

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 197th Meeting
Held on January 26, 2009

Pursuant to a notice and agenda, dated January 15, 2009, and a revised agenda and notice, dated January 23, 2009, a Regular Meeting (the 197th meeting) of the New York State Energy Research and Development Authority ("Authority") was convened on January 26, 2009, at 12:00 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
George F. Akel, Jr.
Kevin Burke
Garry A. Brown
Robert B. Catell
Jay L. Gottlieb (via videoconference from New York City)
Alexander B. (Pete) Grannis
Roger B. Kelley
Elizabeth W. Thorndike, Ph.D.

Members Glynn and Townsend did not attend.

Also present were Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; and Hal Brodie, Esq., General Counsel and Secretary of the Authority. In addition, John Osinski from the New York Power Authority; Sigmund Peplowski from the New York

State Department of Public Service; John Zamurs from the New York State Department of Transportation; Radmilla Miletich from the Independent Power Producers of New York; John Cope from Tandberg; Joseph Visalli; and various staff of the Authority were present.

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 press on January 15, 2009. A revised agenda and notice were transmitted to the Members on January 23, 2009, and a copy posted on the Authority's website.

Before beginning the formal agenda, the Chair welcomed the Authority's newest Member, Kevin Burke. Mr. Burke is Chairman, President, and Chief Executive Officer of Consolidated Edison, Inc., the holding company, and is the Chairman and Chief Executive Officer of its largest subsidiary, Consolidated Edison Company of New York, Inc. ("Con Edison"), the regulated utility. Mr. Burke is serving as the Authority Member who is an officer of an electric utility. He has a Master's degree from each of Columbia University and Rensselaer Polytechnic Institute, a Juris Doctor from Fordham University, and a bachelor's degree from The Cooper Union. Mr. Burke has also been named Chair of the New York State Business Council. Mr. Burke has been with Con Edison since 1973. The Chair welcomed Mr. Burke on behalf of all the Members.

Mr. Burke thanked the Members and indicated that he looked forward to working with the Authority in his new capacity. He said that he first became involved with the Authority soon after he started at Con Edison. At that time, he oversaw several research and development projects involving the Authority.

Chair Delorio next congratulated Roger B. Kelley on his reappointment as the Authority Member who is an engineer or a research scientist. Mr. Kelley holds an engineering degree and most recently served as President and Chief Executive Officer of the New York Power Authority ("NYPA"). Prior to joining NYPA, Mr. Kelley had many years of employment with the New

York State Electric & Gas Corporation and other energy-related companies. Mr. Kelley's reassignment creates a vacancy in one of the Authority's public member positions.

The Chair then announced that Robert B. Catell was recently named as the Chairman of the Board of Directors of the New York State Foundation for Science, Technology and Innovation ("NYSTAR"). As Chairman, Mr. Catell is overseeing NYSTAR's efforts to support technology development, innovation, and commercialization leading to economic growth in New York State. This is one of Mr. Catell's many strengths and on behalf of all the Members, the Chair wished him well in his new endeavors.

Turning to the first agenda item, the Chair asked the Members to adopt a resolution posthumously commending Parker D. Mathusa for his services as a Member of the Authority. The Chair explained that Mr. Mathusa passed away on November 16, 2008, survived by Polly, his wife of 45 years, four daughters, and ten grandchildren. Mr. Mathusa began his career after receiving a Bachelor of Science in Physics from Albany State Teachers College. He served under the command of Admiral Hyman George Rickover, where he assisted in building the first nuclear-powered aircraft carrier, the USS Enterprise. Mr. Mathusa also was involved in building nuclear plants in various states, and worked for Westinghouse Electric Company LLC, where he assisted in building a propulsion system for the first Mars orbiter.

In 1970, Mr. Mathusa began his 38-year career in energy management at the New York State Department of Public Service. Mr. Mathusa joined the Authority's predecessor in 1978, becoming Program Director for Research and Development and serving in this position until his retirement in 1998. He was appointed to the Authority's Board in 1999, and was appointed a Member of both the Program Planning Committee ("PPC") and the Waste and Facilities Management Committee ("W&FMC") that same year. In 2000, Mr. Mathusa was named Chair of the PPC, a role he held until his resignation in November 2008.

Mr. Mathusa was a valued Member of the Authority and it benefitted to a large extent from his dedication and counsel. He served with distinction and the Chair spoke for all the Members when he said that Mr. Mathusa's presence will be greatly missed. To memorialize his contribution to the Authority, the Authority will be renaming the board room at the Authority's Albany office as the Parker D. Mathusa Board Room.

