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This report on energy is part of a continuing series of conversations on important business topics created and moderated by Phillips Lytle LLP.



New York's energy initiative presents economic development opportunities

By: AnneMarie Franczyk

To look beyond the sky-is-falling talk around New York State's Climate Leadership and Community Protection Act is to clearly see possibilities that can create economic benefits for business and communities alike.

Phillips Lytle LLP recently hosted a State of the Region on Energy with three area leaders to discuss how New York businesses and industries can capitalize on those opportunities.

Panelists were:

- Dennis Elsenbeck, head of Energy and Sustainability, Phillips Lytle Energy Consulting Services.
- Joseph Kessler, executive vice president and chief operating officer, utility operations, New York Power Authority.
- Stephen Tucker, president and CEO, Northland Workforce Training Center.
- Moderating was David Flynn, Phillips Lytle partner and co-leader of the energy law practice team.

Each panelist gave an optimistic overview on how the CLCPA is being viewed by their organizations and what their respective roles are in achieving the goals proposed in the act. Their silver-lining outlook is distinct from the fear roiling in the general public.

POLICY VS. MARKETS

Elsenbeck, an engineer with an MBA, comes to the issue having spent nearly 30 years with National Grid and most recently three years as one of 22 members of the state's Climate Action Council, which developed the scoping plan that will guide the state toward achieving the goals of the CLCPA.

He brings to his position insight, analytics and a business perspective on long-term policies and the economic landscape. His pragmatic approach to

problems helped him cut through the passion and emotion of the issues and identify the business opportunities in the proposal.

"If we can define what the problem is or what the opportunities are, we can solve for that," Elsenbeck said. "If I do that, I can actually create business opportunities. If I create business opportunities, I create an opportunity to develop the balance between saving the planet and creating economic opportunities and benefits so that I can offset some of the costs associated with achieving initiatives of this nature."

He expressed some disbelief that confusion reigns four years after the act was passed. To those still perplexed, he recommends the mirror test that will answer the questions: What's in it for me? How will it impact me?

"That's really what we need to start focusing on, because there is opportunity in this level of confusion," he said. "If all we are focused on is achieving a goal, waiting for a program, waiting for an incentive, and then getting into action, that is not a sustainable business model. Start thinking about opportunities to engage."

He said 40 percent of the spend of the climate act is to benefit disadvantaged communities, and therein lies an opportunity to build wealth in those areas. Consider where load centers and big manufacturing plants are located to determine where to build supply points, Elsenbeck said.

"Are we doing that or is it more about land leases, land acquisition and water rights? How many are

PANELIST



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Head of Energy and Sustainability
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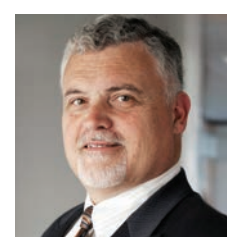


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- STEPHEN TUCKER, MBA

determined by proximity to our transmission system. It would be nice if it was located by load centers and our transmission systems.”

He said electric demand is projected to grow by at least 50%, so look to disadvantage communities and the infrastructure needed to electrify and attract green energy businesses to bring wealth, opportunity and jobs to those areas.

Consider the distribution feeders, he said. Each utility offers a portal that allows a look at the feeders to see whether there is capacity on the lines to add roof-top solar systems, heat pumps, electric vehicles and so on, and determine how to further electrify areas of insufficient supply. There is your business opportunity.

“We should look at those communities and discover that we have to create capacity and bring in infrastructure to those areas.”

The way it works today, Elsenbeck said, is developers approach the utility first with plans to bring service for a tenant interested in locating to the community. The utility will charge up to \$50,000 to study capacity. If it is something more than 10 megawatts, the next step is to go through the New York State Independent System Operator at a cost of \$150,000.

That’s upwards of \$200,000 to determine whether there is capacity to attract someone into your area, well before a tenant is landed, he said.

“Right now, we’re putting the cost of focusing and revitalizing our disadvantaged communities on the developers, at a time when we should be heightening the interest and how to turn those communities around and make them part of a green ecosystem and attract businesses.”

There are ways of solving the distribution challenge, he said. Think of point-of-use thermal storage, point-of-use battery storage and ways to level the delivery system beyond peak-use hours and increase its efficiency so capacity is freed to attract businesses.

There needs to be increased local resiliency through capacity and infrastructure at the point of need, he said, and called on developers to bring

a business mindset to the issue so that the state’s initiative is evolved from a policy-driven problem to a market-driven problem.

“Economic opportunity is here with this process. Get past the fear of it and turn it into an opportunity. Balance the environment and economic sustainability. You have got to do this because no one knows the market like you do.”

NYPA’S ROLE

Kessler serves several functions for NYPA, primarily overseeing the authority’s power generation and

transmission assets, commercial operations and the state’s canal corporation’s operations.

NYPA’s approach is to see what can be done to help achieve the CLCPA goals with assets and programs already in place, with a focus on carbon and the goal of reducing carbon emissions by 85% by 2050, he said.

“What the law has provided for are targets that incrementally get to that goal, and how they contribute to that goal is up to debate. For example, we want to have 100% zero emission in electricity by 2040. Is that net zero? Is that completely zero no fossil fuel whatsoever? That’s not completely defined yet.”

NYPA has fossil-generating facilities that are peaker units designed to be dispatched intermittently for peak loads primarily in the summer. Winter peaking with electrification could come into play soon, Kessler said.

“The units were added in 2001 to respond to capacity issues and are considered the cleanest in the fleet. We are not going to give up reliability in places like New York City. If we decommission those plants too early, you are forcing dirtier plants into the system and operate more. We want to be very measured about how we do that, but we also want to be aggressive in meeting the goals.”

