

**Port Authority of New York and New Jersey Written Comments on the
Draft Operating Plan for Investments in New York under the CO₂ Budget Trading
Program and the CO₂ Allowance Auction Program**

March 20, 2009

The Port Authority of New York and New Jersey (Port Authority) thanks the New York State Energy Research and Development Authority (NYSERDA) for the opportunity to submit the following comments on NYSEDA's draft "Operating Plan for Investments in New York under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program." The Port Authority supports the goal of using the proceeds of the Regional Greenhouse Gas Initiative (RGGI) CO₂ allowance auction to promote energy and environmental programs aimed at reducing CO₂ emissions and improving energy efficiency. This objective is in line with the Port Authority's own initiatives making energy efficiency and environmental sustainability cornerstones of its commitment to operating the agency's transportation facilities responsibly and in a way that conserves the region's natural resources for future generations. In order to support these efforts, the Port Authority strongly urges NYSEDA to ensure that its Operating Plan explicitly authorizes the Port Authority and its power suppliers to have direct access to the NYSEDA programs funded with RGGI auction proceeds, and be eligible for funds disbursed from the auction proceeds to support beneficiary energy efficiency and CO₂ reduction undertakings.

The Port Authority of New York and New Jersey is a bi-state agency that since 1921 has been providing critical transportation facilities to move people and goods in the New York-New Jersey metropolitan region. The agency also undertakes regional projects and infrastructure improvements that promote economic well-being in the New York-New Jersey region. Since 1976, the Port Authority has been purchasing power under contract with the Power Authority of the State of New York (NYPA) for most of its facilities in New York including the Port Authority Bus Terminal, the Lincoln and Holland Tunnels, the George Washington Bridge, and La Guardia Airport. In addition, the Port Authority also purchases power from NYPA for resale under its World Trade Center Economic Recovery Power Program to businesses displaced or economically damaged by the World Trade Center disaster. The Port Authority's JFK International Airport facility purchases its full airport electricity requirements, as well as a significant share of JFK airport's thermal energy requirements for heating and cooling, from the on-site cogeneration plant owned and operated by KIAC Partners, a wholly-owned subsidiary of the Calpine Corporation.

The Port Authority purchases its electricity as part of a Southeastern New York (SENY) governmental customer group that collectively procures over 9 billion kilowatt hours of electricity annually from NYPA. The SENY customer group includes the City of New York, the Metropolitan Transportation Authority and the New York City Housing Authority. NYPA's SENY customers indirectly pay for the CO₂ emissions allowances in

the form of higher electric rates through NYPA's purchases to meet RGGI compliance requirements.

The Port Authority and NYPA have been collaborating since the early 1990s on energy conservation projects, and in 2006, upon authorization from the Port Authority's Board of Commissioners, the agency entered into an Energy Services Program agreement with NYPA to broaden and expand this collaboration on energy efficiency and renewable energy initiatives. The RGGI CO₂ allowance auction proceeds should be a key source of funding for developing, implementing and expanding PA-NYPA and overall SENY-NYPA Energy Service Program elements. To this end, the Port Authority supports modifying the NYSERDA Operating Plan to directly channel an allocation of RGGI funds to NYPA for the benefit of qualifying projects and programs targeting SENY customers; the Port Authority is eligible for participation in such NYPA programs and projects.

In addition, NYSERDA should explicitly authorize direct access by the Port Authority to the NYSERDA programs funded with RGGI auction proceeds. The Port Authority will thus be able to participate in NYSERDA programs independently, for example, by applying directly for benefits provided through programs such as Flexible Technical Assistance or the Energy Audit Program.

The Port Authority has, like other entities that are directly or indirectly paying into the RGGI funding account, a vested interest in ensuring the proper expenditure of these funds toward energy-related projects aimed at reducing CO₂. We look forward to working with NYSERDA and other stakeholders 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."