NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 192nd Meeting Held on September 24, 2007

Pursuant to notice dated September 12, 2007, a Regular Meeting (the 192nd meeting) of the New York State Energy Research and Development Authority ("Authority") was convened on September 24, 2007, at 2:00 p.m. in the Authority's Albany Office at 17 Columbia Circle, Albany, New York; by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th floor, New York, New York; and by webcast.

The following Members of the Authority were present in Albany, unless otherwise indicated:

Vincent A. DeIorio, Esq., Chair

Patricia L. Acampora

George F. Akel, Jr.

William F. Edwards (by video conference from New York)

Jay L. Gottlieb (by video conference from New York)

Astrid C. Glynn

Alexander B. (Pete) Grannis

Parker D. Mathusa

Elizabeth W. Thorndike, Ph. D.

Members Catell and McCullough did not attend.

Also present were Paul D. Tonko, President and CEO; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel; Cheryl L. Earley, Director of Contract Management; Paul DeCotis, Energy Analysis Program Director; John Osinski from the New York Power Authority; Richard Giff from the New York State Department of Environmental Conservation; John Zamurs and Lynn Weiskopf from the New York State Department of Transportation; Joseph Visalli; and various staff of the Authority.

The Chair called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Members and the press on September 12, 2007. He directed that a copy of the notice be annexed to the minutes of the meeting.

Mr. Delorio indicated that this is the first Board meeting to be webcast. In the future, all

Authority committee and Board meetings will be webcast. This will allow the public to watch the meetings through the internet from any location. This furthers the Authority's goal to conduct its business in an open and transparent manner and complies with the Governor's policies regarding open government.

Before turning to the formal agenda, Mr. DeIorio congratulated Dr. Thorndike, who will be honored by the Association for the Protection of the Adirondacks at a dinner on October 12, 2007.

The Chair then thanked newly appointed President and CEO Paul D. Tonko and Authority staff for ensuring that the period of transition was seamless and successful. The Chair then asked President and CEO Tonko to make a few introductory remarks. President and CEO Tonko reported that, with the help of the Chair, the Members, and Authority staff, his transition to the Authority has been smooth. He described his interactions with the Officers, the Program Directors, administrative unit department heads, and staff. In addition, he explained that he has brought several new people to the Authority, namely, Thomas J. Lynch, Director of Government Relations; John G. Williams, Deputy Counsel; Matthew W. Beebe, who will assist with public relations; Heather D. Saunders, Executive Secretary; and Maryfrancis Keegan, Administrative Assistant, and described their educational background and curricula vitae.

Next, President and CEO Tonko thanked the Chair for his support and counsel. Recently, he and the Chair met with senior staff to get a complete update on decision making topics that staff perceive to be evolving and what the Authority's primary roles are likely to be. Currently at the top on the Authority's collective list of priorities is the Governor's "15 by 15" Energy Strategy to reduce the growth in electricity demand projected for 2015. The Authority was actively involved in providing underlying analyses for that plan. Ms. Acampora has recently begun an Energy Efficiency Portfolio Standard ("EPS") proceeding at the Public Service Commission ("PSC") to bring together a diverse set of stakeholders who will be involved in developing the strategies and framework for implementing portions of the strategy. The Authority will not only be an active and full participant in the PSC proceeding, it will be working with other State public and private organizations to further their efforts in contributing to the State's goals. Separately, staff is analyzing where the Authority can be most effective and will be developing new, or expanded, programs that will meet the identified needs.

Another program that is moving from concept to implementation is the Regional Greenhouse Gas Initiative ("RGGI"). The current plan is for the Authority to assist the New York State

Department of Environmental Conservation ("DEC") in implementing a carbon cap-and-trade program. Towards this end, Authority staff is currently drafting regulations to administer an auction process that would be used to sell the carbon allowances. The proceeds would be used for energy efficiency and renewable energy programs.

In addition, the Authority will likely be involved in implementing the Clean Air Interstate Rule ("CAIR"). With respect to this program, the Authority has been asked to sell 10% of the nitrogen oxide ("NO_x") allowances created under a DEC rulemaking and to use the proceeds for energy efficiency and renewable energy programs.

These two new programs are expected to produce added annual revenues for the Authority of tens of millions of dollars.

