

**New York's Buried Opportunity: Cuomo's Policy Prevents  
Prosperity While Pennsylvanians Flourish**

*An Analysis of Neighboring States with Radically Different Approaches  
to Energy Development*

December 2019

## **Executive Summary**

New York and Pennsylvania share a border and access to the Marcellus Shale – the largest natural gas field in the United States. But they do not share similar approaches to energy development. Pennsylvania has harnessed the potential of the Marcellus Shale and fracking technology. New York has taken the opposite approach by banning fracking and using creative legal tactics to try and block pipelines in the state. These divergent energy policies have had a major impact on each state's economy and population.

### **Pennsylvania: Opportunity Realized**

- Pennsylvania has embraced the oil and natural gas industry. From 2007-2012, despite the great recession, the state experienced large job and wage growth, including: 259 percent increase of jobs in the oil and natural gas industry, 12 percent increase in average annual pay, and 36% growth in wages in the oil and natural gas industry.
- In 2016, "Pennsylvania also experienced the most growth, with total real wages in shale industries nearly tripling during the last decade, while wages in these industries almost doubled over the decade in Ohio and West Virginia."
- The majority of the development has happened in rural and poorer parts of the state and job growth and local revenue has been largely welcomed by residents and businesses.
- Since 2012, the natural gas impact fee has raised at least \$1.7 billion for the state.
- Today, Pennsylvania remains the second highest producer of shale gas behind only Texas.

### **New York: Buried Opportunity**

- New York implemented a moratorium in 2008 and outright ban in 2014 on fracking. This decision has been costly for the state.
- The fracking ban has cost roughly 400 jobs per year in many counties. It has resulted in a "statistically significant increase in unemployment."
- Despite being the six-largest gas-consuming state, New York has exploited obscure provisions of federal environmental statutes to block natural gas pipelines.
- As a result of the war on pipelines, some utilities have been forced to issue moratoria on new gas connections to "new residential, and commercial and industrial customer gas service connections." This has limited housing and business expansion in those affected areas.
- New Yorkers pay the eighth highest average price for residential electricity; more than 5 cents higher than the national average and nearly 5 cents more than Pennsylvanians.

## Introduction

On a rainy afternoon in August, President Trump delivered remarks at the Shell Petrochemicals Complex, a major manufacturing plant, located about 30 minutes northwest of Pittsburgh. The plant will process ethane from shale gas. “Today,” Trump said, “we celebrate the revolution in American energy that’s helping make our economy the envy of the world.” The plant was made possible by American energy, and with it, Trump said, “we’re restoring the glory of American manufacturing, and we are reclaiming our noble heritage as a nation of builders again.”<sup>1</sup>

The plant, according to Shell, “will use low-cost ethane from shale gas producers in the Marcellus and Utica basins to produce 1.6 million tons of polyethylene each year.” One can find polyethylene in everything from food packaging to automotive parts. About 6,000 workers are building the plant, which, when completed, will employ 600 permanent workers.<sup>2</sup>

The importance of the new Shell plant is immense. Its origins can be traced directly to the success of America’s shale energy revolution, which has completely reshaped our global energy posture. George Mitchell, operating in the Barnett Shale in the 1990s, innovatively applied hydraulic fracturing (or “fracking”) to shale rock formations. Others followed suit, combining fracking with horizontal drilling, which proved to be a game-changing formula. The result was a tremendous increase in the efficiency and production of America’s oil and gas companies.

These innovations have made the United States the world’s top producer of oil and natural gas, an accomplishment considered unthinkable a decade ago. As a result, the U.S. is far less dependent on foreign oil, making “energy independence,” once thought to be a chimera, a reality. And that means, among other things, substantial economic benefits for Americans, in the form of well-paying jobs and lower gasoline prices. No longer is America at the whim of foreign governments—and the oil supplies they control—in the Middle East.

Consider the broader economic and geopolitical impacts of the American shale revolution. In September, an Iran-sponsored attack on a major Saudi Arabian oil refining complex instantly removed nearly 6 percent of global oil supplies from the market. Under normal circumstances, the market response would have sent oil prices well over \$100-a-barrel. But with American shale at the ready, after an initial spike, prices for Brent crude (the global benchmark) fell back to their pre-attack levels. The average price of gasoline for regular unleaded in the U.S. this year is \$2.59<sup>3</sup> (for historical context, the highest average ever recorded was \$4.11 on July 17, 2008).<sup>4</sup>

With these circumstances in mind, Harvard Business School was not exaggerating when, in a 2015 report compiled with the Boston Consulting Group, it stated the following:

Unconventional gas and oil resources are perhaps the single largest opportunity to improve the trajectory of the U.S. economy, at a time when the prospects for the average American are

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<sup>1</sup> Remarks by President Trump on American Energy and Manufacturing, Monaca, Pennsylvania, August 13, 2019

<sup>2</sup> Pennsylvania Petrochemicals Complex, accessed 10-28-2019: (<https://www.shell.com/about-us/major-projects/pennsylvania-petrochemicals-complex.html>)

<sup>3</sup> AAA National Average as of 12-02-2019: (<https://gasprices.aaa.com/state-gas-price-averages/>)

<sup>4</sup> “You can kiss \$2 gas goodbye,” by Nathan Bomey, March 7, 2019, *USA Today* (<https://www.usatoday.com/story/money/cars/2019/03/07/gas-prices-gasoline/3090302002/>)

weaker than we have experienced in generations. America's new energy abundance can not only help restore U.S. competitiveness but can also create geopolitical advantages for America. These benefits can be achieved while substantially mitigating local environmental impact and speeding up the transition to a cleaner-energy future that is both practical and affordable.<sup>5</sup>

### **New Shale Energy or Green New Deal?**

Americans generally are benefiting from the shale energy revolution. Yet in some unfortunate cases, many are not experiencing those benefits. But this is not the fault of nefarious, greedy "Big Oil" companies. It is, rather, the conscious, deliberate decision-making of Democrats, who routinely take their cues (and campaign donations) from radical environmental groups.

Those groups have provided the ideas and impetus behind Rep. Alexandria Ocasio-Cortez's (D-NY) disastrous, socialistic Green New Deal (GND), which, had it been the law of the land ten years ago, would have strangled the shale revolution, and the nation's manufacturing resurgence, in its crib. Unrivaled in its unrealistic goals, crushing mandates, and utopian schemes, the GND seeks to fabricate an economy with "net-zero greenhouse gas emissions" by 2030. In other words, no more fossil fuels.

One thing we do know, thanks to AOC's voluble, former chief of staff, is that this statist contraption has nothing to do with climate change or the environment. "The interesting thing about the Green New Deal," he said, as recounted by the *Washington Post*, "is it wasn't originally a climate thing at all...Do you guys think of it as a climate thing? Because we really think of it as a how-do-you-change-the-entire-economy thing."<sup>6</sup>

Power the Future modeled the costs to households from this "how-do-you-change-the-entire-economy thing" in five states: Alaska, Florida, New Hampshire, New Mexico, and Pennsylvania. Under the GND, they would pay more than \$70,000 in increased costs for electricity, upgrading vehicles and housing, and shipping in just the first year of the GND.<sup>7</sup>

And just what are these households getting in return? Climate "solutions"? Not even close. According to EPA, as well as other government bodies, the GND imposes crushingly high economic costs with no climate benefits.

Consider a comparison with President Obama's comprehensive "Climate Action Plan," which included EPA's Clean Power Plan, an imperious attempt by bureaucrats to regulate the entire U.S. power grid, and which the Supreme Court fortunately stopped dead in its tracks. Applying EPA's own climate model, the temperature reduction in the year 2100 from the Obama climate plan would be *fifteen one-*

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<sup>5</sup> "America's Unconventional Energy Opportunity: A Win-Win Plan for the Economy, the Environment, and a Lower-Carbon, Cleaner-Energy Future," Harvard Business School and The Boston Consulting Group (<http://www.hbs.edu/competitiveness/Documents/america-unconventional-energy-opportunity.pdf>).

