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January 25, 2010

Via e-mail: rggiprograms@nyserda.org
Mr. David Coup
New York State Energy Research and Development Authority
17 Columbus Circle
Albany, New York 12203

**Re: Comments of International Brotherhood of Electrical Workers, Locals 83 & 97
Regarding Revised RGGI Operating Plan Summary of Recommendations Draft dated
December 29, 2009**

Dear Mr. Coup:

International Brotherhood of Electrical Workers, Local Unions 83 and 97 (“IBEW Local”) represents the interests of over 1,600 bargaining unit members who are employees of a variety of electric generating units in New York.¹ These employees are critical to providing adequate and reliable electric commodity to utility customers in the State of New York. The adequacy and reliability of the electric commodity produced in New York illustrates the quality of the work performed by these dedicated employees. In representing these employees, IBEW Local has a significant interest in the outcome of the Regional Greenhouse Gas Initiative (“RGGI”) and the components of which the RGGI is comprised. IBEW Local continues to support the RGGI program goal to “reduce CO₂ emissions while maintaining energy affordability and [electric system] reliability”.

IBEW Local respectfully submits the following comments (“IBEW Local Comments”) on the Revised RGGI Operating Plan Summary of Recommendations Draft dated December 29, 2009 (“Recommendations Draft”).

RGGI was established as a program to begin reducing CO₂ emissions in the ten Northeastern States by capping CO₂ emissions from the power sector. Electric power generators in this region are now required to hold allowances covering their emissions of CO₂. The RGGI program provides a market-based emissions auction and trading system where electric power generators can buy, sell and trade CO₂ emissions allowances.

The revenues from the RGGI emissions auction decreased in the latter part of 2009 compared to earlier auctions, and the expected revenues to be derived from future auctions are likely to be less than originally anticipated given the current economic recession. This decrease in projected revenues is a major reason giving rise to the Revised Recommendations Draft which was prepared pursuant to the approved Operating Plan for Investments in New York under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program (“Operating Plan”).

¹ The generating units include those owned by AES Corporation, the James A. Fitzpatrick nuclear generating plant owned by Entergy Nuclear, the Nine Mile Point nuclear plants owned by Constellation Nuclear, the electric generating facilities owned by NRG, the electric generating facilities owned by Reliant, and the Bethlehem Energy generating facility owned by PSEG.

In addition, on December 4, 2009, New York enacted numerous deficit reduction measures that included the transfer of \$90 million in RGGI auction proceeds to the General Fund increasing the RGGI budget shortfall. These impacts on RGGI designated funds have resulting in specific project adjustments included in the Recommendations Draft.

IBEW Local has the following concerns regarding the Recommendations Draft:

1. Ken Pokalsky, Senior Director of Government Affairs of the Business Council of the State of New York, brought up the issue of the cost effectiveness of individual programs and the timing of the approval of the Revised RGGI Operating Plan in relation to obtaining the results of the detailed updates to the individual program cost benefit analysis at the January 13, 2010 Advisory Group meeting. It appeared clear from the responses of Janet Joseph, Director of NYSERDA Clean Energy Research and Market Development, that the Revised RGGI Operating Plan would be approved prior to obtaining the results of the individual program cost benefit analysis. This situation puts the entire Revised RGGI Operating Plan into question. IBEW Local recommends against approving the Revised RGGI Operating Plan until the results of the updated cost benefit analyses are available and vetted with the stakeholders in the RGGI process.
2. Both Gavin J. Donohue, President & CEO of IPPNY and Ken Pokalsky both raised concerns at the January 13, 2010 Advisory Group meeting regarding the elimination of the Competitive Greenhouse Gas Reduction Program. Local IBEW echos those concerns, especially in light of the fact that updated cost benefit analyses are not yet available for evaluation, as well as considering the amounts allocated to the Transportation Sector and the consideration of Program Expansion Plans in Recommendations Draft. As was stated in the Comments of IBEW Local of December 1, 2008: [W]hile the electric power generators will be forced to purchase allowances to cover their CO₂ emissions, the members of Transportation Sector, which is a major emitter of CO₂, are not,² even though this sector comprises 39% of the New York total CO₂ emissions from fuel consumption and accounted for 79% of the petroleum used in New York in 2006.³

IBEW Local still maintains that the Transportation Sector has the ability to institute its own funding mechanism for reducing CO₂ emissions, perhaps in a format similar to the mechanism established by RGGI for electric power generators, but specific to the source of transportation emissions, i.e. fossil fuel use or other CO₂ emission surcharge. The dollars required to enable this sector to achieve increased efficiency and reduced carbon emission should come from funding mechanisms derived directly from transportation activities, not from electric power generators. To do otherwise would be an obvious violation of generally accepted cost/benefit allocation principles. Corporate Average Fuel Economy (“CAFÉ”) standards for transportation vehicles, in addition to appliance and residential and commercial building energy efficiency benchmark standards, need to be improved before any application of RGGI funds to sectors other than that of electric power generators.

² Comments of International Brotherhood of Electrical Workers, Locals 83 & 97, dated December 1, 2008, Regarding Concept Paper Operating Plan for Investments of Allowance Auction Program at 2.

³ Operating Plan for Investments in New York under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program Draft dated February 25, 2009 at 3 and 27.

Other sectors, which have the ability to raise funds through a mechanism specifically related to those sectors, should not be siphoning-off funds which are generated through the sale of CO₂ emission allowances pertaining to the electric power generation sector. Non-dilution of the power generation sector fund would benefit all users and suppliers of electric power, the ultimate source of the RGGI auction funds.

3. John Williams, NYSERDA's Director of Energy Analysis, at the January 13, 2010 Advisory Group meeting, indicated that the percentage of Revised RGGI Operating Plan projects of a short-term nature changed to approximately 79%, and for those having a long-term nature 21%, compared to the original Plan of 75% and 25% respectively. As the Revised RGGI Operating Plan split between near-term and long-term project allocations has widened, IBEW Local continues to oppose such a wide divergence and increasing disparity in such allocations and recommends that the proportional split between short-term and long-term investments, at a minimum, be brought closer to equilibrium to reflect a more appropriate allocation and investment in capital infrastructure. Both near-term and long-term programs are important in reducing CO₂ emissions in the power generation sector.
4. Finally, IBEW Local recommends that each of the specific project funding components (EEPS, Federal Stimulus, Ratepayer Revenue Requirements, RGGI, RPS, and SBC) be tracked by project and made publicly available, at a minimum annually, to enable stakeholders to determine the impact of each funding source on each project obtaining RGGI funds. Transparency is a key to public acceptance of RGGI.

IBEW Local appreciates the opportunity to provide the NYSERDA with the above comments regarding the Revised RGGI Operating Plan.

Respectfully Submitted,

/s/ Richard J. Koda

Richard J. Koda, Principal
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International Brotherhood of Electrical Workers, Local Unions 83 and 97