**Center for Working Families * Citizens Campaign for the Environment *
Conservation Law Foundation * Conservation Services Group * Earthjustice *
EarthKind Solar * Environment America * Environmental Advocates of New York *
Environmental Defense Fund * Environment Northeast * National Wildlife Federation *
Natural Resources Defense Council * New York Interfaith Power & Light *
New York Public Interest Research Group *
New York Solar Energy Industries Association * Pace Energy and Climate Center *
Renewable Energy Long Island * Solar One * Starphire New Energy Technologies *
Sustainable South Bronx * Union of Concerned Scientists *
Western New York Climate Action Coalition *
Western New York Sustainable Energy Association * Working Families Party**

October 30, 2009

RE: Governor Paterson's Proposed Raid of RGGI Monies

ATTN:
Senate Majority Conference Leader John Sampson
Senate Minority Leader Dean Skelos
Assembly Speaker Sheldon Silver
Assembly Minority Leader Brian Kolb

On October 15, 2009, Governor David Paterson released a deficit reduction plan to address New York State's estimated $5 billion budget gap, including a proposal to sweep $90 million in auction revenues from the Regional Greenhouse Gas Initiative (RGGI) into the State's general fund.

We strongly urge you to reject this proposed raid on RGGI funds when you return to Albany to engage in budget negotiations in order to address the State's deficit.

The Regional Greenhouse Gas Initiative is a 10-state plan that reduces climate-altering power plant pollution; it is the first of its kind in the nation. The program is designed to both reduce the emissions that cause global warming and save New Yorkers money on their heating and energy bills—but only if the proceeds generated by the auction of pollution permits under RGGI are invested wisely in energy efficiency and clean renewable energy, not swept for budget relief as the Governor has proposed.

Both houses of the New York State Legislature recently exhibited leadership on the wise use of RGGI proceeds when the Green Jobs-Green New York Act was passed. The Governor followed suit by signing the legislation into law at a recent ceremony in Syracuse, only to announce two days later that he planned to sweep the remainder of RGGI monies into the general fund, leaving the account empty and the programs it supports stalled until the summer of 2010. The proposal is particularly alarming because it contradicts repeated public statements by Governor Paterson reaffirming his

commitment to investing the money in the manner intended, both in comments to the media and in written statements to concerned groups.[1]

Such a scenario is unacceptable. The relatively minor role this action will have on balancing the budget pales in comparison to the jobs, on-the-ground investments, and savings on energy bills that these resources would have otherwise generated for New Yorkers across the State. Taking energy conservation funds away from growing New York's clean energy economy is not the kind of leadership New York needs during a recession. Such actions hurt both consumers and the environment and contradict the Governor's own goals to decrease the State's overall energy use and diversify our energy mix.

Years of research found that the overall success of the RGGI program hinges on how participating states invest auction proceeds. For instance, economic modeling conducted by the Massachusetts Division of Energy Resources for the RGGI states shows that investing proceeds in energy efficiency will reduce household electric bills in the Northeast by up to $109 annually. The Governor's proposal flies in the face of these findings, as well as the Memorandum of Understanding signed by all 10 RGGI governors, which commits states to invest auction revenues in programs that will further reduce emissions and minimize the cost of the program for both consumers and power plants.[2]

Furthermore, the Governor's proposal would violate state regulations that govern how RGGI revenue can be spent. New York State Energy Research & Development Authority (NYSERDA) regulations explicitly state what auction revenue may be spent on, including a range of measures to reduce carbon dioxide emissions through efficiency and renewable energy investments—not budget relief.[3] The Legislature should carefully consider the implications NYSERDA regulations have for the Governor's proposed sweep before coming to any agreement.

To use RGGI auction proceeds for budget relief is a betrayal of the fundamental premise upon which the program is based—proceeds from selling carbon allowances are to be invested to further reduce the State's global warming emissions while creating green jobs, spurring innovation, and saving businesses and households money on their energy bills. If approved, Governor Paterson's proposal would set a dangerous precedent for

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[1] "I want to assure you that auction proceeds will be used to support investments and projects that reduce carbon dioxide emissions, and that the investment and supported projects will be developed through an open and transparent process." Response letter from Deputy Secretary for Energy Paul DeCotis to the Center for Working Families, 12/26/08.

[2] RGGI Memorandum of Understanding, 2005 http://rggi.org/docs/mou_final_12_20_05.pdf

[3] NYSERDA NYCRR Part 507.4 (d): "The proceeds of the CO_2 Allowance Auctions will be used by the Authority to promote and implement programs for energy efficiency, renewable or non-carbon emitting technologies, and innovative carbon emissions abatement technologies with significant carbon reduction potential, and for reasonable administrative costs incurred by the Authority in undertaking the activities described in Part 507 and for administrative costs, auction design and support costs, and program design and support costs associated with the CO_2 Budget Trading Program, whenever incurred."

other RGGI states and send the wrong message to leaders in Washington, D.C. where federal plans to reduce global warming pollution are being debated.

The undersigned organizations call on the New York State Senate and Assembly to restore New York's status as a national leader on climate policy by rejecting the Governor's irresponsible proposal to raid RGGI monies.

We will reach out to you soon to further discuss this issue. Please don't hesitate to contact any one of the undersigned groups below if you have any questions regarding our position. Thank you.

Sincerely,

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CC:
Governor David A. Paterson
Larry Schwartz, Secretary to the Governor
Thomas Congdon, Deputy Secretary for Energy
Judith Enck, Deputy Secretary for the Environment
Peter Iwanowicz, Assistant Secretary for the Environment
Frank Murray, President/CEO NYSERDA
Pete Grannis, DEC Commissioner
Garry Brown, Chairman Public Service Commission
Robert L. Megna, Budget Director
Assembly Environmental Conservation Committee Chair Robert K. Sweeney
Assembly Energy Committee Chair Kevin Cahill
Senate Environmental Conservation Committee Chair Antoine Thompson
Senate Energy & Telecommunications Committee Chair Darrel Aubertine