<sup>6</sup> "AOC's Chief of Change," by David Montgomery, July 10, 2019, *The Washington Post* (<https://www.washingtonpost.com/news/magazine/wp/2019/07/10/feature/how-saikat-chakrabarti-became-aocs-chief-of-change/>).

<sup>7</sup> "What the Green New Deal Would Cost a Typical Household," by Kent Lassman and Daniel Turner, July 30, 2019 (<https://cei.org/content/what-green-new-deal-could-cost-typical-household>).

*thousandths of a degree*—an effect too small to be measured.<sup>8</sup> Much the same would be expected from the GND.

But wouldn't American citizens feel compelled to pay a little to feel good about combating climate change? Not really. According to an *Associated Press* poll published in January, only 28 percent of respondents favored paying an additional \$10 per month to address climate change.<sup>9</sup> That mirrors a more recent *Reuters* poll: only 29 percent favored paying an additional \$100 per year on their electric bills to "fight" climate change.<sup>10</sup>

### A Tale of Two States: Pennsylvania v. New York

To demonstrate the difference in outcomes between these respective policy visions—on the one hand, using and utilizing abundant, American-made shale energy; on the other, grasping the energy-rationing, immiserating GND—one need only examine real-world examples of both. The perfect study in contrasts are the states of New York and Pennsylvania. Both share a common border, but they couldn't be more different when it comes to energy policy.

Sitting beneath multiple states, including Maryland, New York, Ohio, Pennsylvania, and West Virginia, the Marcellus Shale is the second largest potential resource of shale gas in the world.<sup>11</sup>



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<sup>8</sup> "President Obama's Clean Power Plan: All Cost for No Benefit," by Benjamin Zycher, August 5, 2015, *RealClear Markets*

([https://www.realclearmarkets.com/articles/2015/08/05/president\\_obamas\\_clean\\_power\\_plan\\_all\\_cost\\_no\\_benefit\\_101768.html?utm\\_source=paramount&utm\\_medium=email&utm\\_campaign=ledger&utm\\_content=newsletter](https://www.realclearmarkets.com/articles/2015/08/05/president_obamas_clean_power_plan_all_cost_no_benefit_101768.html?utm_source=paramount&utm_medium=email&utm_campaign=ledger&utm_content=newsletter)).

<sup>9</sup> "Americans unwilling to spend \$10 per month to fight climate change: Poll," by Valerie Richardson, January 25, 2019, *The Associated Press* (<https://apnews.com/8e6baa6c2d3bad4e91b6e6d078a5c0>)

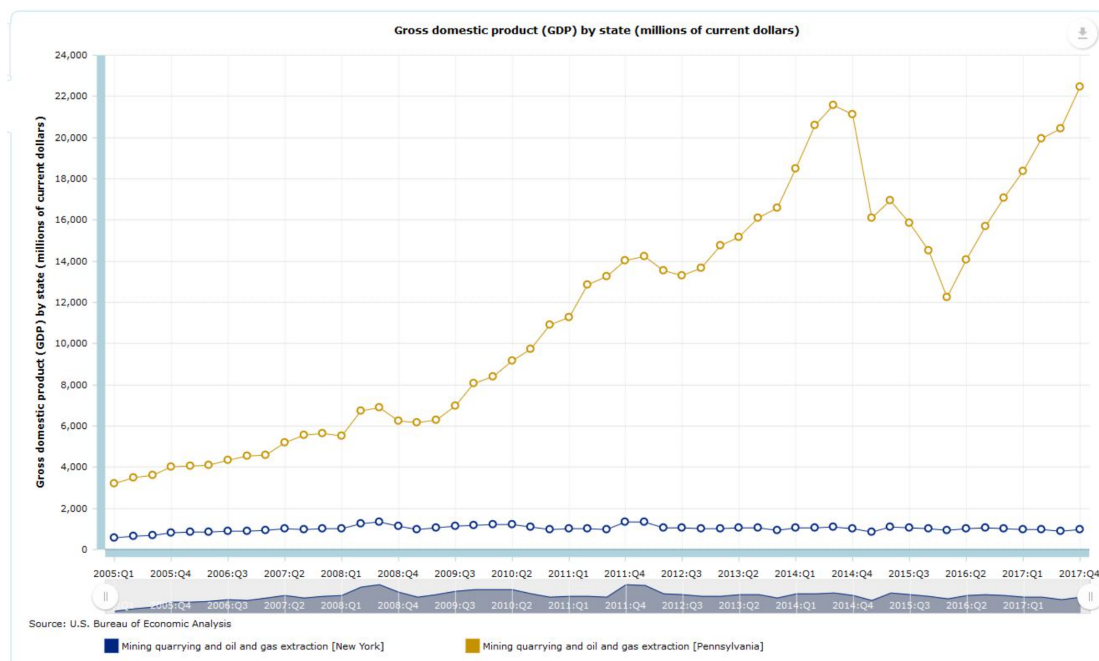
<sup>10</sup> "Americans' attitude on climate action," by Sirui Zhu, June 2019, *Reuters* (<https://graphics.reuters.com/USA-ELECTION-CLIMATECHANGE/0100B03104Z/index.html>)

<sup>11</sup> Institute for Energy Research, Marcellus Shale Fact Sheet, accessed 12-02-2019

(<https://instituteenergyresearch.org/wp-content/uploads/2012/08/Marcellus-Fact-Sheet.pdf>)

<sup>12</sup> STI Group, accessed 12-02-19 (<https://setxind.com/wp-content/uploads/2012/04/marcellus-shale-map.jpg>)

Pennsylvania decided that developing its share of the basin was a winner for its citizens and economy. New York did just the opposite, and the results couldn't be starker. As a teaser, consider the chart below, showing the economic contrast between a state that embraced oil and gas production, and a state that didn't. Over a twelve-year period, the mining, quarrying, and oil and gas extraction portion of the gross domestic product of Pennsylvania, skyrocketed, while over the same period, New York, home of AOC and the GND, stagnated.



## Pennsylvania

A long time has passed since Edwin Drake first struck “rock oil” in Titusville, Pennsylvania in 1859. Drake’s discovery inaugurated Pennsylvania’s oil rush in the ensuing decade and established the state as a major energy hub for the nation. As time passed, Pennsylvania was eclipsed by major oil discoveries and production in other states, such as Ohio, Texas, and California. Though the Keystone State remained a major oil producer well into the 20<sup>th</sup> Century, it wouldn’t be until the dawn of the 21<sup>st</sup> when it would regain its energy-dominant status.

For years, producers deployed conventional technologies to extract gas from the Marcellus. But in the early 2000s, advances in drilling technology—combining fracking with horizontal drilling—enabled the industry to economically produce massive quantities of natural gas.

The economic benefits of Marcellus production have been transformational. To get a sense of the magnitude, consider statistics compiled by the U.S. Bureau of Labor Statistics. In a report titled, “The Marcellus gas boom in Pennsylvania: employment and wage trends,” BLS examined the economic effects of shale production in the state from 2007 to 2012, before and after the Great Recession. According to BLS, most of “Pennsylvania’s substantial employment gains in the oil and natural gas

industry were due to the recent surge in shale gas production brought about by the drilling in the Marcellus Shale.”<sup>13</sup>

**Table 2. Top 10 states ranked by employment level and employment change in the oil and natural gas industry, 2007–2012**

Annual average employment 2007		Average annual employment 2012		Increase in annual average employment 2007–2012		
State	Level	State	Level	State	Level change	Percent change
Texas	194,818	Texas	259,333	Texas	64,515	33.1
Louisiana	46,624	Oklahoma	56,040	Pennsylvania	15,114	259.3
Oklahoma	44,005	Louisiana	50,695	North Dakota <sup>(1)</sup>	12,477	354.3
Colorado	18,908	Colorado	24,043	Oklahoma	12,035	27.3
California	18,431	California	22,661	Colorado	5,135	27.2
Wyoming	17,743	Pennsylvania	20,943	California	4,230	23.0
New Mexico	15,093	New Mexico	18,560	Louisiana	4,071	8.7
Alaska	11,651	Wyoming	17,121	New Mexico	3,467	23.0
Kansas	8,065	North Dakota <sup>(1)</sup>	15,999	Alaska	1,990	17.1
Pennsylvania	5,829	Alaska	13,641	Arkansas	1,897	40.5

Notes:

<sup>(1)</sup> North Dakota’s 2012 employment in the oil and natural gas industry is an incomplete sum. Data for the drilling oil and gas well industry (NAICS 213111) are not disclosable. The state’s employment level and over-the-period increase in employment may be understated because they are calculated on the basis of an incomplete sum.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages program.

