

**PREPARED TESTIMONY OF JUSTIN E. DRISCOLL
Acting President and Chief Executive Officer of the New York Power Authority**

Submitted To

Assembly Ways and Means Committee and Senate Finance Committee
In Relation to the Governor's Executive Budget Proposal

February 14, 2023

Chair Weinstein and Chair Krueger and other distinguished members of the Committees. My name is Justin Driscoll, and I am the Acting President and Chief Executive Officer of the New York Power Authority.

Thank you for the opportunity to appear here today to discuss the Governor's Executive Budget proposal, and specifically, legislation in the Executive Budget that would enhance NYPA's ability to help our State achieve the goals in the Climate Leadership and Community Protection Act ("Climate Act") and advance other important State policies.

We are guided by the strong leadership of Governor Kathy Hochul and the Legislature, and the Power Authority is proud to be playing a critical role in advancing the State's clean energy, environmental and social policies that are embodied in the Climate Act and that collectively are already creating a greener and more prosperous New York for this and future generations.

NYPA's Current Role

I will spend a few moments describing what NYPA does and how we are already contributing to the State's clean energy transition, and will then address the Budget legislation. Specially, there are three broad components of the Power Authority's work.

First, NYPA is an experienced owner and operator of energy infrastructure.

The Authority owns and operates 16 generating facilities throughout New York State, generating nearly 25 percent of all power produced in the State. More than 80 percent of the electricity we produce is clean, renewable hydropower.

Additionally, the Power Authority owns, operates, and maintains approximately one-third (1,400 circuit miles) of the high-voltage transmission lines in New York State. These assets help form the backbone of the statewide energy grid for electric power transmission, and they are critical to integrating existing and new renewable energy throughout New York State from inception of our programs.

Second, NYPA in an experienced supplier of energy and energy services

The Authority has more than 1,000 customers enabled by federal and state statutes. They include local and State government entities, municipal and rural cooperative electric systems, and economic development customers – from small businesses to some of the world’s largest corporations.

Our economic development power programs have supported the creation and retention of more than 440,000 jobs and nearly \$32 billion in capital investment commitments by businesses throughout New York State from the inception of these programs.

Third, NYPA is already helping to lead in the State’s clean energy transition

NYPA has invested more than \$3.6 billion in energy-efficiency projects at publicly owned facilities throughout New York State. Our energy services programs have resulted in more than \$266 million in annual taxpayer savings. These programs have reduced energy consumption in the State by 275 megawatts and prevented the emission of approximately 922,000 metric tons of greenhouse gas.

Through our clean energy advisory services, the Authority has enabled over 61.3 MW of solar; 28 MW of which has come online since I became Acting President and CEO in October 2021.

In addition, through both our EVolve NY program and our electric vehicle charger installations at customer sites, NYPA has facilitated the development of 669 electric vehicle charging stations at government and NYPA customer facilities throughout the State. We are continuing to work with customers to expand EV charging at their locations.

Finally, NYPA is playing a fundamental role in the upgrade of the high-voltage transmission system in the State. We currently have four major projects: two in construction and two others in the engineering and approval stage. One of those projects, Clean Path NY, a joint venture between NYPA, Invenergy, and EnergyRE, will deliver more than 7.5 million megawatt-hours of emissions-free energy into New York City every year.

Clean Path is just one example of the Authority partnering with the private sector to leverage our expertise and resources to maximize benefits for New York. Through our transmission and customer business, the Power Authority has a long track record of collaborating with the private sector to produce public benefits.

The Governor’s Budget Legislation

I will turn now to the Governor’s Budget Legislation.

The Governor’s Executive Budget proposal, Part XX of the Transportation, Economic Development and Environmental Conservation Budget Bill (A.3008/S.4008), gives NYPA the authority and the tools to take on an even greater role in the State’s clean energy transition, leveraging our strengths and enabling us to further collaborate with the private sector when it makes sense to do so.

To summarize, the Budget Bill would:

- Enhance NYPA’s authority to plan, design, develop, finance, construct, own, operate, maintain and improve renewable energy generating projects that will help the State achieve its climate goals.
- Provide that NYPA periodically confer with NYSERDA, the Office of Renewable Siting, and the New York State Department of Public Service, concerning the State’s progress on meeting the renewable energy targets in the Climate Act to help inform NYPA’s exercise of its enhanced authority.
- Authorize NYPA to enter into public-private partnerships to develop renewable generation projects, similar to our existing authority for transmission, when NYPA determines such collaborations will benefit NYPA and the State.
- Authorize NYPA to form subsidiary entities like LLCs and Not-For-Profit Corporations to carry out its expanded authority, to leverage public investment and mitigate project and financial risk to the State.
- Authorize NYPA to establish a program, called the “Renewable Energy Access and Community Help,” or the “REACH” Program, to enable electricity consumers in disadvantaged communities to receive bill discounts generated by the sale of renewable energy products generated from renewable energy systems developed by or for NYPA. Separate from existing utility discount programs, REACH would have the dual benefit of decreasing customer bills while also adding new renewable generation to the grid.
- Require NYPA, within two years of the bill’s effective date, to publish a plan for the phase-out, by December 31, 2035, of electricity production from its gas-fired peaker plants, as long as that electricity is not needed for emergency power service or electric system reliability.
- Authorize NYPA to make available up to \$25 million annually to fund training programs to prepare workers for employment in the renewable energy field, and coordinate with the New York State Department of Labor and NYSERDA on training initiatives.

These new provisions will provide the Power Authority with the tools we will need to implement any expanded authority in a legally and fiscally responsible manner that preserves the judgment of NYPA’s Board of Trustees. The proposal strikes the appropriate balance on this issue and other important energy initiatives.

Finally, I would like to highlight a very significant change to the renewable landscape: the federal Inflation Reduction Act (“IRA”) is now law. NYPA expects to be able access new and existing federal tax credits provided by the IRA to lower the costs of certain renewable energy projects that it would undertake under Governor Hochul’s legislation.

While the Power Authority pays no federal income tax, the IRA tax credits, such as the investment tax credit and the production tax credit, are directly payable to governmental and other non-taxable entities like NYPA. These tax credits add new financial resources to help NYPA expand the State's renewable generation resources.

Thank you for your time today. NYPA looks forward to playing an expanded role to advance the Climate Act goals and other State priorities.

I'm happy to respond to any questions.