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May 3, 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:

Potsdam Specialty Paper Inc (PSPI) is a specialty paper manufacturer that specializes in the manufacturing of high performance durable specialty papers. PSPI is located in Potsdam, New York and employs 80 full time employees in New York state and is an important contributor to the State's economy. As a large end-use consumer of electricity and natural gas in New York, PSPI 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, PSPI 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, PSPI appreciates the opportunity to provide these comments to the Council, and we support the ultimate goals of the CLCPA. PSPI has taken, and continues to take, aggressive actions to reduce greenhouse gases through increased energy efficiency efforts guided by our strategic energy management (SEM) planning that we launched in 2020 and the purchase of renewable hydro power allocation. In 2021 PSPI made capital investment over \$100,000 for a high efficiency air compressor system and plans to upgrade its Measurex controls system estimated capital commitment of over \$300,000.

Although supportive of the CLCPA goals, PSPI 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 PSPI's Potsdam NY paper mill 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. PSPI 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 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. 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, 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 PSPI (and other industrial customers) require 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 PSPI may not be able to maintain existing job levels in the State and economic activity will suffer dramatically. Many specialty paper manufacturing facilities have unfortunately had to close their operations or relocate operations to southern states where the cost of power, gas, and DEC project approvals are far more competitive and friendly to our industry. Accordingly, PSPI implores the Council to address these flaws so that the Final Plan is more transparent and provides a roadmap for 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.

Thank you for your considering Potsdam Specialty Paper Inc. fragile position with these issues, and the potential material impact that these decisions could have on our ongoing business operations in Potsdam NY.

Sincerely

Michael J Huth

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