In addition, during the study period, BLS found that Pennsylvania had the second highest increase in production of shale gas (2.0 trillion cubic feet) in the U.S.<sup>14</sup> This trend has continued to this day, as Pennsylvania has produced more shale gas than every state except Texas.<sup>15</sup> As a result, “Pennsylvania went from being the 10th-largest state by oil and natural gas employment in 2007 to being the 6th largest in 2012.”<sup>16</sup>

Just as noteworthy, BLS reported that it “also had the second-largest employment increase over the study period, positioning itself only after Texas, a major oil- and natural gas-producing state.”<sup>17</sup> In addition, BLS found:

<sup>13</sup> “The Marcellus Shale gas boom in Pennsylvania: employment and wage trends,” by Jennifer Cruz, Peter Smith, and Sara Stanley, February 2014, Bureau of Labor Statistics (<https://www.bls.gov/opub/mlr/2014/article/the-marcellus-shale-gas-boom-in-pennsylvania.htm>)

<sup>14</sup> Ibid.

<sup>15</sup> U.S. Energy Information Administration, accessed 12-02-2019 ([https://www.eia.gov/dnav/ng/ng\\_sum\\_lsum\\_a\\_EPGO\\_FGS\\_mmcfa.htm](https://www.eia.gov/dnav/ng/ng_sum_lsum_a_EPGO_FGS_mmcfa.htm))

<sup>16</sup> “The Marcellus Shale gas boom in Pennsylvania: employment and wage trends,” by Jennifer Cruz, Peter Smith, and Sara Stanley, February 2014, Bureau of Labor Statistics (<https://www.bls.gov/opub/mlr/2014/article/the-marcellus-shale-gas-boom-in-pennsylvania.htm>)

<sup>17</sup> Ibid.

- “Despite recent declines in Pennsylvania’s overall economy, ***the state’s oil and natural gas industry has seen substantial growth in terms of both employment and wages.***”<sup>18</sup> (emphasis added)
- “From 2007 to 2012, total annual average employment in Pennsylvania declined by 74,133 (–1.3 percent), to 5,578,414; ***by contrast, employment in the oil and natural gas industry increased by 15,114 (259.3 percent) over the same period.***”<sup>19</sup> (emphasis added)
- “In addition, while the state’s average annual pay increased by \$5,158 (11.9 percent), to \$48,397 in 2012, ***wages in Pennsylvania’s oil and natural gas industry rose by \$22,104 (36.3 percent), to \$82,974 in 2012.***”<sup>20</sup> (emphasis added)

In another study, this time examining trends over a longer period, from 2007 to 2016, the BLS found similarly astounding results, in that “Pennsylvania led employment growth in the shale industry, growing 121 percent from 2007 to 2016.” Moreover, BLS reported that in 2016, “shale industry wages were highest in Pennsylvania, with greater total shale industry wages than West Virginia and Ohio combined.” “Pennsylvania also experienced the most growth, with total real wages in shale industries nearly tripling during the last decade, while wages in these industries almost doubled over the decade in Ohio and West Virginia.”<sup>21</sup>

The benefits have also extended to areas, and people, that need them most—with new jobs, new industries, new opportunities from higher land values, higher revenues for local and state governments, and lower energy prices. As researchers at Penn State University explained:

Most of the development is taking place in rural and poorer parts of the state, and many landowners have found themselves suddenly wealthy from drilling leases to gas companies in addition to percentage fees for gas recovered from the wells. Other Pennsylvanians have found work within the gas industry, although many gas industry workers have also come in from out of state.<sup>22</sup>

A Penn State survey found that, “especially in places that have experienced long-term economic stagnation, gas-industry-related job growth and unanticipated local revenues from leasing drilling rights have been welcomed by many residents and businesses.”<sup>23</sup>

Despite clear economic gains accruing to the state and its residents from fossil fuel production, Democrats are trying to destroy the industry. True to form, Pennsylvania Democratic Gov. Tom Wolf wants to impose a new severance tax on the industry. In January, Wolf proclaimed, “With every passing

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<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Bureau of Labor Statistics, Monthly Labor Review, “Shale gas production and labor market trends in the U.S. Marcellus–Utica region over the last decade” (<https://www.bls.gov/opub/mlr/2018/article/shale-gas-production-and-labor-market-trends-in-the-us-marcellus-utica-region-over-the-last-decade.htm>).

<sup>22</sup> Penn State University, College of Education, “Marcellus Shale Natural Gas Development,” accessed 11/4/2019, <https://ed.psu.edu/crec/research/marcellus-shale-natural-gas-development>.

<sup>23</sup> “Marcellus Shale Gas Development: What Does It Mean for Pennsylvania Schools?” Penn State University, September 05, 2017 (<https://extension.psu.edu/marcellus-shale-gas-development-what-does-it-mean-for-pennsylvania-schools>)



year our state is losing out on the opportunity to reinvest the benefits of these resources to stimulate our economy and move Pennsylvania forward.”<sup>24</sup> Wolf’s bogus “reinvestment” scheme, dubbed “Restore Pennsylvania,” would use the proposed tax to pay for, among other things, high-speed internet access, storm preparedness, and transportation projects.

Wolf would effectively impose a “tax upon a tax,” according to the Pennsylvania Chamber of Business and Industry.<sup>25</sup> And it would blunt the industry’s ability to grow and create jobs. Of course, Pennsylvania already has a so-called “natural gas impact fee,” or a tax, which, since 2012, has brought \$1.7 billion into state coffers.<sup>26</sup> According to the state’s Independent Fiscal Office, the existing tax was estimated to raise \$247 million in 2018, which “represents a \$37.4 million increase from actual collections in the prior year.”<sup>27</sup> Revenue from the fee is used by local communities to fund first responders, flood mitigation, and road and infrastructure improvements.

Wolf’s tax plan would not only kill jobs in the industry but have spillover effects in the state’s manufacturing renaissance. “Imposing additional energy taxes will cost consumers, hurt local jobs, especially among the building and labor trades,” Dave Spigelmyer, President of the Marcellus Shale Coalition (MSC), a group of natural gas producers, said, “and negatively impact investment needed to safely produce clean and abundant energy that’s ushering in a new era of manufacturing growth.”<sup>28</sup> Fortunately for Pennsylvania’s citizens, and the rest of the country, the Republican-dominated state legislature opposes Wolf’s new tax, guaranteeing, at least for now, that it won’t see the light of day.

