

To whom it may concern:

The draft RGGI operating plan addresses the deployment of present commercial technology and R&D in future technology; however, it is less clear whether the draft plan gives NYSERDA appropriate latitude to fully take advantage of new technologies that become commercial during the operating period. Some very cost effective CO₂ reduction technologies may not fall into any of the pre-determined categories as they open new opportunities and are not yet well known.

An example of this is Taconic Energy's fuel economy additive that has been developed over the past two years under NYSERDA programs. The additive is expected to be commercially available in 2010, following field testing this year, and is one of the most cost effective ways of reducing CO₂ emissions. Based on vehicle data from the present NYSERDA program, each gallon of additive used can save as much as 80 gallons of gasoline and 1500 pounds of CO₂ emission. Full deployment in New York State fuel, at the low dose of 0.05% (half a gallon of additive for every thousand gallons of fuel), is projected to save as much as 2.2 million tons of CO₂ per year (and about 225 million gallons of gasoline). To put this in perspective, this is more CO₂ savings in one year than the entire projected CO₂ savings over three years in the draft operating plan (1.1 million tons). Nationwide use of this additive is projected to eliminate over 50 million tons of CO₂, an amount roughly equal to the entire CO₂ emission from New York State power generation and delivery.

Reducing fuel consumption is one of the most beneficial steps we can take in our energy strategy since it directly translates to less CO₂ emission, less reliance on imported oil, and provides direct economic benefits. Improving fuel economy by using a fuel additive uses the existing infrastructure and brings this benefit to all vehicles immediately. Equally important there is no need for vehicle modification, phase-in time of new vehicles, or any need for people to change their behavior.

In spite of vast benefits collectively and to individual consumers, market penetration will be difficult. Fuel marketers control the additives that are included in fuel and have little incentive to include an additive that reduces fuel volume. This can change based on public demand resulting from information and government actions. Actions under the RGGI operating plan could accelerate the introduction of this important product and create significant CO₂ emission reduction. These actions would include incentives to seed the market, co-funding manufacturing scale-up in New York State, and other coordinated action with regulators and purchasers to ensure that these benefits reach consumers.

Taconic's fuel additive is a single example of a class of opportunities, namely emerging technologies that can not only achieve successful commercialization, but make a significant impact to CO₂ emission in the next three years. We suggest that under the operating plan, NYSERDA has the specific ability to nurture and help grow these high impact technologies that are beyond R&D and create entirely new CO₂ mitigation avenues.

We appreciate your consideration of this suggestion.

Sincerely,

William P. Acker

Chairman

Taconic Energy, Inc.