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March 24, 2009

New York State Energy Research & Development Authority  
17 Columbia Circle  
Albany, New York 12203-6399

Re: Comments on February 25, 2009 Draft  
Operating Plan for Investments in New York  
Under the CO<sub>2</sub> Budget Trading Program and  
The CO<sub>2</sub> Allowance Auction Program

Dear Mr. J. David Coup:

The County of Westchester has reviewed the Draft Operating Plan for allocating the proceeds from the New York CO<sub>2</sub> Budget Trading Program and the CO<sub>2</sub> Allowance Auction Program ("Plan") (collectively the "Programs"). In addition, a representative of the County attended the recent presentation by NYSERDA to its Advisory Group and other interested parties. Unfortunately, at least one group appears to have been omitted from consideration in the Plan and that is the customers of the New York Power Authority ("NYPA"), which includes, but is not limited to, the County of Westchester and 103 other municipal entities in Westchester, including cities, towns, villages, school districts, fire districts, etc. In addition, businesses that receive economic development power from NYPA, which makes the difference between growing and retaining jobs in New York State or losing those businesses and their jobs, have also been left out of the equation.

The County of Westchester and the other municipal entities in Westchester, as well as the above mentioned businesses, will pay into the CO<sub>2</sub> Auction either through increased cost of service or through the anticipated increase in the wholesale price of electricity. Accordingly, since NYPA customers are contributing to the financing of the Programs funded from the proceeds of the RGGI Auctions, they should likewise be allowed to benefit from those Programs.

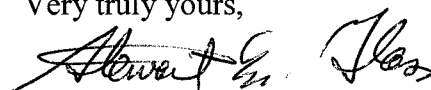
The Plan, as currently written, does not appear to provide for participation by NYPA customers. Before, during and after the March 6<sup>th</sup> meeting, Westchester attempted to get a clear

answer from NYSERDA whether it would consider allowing Westchester and other NYPA customers to participate in and thereby benefit from the Programs outlined in the Plan. Unfortunately, the County received the following inconsistent answers from NYSERDA to this important question: 1) that the issue was under study; 2) that NYPA customers would be ineligible to participate in or benefit from any of the Programs outlined in the Plan; and 3) that the Final Plan will allow NYPA customers to participate in the Programs. These responses only add to the confusion as to whether NYPA customers will be eligible to participate in the programs outlined in the Plan. We are concerned that there may be a misunderstanding by NYSERDA as to the type of programs administered by NYPA and the extent that those programs are available to all NYPA customers. It appears that NYSERDA believes that NYPA has a large number of grant programs and therefore there is no need to duplicate those existing NYPA programs. However, at least in the case of the County of Westchester, except for a few small pilot projects or minor grants, the participant in a NYPA program is responsible for all costs of the program, including, but not limited to, overhead and finance charges. Therefore, if Westchester County, as a NYPA customer, is determined to be ineligible to share in the Plan's programs, we will essentially be shut out entirely from participation.

The County of Westchester takes seriously the issue of global warming and the need to reduce greenhouse gas emissions. Towards that end, the County Executive created a Global Warming Task Force which has recommended greenhouse gas emission reduction goals, a strategy to achieve those goals, identified possible actions to achieve the goals, and has recommended a sustainable development program for Westchester to reduce energy and water consumption, improve air and water quality, reduce solid waste and the use of toxic materials and promote land use compatible with these priorities. The ability of Westchester to participate in the NYSERDA Programs as outlined in the Plan, including, but not limited to, the Municipal and Institutional Climate Change Program, the Statewide Photovoltaic Initiative, and the Transportation Efficiency and Advanced Transportation Development Programs, in particular as that program relates to the County owned BeeLine Bus System, would be beneficial to the County of Westchester, its residents, businesses and our environment.

Accordingly, NYPA customers, especially larger entities such as the County of Westchester, should be eligible to directly participate in one or more of the Programs outlined in the Draft Operating Plan. As to other NYPA customers, they may choose to participate directly or receive such Program benefits and funding through NYPA. However, the choice should be theirs. We respectfully request that NYSERDA reconsider the current exclusion of NYPA customers from the Programs outlined in the Operating Plan for Investments in New York under the CO<sub>2</sub> Budget Trading Program and the CO<sub>2</sub> Allowance Auction Program.

Very truly yours,



Stewart M. Glass  
Executive Director