But it’s not just Wolf who’s causing problems—other Democrats in the state are voicing opposition to the industry and its offshoots. Consider the inanity of Pittsburgh Mayor Bill Peduto (D). Speaking recently at the Pittsburgh Climate Summit, Peduto said, “I talk with business executives every week — people from around the country and from around the world...Let me be the first politician to say publicly, I oppose any additional petrochemical companies coming to Western Pennsylvania.”<sup>29</sup>

Peduto’s comments were immediately panned by labor leaders in the area, whose members are helping to construct the Shell Petrochemical Facility, in nearby Beaver County, a project which, as noted earlier, is happening *because* of shale production. “It’s hard to believe that the Mayor of Pittsburgh would actually tell companies not to create thousands of good middle-class jobs in our region. And it just isn’t true that we have to choose between good jobs and clean air and water,” Allegheny-Fayette Labor

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<sup>24</sup> “Pennsylvania governor seeks natural gas tax to raise \$4.5 billion,” January 31, 2019, *Reuters* (<https://af.reuters.com/article/energyOilNews/idAFL1N1ZV1JT>)

<sup>25</sup> “Officials tout natural gas industry in state, rip severance plan,” by Rick Shrum, May 4, 2018, *Observer-Reporter* ([https://observer-reporter.com/business/officials-tout-natural-gas-industry-in-state-rip-severance-plan/article\\_875d627a-4ed3-11e8-86c3-f7f9f4326ffd.html](https://observer-reporter.com/business/officials-tout-natural-gas-industry-in-state-rip-severance-plan/article_875d627a-4ed3-11e8-86c3-f7f9f4326ffd.html))

<sup>26</sup> “Pennsylvania’s Impact Fee,” Marcellus Shale Coalition, July 2019 (<https://marcelluscoalition.org/wp-content/uploads/2019/07/Impact-Fee.pdf>)

<sup>27</sup> “2018 Impact Fee Estimate,” PA Independent Fiscal Office, Research Brief 2019-1, January 2019 (<http://www.ifo.state.pa.us/download.cfm?file=/Resources/Documents/RB-2019-01.pdf>).

<sup>28</sup> “Gov. Tom Wolf’s plan to eliminate lead from Philadelphia schools faces opposition,” by Wendy Ruderman, Barbara Laker, and Dylan Purcell, March 21, 2019, *The Philadelphia Inquirer* (<https://www.inquirer.com/news/lead-poison-children-philadelphia-schools-governor-tom-wolf-pennsylvania-toxic-city-20190321.html>)

<sup>29</sup> Next Pittsburgh, “Here’s what Bill Peduto said at the Climate Action Summit,” by Tracy Certo, October 31, 2019 (<https://www.nextpittsburgh.com/features/i-oppose-any-additional-petrochemical-companies-heres-what-mayor-peduto-said-at-the-climate-action-summit/>).

Council President Darrin Kelly said. “Calling to banish an entire industry is an insult to a lot of hard-working men and women in organized labor and their entire way of life.”<sup>30</sup>

Kelly continued, piling on. “When you make a comment that can clearly hurt the advancement of a region and their ability to feed their family and have a better life, that’s when it becomes an issue for us,” he said. “I’m going to be very vocal on behalf of the working men and women to protect them, OK? . . . If they’re attacking our way of life, I’m going to come after them.”<sup>31</sup>

As one commentator pointed out, “In both Western Pennsylvania and the Scranton area, the shale industry is opening up prosperity not seen for two generations—and inflaming climate zealots.” From a political perspective at least, Democrats are picking the wrong side of this debate. “A Democrat cannot win Pennsylvania without voter support from those two regions,” said Mike Mikus, a strategist who helped Wolf’s re-election campaign last year. “And you can’t win the presidency as a Democrat if you lose Pennsylvania.”<sup>32</sup>

## New York

Peduto and Wolf are taking a page straight from Andrew Cuomo’s anti-fossil, energy-rationing playbook. As Democratic governor of New York, Cuomo has seen the rise of the natural gas industry just over the border in Pennsylvania—and the jobs and growth it has created. But instead of embracing that success in New York, he and his Democratic cronies have deliberately strangled it, and denied his state’s citizens the many benefits it brings.

The Marcellus Shale formation, which underlies parts of Pennsylvania, Ohio, and West Virginia, is named for a town in central New York, where the shale is visible at the surface. Various estimates show New York’s share of the Marcellus holding 75 to 100 trillion cubic feet of recoverable gas.<sup>33</sup>

Accessing this bounty would not only create jobs but meet growing demand in the state for natural gas-fired electricity. In 2018, the U.S. Energy Information Administration (EIA) reported that “almost two-fifths of the state’s electricity net generation came from natural gas. More than half of New York’s generating capacity is at natural gas-fired power plants, and about two-thirds of that capacity is at units with dual-fuel capability that can use either natural gas or petroleum.” New York was “the sixth-largest natural gas consumer among the states in 2017.”<sup>34</sup>

By contrast, “New York obtains almost *three-tenths* of its electricity net generation from renewable sources, including hydroelectric, wind, biomass, and solar photovoltaic (PV) energy,” EIA reports (emphasis added). “Four-fifths of in-state renewable power generation was provided by hydroelectric

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<sup>30</sup> Allegheny-Fayette Central Labor Council Twitter Feed, October 30, 2019

(<https://twitter.com/AlleghenyLabor/status/1189619365035069440>)

<sup>31</sup> “Labor Sides with Big Oil in a Feud with Pittsburgh’s Mayor,” by Salena Zito, *Wall Street Journal*, November 9, 2019 (<https://www.wsj.com/articles/labor-sides-with-big-oil-in-a-feud-with-pittsburghs-mayor-11573167291>).

<sup>32</sup> Ibid.

<sup>33</sup> “Why New York’s Fracking Ban For Natural Gas Is Unsustainable,” by Jude Clemente, June 7, 2015, *Forbes* (<https://www.forbes.com/sites/judeclemente/2015/06/07/why-new-yorks-fracking-ban-for-natural-gas-is-unsustainable/#1f36dd54e8bc>)

<sup>34</sup> U.S. Energy Information Administration, “New York State Profile and Energy Estimates,” August 15, 2019 (accessed November 8, 2019) (<https://www.eia.gov/state/analysis.php?sid=NY>)

power in 2018.”<sup>35</sup> Put another way, without nuclear and natural gas, renewables come nowhere close to meeting the state’s electricity demand—even if the Green New Deal were the law of the land.

But no matter. Democrats in the state took measures early in the shale renaissance to prevent it from taking hold. In 2008, then-Gov. David Patterson (D) imposed a de facto 5-year moratorium on fracking, citing specious public health and environmental concerns. Then, in 2014, Gov. Cuomo took the more consequential, and outrageous, step of banning fracking altogether, completely dashing the hopes of New York’s upstate communities desperate for economic opportunities.<sup>36</sup>

Demonstrating how out of touch he was (and remains), Cuomo said at the time, “I’ve never had anyone say to me, ‘I believe fracking is great,’” he said. “Not a single person in those communities. What I get is, ‘I have no alternative but fracking.’”<sup>37</sup>

He couldn’t have been more wrong. Karen Moreau, the executive director of the New York State Petroleum Council, denounced Cuomo’s decision, and for a lesson in economics, pointed him south to the NY-PA border. “Our citizens in [New York’s] Southern Tier have had to watch their neighbors and friends across the border in Pennsylvania thriving economically,” she said. “It’s like they were a kid in a candy store window, looking through the window, and not able to touch that opportunity.”<sup>38</sup>

Cuomo is nothing if not stubborn. Instead of acknowledging his monumental mistake, and embracing Pennsylvania’s model, he has doubled down, dooming New York to a future of stagnation and energy shortages. He has done this using a variety tactics, each of them producing painful consequences that will take years to repair.

The first tactic, borrowed from radical green activists, is blocking construction of natural gas pipelines. It’s no exaggeration to say that environmental leftists have declared a national war on pipelines. “Fifteen years ago nobody cared that much about pipelines, but today pipelines are under siege,” said Al Monaco, president and CEO of pipeline company Enbridge Inc.”<sup>39</sup>

One need only recall brutal, seemingly endless battles over Keystone XL and the Dakota Access pipelines. There are numerous other examples. So why pipelines? Radical activists haven’t had much success at stopping fossil fuel production at the source. Instead, Greenpeace and their green cabal have followed a different course, with air-tight logic: “If gas can’t get to market, no one will drill for it.”<sup>40</sup>

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<sup>35</sup> Ibid.