NYPA’s internal target is meet the goals by 2035 through clever ways of using physical resources and locations and leverage the assets in place, he said.

For example, Kessler said, wind farms that are established in northern New York or the Southern Tier could constrain other assets, such as hydropower of the Niagara and St. Lawrence projects. Such current assets should be leveraged to balance the load.

To decarbonize an area like New York State, certain sectors will need to be electrified, he said. If heating or transportation will be electrified, particularly downstate, it is going to take a significant amount of energy to get that done. Off-shore wind is one way to accomplish that.



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Every electron generated from wind or solar, for example, is immediately used. That balance, what is being generated versus what is being used is constantly monitored by the New York system operator.

“But if the wind is not blowing and the sun is not shining, whether it is nighttime or coincidentally because of weather, what are we going to use in those situations? Storage is obviously going to have some play in there. The technology is not quite in place in terms of long-term storage,” Kessler said.

NYPA’s Vision 2030 strategy continues investment in its generation and transmission assets, customer-centric practices, and investments in its people and workforce development.

It includes several initiatives, including:

- The preservation and enhancing of the value of hydropower plants — “We have significant capacity in Niagara and St. Lawrence, and our pump storage units down in the Catskill Mountains,” Kessler said. “They are going to play a different role. Those plants were designed to be run of the river. A lot of industry in Niagara Falls and up in Massena were able to use that load. These days there will be other intermittent resources.” NYPA’s objective is to enhance the value of those assets by updating the controls and the design of the physical, mechanical equipment to take on the demands of thermocycling and ramping up and down.
- Investment in transmission development projects — There is a return on investment from a business perspective, Kessler said, but the effort is primarily to “build the backbone in the state to make sure that wherever you plug in you can get energy where it needs to go.”
- Decarbonization of assets — NYPA wants to decarbonize assets in a way that doesn’t harm rate payers as well as prioritizing nearby environmental justice communities, he said. Another part of the initiative is to work with municipalities, co-ops, industry and economic development customers to think of ways that they can help decarbonize.
- Diversity, equity and inclusion — “We want to make sure that our staff internally is considered and to make sure that there are opportunities for people who may have been overlooked in the past,” Kessler said. “Also, we want to widen the ring of how we are recruiting people and feeding the pipeline of high-potential people that may be in a disadvantaged situation.” The initiative extends to vendors, women and minority business enterprises and disabled veterans. “It’s a very aspirational target. It’s a very aspirational law. We know where we are today, we know where we want to be. New York Power Authority’s position is to leverage the resources we have in place now to help out.”

WORKER PIPELINE

Tucker is responsible for the management, oversight and day-to-day operations of the Northland training center and its focus on preparing

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Western New Yorkers for careers in advanced manufacturing and clean energy.

He pointed to the CLCPA's estimate that the state's clean-energy initiatives will create 211,000 jobs by 2030 and 318,000 jobs a decade later.

Tucker said these are advanced manufacturing jobs creating a clean energy product or skilled trade construction jobs working on renewable energy projects.

These sectors are a mystery to most prospective students, he said, yet that is where much of the opportunity is for the new generation of workers. It is the core mission of the Northland center to prepare students for those jobs, so raising awareness around the career opportunities is a challenge, he said. Part of that is addressed through an aggressive outreach and recruiting strategy involving visits to schools, community centers, churches, barber shops and anywhere people gather.

There are at least 20,000 job openings in the region in advanced manufacturing alone, he said, many

created by the “gray tsunami” of older workers retiring.

“Unfortunately, we have a nonexistent pipeline. Young people are either not interested in, unaware of, or do not have the technical skills necessary to fill these positions. This, despite average salaries in advanced manufacturing around \$85,000 a year, production workers around \$50,000 a year.”

Opened in 2018 to prepare workers for advanced manufacturing and clean energy sectors, the Northland center provides training in four programs through Alfred State College and SUNY Erie community college. The programs include certificate programs or two-year associate degrees in electrical, welding, manufacturing and machine technology.

“At Northland we want to make sure that we are aligning our educational offerings to meet the needs of business and industry,” Tucker said. “We are providing the talent necessary to fill the jobs that will be created by the scoping plan and the advanced manufacturing companies.”

Northland is struggling with

renewable energy jobs, Tucker said, because a lot of the jobs have not been created yet. Policy-makers need to understand what is required in developing a program that prepares a qualified work force.

There has been a measure of success in the five years since Northland opened: More than 1,000 students have enrolled in Northland's programs since its opening. Its completion rate of 62% is about twice as much as that of community colleges nationwide and well exceeds the 11% completion rate of Black males at local community colleges.

Tucker owes the success in part to Northland's wrap-around services that assist students with challenges they

might face with transportation, mental health, substance abuse and academic preparedness. There also is grant funding for tuition.

“There is a lot of confusion in the market. There is a lot of opportunity in the market. Hopefully we can come up with strategies to educate the general public, prepare them for these opportunities to participate in these jobs so that they can benefit from some of these investments, also prepare them for some of the entrepreneurship opportunities that will come.”

For more information on energy initiative and economic development possibilities please visit: phillipslytle.com/practice-area/energy/



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That's The Phillips Lytle Way. Our fully integrated Energy Team provides creative and compliant solutions to climate change challenges using our extensive experience in solar, wind, hydro and biomass projects. Our team can help you navigate local, state, and federal programs and requirements including New York's Climate Leadership and Community Protection Act (CLCPA) and the evolving regulatory landscape of climate change. Talk to us and learn why energy and real estate developers feel empowered when working with Phillips Lytle.

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