .**
  - Gas plants and pipelines leak between 2 and 8 percent of the methane which is in them.
  - Over the first 20 years after a conversion to natural gas, methane released and leaked from the plant would be 100 times more potent a greenhouse gas as CO<sub>2</sub> from coal.
- **Gasification will bring fracking one step closer.**
  - The more natural gas used and the more infrastructure we build to provide it, the more pressure will build to produce it locally. The only way to do that is by fracking.
- **Gasification will make the current system of double taxing rate-payers via their NYSEG bills more unfair.**
  - Rate-payers in this 12-county region already pay their own local school taxes, town taxes, fire protection taxes, and county taxes directly.
  - Now we have learned that as we pay our NYSEG bills, some of that money is passed through Cayuga Power for Lansing town taxes, Lansing schools, Lansing fire protection, and to Tompkins County. In the case of Tompkins residents, they are paying twice for the same services.
  - While we have some say over our local tax rates, the overwhelming majority of us who don't live in Lansing or Tompkins have no say in these taxes and don't get any of the services they are paying for.
  - If gasification were to occur, Lansing and Tompkins would raise their charges to Cayuga Power, and we regional rate-payers would pay even more.
  - This is an unfair and unreasonaable scheme for double taxation without representation for almost all of us. Closing the plant will bring a proper end to it.

## **Support the NYSEG upgrade and oppose gasification of Cayuga Power Plant.**

---

<sup>6</sup> Letter from National Grid attorney, Carlos Gavilondo, to Acting PSC Secretary Jeffrey Cohen, June 28, 2013, p. 21 and Exhibit 8

<sup>7</sup> Retrieved from: [http://www.catf.us/fossil/problems/power\\_plants/existing/map/php?state=New\\_York](http://www.catf.us/fossil/problems/power_plants/existing/map/php?state=New_York)

<sup>8</sup> Retrieved from: <http://www.epa-echo.gov/cgi-bin/geticReport.cgi?tool=echo&IDNumber=3610900001>

<sup>9</sup> Retrieved from: <http://www.npr.org/series/142000896/poisoned-places-toxic-air-neglected-communities>

<sup>10</sup> Retrieved from: <http://earthjustice.org/sites/default/files/ny-coal-ash-factsheet0512.pdf>