<sup>36</sup> “New York bans fracking after health report,” by Daniel Wiessner and Edward McAllister, December 17, 2014, *Reuters* (<https://www.reuters.com/article/us-energy-fracking-newyork/new-york-bans-fracking-after-health-report-idUSKBN0JV29Z20141217>)

<sup>37</sup> “Citing Health Risks, Cuomo Bans Fracking in New York State,” by Thomas Kaplan, *New York Times*, December 17, 2014 (<https://www.nytimes.com/2014/12/18/nyregion/cuomo-to-ban-fracking-in-new-york-state-citing-health-risks.html>).

<sup>38</sup> Ibid.

<sup>39</sup> “US pipeline industry wants help in beating back green groups,” by Scott DiSavino, *Reuters*, June 28, 2018 (<https://www.reuters.com/article/us-gas-conference-pipelines/us-gas-pipeline-industry-wants-help-beating-back-green-groups-idUSKBN1JO2WQ>).

<sup>40</sup> “Activists Have a New Strategy to Block Gas Pipelines,” by Jeff Brady, *National Public Radio*, August 20, 2018 (<https://www.npr.org/2018/08/20/639610491/activists-have-a-new-strategy-to-block-gas-pipelines-states-rights>).

As New York increasingly relies on natural gas to meet its energy needs, the pipelines needed to transport it are essential. As Robert Bryce of the Manhattan Institute explained:

Today, New York is the sixth-largest gas-consuming state in the United States. It is served by about 4,500 miles of natural gas transmission pipeline and about 87,000 miles of gas distribution and service lines. Those pipelines are critical to the future of the state: natural gas generates about 46% of New York's electricity and is used widely to heat homes and buildings.<sup>41</sup>

For Cuomo, none of these statistics matters. Gas pipelines are the enemy. And in this regard, Cuomo has been a stunning success, much to the immiseration of his constituents. There is, a utility source lamented, "a lot of natural gas around the country, but getting it to New York has been the strain."<sup>42</sup> That's putting it mildly.

Cuomo has accomplished this dubious feat by cleverly, and perversely, exploiting obscure provisions in federal environmental statutes. The most controversial is Section 401 of the Clean Water Act (CWA). This provision empowers states with the discretion, after a review, to veto infrastructure projects that don't conform to a state's federally-approved water quality standards. In the nearly 50-year history of the CWA, this section was rarely used to block natural gas pipelines. But for green activists and Cuomo, along with governors in other blue states, it's now the tool du jour to grind pipeline construction to a halt.

That's exactly what Cuomo and his lieutenants at the New York State Department of Environmental Conservation (NYSDEC) have done. Their hostility is manifested through systematic gaming of the pipeline permitting process, characterized by false claims, needless delays, and high-handed condescension to applicants. The case of the proposed Constitution Pipeline neatly captures the heavy hand of Cuomo's regime:

**Constitution:** If constructed, the 124-mile Constitution Pipeline will deliver gas from Pennsylvania to markets in New York and New England. The dreadful, Cuomo-imposed 5-year saga surrounding Constitution started in 2013, when it applied to the Federal Energy Regulatory Commission (FERC) for a "certificate of public convenience and necessity" under the Natural Gas Act. After an exhaustive 31-month review, FERC found that any environmental impacts would be "less-than-significant" with mitigation measures agreed to by Constitution.<sup>43</sup> FERC issued the certificate.

Also, in 2013, Constitution filed a CWA Section 401 water quality certification request with NYSDEC. That's when the fun began. In 2014, at NYSDEC's request, on grounds that it "needed more information," Constitution re-submitted its 401 application. Then in 2015, NYSDEC, under the same

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<sup>41</sup> "Out of Gas: New York's Blocked Pipelines Will Hurt Consumers," by Robert Bryce, Manhattan Institute, June 2019 (<https://media4.manhattan-institute.org/sites/default/files/R-619-RB.pdf>).

<sup>42</sup> "Gas Shortages Give New York an Early Taste of the Green New Deal," by Robert Bryce, February 15, 2019, *The Wall Street Journal* (<https://www.wsj.com/articles/gas-shortages-give-new-york-an-early-taste-of-the-green-new-deal-11550272395>)

<sup>43</sup> Final Environmental Impact Statement for the Constitution Pipeline and Wright Interconnect Projects, Federal Energy Regulatory Commission, October 24, 2014 (<https://www.ferc.gov/industries/gas/enviro/eis/2014/10-24-14-eis.asp>)

bogus pretext, requested that Constitution again withdraw and re-submit, a request it dutifully complied with.<sup>44</sup>

But it soon became clear the fix was in: NYSDEC, after two years of needless back-and-forth, never had any intention of issuing the certification. Predictably, on Earth Day, April 22, 2016, NYSDEC denied it, arguing that Constitution failed to provide additional information on an alternative route—an issue over which NYSDEC has no jurisdiction (FERC does).<sup>45</sup>

Heather Briccetti, President of the Business Council of New York, issued a scathing response to NYSDEC's denial. "The decision to deny the approvals necessary for the construction of the Constitution Pipeline will have a direct and immediate negative impact on our state's economy," she said. "Today's decision also places numerous jobs in jeopardy and puts further strain on our already overworked energy grid."<sup>46</sup> According to Constitution, the permit denial delayed "about 2,400 direct and indirect jobs that would be created during pipeline construction, generating \$130 million in labor income for the region." It also found that the rejection could "also cost local governments approximately \$13 million in annual property tax revenue."<sup>47</sup>

As noted earlier, Pennsylvania's embrace of shale gas had the beneficial side effect of spurring a state manufacturing renaissance. Not so for New York. Raymond Corporation, located in Greene, New York, said that Constitution could lead to "new manufacturing jobs at Raymond and its suppliers (approximately 150 jobs)."<sup>48</sup> Amphenol Corporation also publicly expressed the importance of access to natural gas. And as the Business Council wrote in a letter to Cuomo, "Numerous other manufacturers would also benefit from the completion of the Constitution Pipeline."<sup>49</sup>

But no matter. Instead, Constitution was forced to seek legal options. The Second Circuit Court of Appeals, however, sided with NYSDEC, and the Supreme Court refused to take up the case. Fortunately, a related case decided by the DC Circuit Court of Appeals breathed new life into the project. Based on that case, Constitution asked FERC to overrule NYSDEC. FERC found that NYSDEC's game of requiring

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<sup>44</sup> "FERC Issues Decision Waiving New York Water Quality Certification for the Constitution Pipeline Project," Practical Law Finance, September 16, 2019 ([https://content.next.westlaw.com/Document/I8506d181d54011e9adfea82903531a62/View/FullText.html?productData=categoryPageUrl%3aHome%2fPracticalLaw%2fPracticalLawFinance&navId=AF84CC9C09B5E702378EBB547449C654&transitionType=CategoryPageItem&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://content.next.westlaw.com/Document/I8506d181d54011e9adfea82903531a62/View/FullText.html?productData=categoryPageUrl%3aHome%2fPracticalLaw%2fPracticalLawFinance&navId=AF84CC9C09B5E702378EBB547449C654&transitionType=CategoryPageItem&contextData=(sc.Default)&firstPage=true&bhcp=1))

<sup>45</sup> "New York State denies permit to Constitution Pipeline, halting construction," by Jon Hurdle, April 22, 2016, NPR (<https://stateimpact.npr.org/pennsylvania/2016/04/22/new-york-state-denies-permit-to-constitution-pipeline-halting-construction/>)

<sup>46</sup> "New York blocks Constitution Pipeline," by Liz Young, April 22, 2016, *Albany Business Review* (<https://www.bizjournals.com/albany/news/2016/04/22/state-blocks-constitution-pipeline.html>)

<sup>47</sup> "Constitution Committed to Building Federally Approved Pipeline, Delivering Energy Savings and Environmental Benefits to the Northeast U.S.," Constitution Pipeline, April 25, 2016 (<https://constitutionpipeline.com/constitution-pipeline-committed-to-building-federally-approved-pipeline-delivering-energy-savings-and-environmental-benefits-to-northeast-u-s/>).

