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Westchester Plastics Maker Embraced Renewable Energy Decades Before Gas Moratorium

Allied Converters saves with cogeneration system and solar panels, while business community worries over potential natural-gas shortage



Richard Ellenbogen installed solar panels at his factory, allowing him to sell about \$21,000 in solar renewable-energy credits a year. Photo: The Wall Street Journal

By

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NEW ROCHELLE, N.Y.—Plastics manufacturer Richard Ellenbogen has found a way to keep the lights on: He makes his own electricity.

Mr. Ellenbogen's business, Allied Converters, has been making plastic packaging here since his father started the company in 1954. The factory makes between 4 million and 5 million pounds a year of plastic packaging, such as cookie wrappers and sandwich wrapping for the food industry.

An electrical engineer concerned about climate change, Mr. Ellenbogen started renovating his building nearly 20 years ago with the goal of reducing its environmental impact. As a result, he saves electricity and money at a time when the broader business community in Westchester County is sounding the alarm over what some say is an impending natural-gas shortage.

“Basically, our energy usage over 20 years has gone down, while everybody else's has gone up,” he said. “That's how we're able to stay here.”



Mr. Ellenbogen says his business is making plastics in the most sustainable way possible. Photo: The Wall Street Journal

[Consolidated Edison](#) Inc., which delivers gas via 4,300 miles of pipes to 1.1 million customers including most of Westchester County, [stopped accepting](#) new applications for natural-gas hookups in March, claiming existing demand has stretched the limits of its transmission pipeline. Energy supply to the county is also being squeezed by [the impending shutdown](#) of the nearby nuclear power plant, Indian Point Energy Center, which is expected to go offline by April 2021 at the latest.

Con Ed's moratorium sparked an outcry among local elected officials and business leaders, who warn developers won't want to build in Westchester if they can't hook up to natural gas, which is cheaper and considered more environmentally friendly than oil. Business advocates, in particular, are pushing the state to allow for the building of new pipeline, a move opposed by environmentalists who fear it will deepen the state's dependency on fossil fuels and pollute the state's waterways.

New York hasn't allowed new construction in years; the last pipeline built in Con Ed's service area was completed in lower Manhattan in 2013. Gov. Andrew Cuomo, a Democrat whose administration [has repeatedly blocked](#) pipeline applications for environmental reasons, in July signed a bill that committed the state to reducing its greenhouse-gas emissions by at least 85% by 2050.



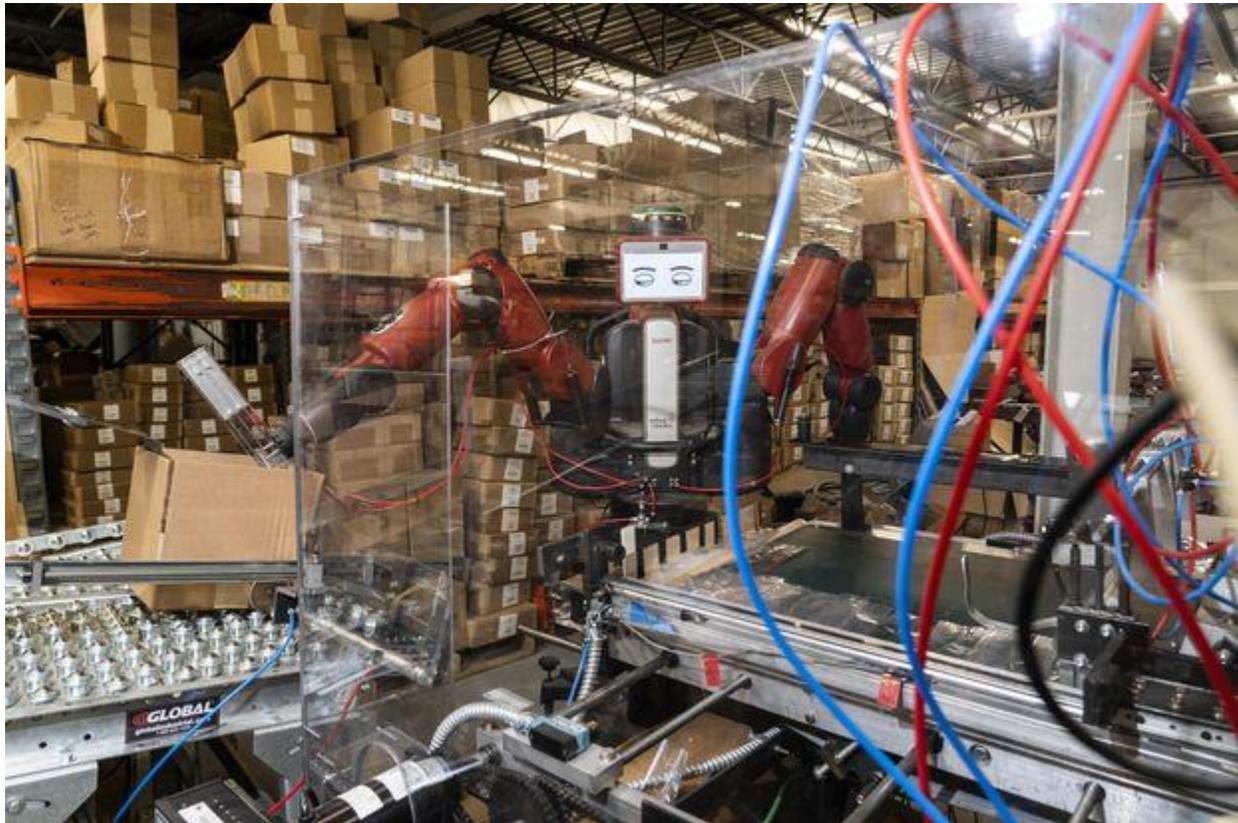
A machine unrolls plastic film inside Allied Converters in New Rochelle. Photo: The Wall Street Journal

