

POLITICS

Will N.Y.'s Cuomo work with Trump on energy?

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(From left to right) Both New York Gov. Andrew Cuomo (D) and President-elect Donald Trump want to show they can build big things, but they come at it from vastly different perspectives on energy and climate change.

Photos by Gage Skidmore, courtesy of Flickr.

Last month, Williams Cos. President and CEO Alan Armstrong shared an item from his policy wish list.

It had to do with a pipeline that Williams wants to build from Pennsylvania to New York. Last year, New York regulators denied a key water permit, preventing the pipeline from going forward after years of review.

Armstrong said the decision was more about politics than water, adding that he hoped the administration of President-elect Donald Trump will make it easier to get projects like this through.

"I think we'll see the administration trying to pull back those kinds of rights to the degree that they're being used for political purposes and not for regulatory purposes," he said at a financial conference in New York City.

It's one example of the kinds of skirmishes that could be forthcoming between Washington, D.C., and New York — and between two New Yorkers who

embody nearly opposite politics, Trump and New York Gov. Andrew Cuomo (D).

Trump has styled himself as a savior for the fossil fuel industry, a liberator for oil, gas, coal and the infrastructure that moves them. He's dismissed climate science as imaginary.

Cuomo, meanwhile, wants to carry the progressive standard as he eyes a presidential campaign for 2020. He's proposed one of the most ambitious climate and energy programs in the country, and he's expressly put fossil fuels in the back seat.

Both men want to show they can build big things. New York's energy plan is Cuomo's effort to prove that, said Kevin Rooney, CEO of the Oil Heat Institute of Long Island and a longtime energy lobbyist.

"I think he'd probably relish taking on someone like Donald Trump four years from now," Rooney said. "This is all part of building his record, his resume,

and he's doing it for the right reasons, but it also might be good political reasons, too."

But Cuomo's energy plan could also jack up power bills and leave the state falling short of its renewable and climate targets, said Ken Girardin, an analyst with the Empire Center.

"Pushing renewable power for the sake of pushing renewable power is not sound public policy," he said. "New York's role to play with regard to energy policy on a federal level is like a shipwreck on a reef, serving as a warning to others on how not to do energy policy."

State officials have held that the federal election won't change their policies. But if Washington shakes up energy policy, they may at a minimum have to adjust.

The fault lines

One potential fault line is in natural gas, where Cuomo has tacked left in recent years.

New York sits over part of the Marcellus Shale, the largest U.S. gas field by estimated proved reserves. New York gets the bulk of its power from natural gas and nuclear generation.

At one point, Cuomo seemed to be considering hydraulic fracturing as an economic lifeline for depressed counties in southern New York. But in 2015, he banned large-scale fracking, citing health and environmental risks.

Then, last year, a state agency tied up Williams' proposed Constitution Pipeline from Pennsylvania on a water permit. Williams sued in federal court, saying it had endured exhaustive review and was actually being held up for political reasons. The case is pending in the 2nd U.S. Circuit Court of Appeals.

Meanwhile, Cuomo launched one of the most aggressive clean-energy programs in the country, including smart grid reform and a 50 percent renewable electricity mandate by 2030. Last year, he arranged payments for three old nuclear plants, so natural gas wouldn't replace them.

"I think New York is rightfully viewed as playing a blocking role in more aggressive deployment of fracking gas and natural gas in the Northeast," said David Flynn, a Buffalo-based partner with Phillips Lytle LLP who has clients in pipelines, utilities and renewables.

But natural gas may emerge as a point of tension, not just because Trump has pledged to build more pipelines, but because some in New England want them, too.

The region, which got 15 percent of its power from gas in 2000, today gets about half its power from gas, according to ISO New England, the region's grid operator. But supply can be an issue when winter bites. As businesses and homes fire up their heaters, it can be tough to find enough gas for the power plants, ISO-NE said.

The region isn't likely to get more natural gas by port, ISO-NE said. With coal, oil and nuclear plants retiring soon, it suggested finding new gas supplies.

"Addressing natural gas infrastructure constraints is currently the region's highest-priority challenge," according to ISO-NE.

The question is how. Dozens of pipelines are currently in limbo, whether for commercial or regulatory reasons. Even when a pipeline gets its permits, its sponsor has to persuade state regulators that the public should pay an extra charge for it. The Northeast is also home to the most ferocious grass-roots pipeline opposition in the United States.

These thorn bushes have Marcellus Shale companies looking south and west. PointLogic Energy, a consultancy, projects that almost all the gas that escapes the Marcellus and Utica shales by 2018 will chase growing demand in the Mid-Atlantic, Gulf states and midcontinent.

"The only people hurting here are New Englanders, who will be paying higher utility bills due to their 'isolationism,'" Jack Weixel, a vice president at PointLogic, said by email.

Trump's progressive foil

Another risk for New York: federal tax credits for renewable energy.

Whether congressional Republicans can muster the political will to slash these is unclear. But in a study last year, the New York State Energy Research and Development Authority (NYSERDA) said, "Federal tax credits have a substantial impact" on the cost of its renewable energy plan.

The loss of tax credits would cause costs to balloon to \$704 million by 2023, as opposed to \$453 million if current law stayed the same, NYSERDA said.

Existing wind and hydropower facilities are counting on the production tax credit, said Girardin of the Empire Center. "If these federal subsidies go away, it would be heavily disruptive to the current renewable push in New York," he said.

The day after the election, Cuomo called the president-elect to congratulate him.

"It was a good conversation," he told TV station NY1. "I look forward to working together; we have a Republican Senate here in New York for six years, so as an executive your job is to get things done, and I know how to work on the other side of the aisle and get things done."

It was a pragmatic, gubernatorial tone for one of Democratic nominee Hillary Clinton's biggest supporters. And it opened up a question: Could even Cuomo, Trump's progressive foil, possibly work with him?

Like Trump, Cuomo has embarked on a major infrastructure program. Last month saw the opening of the Second Avenue Subway line in New York City. Last week, Cuomo rolled out a \$10 billion program to upgrade John F. Kennedy International Airport, though he didn't mention any federal money.

Like Trump, Cuomo has harked back to the decades when Americans imagined big and built what they imagined. Will oil and gas infrastructure qualify? Rooney, of the Oil Heat Institute, said he doubts it.

He said Cuomo will likely work with the federal government on bridges, roads and airports.

"When it comes to things like gas pipelines, oil pipelines, oil by rail," Rooney said, "that's where he will begin to draw the line and say, 'I'm not saying no to these projects, but they'll have to meet a very strict and very rigorous environmental review. And if they don't, then we're not going to approve them.'"

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