With respect to existing programs, the Renewable Portfolio Standard ("RPS") Program is set to issue the third Request for Proposals. This third round of the RPS Program is expected to result in \$209 million in contracts and will commit all of the remaining funding for this program. The PSC has said that it will be reviewing the RPS Program and evaluating future funding requirements no later than 2009.

With all this activity and with a focus on various energy issues at both the State and national levels, there is a renewed acknowledgment of the critical need for a State energy planning process. Therefore, staff is discussing with the Governor's Office and other involved agencies how best to re-institute energy planning in the State.

President and CEO Tonko continued by thanking Commissioner Grannis for DEC's partnership commitment in locating the Alternative Fuel Vehicle Research Laboratory ("Lab") at the Saratoga Technology + Energy Park ("STEP"). This new Lab will play a role in advancing new energy and environmentally-compatible products and strategies.

With respect to administrative matters, the Authority is near capacity in terms of both the staff's ability to perform existing responsibilities and the Albany office's physical ability to support the staff that is required for undertaking and administering new or expanded programs. If the Authority takes on significantly new responsibilities, such as becoming the administrator of RGGI and CAIR, it will need more staff and more space. With respect to staff, the preliminary budget plan for next year that is included in the meeting packet proposes the addition of 19 new staff members

to administer RGGI and CAIR. The proposed amount of funding per staff member is comparable to the administrative expenses associated with administering the system benefits charge ("SBC") program. Both the staffing and building space issues will be discussed in more detail when the committees report on budget matters later in the meeting.

President and CEO Tonko concluded by stating that he believes the transition was thoughtful and seamless. This was due to the passion, talent, skill, motivation, and professionalism of the staff at the Authority. He assured the Members that the Authority will continue to perform at its historical high degree of professionalism and responsiveness, and that the Members will continue to be involved with the plans, the challenges, and the successes.

The Chair indicated that the first item on the formal agenda is the appointment of Hal Brodie as Secretary to the Authority and approval of his salary as General Counsel to the Authority. At the Chair's request, President and CEO Tonko reported that Mr. Brodie has been serving as the Acting Secretary since March 31, 2007. On July 12, 2007, President and CEO Tonko said that he named Mr. Brodie as General Counsel, responsible for legal supervision of Authority operations. In his 17 years at the Authority, Mr. Brodie has performed his duties effectively and attentively, including serving as secretary to one of the standing committees for about 10 years. President and CEO Tonko then said that he recommends that the Members appoint Mr. Brodie as Secretary to the Authority.

President and CEO Tonko continued by stating that, additionally, the Public Authority Accountability Act requires the Members to approve the compensation of senior management. Accordingly, it is necessary for the Members to approve Mr. Brodie's salary in his new position as General Counsel. President and CEO Tonko said that he recommends the approval of Mr. Brodie's salary as General Counsel in the amount of \$137,493; this amount is equal to the base salary of the former General Counsel.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1156

RESOLVED, that pursuant to Section 1852(9) of the Public Authorities Law and Section 2 of Article III of the By-laws of the Authority, the Authority hereby appoints Hal Brodie as Secretary to serve at the pleasure of the Authority and perform the duties of the Secretary as set forth in Section 6 of Article IV of the By-laws and such other duties as may be assigned by the Authority, the Chair, or the President and CEO; and

BE IT FURTHER RESOLVED, that pursuant to the requirements of the Public Authorities Accountability Act requiring Member approval of the salaries of senior management of the Authority, the Members do hereby ratify and approve the salary for the General Counsel position in the amount of \$137,493, effective as of July 12, 2007, the date on which Mr. Brodie began serving as General Counsel.

Ms. Acampora congratulated Mr. Brodie on his appointment and stated that he has an excellent reputation. She said that the PSC looks forward to working with him in this new role.