<sup>48</sup> "Cuomo: Constitution Pipeline IS About Upstate Economy," by Tom Shepstone, December 17, 2015, Natural Gas Now (<https://naturalgasnow.org/cuomo-constitution-pipeline-is-about-upstate-economy/>)

<sup>49</sup> The Business Council Letter to Gov. Cuomo, April 13, 2016 (<https://drive.google.com/file/d/0B5JxYTwKfz6veGJzTmtJY0xqS28/view>)

project developers to submit and resubmit applications violated the CWA's requirement that decisions be made "in a reasonable period of time, not to exceed one year."<sup>50</sup>

Cuomo may have lost this round, but he will undoubtedly sue to overturn FERC's decision. He will likely do the same to block additional permits that Constitution must receive from the federal government. More than that, Constitution is just one of many pipelines that New York is obstructing. Constitution's lawyers put it more colorfully, saying that NYSDEC has "effectively instituted a blockade of FERC-approved natural gas pipelines."<sup>51</sup> This includes permit denials for:

- **Valley Lateral:** In 2017, just as it did with Constitution, NYSDEC relied on Section 401 of the CWA to deny certification for the Valley Lateral pipeline, to provide gas to the Valley Energy Center in Orange County, New York. FERC had already approved the project, but NYSDEC took issue with its approval, stating that FERC had "failed to consider or quantify the downstream greenhouse gas emissions from the combustion of the natural gas" the pipeline would deliver.<sup>52</sup> No thanks to Cuomo, Valley Lateral successfully challenged NYSDEC's decision in the Second Circuit Court of Appeals and began commercial operation on October 1, 2018.<sup>53</sup>
- **Northern Access:** This 97-mile pipeline would stretch from north-central Pennsylvania to a terminal east of Buffalo.<sup>54</sup> Cuomo also employed his Section 401 gambit here, denying the crucial water quality certification even after FERC had approved the project.<sup>55</sup> Northern Access went to the Second Circuit, which vacated NYSDEC's decision. As the court found, NYSDEC's "Denial Letter here insufficiently explains any rational connection between facts found and choices made." The court essentially found NYSDEC's decision was baseless, marred by bone-headed errors. "Specifically," the court wrote, "there are no record citations in the Denial Letter and there are no citations to specific projects or studies the Department may have considered." Moreover, "the Denial Letter further reflects that, as a basis for its denial, the Department relied on considerations outside of Petitioners' proposal," and "relied on determinations made with no respect to other pipeline projects."<sup>56</sup>

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<sup>50</sup> Petition of Writ for Certiorari, Constitution Pipeline Company, LLC v. New York State Department of Environmental Conservation et al., January 16, 2018 ([https://www.supremecourt.gov/DocketPDF/17/17-1009/28014/20180116171334386\\_Petition.pdf](https://www.supremecourt.gov/DocketPDF/17/17-1009/28014/20180116171334386_Petition.pdf)).

<sup>51</sup> Ibid.

<sup>52</sup> "DEC denies permits for CPV power plant pipeline," by James Nani, August 31, 2017, *Times Herald-Record* (<https://www.recordonline.com/news/20170831/dec-denies-permits-for-cpv-power-plant-pipeline>).

<sup>53</sup> "Court rejects NYSDEC's appeal of FERC's Valley Lateral ruling," by Nick Snow, March 14, 2018, *Oil & Gas Journal* (<https://www.ogj.com/general-interest/government/article/17295699/court-rejects-nysdecs-appeal-of-fercs-valley-lateral-ruling>).

<sup>54</sup> "Northern Access Project." *National Fuel Pipeline & Storage*. <https://pipelineandstorage.natfuel.com/current-projects/northern-access-project/>

<sup>55</sup> "Gov. Cuomo Blocks Northern Access Pipeline," by Kimberly Ong. *Natural Resources Defense Council, Inc.* April 9, 2017. <https://www.nrdc.org/experts/kimberly-ong/gov-cuomo-blocks-northern-access-pipeline>

<sup>56</sup> *National Fuel Gas Supply Corporation v. New York State Department of Environmental Conservation*, U.S. Court of Appeals for the Second Circuit, Summary Order, February 5, 2019 ([http://www.ca2.uscourts.gov/decisions/isysquery/ebc88839-2341-40e0-8506-8227de313775/4/doc/17-1664\\_so.pdf](http://www.ca2.uscourts.gov/decisions/isysquery/ebc88839-2341-40e0-8506-8227de313775/4/doc/17-1664_so.pdf)).



The court ordered New York to “explain more clearly” the basis for its denial.<sup>57</sup> Which means, in effect, New York remains in control and Northern Access should therefore expect the same result from state regulators.

- **Northeast Supply Enhancement Project:** Cuomo’s rejection of this project pointed up the severe consequences of his full-scale embrace of the Green New Deal. Developed by Williams, the project would expand an existing natural gas pipeline, to meet New York City’s growing demand for natural gas to replace heavy fuel-oil, providing real environmental benefits.<sup>58</sup> True to form, FERC approved the project, yet on April 20, 2018, NYSDEC denied the project’s 401 certification, once again claiming “incomplete information.”<sup>59</sup>

National Grid, a utility, issued repeated warnings to state officials and its customers about the precarious state of gas infrastructure and supply. The utility stated that without the project it might not be able to supply uninterruptible gas service to some of its large customers, and that a moratorium on new gas connections was possible.<sup>60</sup> Again, Cuomo and his band of merry climate warriors said in effect, “So what.” On May 15, 2019, NYSDEC used the 401-playbook, rejecting certification on baseless grounds that the proposed pipeline was “projected to result in water quality violations and fails to meet New York State’s rigorous water quality standards.”<sup>61</sup>

National Grid apparently wasn’t bluffing. Two days after the denial, the company reported that “it will not process new applications for natural gas service in its New York City and Long Island service area” until the “pipeline receives the permits it needs to proceed.”<sup>62</sup> Since May, National Grid said it “has received, and denied, more than 3,700 requests for gas service from existing and new customers across all customer segments, ‘representing 20,000 commercial, residential and multifamily units.’”<sup>63</sup>

Just a few months earlier, ConEd announced that Cuomo’s pipeline obstructionism also forced their hand: the company issued a moratorium on new gas connections in Westchester County. In a press release, Con Ed stated matter-of-factly that lack of gas infrastructure was the cause:

In partnership with our customers, stakeholders, and regulators, we have made great improvements to the air quality in our service area with customers converting from oil to natural gas for their heating needs. The demand for natural gas, however, is outpacing supply on

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<sup>57</sup> Ibid.

<sup>58</sup> “About the Project.” *Northeast Supply Enhancement*. <https://northeastsupplyenhancement.com/>

<sup>59</sup> New York State Department of Environmental Conservation, “Notice of Denial, Notice of Incomplete Application,” April 20, 2018 ([https://www.dec.ny.gov/docs/water\\_pdf/transcodenial42018.pdf](https://www.dec.ny.gov/docs/water_pdf/transcodenial42018.pdf)).

<sup>60</sup> “Natural gas supplies are at risk in downstate New York.” *National Grid*. <https://nationalgrid.mypreferencecenter.com/Global/StandardEmailView?subscriberId=710e047e-2ad1-48dd-8f63-c7a9d6adf0d1&campaignSendId=efb9b998-3e66-4f58-ac29-431293cfd4d6&isTest=False>

<sup>61</sup> New York State Department of Environmental Conservation, “DEC Statement on Water Quality Certification for Proposed Northeast Supply Enhancement Pipeline Project,” May 15, 2019 (<https://www.dec.ny.gov/press/117017.html>).