Mr. Brown added that he first met Mr. Mathusa when he began working at the New York State Energy Office in 1978 and highly respected Mr. Mathusa's expertise. Mr. Brown said that he believed Mr. Mathusa's contributions to the Authority will live on.

Mr. Grannis stated that he met Mr. Mathusa in the 1970s when Mr. Grannis began working at the New York State Department of Environmental Conservation ("DEC"). Mr. Mathusa was always interested in working together and continually asked Mr. Grannis for updates on cooperative DEC and Authority programs. Mr. Grannis said that he believed that Mr. Mathusa always looked out for the best interests of the citizens of New York and the Authority.

Dr. Thorndike concurred with the earlier sentiments and added that Mr. Mathusa's loss is immeasurable to the Authority, the staff, the Members, and the State. However, she added that she believed that Mr. Mathusa's legacy is all around the Authority and his standards and contributions will live on.

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

Resolution No. 1201

WHEREAS, Parker D. Mathusa served with distinction on the staff of the New York State Energy Research and Development Authority for more than twenty years and as a Member of the Authority for almost ten years, including nine years as a member of the Program Planning Committee, including eight years as its Chair, and nine years as a member of the Waste and Facilities Management Committee; and

WHEREAS, during his tenure, Mr. Mathusa provided to the Members, Officers, and staff, invaluable guidance, assistance, and expertise relating to the New York State Energy Research and Development Authority's planning process, program implementation, and performance review; and

WHEREAS, Mr. Mathusa's leadership, marked by knowledge, attentiveness, and foresight, furthered: the promotion of the New York State Energy Research and Development Authority's mission of using innovation and technology to solve some of New York's more difficult energy and environmental problems; the development and implementation of significant public benefit energy efficiency programs; and the carrying out of vital responsibilities for radioactive waste management in harmony with the best interests of the People of the State of New York; and

WHEREAS, the Members of the Authority, assembled on this twenty-sixth day of January, two thousand nine, have unanimously voted to commend Mr. Mathusa for his distinguished service to the People of the State of New York and his contributions to the Authority and to memorialize that commendation;

NOW, THEREFORE, the Members of the New York State Energy Research and Development Authority commend Parker D. Mathusa and recognize his many years of dedicated and distinguished service on behalf of the Authority.

The Chair indicated that the next item on the agenda was a resolution commending former Authority Member William F. Edwards. Mr. Edwards served as an Authority Member from June 2002 through December 2008 as the Member who is an officer of an electric utility. Mr. Edwards brought his expertise and thoughtful perspective to Authority deliberations, and was a valuable addition to the Board.

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

Resolution No. 1202

WHEREAS, the Honorable William F. Edwards served with distinction as a Member of the New York State Energy Research and Development Authority for more than six years; and

WHEREAS, Mr. Edwards tenure was marked by a constant and reliable dedication to furthering the mission of the New York State Energy Research and Development Authority, including efforts to ensure New York's continued national prominence in providing innovative solutions to State energy issues, efforts to ensure the safe management of responsibilities at the Western New York Nuclear Service Center, including radioactive waste management responsibilities; and efforts for continued implementation and delivery of comprehensive and collaborative Statewide programs that improve the energy, environmental, and economic wellbeing of the People of the State of New York; and

WHEREAS, the Members wish to recognize Mr. Edwards for his service and steadfastness as a Member of the Authority and to memorialize his insight and dedication to the Authority and the advancement of its mission;

NOW, THEREFORE, BE IT RESOLVED that the Members of the New York State Energy Research and Development Authority, assembled on this 26th day of January, 2009, commend the Honorable William F. Edwards, and express their appreciation for his contributions to the betterment of the State of New York.

Next, Chair DeIorio called on Robert G. Callender, the Authority's Vice President for Programs, to address the Members. Mr. Callender provided the Members with a brief update on the major Authority initiatives planned for 2009. Mr. Callender explained that 2008 was both productive and very busy, but that 2009 will present an unparalleled level of opportunity for the Authority. In Governor Paterson's recent State of the State address, the Governor re-established renewable energy and energy efficiency goals for the coming years. He indicated his support for increasing the renewable portfolio standard target of 25% of electric retail sales by 2013 to 30% by 2015. These combined goals, known as 45 by 15, position New York as having one of the most aggressive renewable energy and energy efficiency platforms in the country and the Authority will be working hard to support these goals.