The Chair indicated that the next item on the agenda was a report from the Audit and Finance Committee ("A&FC"). Mr. Gottlieb, the A&FC's Vice-Chair, presented the report. Mr. Gottlieb explained that Mr. DeIorio briefed the A&FC members on proposed one-time, lump-sum payments for the Vice President for Programs and the Treasurer. The Public Authorities Law requires that the compensation for Officers and senior management be approved by the Members. This year, payments are only proposed for the two named Officers, because the other Officers and covered senior management have been serving in their positions for only a very short period of time. The aggregate performance-based, lump-sum payments would not exceed \$15,812. This payment is equal to 5.75% of the total salaries for these employees and is consistent with the percentage authorized for last year's merit payments. These payments are in recognition of performance. The Chair, in consultation with the President and CEO, would make specific allocations. Funding was included in the previously approved Fiscal Year 2007-08 Budget.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1157

RESOLVED, that the Members of the Authority do hereby approve performance-based, lump-sum payments to the Authority's Vice President for Programs and Treasurer in an aggregate amount not to exceed \$15,812, as allocated by the Chair in consultation with the President and CEO, payable on or about December 2007.

Mr. Delorio said that the next item on the A&FC agenda concerned a report from the Director of Internal Audit. Mr. Gottlieb explained that the A&FC heard a report from the Director of Internal Audit, Mark Mitchell. Mr. Mitchell reported that an audit of the recently revised indirect cost rate procedure was conducted. The revised procedure required more detailed supporting documentation from contractors and resulted in some improvement. Mr. Mitchell recommends further improvements to make the process more effective, however. In particular, the Authority should

develop a more standardized approach to conducting indirect cost reviews, providing staff with written guidelines, and better document the review steps taken in evaluating a proposed indirect rate. In addition, Mr. Mitchell recommends that supplemental training for all Contract Management staff should be offered. This would provide them with a better understanding of indirect cost principles and on how financial information is prepared and presented. Management has agreed to implement these recommendations.

Lastly, Mr. Mitchell reported that, in consultation with the Officers, the order that audits will be conducted under the 2007-08 Internal Audit Plan will be changed. The next audit will be on the invoice review and approval process.

Mr. Gottlieb concluded his report by stating that the A&FC also met in executive session to discuss the employment history of particular persons, and this will be discussed later in the Board meeting.

The Chair stated that next on the agenda is a report on revisions to the Authority's budget for Fiscal Year 2007-08 ("Revised Budget"). Parker Mathusa, Chair of the Program Planning Committee ("PPC"), reported that the Authority's Treasurer, Jeffrey J. Pitkin, reported on the Revised Budget. In the Revised Budget, total expenditures are reduced by approximately \$14 million, from \$409 million to \$395 million. With respect to revenues, State appropriations are decreased by \$27.3 million, primarily due to an expected delay in the receipt of funding for various transportation-related programs. Third-party reimbursement revenues are increased by \$6.2 million, primarily based on the receipt of funds for the Authority-administered Consolidated Edison Company of New York, Inc. gas efficiency program; total funding for this program is increased by \$21 million, due to a restructured payment schedule, but there is an off-set of \$16 million due to an acceleration in payments for program expenditures.

With respect to expenditures, a \$913,000 payment to the State under provisions contained in the enacted State Budget was added as an additional expense. There were insufficient unrestricted funds in the original budget to make the \$913,000 payment, but additional revenue sources will now be available to cover this payment.

Historically, there has been a 7% cap on the Authority's administrative expenses for SBC-funded programs. The Revised Budget includes program administrative expenses equal to 8.2% of program funds. The increase is primarily due to the inclusion of post-employment health insurance

benefits required to be recorded in accordance with a new accounting standard, Governmental Accounting Standards Board Statement No. 45. Adoption of this standard during the year increased administrative expenses by an amount equivalent to about 0.8% of program funding. This proposed increase in allowable administrative expenses was discussed at the PPC meeting, and the PPC members recommended that the Authority submit to the PSC a request for an increase in the allowable administrative fee.

Lastly, the end-of-year balance of unrestricted net assets is \$3.6 million, representing approximately 0.9% of the Revised Budget's total expenditures. This amount is consistent with the Authority's historical reserve fund as a percentage of its overall budget.

Mr. Mathusa concluded his presentation by stating that the PPC unanimously recommended that the Members approve the Revised Budget with respect to matters considered by the PPC.

