

Statement of Capital Region Energy Forum (CREF) on NYS Energy Policy

We at CREF believe that the current run-up in oil prices is strongly related to the geologic fact that oil is a finite resource whose exhaustion is now foreseeable. While future prices will likely fluctuate dramatically, over the long run they will continue to increase, signaling a major transition in the way we use energy. We see this transition as the dominant driver for NY State Energy Policy

NY State should respond with policies that create an environment that encourages action by individuals and businesses to accelerate this transition and enhance our prosperity and security. These policies would be focused on 1. avoiding measures that might sound good but which really make the problem worse, 2. conserving oil (and other forms of energy) in the near term, and 3. preparing to use sustainable forms of energy to substitute for limited fossil fuels. While some measures to implement these policies can be expected to be of immediate benefit, most require time to become effective. In all cases, the time to start is now.

1. Do no harm

A top priority is to "do no harm" to market forces that in the absence of government actions are directing businesses and citizens to use less oil and seek substitutes.

Example actions

- Avoid measures, such as an oil sales tax holiday, that provide financial relief that increases with the amount of oil an individual uses. Such measures act in exactly the wrong way, decreasing rather than increasing the incentive to quickly move away from oil dependence.

- Avoid subsidies and mandates for oil alternatives that would not need them if they are really effective. Ethanol from food crops appears to be in this category.
- Avoid policies that give the public the impression that the energy crisis is temporary.

2. Conservation

NYS government should support conservation measures that save oil by reducing oil-using activities and increasing the efficiency of oil use in the remaining activities.

Example actions

- Provide leadership and communication to the public to reinforce the need and benefits of oil conservation and of energy conservation in general. NY State Government should itself become a model for energy efficiency in its vehicles and buildings.
- Provide incentives for energy efficient buildings including energy audit services and loan programs for high payoff conservation investments such as insulation and replacement of energy inefficient appliances.
- Support infrastructure development for energy efficient public transportation.
- Implement car pooling collection points and high occupancy vehicle lanes, and flexible work policies that promote telecommuting. Implement bicycle lanes and legalize electric supplement bicycles.
- Improve freight rail services.
- Lower speed limits for better gas mileage.
- Provide models for NYS communities to change land use patterns to be consistent with less demand for travel.

3. Substitution

Even with effective conservation, eventually sustainable energy resources will be needed to substitute for oil and other limited energy sources. We do not advocate NYS taking a primary role in developing such resources, but NYS state should prepare to use such resources.

Examples focus on electricity since it is the medium for delivery for many sustainable energy technologies and NYS has considerable influence over our electric infrastructure.

Example actions

- Encourage smart metering by utilities that allows for time of day pricing and feedback to customers.
- Encourage deployment of plug-in hybrid cars that eliminate the need for oil for short trips and when charged off-peak will improve the utilization of existing capacity.
- Adopt a positive attitude toward licensing of off-shore and on-shore wind farms. Consider incentives for solar thermal and photovoltaic generation as those technologies become practical. Experiment with storage technologies that complement wind and solar.
- Encourage community based power generation partnerships that use regionally available renewable energy
- Adopt a positive attitude to some new electric generation based on nuclear, coal, and combustible waste, all with concern for the effects on safety and global climate change. This latter position is based on the need for many options to deal with an uncertain energy future.