<sup>62</sup> “National Grid says no new NYC natgas customers without Williams pipeline,” *Reuters*, May 17, 2019 (<https://www.reuters.com/article/us-national-grid-williams-new-york-pipel-idUSKCN1SN2GW>).

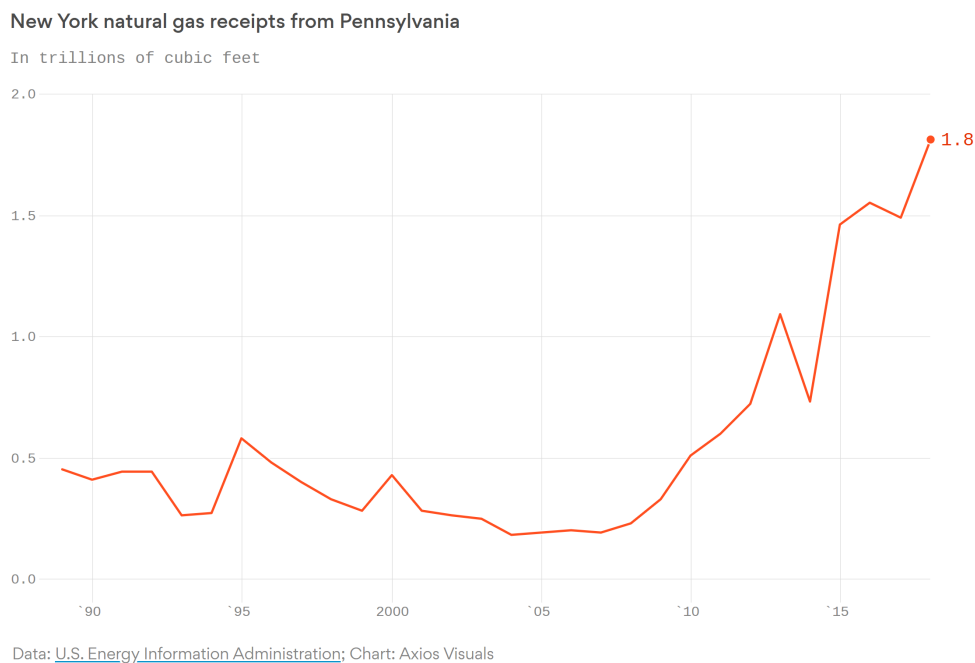
<sup>63</sup> “Cuomo threatens to revoke National Grid certificate to operate over gas moratorium hookups,” by Mark Harrington, *Newsday*, November 12, 2019 (<https://www.newsday.com/long-island/politics/national-grid-cuomo-license-certificate-1.38514429>).

the coldest days due to those conversions, preference for natural gas use in new building construction projects, *and constraints on interstate pipelines that bring natural gas to customers in Westchester County*. These interstate pipeline constraints do not affect our existing customers, *but limit our ability to serve new customers on the coldest days, when demand for natural gas is at its peak.*<sup>64</sup> [Emphasis added]

What would this mean for economic growth? As ConEd explained, the gas moratorium applied to “new residential, and commercial and industrial customer gas service connections,” effectively thwarting new housing and business expansion in Westchester. It also covered “new gas usage for heating, hot water, laundry, and cooking,” existing homeowners wanting new gas connections are out of luck.<sup>65</sup>

Crain’s New York Business reported that ConEd’s moratorium, not surprisingly, is bad for business. “This has led to an outcry from business owners, who say this moratorium has caused 40 business districts throughout Nassau and Suffolk counties and more than 60 development projects to be held up... Imagine the consequences of years without adequate gas capacity throughout the region; the economic impacts and damage to our quality of life would be off the charts.”<sup>66</sup>

What’s also off the charts, thanks to Cuomo’s obstruction, is the ever-growing amount of natural gas that New York imports from...yes, Pennsylvania, as shown below:



<sup>64</sup> “About the Westchester Gas Moratorium,” Consolidated Edison, (<https://www.coned.com/en/save-money/convert-to-natural-gas/westchester-natural-gas-moratorium/about-the-westchester-natural-gas-moratorium>).

<sup>65</sup> Ibid.

<sup>66</sup> “Tristate’s energy crisis met with empty promises,” by Mark Longo, *Crain’s New York Business*, October 31, 2019 (<https://www.crainsnewyork.com/op-ed/tristate-areas-energy-crisis-being-met-empty-promises>).



## Cuomo's Blame Game

Immediately grasping the potential political fallout, Cuomo leapt into action, not, of course, by reversing his senseless war on gas pipelines, and embracing shale, fracking, and all its economic benefits. Instead, he simply blamed the companies.

On November 12, Cuomo sent a letter to National Grid's leaders, shamelessly blasting them for "mishandling of the gas supply system" on Long Island and New York City. He gave them 14 days to fix the problem, or else, he threatened, he would revoke their operating license, a move that surely induce disaster for New Yorkers.<sup>67</sup> State Senate Minority Leader John Flanagan (R) pointed out the obvious to Cuomo. "Whether National Grid or any other company serves downstate, the laws of supply and demand still exist. We no longer have time for this political theater."<sup>68</sup>

Cuomo acted out again by bizarrely passing the buck to the state legislature. "It's a very controversial proposal," Cuomo said of the pipeline in a radio interview in late October. "And that's a political decision on the pipeline, and it will probably come down to the state Legislature." But as the *New York Post* reported, Cuomo's comment "generated confusion on both sides of the aisle in Albany, as only the Cuomo-controlled Department of Environmental Conservation — not state lawmakers — has the authority to OK the project."<sup>69</sup>

As the impacts of gas moratorium worsen, Cuomo has decided that lashing out at perceived enemies—rather than approving gas pipelines and fracking, effective solutions to a real problem—is the answer. The *Wall Street Journal* put it best, saying that Cuomo's surreal blame game is "another parable of how the political campaign to ban fossil fuels is detached from energy and economic reality."<sup>70</sup>

## New York Citizens Pay the Price

Cuomo's detachment has real, negative consequences for New Yorkers, who are being denied the hugely beneficial economic opportunities that the shale revolution has created in neighboring Pennsylvania. The facts and data on this point are clear. In 2016, several economists published an analysis comparing counties on both sides of the PA-NY border—that is, counties sitting on top of the vast gas reserves in the Marcellus shale formation.<sup>71</sup>

Using an apples-to-apples comparison, the authors wanted to find out whether, in those Marcellus counties, fracking lowered unemployment and whether banning fracking raised it. Here's what they found: "The regression results generally support the notion that *the New York fracking moratorium*

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<sup>67</sup> Governor Cuomo letter to National Grid CEO John Pettigrew and President John Bruckner.

[https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/NationalGrid\\_Letter.pdf](https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/NationalGrid_Letter.pdf)

<sup>68</sup> "Cuomo threatens to revoke National Grid certificate to operate over gas moratorium hookups," by Mark Harrington, *Newsday*, November 12, 2019 (<https://www.newsday.com/long-island/politics/national-grid-cuomo-license-certificate-1.38514429>).

<sup>69</sup> "Cuomo's gas-pipeline proposal baffles Albany pols," by Bernadette Hogan, *New York Post*, October 20, 2019 (<https://nypost.com/2019/10/20/cuomos-gas-pipeline-proposal-baffles-albany-pols/>).

<sup>70</sup> "Cuomo's Carbon Contradiction" *The Wall Street Journal*. The Editorial Board. October 20, 2019. <https://www.wsj.com/articles/cuomos-carbon-contradiction-11571602769>

<sup>71</sup> "Fracking and Labor Market Conditions: A Comparison of Pennsylvania and New York Border Counties," by Kelly Hastings, Lauren R. Heller, and E. Frank Stephenson, Department of Economics, Campbell School of Business, Eastern Economic Journal, 2017.