The Chair then asked Dr. Elizabeth Thorndike, Chair of the Waste and Facilities Management Committee ("W&FMC"), to report on the portions of the Revised Budget discussed by the W&FMC. Dr. Thorndike reported that, with respect to West Valley, the Revised Budget did not change the total program expenditures, which remain at \$13,500,000. Only minor changes among the expenditure categories are included. In regards to radioactive waste and nuclear coordination activities, the total budgeted expenditures increased by \$5,000 to \$306,000, due to changes in indirect expense allocations. Dr. Thorndike concluded by stating that the W&FMC unanimously recommended that the Members approve the Revised Budget with respect to matters considered by the W&FMC.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, except Ms. Acampora, the following resolution was adopted. Ms. Acampora recused herself from voting.

Resolution No. 1158

RESOLVED, that the revisions to the Fiscal Year 2007-08 operating budget submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and Chief Executive Officer, in his discretion, may deem necessary or appropriate, be and it hereby is approved.

The Chair indicated that the next item on the agenda was a review of the Authority's Preliminary Spending Plan and approval of its State Appropriation Request, for Fiscal Year 2008-09. Mr. Mathusa explained that the Authority is requesting appropriations totaling \$33 million, a net

increase of \$1.5 million, for Fiscal Year 2008-09. No change is requested for funding the research, development, and demonstration ("RD&D") Program. The appropriation request for West Valley bonds debt service is \$895,000 lower, due to maturing bond series. Funding for the Energy Analysis Program is increased by \$2.4 million and would be used for costs associated with preparing a State energy plan. Of this amount, \$1.1 million would be allocated for additional staffing and to fully fund existing program expenditures, \$1 million would be allocated for consultants to perform technical analyses necessary to preparing the plan, and \$300,000 would be allocated to cover outreach and production costs.

The Preliminary Spending Plan for Fiscal Year 2008-09 includes expenses of \$455 million, an increase of \$60 million from this year's expenses. This \$60 million increase is primarily due to the addition of \$36 million in expenditures from funds that may be available from the auctioning of allowances under the CAIR and RGGI programs and from the addition of \$19 million from assessments expected to be collected for the RPS Program.

The CAIR and RGGI programs continue to make progress in nearing implementation. DEC recently adopted regulations for CAIR and the initial sale of allowances is anticipated in 2008. Sale of the CAIR allowances may generate proceeds of about \$5 million to \$10 million, with \$5 million in revenues included in the Preliminary Spending Plan. In the case of RGGI, the Authority continues to work with the member states of the regional compact and expects that a regional auction may commence in late 2008; if there is no agreement among the member states, it is possible that the Authority would proceed with a New York State-only auction. Staff estimates that the auction of allowances may generate about \$60 million to \$120 million in annual proceeds; the Preliminary Spending Plan includes the lower estimate and assumes that two quarterly auctions will be completed in Fiscal Year 2008-09 and that they will generate a total of \$30 million in revenue.

The programs to be funded from CAIR and RGGI proceeds will be discussed with the PPC at its January 2008 meeting and will be included in the Multi-year Program Plan to be reviewed by the PPC and the Members at the June 2008 meetings. The Preliminary Spending Plan includes 19 additional staff, and is based on administrative costs and staff equivalents comparable to the Authority's experiences with SBC-funded programs.

The Preliminary Spending Plan projects that the end-of-year balance of unrestricted net assets will be approximately \$4.5 million, or about 1% of budgeted expenditures. Staff believes that this amount is both fiscally prudent and reasonable.

The PPC unanimously recommended approval of the State Appropriation Request with respect to matters considered by the PPC.

Mr. DeIorio then asked Dr. Thorndike to report on the portions of the State Appropriations Request and the Preliminary Spending Plan discussed by the W&FMC. Dr. Thorndike indicated that the State Appropriation Request for both West Valley and Low-Level Radioactive Waste ("LLRW") Policy activities remain the same as the current Fiscal Year. The W&FMC unanimously recommended approval of the State Appropriations Request with respect to matters considered by the W&FMC.

The Chair then called upon Mr. Pitkin to discuss one addition to the State Appropriation Request. Mr. Pitkin explained that the Authority has been working with DEC, the Office of General Services, the New York State Department of Health, and a number of other State agencies in the development of an Executive Order promoting State sustainability and green procurement. The Executive Order would require, in part, the setting of targets and schedules by State agencies and public authorities for: (i) reducing or eliminating the generation and use of toxic substances, pollution, and waste; (ii) reducing, reusing, recycling, and composting solid waste; (iii) increasing energy efficiency and the use of renewable energy sources; (iv) conserving water and other natural resources; and (v) maximizing the procurement of green commodities, services, and technology. As currently drafted, the Authority would provide technical assistance to State agencies in the development and implementation of their sustainability programs.

