

March 21, 2001

## Albany, Fearing Blackouts, Looks to Diesel Generators

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Concerned about the potential for power shortages, the Pataki administration and the managers of the state's power grid are taking steps to encourage businesses to run their backup diesel generators at times during the summer when electricity use is at its highest. The proposals have raised concerns among environmentalists because diesel generators pollute much more than even coal-burning power plants.

Several state agencies and the Independent System Operator, an agency that runs the grid, have adopted policies that give companies financial incentives to run those diesels, either through direct payment or lower rates. The state is also considering easing restrictions on when the generators can be used. Statewide programs, aimed mostly at New York City, would be limited to times when there are severe power shortages, but one on Long Island would be permitted to continue through the summer.

The state is taking the actions amid concerns that power supplies may be tight during peak-demand months of the summer.

"No one's thrilled about the thought of using diesel generation, and it is our hope and expectation that these will never be used," said John P. Cahill, senior adviser to the governor. But, he said, "To be prudent, to avoid blackouts, we have to explore all sources of generation."

He said that "the environmental carnage from a blackout would be much worse" than that caused by encouraging limited use of diesels, because in a blackout, every available backup generator would run full time until the power came back on.

Environmentalists vehemently oppose widespread use of diesels, which are hundreds of times dirtier than state-of-the-art plants fired by natural gas.

"It's dirty, it's dumb and it shouldn't be done," said Peter M. Iwanowicz, director of environmental health at the American Lung Association in New York. "The state is talking about giving incentives to turn these things on when demand is highest, which is when temperatures are hottest and smog is at its worst. It's the worst possible time to spew diesel fumes at the public."

Some environmental groups are considering whether to take legal action to stop the plans, while others acknowledge that it makes sense to enlist new sources of electricity and are simply trying to alter the programs to lessen their effects on air quality. Mr. Cahill said the administration was open to some alterations.

The Independent System Operator for New England, and the one for New Jersey, Pennsylvania, Maryland and part of Virginia, have taken similar steps to encourage the use of diesel generators, but it is not clear whether they will overcome resistance from air quality regulators.

In New York, several efforts are under way to avoid power shortages this summer, but no one can predict the likelihood of blackouts, which rests on intangibles like the weather, the reliability of power plants and the state of the economy. The New York Power Authority is also installing by summer 11 new small plants in the city and on Long Island that will burn natural gas.

No one knows precisely how many New York businesses have diesel generators, but all sides agree that they are concentrated in New York City, which already fails to meet federal air quality standards. Mr. Cahill said that Consolidated Edison and the State Public Service Commission were conducting a survey of generators and their output.

The state and environmental groups estimate that there are 1,000 to 1,500 diesel generators in the city, in hospitals, high-rise office towers, industrial plants and big institutions like universities. Some generators are large enough to supply the entire building's power needs, while others can provide just enough to run a few elevators and supply emergency lighting. At present, the use of a generator is restricted almost exclusively to blackouts.

Nathaniel Green at the Natural Resources Defense Council, an environmental group that has had a good relationship with Gov. George E. Pataki, said that generators totaling as much as 300 megawatts might take part in one or another of the state programs, with a pollution output equivalent to that of 420,000 cars.

Anne K. Reynolds of Environmental Advocates said, "Environmentally, this is disastrous, dangerous policy."

The State Department of Environmental Conservation classifies most diesel generators as "emergency exempt," meaning they can be used only in blackouts. As long as they have that classification, they are not subject to any pollution rules. Environmentalists say most of the existing generators would be unable to meet state emissions standards.

The Independent System Operator has asked the department, which the governor controls, to expand the definition of "emergency exempt" so that the diesels could be used more often, a crucial part of the overall effort to enlist them in widening the power supply. Even without financial incentives, experts say, many big consumers would take advantage of relaxed rules on diesel generation to escape high electric rates.

Officials at the system operator organization and environmentalists say the Pataki administration plans to expand the definition to allow backup generators to be used more often. Mr. Cahill, who until last month was the commissioner of the Department of Environmental Conservation, would not directly state the administration's position. But he said, "I think it would make sense to have an emergency be defined not when the lights go out, but when there's a likelihood that the lights will go out."

Long Island is considered the part of the metropolitan region most at risk for power shortages this summer. The Long Island Power Authority, whose board is appointed by the governor, has approved a program that would allow businesses to generate power and agree not to draw any electricity off the grid from June 1 through Sept. 30, Monday through Friday, from noon to 8 p.m., the months, days and hours when demand and air pollution are highest. In return, those customers would get lower rates the rest of the year.

The Long Island program would have diesel generators turned on for up to 85 days and 680 hours over the summer, a marked contrast to the insistence of state and Independent System Operator officials that the statewide programs would have generators running for just a few days.

"It's amazingly badly designed," said Laurence DeWitt of the Pace Energy Project of Pace University. "It's not limited to threatened blackouts or any other emergency."

Richard M. Kessel, chairman of the Long Island authority, said all the backup generators on Long Island combined would have an output of about 100 megawatts, enough to power a large town. But he said he expected only businesses accounting for about 8 megawatts to sign up for the program.

Environmentalists say they fear participation will be much higher.

"I can understand the criticism," Mr. Kessel said. "But there's a struggle to get every megawatt we can to

make sure that Long Islanders don't experience what Californians are going through."

Assemblyman Richard L. Brodsky, chairman of the Environmental Conservation Committee, called the Long Island program "patently illegal," because state law says that a generator cannot operate more than 500 hours a year without a permit from the Department of Environmental Conservation, and without meeting emissions standards. He said the department had failed to police what the Long Island Power Authority was doing.

The Independent System Operator was created in 1999 to run New York State's power grid. The organization functions somewhat like the New York Stock Exchange: it provides the marketplace where power is bought and sold, and it sets the rules for that marketplace. It is governed by a board with representatives from power plant owners, utilities, power retailers, consumer and environmental groups, and the Pataki administration.

The organization already has a program that pays the owners of electric generators simply for having that capacity available and for pledging to turn it on when asked to do so. The payment in New York City is \$105,000 per year for each megawatt of capacity (a typical big building's generator is about a megawatt). Few small generators now take advantage of the program, but the organization wants to sign up more, one reason it asked the state to change the rules governing diesels.

In January, the organization adopted a policy that when there was a threat of a blackout, it would pay consumers to reduce or suspend their energy use, probably just for a few hours at a time. The Pataki administration's representatives voted for the move.

Officials at the organization say that the program would be available only to large commercial users over the first year or two, and would in effect encourage use of backup diesel generators. It requires the approval of the Federal Energy Regulatory Committee, which has not ruled.

A large office building or hospital that used the program could avoid thousands of dollars in spending for electricity in a single day, while reaping thousands of dollars from the Independent System Operator.

Mr. DeWitt and other environmentalists have asked the administration to make a number of changes, including a requirement that diesels use the cleanest available fuel.