Additionally, Governor Paterson called for New York to serve as a home for hybrid electric batteries and energy storage technologies through the State's creation of an upstate research consortium. The Governor also announced the creation of a clearinghouse for schools, hospitals, and local governments to provide a single point of access for information on all State energy efficiency programs.

Mr. Callender then explained that the Authority will take the lead on the battery initiative, will work with NYPA and the Long Island Power Authority (“LIPA”) to coordinate the clearinghouse effort, and will cooperate with other State agencies in the creation of a New York Energy Policy Institute that will disseminate state-of-the-art information and analyze energy technologies and policies.

With respect to one of the Authority’s new efforts, the Regional Greenhouse Gas Initiative (“RGGI”), an auction was held in December 2008, in which New York allowances were made available for the first time. As a result of that auction, New York is to receive proceeds totaling approximately \$42 million dollars, equating to \$3.38 per allowance from the sale of all available New York allowances. Proceeds will be used to fund energy efficiency and renewable energy programs and services, as well as other greenhouse gas reduction strategies.

The Energy Efficiency Portfolio Standard (“EEPS”), under the June 23, 2008 Public Service Commission (“PSC”) Order, is moving forward. The Authority is working with New York State Department of Public Service (“DPS”) staff to implement six “fast track” energy efficiency programs with roughly \$277 million in funding over three years.

Lastly, Mr. Callender thanked the Chair, the Members, and senior management for their support, guidance, and assistance during this time of transition to a new President and Chief Executive Officer at the Authority.

Chair DeIorio thanked Mr. Callender, on behalf of himself and the Members, for Mr. Callender’s performance in managing his own duties as well as the time-consuming duties of the President and Chief Executive Officer, during the lengthy search.

Mr. Catell seconded the Chair’s remarks and stated that Mr. Callender represented the Authority well during the past several months.

The Chair said that next on the agenda was a report on the Authority's proposed fiscal year 2009-10 Budget ("Budget") and that he would present the report on behalf of the PPC. Chair DeIorio explained that, at the PPC meeting, the Authority's Treasurer, Jeffrey J. Pitkin, reported that revenues are projected to total \$618.6 million, an increase of \$195.3 million, or 46.1%, from the current fiscal year. Expenditures are projected to total \$543.5 million, an increase of \$64.8 million, or 13.5%. The details of the Budget are set forth in the memorandum in the Board packet and, therefore, the Chair said, he would only highlight some of the items.

The New York Energy SmartSM Program is funded through the system benefits charge ("SBC"), an assessment on the use of electricity by ratepayers. A total of \$174.2 million is expected to be received from the utilities pursuant to a PSC Order.

The Budget also includes funding relating to the EEPS proceeding that is expected to be received pursuant to the PSC's June 23, 2008 Order; this funding totals \$85.1 million for six "fast track" programs to be administered by the Authority during the next fiscal year.

New York State is also working with nine other states to implement RGGL. For fiscal year 2009-10, the Budget assumes an overall average clearing price of \$3 for each New York State allowance sold in each quarterly auction, for a total of about \$158 million; due to the difficulty of predicting the clearing price in future auctions, this revenue estimate will likely change.

With respect to the Energy Research and Development Program, the Governor's Executive Budget included about \$11.9 million in appropriations, of which \$691,000 would be transferred to the University of Rochester Laboratory for Laser Energetics. Both of these amounts reflect a decrease in funding consistent with across-the-board budget cuts enacted in fiscal year 2008-09. In addition, \$1.6 million in contributions is anticipated to be received from both NYPA and LIPA to support this program.

Also included in the Budget are salary costs estimated at \$26 million, an increase of about \$5.3 million. The increase is due to the proposed addition of 95 new employees, 76 of which are expected to be needed to administer RGGI auction proceeds, with the remaining 19 expected to fill other positions within the Authority. This staff is to be added, as needed. The number of staff for RGGI-funded programs was derived assuming an administrative rate equal to the SBC-funded programs; the final number of staff additions will not be determined until after the Operating Plan is approved at the April 2009 meeting. The Authority will strive to leverage existing staff resources and achieve economies of scale to the maximum extent possible.

With respect to the scheduled April 1, 2009 cost-of-living adjustments, the Budget does not include them, consistent with the Governor's Executive Budget, which proposes to rescind scheduled increases. The Budget does not include performance-based salary increases, either.

The Budget for SBC- and EEPS-funded programs includes program administrative costs totaling approximately \$21.3 million. While this equates to 8% of funding based on revenues to date, it is expected that administrative costs for these programs will be at or less than the 7% cap by the end of the programs' approved term.