To provide this technical assistance, the Authority would need two new staff members at an estimated cost of \$200,000. Therefore, the Members are being asked to approve an amendment to the State Appropriation Request to add this funding amount, if the Executive Order is issued and if the Authority is asked to provide technical assistance.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, except Ms. Acampora, the following resolution was adopted. Ms. Acampora recused herself from voting.

Resolution No. 1159

RESOLVED, that the proposed State Appropriation Request for Fiscal Year 2008-09 submitted to the Members for consideration at this meeting, as amended, with such non-

material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved for submission to the New York State Division of the Budget.

Mr. Delorio introduced the next action item, a resolution approving a Cooperative Agreement between the Authority and DEC. Mr. Mathusa explained that Vice President for Programs, Robert G. Callender, briefed the PPC on the Cooperative Agreement between DEC and the Authority for DEC's Alternative Fuel Vehicle Research Lab ("Lab") to be located at STEP. The Lab will serve the combined needs of DEC and the Authority as they work to formulate and implement policies and programs to protect the environment, improve air quality, conserve energy, diversify transportation-related energy use, and advance technologies to support the Governor's "15 by 15" energy initiative. The Lab's initial focus will be on motorized vehicles including trucks, buses, cars, and off-road vehicles. The Lab will also have facilities to test advanced and emerging technologies, such as propulsion systems, new or improved greenhouse gas reduction technologies, and alternative fuels. The Lab will be available for public-private collaborative partnership projects and educational programs, research grants, technology development, and technician training. For example, one such project involves the collaborative efforts of DEC, Hudson Valley Community College ("HVCC"), and the Authority to negotiate a memorandum of understanding that will allow students in HVCC's automotive training program to participate in research at the Lab.

Under the terms of the STEP Cooperative Agreement, the Authority will lease to DEC approximately 7 acres for a 49-year term. Since STEP is State-owned land, and DEC is a State agency, DEC will not be required to pay base rent to the Authority, but will be required to secure funds to construct, operate, and manage the proposed 72,000 square foot, state-of-the-art, Leadership in Energy and Environmental Design-rated building. DEC will have to pay the Authority a one-time infrastructure hook-up fee of approximately \$432,000 and a pro rata share of the Authority's costs associated with maintaining the common areas outside the Lab. DEC will also be responsible for paying all sewer, water, electric, gas, telecommunications, and any other services provided to the building. These arrangements are consistent with the payments that the United Group of Companies, Inc. ("United") is making to the Authority with respect to the other STEP building that United will own.

The PPC unanimously recommends that the Members adopt the resolution approving the Cooperative Agreement.

Mr. Gottlieb added that it is important to develop the infrastructure that will be needed to

support new and emerging energy-related technologies. As part of the research at the Lab, there should be attention paid to ensuring that facilities are easily accessible to a range of potential users. Commissioner Grannis responded that both DEC and the New York State Department of Transportation have plans to conduct this type of research at the Lab. Commissioner Glynn added that this research would be a good topic for discussion by the Members at a subsequent meeting.

The Chair stated that the Authority, through the dedicated commitment of Mr. Callender, has made good strides and worked hard in moving STEP forward.

President and CEO Tonko added that the Authority has been asked to participate in a collaborative on a new, clean-energy economy. As part of that dialogue, there is a renewed focus on re-establishing energy planning strategies and that the Lab could be a part of that strategy.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, except Commissioner Grannis, the following resolution was adopted. Commissioner Grannis recused himself from voting.

Resolution No. 1160

RESOLVED, that the Cooperative Agreement between the Authority and the New York State Department of Environmental Conservation for development and construction of an Alternative Fuel Vehicle Research Laboratory at the Saratoga Technology + Energy Park ("STEP") submitted to the Members for consideration at this Meeting is hereby approved with such changes as the President and CEO, in his discretion, may deem necessary or appropriate, provided such changes do not substantially increase the Authority's financial obligations under the agreement.

