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Dear Town Board Members,

Southern Ulster Times reported several months ago that Lloyd and other towns in the mid-Hudson valley could see applications for small power plants (“Could Lloyd Have Its Own Power Plant,” July 25, 2018). These “peaker plants” are intended to provide additional electricity to the local grid during peak demand periods (e.g. heat waves). One such peaker plant, a 20-megawatt natural gas fired plant with diesel backup and battery storage, has been proposed in the Town of Ulster. This proposal has raised issues around citing such a facility in rural/suburban Hudson Valley communities. As a result, the Environmental Conservation Council (ECC) recommends that town officials consider the following before an application is submitted in Lloyd.

Why are we seeing more peaker power plant applications?

First, there are two factors driving the siting of peaker plants in the Hudson Valley. First, aging transmission infrastructure prevents excess power generated farther upstate from being provided to downstate markets, including New York City. It is important to note that downstate/NYC demand continues to increase while demand is decreasing in the mid-Hudson valley.

In addition, the inclusion of the mid-Hudson valley region in a newly-created capacity zone (the “G” zone), which also includes New York City and its northern suburbs, provides financial incentives to developers of these peaker plants. At the direction of the Federal Energy Regulatory Commission (FERC), the New York Independent System Operator (NYISO), which operates the electric power grid in New York and is responsible for ensuring that capacity is available during peak demand times, created this new capacity zone to provide incentives to develop additional power plants within the zone. Because existing older and less efficient power plants in the New York Metro Area—where additional capacity is actually needed—are more expensive to update, and available property to develop new plants is limited and expensive, the mid-Hudson Valley presents a better investment opportunity for peaker plant developers.

Finally, because air quality in the mid-Hudson valley is better than in New York City and its northern suburbs, which are in nonattainment zones for ozone, new sources of air emissions from power plants in Lloyd would be less stringently regulated. This eases the regulatory burden for peaker plant developers in our region, making it potentially easier and cheaper to emit pollutants into our air.

Not only is it cheaper to build and operate peaker plants in the mid-Hudson, where it isn’t needed, plant operators are paid to be available during peak demand periods, even if they are not generating any electricity. **Lloyd residents would bear all of the potential negative impacts of a peaker power plant, but would not benefit from the electricity produced.**

Potential impacts of peaker plants

The combustion of natural gas at a peaker plant like the proposed Ulster facility would produce nitrogen oxides (NOx), which are precursors to smog and acid rain, as well as being central to the formation of fine particles (PM)

and ground level ozone, both of which are associated with adverse health effects.¹

The diesel backup system at the proposed facility in Ulster includes 50,000 gallons of fuel storage. Soil and groundwater contamination could result from undetected leaks or accidental spills of diesel fuel at the facility and/or during deliveries. Air quality impacts would also be expected from the burning of diesel fuel in the event that the supply of natural gas to the facility is interrupted.

Power plants require tall exhaust stacks. The proposal in Ulster could result in a stack up to 80' in height. A similar proposal in Lloyd could impose visual impacts of an industrial-looking stack and its associated plume on residential neighborhoods, small, local businesses, parks and other public views.

Lloyd is vulnerable

According to the Southern Ulster times article, zoning codes in the county, including Lloyd, do not address utility needs. Lloyd Planning Board Chairperson Peter Brooks indicated in the article that the lack of clear zoning guiding the review process of a proposed peaker plant would leave the town in a vulnerable position. He was quoted as saying that if such a proposal were to come before the Planning board, "we're kind of bare-naked."

Because of their small size, peaker plants like the 20-megawatt facility proposed in the Town of Ulster are not subject to New York State guidance regarding the siting, construction, and operation of major electric generating facilities.² Municipalities have the primary jurisdiction for electric generating facilities under 25 megawatts. But like Lloyd, most communities are unequipped to provide an informed review of these facilities.

ECC Recommendations

The ECC strongly recommends that the Town Board enact a temporary moratorium on fossil fuel-powered peaker plants to protect our vulnerable community. During the proposed moratorium, we advise the Town Board to write regulations into the Town Code that allow the Town to decide if and how such plants should be sited, where they should go, and under what conditions.

New York's highest court has held that a municipality may exclude an industrial use if doing so is a reasonable exercise of its police powers to protect the health, safety and welfare of residents and to promote the interests of the community as a whole. The ECC does not believe that fossil-fueled power plants are consistent with Lloyd's community character. Therefore, we recommend that the Town Code be amended to prohibit them.

If the Town decides that it would rather not exclude peaker plants completely, strict regulation should consider the following:

- Very specifically define the kind of electric generating facilities that would be allowed and limit restrictions on use to facilities that are not using renewable resources for power generation;
- Institute a size threshold (e.g. 1 MW or more) to which restrictions would apply, and only for plants that generate power for off-site use (to protect for small and/or established power plants for on-site use);
- Limit to heavy industrial zones—away from people (residences) and natural resources;

- Set restrictions on traffic, noise, and pollution
- Be granted only through a special use permit; and
- Define minimum lot size and percent coverage of the lot
- Enforceable decommissioning plan – site restored to original condition

Conclusion

Four gas-fired power plants have been proposed or built in the Hudson Valley over the past few years—in Ulster, Newburgh, Dover and Waywayanda—and more are likely to be proposed. Financial incentives, lower land costs, and less stringent air quality regulations are reasons why plants are being sited here. These plants generate electricity for the New York City Metropolitan Area and do not provide for our local energy needs. Potential impacts are significant, including air pollution and visual impacts. Lloyd's zoning is vague with respect to whether or not power plants are permitted and, therefore our Planning Board may not have control over plants of less than 25 MW.

The ECC highly recommends that the Town Board enact a temporary moratorium on fossil fuel power plants and adopt zoning regulations that prohibit such plants. If the Town Board decides that strict regulation is a better approach, we urge you to consider the points above.

Sincerely,

Town of Lloyd ECC

References

¹ Union of Concerned Scientists. Environmental Impacts of Natural Gas. <https://www.ucsusa.org/clean-energy/coal-and-other-fossil-fuels/environmental-impacts-of-natural-gas>. Retrieved October 3, 2018.

² NYS Public Service Law, Chapter 388, Article 10, 2011.