

mohawk

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June 8, 2022

Ms. Doreen M. Harris
President and CEO
New York State
Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399

Mr. Basil Seggos
Commissioner
New York State
Department of Environmental Conservation
625 Broadway
Albany, NY 12233-1011

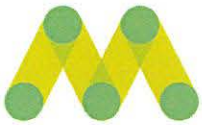
Re: Comments on CLCPA Draft Scoping Plan

Dear Co-Chairs Harris and Seggos:

Mohawk Fine Papers is in the business of producing fine printing and writing papers at our two mills in the NY Capital Region. The exemplary quality of our paper products has inspired many recognizable and distinguished uses - Presidential Inauguration invitations, Harry Potter novel book coverings, Emmy Award Ceremony programs, and the wrap around Tiffany's gift boxes. Mohawk has been a successful, family-owned business which has been an important contributor to the New York State economy for over 90 years. We currently employ approximately 370 people at our NY mills and Albany distribution center in well-paid manufacturing, warehousing and support positions

Energy is one of Mohawk's top three operating costs. As a large end-use consumer of electricity and natural gas in New York, Mohawk is subject to state decarbonization policies, and pays substantial energy-related costs. Therefore, the outcome of the Climate Action Council's actions is very likely to significantly impact the future of our operations in New York State. For the reasons set forth below, Mohawk requests that the Council revise the Draft Scoping Plan and adopt a Final Scoping Plan that achieves the CLCPA goals in a manner that maintains jobs and economic growth opportunities in New York.

Initially, Mohawk appreciates the opportunity to provide these comments to the Council. Mohawk supports the ultimate goals of the CLCPA, and recognizes that it is one of the most ambitious climate laws in the world. As a company, Mohawk prioritizes sustainable manufacturing practices, and continues to take significant voluntary actions to reduce its greenhouse gas climate impacts. Here are a few key examples:



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Ms. Doreen M. Harris, NYSERDA

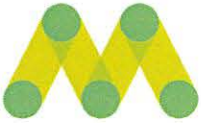
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- For decades, Mohawk has adopted best practices and has made significant investments in order to reduce its energy consumption and achieve efficiencies in natural gas and electricity use, while also driving manufacturing process improvements.
- To further this commitment, beginning in January 2022, Mohawk became a participant in the NYSERDA's On-Site Energy Manager program. Over the next 24 months, we expect to achieve positive, sustained improvements through this engagement.
- Mohawk was an early supporter of wind-generated electricity through purchases of Green-e certified Renewable Energy Certificates (RECs). Today, Mohawk matches 100% of the electricity used in its operations with RECs, and the company purchases offsets to fund carbon emission reduction projects.

Although supportive of the CLCPA goals, Mohawk is concerned about the unknown impacts of CLCPA compliance on the overall cost and reliability of energy supplies in New York State. Those energy supplies must be affordable and reliable in order for Mohawk's New York facilities to remain competitive in global markets. For the reasons set forth below, we are concerned that the Draft Plan does not adequately address several important energy cost and reliability issues, and those omissions should be addressed in the Final Plan.

- With respect to cost impacts, the Draft Plan does not properly examine or reveal the anticipated cost of CLCPA compliance, nor does it address whether New York can afford to implement all, most, or even a material portion of the recommendations advanced. Absent detailed information on the cost of implementing the recommendations individually and in the aggregate, analysis of the relative affordability of the Draft Plan, and the selection of the most cost-effective recommendations, are not possible. Mohawk is already experiencing substantial energy price increases from increasing wholesale energy prices and increasing transmission and delivery costs being imposed by our local utility, as well as clean energy programs being administered by the Public Service Commission. These cost pressures are expected to continue, and are being exacerbated by ever-increasing subsidies to fund renewable energy generation and transmission projects that upstate New York does not need and cannot afford. Therefore, it is imperative that the Final Plan (1) examine and reveal the anticipated cost of CLCPA compliance and measure it in the context of other factors already contributing to increased energy costs in



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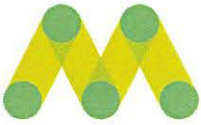
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the State: and (2) choose the recommendations that provide the most cost-effective means of achieving the CLCPA goals.

- Our business also needs reliable and affordable natural gas supply. Papermaking is an industry that is reliant on natural gas to fuel processes for which viable alternatives do not currently exist. Unfortunately, the Draft Plan lacks a comprehensive strategy for transitioning the State toward reduced reliance on natural gas. Careful analysis and planning (well beyond that included in the Draft Plan) is needed because any such transition must simultaneously ensure that:
 - (a) existing gas customers will continue to receive reliable and affordable service; and
 - (b) customers that depend on natural gas for industrial and other processes for which no viable alternatives to gas exist will continue to receive reliable, affordable, and competitively-priced gas service for the foreseeable future.
- Finally, despite prompting in the CLCPA, the Draft Scoping Plan fails to recommend a specific definition of energy intensive and trade exposed industries (EITEs), nor does it advance specific recommendations as to how to minimize CLCPA compliance costs on such industries to prevent economic and emissions leakage. This major hole in the Plan means that New York State could be exporting thousands of jobs without having a material impact on regional, national, or global greenhouse gas emissions.

The Council needs to ensure that the electricity and natural gas that Mohawk and other businesses need to maintain jobs in New York State will be affordable and reliable as the CLCPA is implemented. The Draft Plan does not adequately address the cost and reliability concerns raised above and, unless that is fixed, businesses such as Mohawk may not be able to maintain existing job levels in the State and economic activity will suffer dramatically. The creation of these uncertainties significantly impacts business planning activities and investment commitments. Accordingly, Mohawk implores the Council to address these flaws in a timely fashion so that the Final Plan is more transparent and provides a roadmap for



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CLCPA compliance that is cost-effective, recognizes the heavy, and growing, burdens being imposed on energy consumers, and provides for reliable electricity and natural gas services.

Mohawk has recently learned of National Grid's Clean Energy Vision for NY. Although we are not fully aware of all the plan details, its proposed hybrid approach to decarbonization, which allows for green fuels use within existing natural gas infrastructure, appears to be a more practical strategy when compared to total system electrification. On its surface, it also appears that such a plan will provide a sound basis for energy system reliability, resiliency, and consumer choice, as well as greater cost transparency. We respectfully request that the Council gives this proposal its thorough review and consideration.

Lastly, we are sharing our concerns with our employees, affiliate trade unions and local NY State representatives for the counties in which we operate. They are in full support of the need for Mohawk to maintain its competitiveness in the marketplace, and for Mohawk to continue as a valued employer and community member. They are in copy.

Sincerely,

Michelle A. Carpenter
VP, Environmental and Energy Stewardship
Mohawk Fine Papers Inc.

Thomas D. O'Connor, Jr.
Chief Executive Officer
Mohawk Fine Papers Inc.

cc:

The Honorable Neil Breslin (NY-44)
The Honorable Daphne Jordan (NY-43)
The Honorable John T. McDonald (NY-108)
The Honorable Phil Steck (NY-110)
Staff Representative Cary J. Eldridge (USW District 4)
Laura J. Poltynski (National Grid)
Rudolph Wynter (National Grid)