At the Chair's request, Mr. Mathusa continued his report. Mr. Mathusa explained that, with respect to the first new building at STEP, United expects to have the building open in October 2007. All of the space in the building is leased to clean energy technology companies. Additionally, HVCC announced that it will construct at STEP a new 35,000 square foot education and training center that it will use for its workforce development and education activities in support of clean energy technologies.

Commissioner Grannis concluded this discussion by adding that programmatic collaboration between, and the proximity of the two buildings of, HVCC and DEC is particularly important. It allows these two entities to collaboratively promote the development of a much needed workforce and provides students with hands-on experience with emerging technologies in an easily accessible

environment.

Mr. Delorio then asked Dr. Thorndike to report on the remainder of the W&FMC meeting. Dr. Thorndike explained that Paul Bembia, Acting Director of the West Valley Demonstration Program, provided a thorough status report on the activities at West Valley. The United States Department of Energy ("DOE") recently announced a three-phase path for completion of the West Valley Demonstration Project ("WVDP"). The first phase includes four near-term activities: plume mitigation, installation of infiltration controls in the Nuclear Regulatory Commission ("NRC") regulated disposal area, installation of a drying system for the high-level radioactive waste ("HLW") tanks, and removing the HLW canisters from the Main Plant Process Building. Towards these goals, DOE has signed a four year, \$160 million contract with a new cleanup contractor to work on implementation of phase one.

Specifically, DOE will investigate and install additional mitigative measures on the North Plateau Strontium-90 ("Sr-90") Groundwater Plume. The purpose of the measures will be to prevent or lessen the spread of Sr-90, and prevent or decrease the discharge of contaminated groundwater to surface-water ditches and streams. During the 2008 construction season, infiltration controls will also be installed at the NRC-Licensed Disposal Area, the disposal area containing high-activity waste.

In addition, phase one will address corrosion of the HLW tanks. These tanks held the radioactive liquids and sludges that were a byproduct of the spent fuel reprocessing operation. The 40-year-old tanks are highly contaminated and are subject to severe pitting and surface corrosion. There are currently about 20,000 gallons of liquid in the tanks. To address this liquid, DOE has recommended installing a drying system to significantly lower the humidity of the air in the tanks. Over a period of approximately three to five years, DOE believes that drying the tanks and vaults will prevent leakage, until decisions on the final disposition of the tanks can be made. Although the Authority would like to see the tanks removed entirely, drying is probably a necessary interim step.

With respect to completing the WVDP, DOE plans to decontaminate and demolish the Main Plant Process Building, where the glass containers are currently being stored. Since the time frame for receipt of the canisters at the HLW Repository at Yucca Mountain is uncertain, DOE is considering removing the glass canisters and putting them in a to-be-constructed dry-cask storage facility. This would allow DOE to decontaminate and decommission the Main Plant Process Building, pending development of a long-term federal storage facility.

For the longer-term, DOE's second phase calls for the removal of the Main Process Building, the plume source, and a number of ancillary facilities. The third phase will involve disposition of the remaining facilities.

Numerous issues continue to prevent the completion of the West Valley Decommissioning Environmental Impact Statement ("EIS"). DOE is now pressing to finish the EIS process by 2010, but the Authority remains concerned about the quality and defensibility of the underlying EIS technical analyses. Nonetheless, the Authority will continue to work within the process in an attempt to satisfactorily resolve the technical issues to its satisfaction. The Authority also believes that it is prudent to begin convening additional independent review groups to assess DOE's work and begin conducting its own independent EIS technical analyses.

With respect to WVDP funding for next year, there are two proposed federal appropriation requests. There is some cause for concern if the United States House of Representatives' \$62 million request is approved, instead of the United States Senate's appropriations request of \$78 million. If the lower level is approved, the WVDP will not have adequate funding for planned work activities, which could result in a delay in next year's (as well as subsequent years') scheduled activities, and there will likely be further layoffs.

With respect to site inspections, the United States Environmental Protection Agency conducted an unannounced Resource Conservation and Recovery Act inspection of the State-Licensed Disposal Area ("SDA") on September 13, 2007, and no issues, concerns, or recommendations were identified.

Also with respect to the SDA, the Authority advised the Citizen Task Force ("CTF") that Authority staff believes the SDA can be safely managed, in place, for an additional period of time, for example 30 years, with ongoing monitoring, maintenance, and institutional controls. Reaction to this position from the CTF was mixed with some of the members advocating that discussions on the cost of exhuming the SDA should continue, particularly in regards to the assumptions that were used by DOE in developing the exhumation cost estimate.

