

PRESS RELEASE

Proposed Hudson Valley Power Line Project is a Misguided Attempt to Prop Up Investor-Owned Utilities, Delaying Locally Generated Renewable Energy, According to New Report

Washington, D.C., June 15, 2015. A policy paper, [*The Hudson Valley “Energy Highway” transmission project: An idea whose time has passed?*](#), was published today by the National Institute for Science, Law & Public Policy (NISLAPP) in Washington, D.C.

Authored by Senior Research Fellow, Timothy Schoechle, PhD, the analysis of risks says the proposed billion-dollar transmission project was conceived within an out-of-date “cost-of-service” and fossil fuel-based energy paradigm and it should not be built.

“New York State would be making an enormous and costly, wasteful, and strategic mistake to allow the Hudson Valley transmission project to proceed any further,” says Dr. Schoechle. “The ongoing capital spending trajectory of the utility industry places it on a collision course with the technology and economics of distributed renewable energy—the path to an abundant, clean energy future for NY State and the nation”.

Key Points in the paper:

- **A need for additional power lines to serve New York City is not supported by measurable evidence or by any independent determination of need.** This was well documented in a report by Gidon Eshel (2014), *“Hudson Valley Transmission Line Plan: Assessing Need and Alternatives”*. (https://www.researchgate.net/profile/Gidon_Eshel)
- **The proposed power line project only serves the financial interests of utilities and suppliers increasing their bottom line, since all costs can be charged back to ratepayers.** Billion-dollar electricity industry investments should advance the economic interests of residents of New York City and NY State, as with renewable energy and distributed (local) generation, not try to save an obsolete electricity system.
- **New York utility customers paid 40% more for electricity over the past decade while the price of natural gas, the principal fuel used to generate it, has dropped 39%.** One reason for this irony is capital spending by utilities, primarily on generation and transmission—\$17 billion in that same period. Rates in New York are estimated to go up another 63%

in the next decade. This rate trajectory is unsustainable and unjustified, both in New York and in the nation.

- **The proposed transmission line project would renew a commitment to centralized electricity generation (largely fossil fuel-based) for yet another half-century, exacerbating the risks of climate change and global warming.**
- **Alternative investment encouraging local, distributed generation can move New York State toward sustainable long-term clean energy independence and abundance at a reasonable cost.** Such investment can also improve economic competitiveness, preserve natural resources, enhance national and community security, reduce potential health risks, improve resiliency from severe weather events, and help forestall the threat from man-made global warming.”
- **Renewable generation, especially solar PV, and ‘distributed’ (locally-based) grid technologies are just as efficient at either small or large scale.** By adding information technology, distributed (local) systems can actually be *more* efficient than conventional centralized systems and should be what we are investing in now.
- **The nearer electricity can be produced to where it is used, the lower the transmission losses can be.** With distributed solar within the distribution grid, long-distance transmission losses are completely avoided. With on-site generation and storage, even the local distribution losses are eliminated. Thus, the entire system could enjoy an efficiency improvement of 8–15 % with localized generation and storage.”
- **A structural transformation of the energy economy is underway—a shift in how and by whom energy in all forms is produced and consumed—and NY State would be wise to not resist it.** “When considered within the context of the urgency brought by climate change and global warming, it is clearly possible that solar and other renewable energy could soon bring about an abrupt end to the age of fossil fuels,” according to Dr. Schoechle.
- **The concept of a future grid based on *centralized control* of renewable energy, called an “Integrated Grid” by the Electric Power Research Institute, is not advised.** Dr. Schoechle says, “It makes no sense to maintain centralized control of an inherently decentralized and simpler technology—to try to control a technological transformation where “distributed” should imply a more independent, democratic, community-based, smaller, simpler, and scalable electricity system. The solar age has arrived. The

transformation underway should not be impeded by the excess baggage of a progressively obsolete and superfluous centralized grid”

- **The New York Public Service Commission’s REV initiative—*Reforming the Energy Vision*—should be the principle focus of NY State for now.** The program offers the opportunity to take a fresh and comprehensive view of New York’s energy future, establishing a platform to review technical and policy approaches for providing electricity in an economical, safe, secure, resilient and democratic manner to all people in NY.
- **By New York State focusing on developing a clean and sustainable electricity system, a range of other risks from the proposed “Energy Highway” can be successfully avoided, responding to the increasingly vocal concerns of constituents.** These include preventing wildlife habitat fragmentation; tourism decline; property devaluations; grid reliability issues with large, complex systems; financial waste from technological obsolescence; and the eyesore of large transmission lines, termed a “gratuitous industrialization of the natural landscape”.
- **There are many promising technical and policy alternatives for developing local distributed renewable electricity generation and storage resources in New York.** These include pumped hydro, river flow hydro, water main flow hydro, rooftop water tank-flow hydro, small scale wind, solar gardens, solar parking lots/structures, solar trees with electric vehicle charging, and community grid and commercial/industrial site storage with “flow batteries”.
- **A potentially important emerging technology known as Transactive Energy (TE) can help solve problems such as the variability of solar and wind generation in local electricity grids.** Now under development in Department of Energy labs, TE is a technique that uses advanced Internet communications to automatically and equitably balance supply and demand by trading electricity among homes, businesses and industrial users generating some of their own power.
- **Now is an opportune time to build a new electricity distribution system based on the “Five Pillars of Energy Democracy” proposed by the Institute for Local Self-Reliance (Farrell, 2015), bringing an end to the rationale of utilities as “natural monopolies”.** The five pillars are flexible, efficient, low-carbon, local and equitable. Today’s system, in contrast, could be considered intransigent, wasteful, polluting, remote and unaccountable.
- **In sum, the proposed “Energy Highway” attempts to prop up investor-owned utilities by awarding generous cost-of-service rates and profitable guaranteed capital cost recovery without regard to societal**

priorities and with high potential for significant negative impacts. To secure it's energy future, New York State must rise to its potential for clean energy abundance, lowered energy costs and sustainable economic competitiveness through investment in distributed (or locally generated) electricity using renewable energy technologies.

Camilla R. G. Rees, Senior Policy Advisor at NISLAPP, says, "Those concerned about the financial or environmental health of New York State should not support the *Energy Highway* proposal. It will not lead to clean energy, or to sustainability, which are now within reach—but rather to higher costs for ratepayers and enormous, unacceptable financial risks for New York State."

NISLAPP president, Washington DC attorney James S. Turner, said, "Dr. Schoechle points to respected industry strategists (the Edison Institute) that have sounded the alarm, innovative companies (German utilities) that are showing the way, and established generation and storage technologies that provide the means for utilities to prosper by serving their consumers as innovation partners. It would be best to look forward at what the possibilities are instead of backward to the past."

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Media Contacts:

Timothy Schoechle, PhD
Senior Research Fellow
National Institute for Science, Law & Public Policy
(303) 443-5490
Tim@GettingSmarterAbouttheSmartGrid.org

Camilla Rees, MBA
National Institute for Science, Law & Public Policy
(917) 359-8450
Camilla@GettingSmarterAbouttheSmartGrid.org