The Chair advised that the Waste and Facilities Management Committee did not meet to review its portion of the Budget, but that the portion of the proposed Budget that it would have been reviewed is generally consistent with the Preliminary Spending Plan for fiscal year 2009-10, which was reviewed at its September 2008 meeting.

The Chair concluded his presentation by stating that the PPC unanimously recommends that the Authority adopt the proposed Budget with respect to the programs under the PPC's review.

Dr. Thorndike stated that, although the Budget includes over \$4 million for Energy Analysis activities, in her opinion, this area needs strengthening because of the significant work

they are performing and the work that still needs to be done. She added that the Authority's environmental research funds are also extremely important in environmentally related policy making and implementation processes. Furthermore, in order to achieve Governor Paterson's 45 x 15 goals, efforts to educate New Yorkers on energy and environmental programs and benefits will be critical. She suggested that funding for these efforts be increased in the future, perhaps 1% of the overall Budget.

In response to an inquiry from Mr. Brown, Mr. Pitkin responded that, if federal economic stimulus funding were to become available, a revised Budget would be presented to the Members for review and approval. Mr. Brodie advised that an internal team had been created to review the impacts of any possible economic stimulus funding.

Mr. Burke added that the inclusion of more detailed metrics in the Budget would assist the Members in determining the benefits of the Authority's programs and where funding adjustments should be made. Mr. Pitkin responded that staff is addressing that issue and will be presenting a report on metrics to the Members in the near future.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members, except Mr. Brown, the following resolution was adopted. Mr. Brown abstained from voting on the Budget.

Resolution No. 1203

RESOLVED, that the proposed fiscal year 2009-10 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 for submission to the persons designated in Sections 1867(4) and 2801 of the Public Authorities Law.

The Chair said that the next item considered by the PPC was a resolution approving the modification of a lease with Applied NanoWorks, Inc. ("Applied Nano") at the Saratoga

Technology + Energy Park (“STEP”). The Chair explained that, at the PPC meeting, Mr. Callender provided a brief update on some of the current activities at STEP. In September 2008, the Members authorized the execution of a lease with Applied Nano for approximately 6,797 square feet of space. Since that time, Applied Nano has expressed an interest in renting approximately 3,000 square feet of additional space, which would bring the total leased space to 9,797 square feet. The proposed resolution would approve modification of the lease to add the additional 3,000 square feet. The lease, as modified, would be for a three-year term, commencing on January 1, 2009, and terminating on December 31, 2011. The lease also gives Applied Nano an option to renew, exercisable if Applied Nano will remain at STEP through the end of the option year. The PPC unanimously recommended that the Authority approve modification of the lease.

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

Resolution No. 1204

RESOLVED, that the modification to the lease agreement between the Authority and Applied NanoWorks for premises located at 10 Hermes Road at the Saratoga Technology + Energy Park is approved as described at this meeting. The President or his/her designee is hereby authorized to make such changes to the modification as may be necessary and appropriate, provided such changes do not substantially increase the Authority’s financial obligations under the modification.

The Chair said that the next item considered by the PPC relates to the execution of a Lease Agreement between the Authority and Hudson Valley Community College (“HVCC”) to construct a TEC-SMART facility at STEP. The TEC-SMART facility will be operated by the TEC-SMART FACILITY CORPORATION, an affiliate of HVCC. The facility would serve as the premier workforce training and education center for support of anticipated growth in employment for the clean-energy and semiconductor manufacturing sectors. As it is currently being designed, the facility would contain 8 to 10 traditional classrooms, a 200 seat auditorium, and lab space. The facility would be used to train clean room, automotive, and wind turbine

technicians, and photovoltaic and geothermal installers. HVCC expects to educate 500 to 600 technicians over the first 5 to 10 years of operation.

Recently, HVCC and the Authority entered into a Program Management Agreement (“PMA”). Through the PMA, the Authority is responsible for the design and construction of the facility, including competitively selecting and contracting with the design team and the Construction Manager, using a \$13,500,000 appropriation from the New York State Legislature.

The Lease Agreement will be for a term of 49 years and TEC-SMART FACILITY CORPORATION will initially pay annual rent of \$4,000 per acre, for a total of approximately \$19,840. Rent will increase on January 1, 2015, by the cumulative cost-of-living increases to January 1, 2015, and on January 1 of every 5th year thereafter by any subsequent cost-of-living increases. TEC-SMART FACILITY CORPORATION will also pay a utility hook-up fee of \$6.20 per square foot to reimburse the Authority for the installation of infrastructure that is required to support the facility. Once construction is complete, TEC-SMART FACILITY CORPORATION will be responsible for all of its operating and capital expenses associated with the building, and its proportional share of all STEP common area charges. The PPC unanimously recommended that the Members adopt the resolution approving the Lease Agreement.