Following the WVDP discussion, Energy Analysis Program Manager John P. Spath reported to the W&FMC on radioactive waste policy and nuclear coordination activities. First, the 2006 Annual LLRW Status Report was delivered to the Governor and State legislative leaders as required. Second, New York has access to two primary, LLRW-disposal facilities, one in South Carolina and

one in Utah. Generators in New York have been told that they will not be able to access the South Carolina facility, the only facility currently accepting Class B and C LLRW from New York, after June 2008. This is not the first time that South Carolina has considered closing the facility. If the South Carolina facility is closed, as expected, New York Class B and C generators, primarily nuclear power plants, will have to make alternative arrangements until another disposal option becomes available.

Dr. Thorndike concluded her report by explaining that, in regard to licensing activities, the Ginna and Nine Mile Point nuclear generating plants have received from NRC twenty-year license renewals, and it is expected that the Fitzpatrick plant's license will be renewed in Spring 2008. Also, in April 2007, an application for a twenty-year renewal of the Indian Point nuclear generating plant's operating license was filed. The Authority is coordinating review of this application by the responsible State agencies. New York will take an active role in the renewal process and DEC has been asked to serve as lead in the regulatory processes to ensure that the State's concerns are made known. As part of the process, the Authority will be hosting a meeting with NRC's environmental assessment team to discuss energy planning and possible energy alternatives to re-licensing Indian Point.

Mr. DeIorio indicated that the next item on the agenda concerns the reappointment of Mr. Catell to the A&FC and his reappointment as Chair of the A&FC. The Chair said that Mr. Catell performs a great service as an active member of the A&FC; his knowledge, advice, and expertise on the direction of the Authority's programs are very much appreciated; and he is willing to continue to serve.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, Mr. Catell was reappointed to the A&FC and was reappointed as Chair of the A&FC for a three-year term, expiring September 24, 2010.

The Chair then called on Cheryl Earley, the Director of Contract Management. Ms. Earley explained that the Members are requested to adopt a resolution approving the Periodic Procurement Contracts Report covering the period May 16, 2007, through August 15, 2007. The report summarizes the more than 1,318 procurement contracts exceeding \$5000 that were initiated or modified during the period. About 97% of the procurement contracts were competitively selected and all of the actions were in compliance with the procurement contract guidelines. The report also summarizes an additional 227 procurement contracts that are expected to be executed by the

Authority, that have a period of expected performance in excess of one year, and that total approximately \$47 million.

Commissioner Grannis observed that there were very few minority and women-owned business enterprises ("M/WBE") listed in the periodic report. He added that, as DEC is trying to do, the Authority should be exploring opportunities to improve M/WBE contracting opportunities. President and CEO Tonko indicated that the recent collaboration with HVCC at STEP will provide an opportunity to cultivate a more diverse, green collar work force, including more M/WBE contractors and companies. The Chair suggested that the Authority contact municipalities across the State to assist in the promotion of M/WBE opportunities. Ms. Earley added that staff is developing initiatives to improve outreach efforts.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, with the recusals noted below, the following resolution was adopted. Mr. Edwards recused himself from voting on any contracts involving National Grid. Dr. Thorndike recused herself from voting on contracts with the Association for the Protection of the Adirondacks; Center for Environmental Information; Ecology and Environment; LaBella Associates; Stanter Consulting; U.S. Green Buildings Council, Upstate New York Chapter; XEROX Corporation; Cornell University; and University of Rochester.

Resolution No. 1161

RESOLVED, that the Periodic Procurement Contracts Report, covering the period May 16, 2007 through August 15, 2007, as presented at this meeting, including but not limited to the contracts identified therein which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year, is hereby approved in accordance with Public Authorities Law Section 2879(3)(b)(ii).

Chair. Delorio stated that the next agenda item was a resolution to convene in executive session for the purpose of discussing the litigation with respect to West Valley against the United States and DOE. Additionally, the Members were being asked to adopt a resolution to convene in executive session for the purpose of discussing matters involving the employment history of particular persons.

