



Carol E. Murphy
Executive Director

December 4, 2008

Mr. Robert Callender, Acting President and CEO
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203

Re: Concept Paper on Operating Plan for the Use of RGGI Funds

Dear President Callender,

I am very pleased to have been asked to sit on the RGGI Advisory Group and also welcome the opportunity to comment on the concept paper prepared by NYSERDA staff. In general, we believe the paper outlines a sound approach to determining how to best spend funds made available via RGGI. We also support NYSERDA's proposal to develop a cost curve study to help guide program decision-making. We do, however, have a few comments and suggestions.

As you know, the Alliance for Clean Energy New York (ACE NY) is a non-profit organization whose mission is to promote the use of clean, renewable electricity technologies and energy efficiency in New York State in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. Members of the Alliance for Clean Energy New York (ACE NY) include non-profit environmental, public health and consumer advocacy organizations, educational institutions, and private companies that produce or sell renewable energy technologies or energy efficiency services in New York.

ACE NY strongly supports the Regional Greenhouse Gas Initiative (RGGI), and believes all of the funds generated should be used for efficiency and renewable energy investments. Consumers should receive the proceeds of the auction via investments in clean energy technologies, which are a long-term investment in a sustainable global climate and represent the most cost-effective method for reducing carbon emissions and encouraging changes to how we produce and use electricity. We believe the funds should be used for energy efficiency and renewable technologies in order to lessen our dependence on carbon-based fuels. Environmentally disruptive technologies should not be funded, and auction funds should be supplemental to, and not replacements for, existing investments in clean energy made by ratepayer surcharges to support renewable generation and efficiency.



The concept paper refers to the RPS and EEPS programs as though they will definitely be able to take advantage of the State's efficiency and renewable potential. For example, in the last paragraph on page 4, the paper states that these two programs "will effectively meet the needs of the electric end-use sector." We believe that conclusion is premature and should be deleted. We believe that NYSERDA's programs for use of RGGI funds should be open to complementing those programs if necessary. There may very well be efficiency gains and/or renewable resource development for the end-use electric sector that the State cannot realize through these two programs alone (given the funding allocated to them).

We think targeting municipalities and environmental justice communities represents a unique opportunity to ensure that hard-pressed communities have the resources necessary to improve their energy use profile. Assisting municipalities, especially in these difficult financial times, would help all members of the community and thus ensure a diffusion of benefits. NYSERDA should consider strengthening its statement of support for assistance to municipalities.

One area where we do not support the suggestions made in the concept paper is that we are suspect of the benefits of using RGGI funds to support more speculative and expensive research efforts such as the development of carbon capture and sequestration technologies. Given the uncertainty in the amount of funding that will be available, coupled with the very real need for investments in proven technologies for increasing efficiency and the use of renewable, non-carbon emitting technologies, we think NYSERDA would be wiser to use the funds for those efforts rather than on such long-term, expensive, and uncertain research efforts.

Finally, with regard to the discussion of outreach and education on page 14, we suggest that such efforts be tied directly to specific programs being funded by NYSERDA's RGGI programs. While general education and outreach on greenhouse gas reduction efforts and global climate change are necessary and valuable, a correlation between actual programs and education efforts will enable NYSERDA to be sure its funds successfully support real investment in efficiency and renewable resources and that programs can be adequately evaluated.

Respectfully submitted,

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Executive Director

Cc: Janet Joseph
John Williams