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

Resolution No. 1205

RESOLVED, that the lease agreement between the Authority and the TEC-SMART FACILITY CORPORATION for building space and land located at 345 Hermes Road at the Saratoga Technology + Energy Park is approved as described at this meeting. The President or his/her designee is hereby authorized to make such changes to the modification as may be necessary and appropriate, provided such changes do not substantially increase the Authority’s financial obligations under the modification.

The Chair said that, at the PPC meeting, each of the Program Directors presented a brief report regarding his or her current activities and planned changes in emphasis moving forward. The presentations were informative and instructive but, due to constraints of time, the Chair said that he would only highlight the substance of the reports. A copy of the PPC's minutes will be sent to all the Members, and Chair Delorio urged the Members to read the details of each presentation.

Energy Analysis Director John G. Williams reported on State Energy Planning and Forecasting, including the extensive work being done by Authority staff on the State Energy Plan. This process was initiated in April 2008 by Governor Paterson's Executive Order and the final State Energy Plan will be issued in Fall 2009. With respect to Program Evaluation activities, efforts have increased in light of the recent focus of PSC and DPS staff on quantifying the energy savings being realized through various Authority programs and the associated costs.

Energy Efficiency Services ("EES") Director Thomas R. Barone reported that EES continues to aggressively pursue energy efficiency and demand response goals. To date, EES estimates that it is responsible for energy reductions of 2.2 million kilowatt hours and 1,000 megawatts. That is equivalent to removing 288,000 cars from New York roadways or powering 358,000 homes. In the coming year, increased emphasis will be placed on municipal and wastewater treatment sectors in order to align with Governor Paterson's State of the State address, RGGI plans, and potential economic stimuli packages.

Residential Efficiency and Affordability Program ("REAP") Director Karen E. Villeneuve reported that the Authority has more than 67 partners – nearly ten times more than it had two years ago – to assist in promoting energy-efficient buildings in the streamlined Multifamily Performance Program. More than 150 new and 480 existing buildings now have applications on file and 70% of these buildings qualify as affordable housing. REAP is also collaborating with National Grid and Con Edison to include funding for gas measures in the downstate market. Moving forward, changes in REAP program emphasis will include a

dramatic increase in workforce development in order to meet Governor Paterson's 45 by 15 initiative; integration of multiple funding sources for all-fuels, whole-building program approaches; better integration of new technology; and increased collaboration with utilities and New York City staff.

Michael T. Colgrove, Director of the Authority's New York City Office, reported that the New York City office is very focused on achieving the EES and REAP program goals in Con Edison's service territory. It is also expanding staff and office space in order to effectively meet New York City's and Westchester County's needs. Increased emphasis is being placed on developing and solidifying key relationships with New York City government, utilities, and key stakeholder organizations - all of which are requesting a more direct, local presence of the Authority in New York City.

Janet L. Joseph, Director of the Clean Energy Research and Market Development Program, reported that demand remains strong for the photovoltaic program, despite the decline in the economy. Work continues in the plug-in hybrid program and Governor Paterson's State of the State included an initiative to increase investment in battery research and this will increase visibility of the plug-in hybrid program. In addition, the Clean Energy Program remains very involved in converting emission allowances under both RGGI and the Clean Air Interstate Rule ("CAIR") into revenue for future programs. In particular, RGGI funding will be used to support renewable energy such as off-shore wind and bio-energy; to advance carbon capture and sequestration technology; and to advance transportation technology and systems, especially electric transportation. The Authority will continue its efforts to develop a skilled workforce; to obtain targeted clean-energy, economic-development funds; to significantly accelerate the pace of energy technology innovation; and to foster high-level coordination among State agencies.

Peter W. Douglas, Director of the Energy Efficiency Research Program, then reported on current research in the new transmission and distribution area; industrial manufacturing processes; bio-fuels supply; equipment compatibility; use of clean-burn European technology;

and high performance buildings. In concluding this discussion of PPC reports, Chair DeLorio said that Mr. Douglas also discussed a number of new RGGI-funded opportunities, including “smart grid” technologies that enable greater penetration of renewable energy, storage, and demand management; advanced building envelope and energy systems to promote energy efficiency; university-industry partnerships to advance clean technologies and businesses; and local government strategies for high performance buildings and land use planning.