Dr. Thorndike added that the W&FMC received reports on both of the matters to be discussed in executive session.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1162

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Members of the New York State Energy Research and Development Authority shall convene in executive session for the purpose of receiving a report regarding the litigation with respect to West Valley against the United States and the Department of Energy.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1163

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Members of the New York State Energy Research and Development Authority shall convene in executive session for the purpose of discussing the employment history of particular persons.

Thereafter, Chair DeIorio reconvened the meeting in open session. The Chair announced that no formal action was taken during the executive session. (At this point, Commissioner Glynn had to leave, due to a prior commitment.)

Mr. Delorio then asked Paul DeCotis, Program Director for the Energy Analysis Program ("Energy Analysis"), to provide the Members with an update on Energy Analysis's recent activities. Mr. DeCotis explained that Energy Analysis is responsible for evaluating the Authority's programs and quantifying their progress toward the State's public policy goals for energy RD&D, energy system reliability, availability of efficient products and energy efficiency services, and low-income energy affordability, and as they relate to the mitigation of health and environmental impacts accruing from energy use. For example, the Authority reports to the SBC Advisory Group, the PSC, and other program advisory groups and stakeholders on a bi-monthly, quarterly, and annual basis the performance results, including projected energy savings, of the various SBC programs. The evaluation effort is fully integrated with program design and implementation so that programs can evolve, based upon evaluation findings and recommendations. Third-party, competitively selected evaluation contractors also assist with performance measurement, including performing field and survey work to verify reported energy savings. Recently, Energy Analysis completed a draft Evaluation Plan to guide evaluation activities through the remaining SBC funding term. This draft Evaluation Plan will be reviewed by the PSC and the SBC Advisory Group.

In addition, the Authority is an active participant in the current PSC proceeding to establish a State Energy Portfolio Standard ("EPS") to support the Governor's goal of reducing energy use in the State by 15% from that projected for 2015. Energy Analysis has organized an internal cross-program team that will participate in the proceeding, evaluate the issues, develop and submit critical input, and develop responses to questions posed by the PSC and the Administrative Law Judge in the proceeding. Energy Analysis will also be managing the procedural schedule and filings associated with the proceeding and staff are participating in four working groups that are analyzing management structures, resource acquisitions, emerging technologies, and targets and benchmarks.

Another area where the Authority is statutorily responsible for coordinating the State's programs concerns nuclear energy and radioactive materials. As part of these responsibilities, the Authority's President and CEO serves as the State's liaison to the NRC. Energy Analysis provides the primary staff support for these responsibilities and, in this context, is coordinating the State's review of the Indian Point nuclear generating plant's license renewal application.

As has been reported throughout the meeting, Energy Analysis has played a key role in developing the RGGI program. Working closely with DEC and the PSC, staff have served on the RGGI Working Group. Energy Analysis also managed and funded the regional electric system modeling which provided the analytical underpinnings on which the RGGI program was developed. The modeling evaluated the potential impacts of the RGGI program on carbon dioxide emissions, electricity prices, fuel use, and new capacity needs throughout the region. Currently, Energy Analysis is managing a research project on the auction design. The research project includes conducting test auctions under different sets of conditions to determine the optimal structure for ensuring market fairness, equity, and stability, while meeting both environmental and energy objectives.

At the request of DEC and with the approval of the PSC, the Authority has also committed to use \$3 million in SBC funding to support the initial start-up and program costs associated with the creation of the RGGI regional organization, RGGI, Inc. RGGI, Inc. will be the legal entity that will provide auction agent services and assist in coordinating RGGI activities among all of the participating regional states.

Mr. DeCotis concluded his report by discussing several other general analysis and market monitoring activities of Energy Analysis. These include a macroeconomic analysis for estimating the impacts of energy and environmental policies on Statewide employment and gross State product; energy price and demand forecasting; and market monitoring activities. The market monitoring activities include developing and maintaining the State's Energy Emergency Plan.

Next, the Chair indicated that staff would be contacting the Members' offices to schedule the Committee and Board meeting for 2008.

The Chair then asked if there was any further business. Dr. Thorndike indicated that the 42nd annual meeting of all the environmental groups is being planned for the Fall of 2007 and once the details are complete, the Members will be invited to participate. Then, there being no other business, upon motion duly made and seconded, and by unanimous voice vote of the Members, the meeting was adjourned.

Hal Brodie
Acting Secretary