Mr. Ellenbogen acknowledged that many wouldn't consider plastic manufacturing to be environmentally friendly. But he said his business is making a universally used product in the most sustainable way possible.

"Being a closely held company that doesn't have to answer to shareholders, I made a decision to take the long view," Mr. Ellenbogen said. "We have to leave something for future generations so that they can have a viable planet to live on."

When he renovated his building, Mr. Ellenbogen installed a cogeneration system that makes electricity and heat with very little thermal-energy loss. He now pays \$39,000 a year for electricity and natural gas for his 55,000-square-foot building, which he said is about the same amount he spent on electricity two decades ago, when his factory was about a quarter of the size.

He also installed solar panels, which allow him to sell about \$21,000 in solar renewable-energy credits a year. That, and the proceeds from Allied Converters' recycling program, have reduced the company's total waste-removal and energy costs to a net \$6,000 a year, he said.



A robot works to pack finished products inside Allied Converters. Photo: The Wall Street Journal

From a financial standpoint, the amount Mr. Ellenbogen saves on energy expenses has made all the difference in high-cost Westchester County, where the number of manufacturers fell to 561 in 2016 from 711 a decade earlier, according to the U.S. Census.

John Ravitz, executive-vice president and chief operating officer of the Business Council of Westchester, said more businesses are embracing environmentalism as a way of lowering energy costs. But he said the state needs reliable energy supplies in the meantime.

“We’re all in on renewables,” he said. “But it’s not going to get us where we need to be if we don’t expand the pipeline.”

Con Ed says businesses can apply for natural-gas hookups if they reach an “interruptible service” agreement with the utility to switch to an alternate source, such as oil, when demand gets too high. The utility also reached an agreement with the owners of Tennessee Gas Pipeline, which services Westchester County, that if approved by regulators would allow for the moratorium to be lifted in 2023.

“We believe the steps we are taking will help us maintain safe, reliable service as we transition to renewables,” a ConEd spokesman said.

Kimberly Ong, senior attorney at the Natural Resources Defense Council, said New York can’t slow down as it moves toward renewable energy.

“If we’re going to avoid climate change’s worst impacts, we have to switch to clean energy,” she said. “We’re going to be mandated under law very quickly to make this clean-energy transition.”

Mr. Ellenbogen says he’s proof that businesses can reduce their fossil-fuel dependency, but he doesn’t think New York can avoid building more pipeline. After running the numbers—he is happy to walk you through his chart-dense power point—he said the state doesn’t have enough renewable energy infrastructure in place to meet its greenhouse-gas reduction goals in the next 30 years.

“I don’t disagree with what the environmentalists are trying to do,” Mr. Ellenbogen said. “I disagree with how they’re trying to do it.”

Earlier this year, Mr. Cuomo directed the state Public Service Commission to investigate whether the moratoriums imposed by Con Ed and National Grid, which has [restricted hookups](#) in parts of Brooklyn, Queens and Long Island, are truly necessary. That review is ongoing, a spokesman for the commission said.

A National Grid spokeswoman said in an email that the utility remains “committed to working with all parties to address these critical supply constraint and customer connection issues.”

With an energy shortage looming, cracks are beginning to show in Democrats’ resolve to block a new pipeline. Earlier this month, six Democratic state senators from Long Island signed a letter to the state Department of Environmental Conservation asking it to approve a new pipeline “on an emergency basis” if an independent body deems it necessary.

On Thursday, Mr. Cuomo appeared resigned to the fact that a pipeline might be necessary.

“What are the alternatives that we actually have to the pipeline?” Mr. Cuomo said in an interview with Long Island News Radio. “None of the options are good, there will be controversy about all of them, but at the same time we can’t halt development.”

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