Chair DeLorio then said that the next item on the agenda is a resolution appointing Mr. Akel to the PPC and appointing him as its Chair; appointing Mr. Gottlieb as Chair of the Governance Committee; reappointing Mr. Gottlieb and Mr. Akel to the Audit and Finance Committee; appointing Mr. Burke to the PPC; and appointing Mr. Townsend and Mr. Kelley to the W&FMC.

The Chair indicated that each of these Members were willing to serve in these various capacities.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, Mr. Akel was appointed to the PPC and was appointed Chair of the PPC; Mr. Gottlieb was appointed Chair of the Governance Committee; Mr. Gottlieb and Mr. Akel were reappointed to the Audit and Finance Committee; Mr. Burke was appointed to the PPC; and Mr. Townsend and Mr. Kelley were appointed to the W&FMC; all for three-year terms, expiring January 26, 2012.

The Chair congratulated all the appointees and thanked them for committing their very valuable time to the Authority’s mission and for their willingness to share their perspectives and expertise. (At this point, Kevin Burke left the meeting due to unavoidable scheduling conflicts.)

Chair DeLorio continued by stating that the next item on the agenda is a resolution approving the use of RGGI auction proceeds for programs set forth in the Early Action Plan.

Mr. Williams, Director of Energy Analysis, explained that the Members are requested to adopt a resolution approving the expenditure of approximately \$42 million in proceeds generated by the December 2008 RGGI auction. The first RGGI auction in which New York participated included the sale of 31.5 million carbon dioxide (“CO₂”) allowances from 10 participating states, and they were sold at a price of \$3.38 per allowance. New York contributed approximately 12.4 million allowances, and received approximately \$42 million.

With respect to proceeds, Authority staff is working with the New York State Department of Environmental Conservation, other state agencies, and an Advisory Group comprised of outside stakeholders to develop a three-year Operating Plan for the expenditure of auction proceeds. Staff expects to present the Operating Plan to the Members at the April 2009 meeting.

In the meantime, due to the current national economic slowdown, the need for near-term New York State-based economic stimuli, and a desire to mitigate energy costs during a portion of the current winter heating season, it is vital that the Authority use existing proceeds to support new economic activity and work that reduces energy costs as soon as possible. Accordingly, the proposed resolution authorizes Authority staff to spend the initial auction proceeds, while staff completes development of the full, three-year, Operating Plan. The Early Action Plan contained in the Board packet includes descriptions of the programs that staff is proposing to fund and the associated budget details. Three proposed initiatives have strong potential for creating tangible, short-term, and cost-effective results, with the ability to build capacity for continuous and expanded carbon mitigation. First, the residential, and commercial and industrial efficiency programs have been identified by staff as meeting these criteria. These programs build on the Authority’s existing programs, allow for rapid deployment of funds; include previously underserved fossil fuel energy efficiency programs; introduce an all fuels, “whole building approach” to existing programs; and provide among the most cost-effective greenhouse gas emissions’ savings that are currently available.

Second, the municipal water and wastewater efficiency program has been identified as an existing, unique opportunity to leverage RGGI proceeds and obtain federal dollars. It will assist local municipalities in achieving significant environmental and operational improvements at their facilities. The Authority will be working with the New York State Environmental Facilities Corporation to identify “shovel-ready” projects. Funds available through the Clean Water and Drinking Water State Revolving Fund will also be used in support of the identified projects.

Third, the proposed resolution would authorize the use of auction proceeds for a workforce development and training program. This program will focus on training professionals in the areas of heating equipment efficiency and solar thermal applications.

In addition, up to 12% of the \$42 million would be used to cover administration and evaluation expenses, which is consistent with the percentage of funds used to administer and evaluate the SBC Program.

Mr. Brown commended the Authority on its Early Action Plan. He stated that the partnership between the various state staffs and DEC led to a flawless and successful auction in December 2008 and he commends staff on developing a successful program.

In response to an inquiry by Mr. Brown, Mr. Williams responded that the Operating Plan will propose to replenish SBC funds used for the early efforts of establishing RGGI.

Mr. Catell congratulated staff on the program's success, but reminded everyone that this is an additional cost to ratepayers. He suggested that as RGGI moves forward, the Authority should recognize the programs' effects on ratepayers including effects on utility rates, and work to demonstrate the benefits from those costs. A request was made that the Authority provide metrics and analyses to deliver the benefits from Authority programs.