*adversely affected employment opportunities in New York relative to Pennsylvania.” The results “indicate that New York’s fracking moratorium is associated with a statistically significant increase in unemployment.”<sup>72</sup> [Emphasis added]*

In other words, the citizens in those New York counties have Gov. Cuomo to thank for their economic condition. Other significant points from the study include the following:

- “On the basis of the average size of the labor force in the sample, this increase in the unemployment rate corresponds to approximately 403 jobs ***foregone per year per county as a result of the fracking ban in New York.***”<sup>73</sup> [Emphasis added]
- “Results reported...indicate that ***Pennsylvania’s allowing fracking is associated with both a higher labor force participation rate and a higher employment population ratio.***”<sup>74</sup> [Emphasis added]
- “***...[T]here was no systematic difference in unemployment*** between New York and Pennsylvania border counties *before* the moratorium.”<sup>75</sup> [Emphasis added]
- “Fracking proponents cite increased employment opportunities as one of the benefits of allowing fracking. ***Our finding that fracking is associated with lower unemployment and higher labor force participation and employment–population ratios is consistent with these claims of improved labor market outcomes.***”<sup>76</sup> [Emphasis added]

Based on these results, Cuomo’s comments made at the time of his self-imposed fracking moratorium appear, as noted earlier, totally out of touch, but also heartless. Someone who subscribes to the joblessness and big-government schemes of the Green New Deal was bound to say, as Cuomo did, “I’ve never had anyone say to me, ‘I believe fracking is great.’ Not a single person in those communities. What I get is, ‘I have no alternative but fracking.’”<sup>77</sup>

So, one might ask, what “alternative” has Cuomo proposed?

### **A Climate Bill and New York’s Bleak Future**

For starters, as part of his blame-game against National Grid, Cuomo argued that the company, instead of the straightforward, sensible, and affordable solution of constructing a pipeline, should consider trucking or barging natural gas to customers or deploying “alternative energy supplies.”<sup>78</sup> Each of these

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<sup>72</sup> Ibid., p. 653.

<sup>73</sup> Ibid., p. 654.

<sup>74</sup> Ibid., p. 654.

<sup>75</sup> Ibid., p. 654.

<sup>76</sup> Ibid., p. 657.

<sup>77</sup> “Citing Health Risks, Cuomo Bans Fracking in New York State,” by Thomas Kaplan, *New York Times*, December 17, 2014 (<https://www.nytimes.com/2014/12/18/nyregion/cuomo-to-ban-fracking-in-new-york-state-citing-health-risks.html>).

<sup>78</sup> “Audio and Rush Transcript: Gov. Cuomo Appears on NY1 with Kristine Shaughnessy,” Nov. 12, 2019 (<https://www.governor.ny.gov/news/audio-rush-transcript-governor-cuomo-appears-ny1-kristen-shaughnessy>).

options is expensive, impractical, and environmentally problematic. Cuomo's alternative, which the state is now busy implementing, is AOC-inspired climate change legislation.

On July 18, Cuomo, sitting next to Al Gore, signed the "Climate Leadership and Community Protection Act," which Vox described as "the most ambitious climate target in the country." This was yet another unambiguous signal that New York is closed to the oil and gas business—and closed to business altogether. "This is a big deal," Vox climate reporter David Roberts wrote.<sup>79</sup> Roberts is right, but the "big deal" is that—and this, of course, is their deliberate design—New York's citizens will pay higher energy costs—they are already among the highest in the nation—for just about nothing in return.

Page 3 of the bill states plainly that creating "good jobs and a thriving economy is a core concern of New York state."<sup>80</sup> Based on the foregoing evidence, this claim is laughable. And based on what Cuomo's vaunted climate bill requires New Yorkers to do, the claim is patently absurd. The bill includes mandates and rules that will be economically crippling to an economy already struggling under the weight of Cuomo's environmental statism. The bill, an amalgam of green pipe dreams and liberal shibboleths, would require New York to:

- Reduce "greenhouse gas emissions from all anthropogenic sources 100% over 1990 levels by the year 2050, with an incremental target of at least a 40 percent reduction in climate pollution by the year 2030, in line with ... what is necessary to avoid the most severe impacts of climate change";
- Establish a "climate action council" to, among other things, establish a "just transition working group" on "issues and opportunities for workforce development and training related to energy efficiency measures, renewable energy and other clean energy technologies," with specific focus on helping, among others, "formerly incarcerated persons";
  - The council will complete a report to include the "number of jobs created to counter climate change";
  - The council is required to "promulgate rules and regulations" that "include measures to reduce emissions from greenhouse gas emission sources that have a cumulatively significant impact on statewide greenhouse gas emissions, such as internal combustion vehicles that burn gasoline or diesel fuel and boilers or furnaces that burn oil or natural gas."
- Create a "climate justice working group" within the Department of Environmental Conservation that "will establish criteria to identify disadvantaged communities for the purposes of co-pollutant reductions, greenhouse gas emissions reductions, regulatory impact statements, and the allocation of investments."

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<sup>79</sup> "New York just passed the most ambitious climate target in the country," by David Roberts, June 20, 2019, Vox (<https://www.vox.com/energy-and-environment/2019/6/20/18691058/new-york-green-new-deal-climate-change-cuomo>)

<sup>80</sup> New York State Senate, Senate Bill 6599 (<https://legislation.nysenate.gov/pdf/bills/2019/S6599>).

- Require 70 percent of the state's electricity to come from "renewable sources" by 2030 and that by 2040, the electricity sector will achieve the goal of zero emissions.<sup>81</sup>

The reaction to this bill from New York's business community was swift and negative. "New Yorkers are going to pay a lot for their electricity because of this bill," said Gavin Donohue, the president of the Independent Power Producers of New York. The New York director of the National Federation of Independent Business, Greg Biryła, said, "There doesn't appear to be a fiscal impact statement for something that aims to completely reinvent our state's economy," adding it would inevitably lead to companies fleeing the state. "This just makes other states that much more attractive for investment."<sup>82</sup>

Consider that the average price for residential electricity in New York state is 18.39 cents per kilowatt-hour (kWhr), the eighth highest in the nation—behind fellow Green New Dealers Rhode Island (21.76), Massachusetts (21.54), Connecticut (21.29), and New Hampshire (19.47). New York's average is more than 5 cents higher than the national average. New York residents also pay nearly 5 cents more than what residential consumers pay in Pennsylvania.<sup>83</sup> Under the Cuomo climate regime, New Yorkers should expect to pay even more.

## Conclusion

"Pay more"—that nicely sums up what New Yorkers are getting from Cuomo's Green New Deal and its underlying rejection of fossil fuels. Their experience stands in stark contrast to Pennsylvania, which, despite attempts by the Democratic governor to undermine it, has embraced the shale revolution and the high-paying jobs, affordable energy, and new manufacturing that it brings.

Because it not only rejects the shale revolution, but also because it is actively opposing anything having to do with fossil fuels, New York's economic future is in peril. Even once Cuomo moves on, his climate bill will live on. This means not just its unrealistic regulatory and emissions mandates, but also requirements that will significantly burden the permitting process for new pipelines and energy infrastructure (as if it weren't hard enough).

New York will thus walk down a very different path, all the while imposing on its citizens a grave economic injustice, which they will only too painfully bear as they watch their compatriots on the other side of the border living a very different, and much better, life.

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<sup>81</sup> Ibid.

<sup>82</sup> "New York to Approve One of the World's Most Ambitious Climate Plans," by Jesse McKinley and Brad Plumer, June 18, 2019, *The New York Times* (<https://www.nytimes.com/2019/06/18/nyregion/greenhouse-gases-ny.html>)

<sup>83</sup> Energy Information Administration, "Electric Power Monthly," Data for August 2019, released October 24, 2019 (<https://www.eia.gov/electricity/monthly/archive/october2019.pdf>).