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

Resolution No. 1206

RESOLVED, that the expenditure of up to \$42 million generated by the December 2008 Regional Greenhouse Gas Initiative (“RGGI”) auction on the programs described in the Early Action Plan presented at the meeting of January 26, 2009, is approved.

The Chair then called on Cheryl Earley, 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 August 16, 2008, through December 15, 2008. The report summarizes the 1,299 procurement contracts exceeding \$5,000 that were initiated or modified during the period. About 97% of the procurement contracts were competitively selected and 97% of the dollars committed resulted from competitive procurement. All of the actions were in compliance with the procurement contract guidelines. The report also summarizes an additional 239 procurement contracts that are expected to be executed by the Authority and have a period of expected performance in excess of one year. These contracts totaled approximately \$50 million.

Recently, as part of the Periodic Procurement Contracts Report, the Members have been provided with a periodic report on Authority compliance with Article 15-a of the Executive Law. Article 15-a requires public authorities to make a good faith effort to solicit active participation by minority- and women-owned business enterprises (“M/WBEs”) in certain contracts. Of the 20 contracts subject to Article 15-a which were initiated or modified during the reporting period, 8% of the total number of contracts were awarded to certified M/WBEs, representing 6% of the total contract amounts.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted. Mr. Catell recused himself from voting on any contracts that involve National Grid.

Resolution No. 1207

RESOLVED, that the Periodic Procurement Contracts Report covering the period August 16, 2008 through December 15, 2008, 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 appointment of a particular person.

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

Resolution No. 1208

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 appointment of a particular person.

Thereafter, Chair DeLorio reconvened the meeting in open session. The Chair announced that no formal action was taken during the executive session. (At this point, Mr. Akel had to leave due to unavoidable scheduling conflicts.)

The Chair then said that the Authority has been looking for a new President and Chief Executive Officer for many months. The Members met in executive session in September 2008 to discuss potential candidates and have just interviewed the top candidate. This candidate is no stranger to the Authority. Francis J. Murray, Jr., previously served as Chairman of the Authority and as Commissioner of the State Energy Office. Since then, he has worked at the U. S. Department of Energy in Washington, D.C. and has been working as an energy and environmental consultant for the past 10 years. Before that, he held various positions within the

State and Federal governments including serving as the Deputy Secretary for Energy and the Environment to Governor Cuomo.

Mr. Murray holds a Juris Doctor from Georgetown University and an undergraduate degree from Georgetown University. He has served on a number of energy and environmental boards and councils.

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

Resolution No. 1209

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 Francis J. Murray, Jr., as President and Chief Executive Officer of the Authority, effective February 2, 2009, or on such later day as may be mutually agreed to by the Chair and Mr. Murray, to serve at the pleasure of the Authority and to perform the duties of the President and Chief Executive Officer as set forth in Section 3 of Article IV of the By-laws and other duties as assigned by the Authority or the Chair; and

BE IT FURTHER RESOLVED, that the Members of the Authority do hereby approve the salary of the President and Chief Executive Officer on the effective date, as determined in accordance with the above paragraph, in the amount of \$157,955; and

BE IT FURTHER RESOLVED, that, with respect to such position, the Members do hereby approve the application of such rules for time, attendance, and compensation as were previously approved pursuant to Resolution No. 1102.

Chair Delorio congratulated Mr. Murray. The Chair added that Mr. Murray will need the assistance and support of Authority staff during the transition.

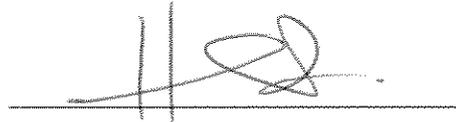
The Chair said that the next item on the agenda was other business and he called upon Hal Brodie, the Authority's General Counsel. Mr. Brodie said that, at the last Board meeting, he briefed the Members in executive session on the terms of a proposed settlement with respect to the West Valley litigation. At that time, Mr. Brodie said that he had hoped the Authority would

have a final settlement document for the Members to consider at this meeting. Unfortunately, that has not happened. However, staff is still on track to reach a settlement along the lines previously discussed with the Members. Mr. Brodie concluded his report by indicating that he is hopeful that staff will soon have a final document for the Members to approve.

Chair Delorio commended Mr. Brodie and the rest of the staff on their hard work in negotiating a settlement, but reminded the Members that the process takes time.

The Chair asked if there was any further business.

Thereafter, being no further business, upon motion duly made and seconded, and by unanimous voice vote of the Members, the meeting was adjourned.

A handwritten signature in black ink, appearing to read 'Hal Brodie', is written over a horizontal line. The signature is stylized and somewhat cursive.

Hal Brodie
Secretary

January 23, 2009

REVISED AGENDA AND NOTICE**TO THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:**

PLEASE TAKE NOTICE that a regular meeting (the 197th meeting) of the New York State Energy Research and Development Authority will be held in the Authority's Albany Office at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th floor, New York, New York, on Monday, January 26, 2009, commencing at 12:00 noon for the following purposes:

1. To consider and act upon a resolution posthumously commending Parker D. Mathusa for his services as a Member of the Authority.
2. To consider and act upon a resolution commending William F. Edwards for his services as a Member of the Authority.
3. To receive a report from the Program Planning Committee and:
 - (a) to consider and act upon a resolution approving the Authority's FY 2009-10 Budget;
 - (b) to consider and act upon a resolution approving the modification of a lease with Applied NanoWorks, a tenant at the Saratoga Technology + Energy Park ("STEP"), authorizing it to lease approximately three thousand square feet of additional space at 10 Hermes Road; and
 - (c) to consider and act upon a resolution approving the execution of a Lease Agreement between the Authority and the TEC-SMART FACILITY CORPORATION for building space and land, located at 345 Hermes Road, at STEP.
4. To consider and act upon a resolution appointing George F. Akel, Jr., to the Program Planning Committee and appointing him as its Chair; appointing Jay L. Gottlieb as Chair of the Governance Committee; reappointing Jay L. Gottlieb and George F. Akel, Jr., to the Audit and Finance Committee; appointing Kevin Burke to the Program

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West Valley Site**Management Program**

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Planning Committee; and appointing Michael J. Townsend and Roger B. Kelley to the Waste and Facilities Management Committee.

5. To consider and act upon a resolution approving the use of Regional Greenhouse Gas Initiative auction proceeds for programs set forth in the Early Action Plan.
6. To consider and act upon a resolution approving a periodic procurement contracts report.
7. To consider and act upon a motion to convene in executive session for the purpose of discussing matters leading to the appointment of a particular person.
8. To consider and act upon a resolution appointing a President and Chief Executive Officer of the Authority.
9. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The meeting is also available through webcast at <http://www.nyserda.org/governancemeetings.asp>.

A handwritten signature in black ink, appearing to read 'Hal Brodie', is written over a horizontal line. The signature is stylized and somewhat cursive.

Hal Brodie
Secretary

January 15, 2009

NOTICE AND AGENDA

TO THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:

PLEASE TAKE NOTICE that a regular meeting (the 197th meeting) of the New York State Energy Research and Development Authority will be held in the Authority's Albany Office at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th floor, New York, New York, on Monday, January 26, 2009, commencing at 12:00 noon for the following purposes:

1. To consider and act upon a resolution posthumously commending Parker D. Mathusa for his services as a Member of the Authority.
2. To consider and act upon a resolution commending William F. Edwards for his services as a Member of the Authority.
3. To receive a report from the Program Planning Committee and:
 - (a) to consider and act upon a resolution approving the Authority's FY 2009-10 Budget;
 - (b) to consider and act upon a resolution approving the modification of a lease with Applied NanoWorks, a tenant at the Saratoga Technology + Energy Park ("STEP"), authorizing it to lease approximately three thousand square feet of additional space at 10 Hermes Road; and
 - (c) to consider and act upon a resolution approving the execution of a Lease Agreement between the Authority and the TEC-SMART FACILITY CORPORATION for building space and land, located at 345 Hermes Road, at STEP.
4. To consider and act upon a resolution appointing George F. Akel, Jr., to the Program Planning Committee and appointing him as its Chair; appointing Jay L. Gottlieb as Chair of the Governance Committee; reappointing Jay L. Gottlieb and George F. Akel, Jr., to the Audit and Finance Committee; appointing Kevin Burke to the Program

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Planning Committee; and appointing Michael J. Townsend and Roger B. Kelley to the Waste and Facilities Management Committee.

5. To consider and act upon a resolution approving the use of Regional Greenhouse Gas Initiative auction proceeds for programs set forth in the Early Action Plan.
6. To consider and act upon a resolution approving a periodic procurement contracts report.
7. To receive a report on metrics for Authority programs.
8. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The meeting is also available through webcast at <http://www.nyserda.org/governancemeetings.asp>.



Hal Brodie
Secretary