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Governor

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David A. Hansell  
Commissioner

March 23, 2009

Mr. David Coup  
New York State Energy Research  
and Development Authority  
17 Columbia Circle  
Albany, New York 12203

Dear Mr. Coup:

Thank you for the opportunity to provide the New York State Office of Temporary and Disability Assistance's (OTDA's) comments on the February 25, 2009 draft of 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*.

In our February 3, 2009 comments on the Regional Greenhouse Gas Initiative (RGGI) operating plan concept paper, we recommended using a portion of the emission allowance auction proceeds as a resource for public purposes in light of the potential for carbon emissions policies to increase already high energy prices, and the disproportionately negative impact such increases have on low-income households. After reviewing the February 25 draft of the operating plan, we are concerned that the current version of the plan does not adequately address the needs of low-income households. Specifically:

- Of the \$525 million three-year program budget, only \$46 million (8.8 percent) is designated for programs that will benefit low-income households. Moreover, the plan proposes to serve a total of only 28,691 low-income households over a three-year period while every low-income household in New York State could experience cost increases as a result of the cap and trade program. Low-income households will therefore only realize a very small portion of the \$1.27 billion in lifetime energy bill savings projected in the report, as only the 28,691 low-income households in receipt of RGGI-funded energy efficiency measures will experience any savings. Moreover, it is unclear whether the \$1.27 billion in savings has been discounted by the potential energy bill increases all low-income households could bear.

In contrast, Maryland enacted legislation requiring 17 percent of their auction proceeds to go to their universal service fund (which helps low-income households pay their utility bills) and New Hampshire enacted legislation to require 10 percent of the auction proceeds to be used for low-income weatherization.

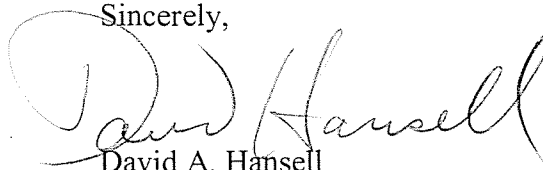
*"providing temporary assistance for permanent change"*

We urge that the plan be revised to significantly increase the percentage of funding for programs designed to benefit low-income households. This could be achieved by earmarking a portion of the auction proceeds for the Low Income Home Energy Assistance Program (LIHEAP) to provide a stable and dedicated funding source that would enable OTDA to expand the provision of vital energy assistance funding to low-income families and assist in offsetting the increased costs of climate change policies. In addition, earmarking a portion of the auction proceeds for the LIHEAP funded weatherization and heating equipment repair and replacement programs to make feasible the installation of more energy efficient heating equipment and renewable resource technologies in the homes of low-income residents would achieve the dual goals of implementing innovative energy efficiency measures and offsetting the disproportionate cost burden on low-income families.

- The operating plan concept paper proposed to use a portion of the proceeds for transportation system improvements to provide low-cost travel options that would benefit low-income New York residents. However, the February 25 draft of the operating plan does not include any investments to expand mass transit or other public transportation systems that would enhance access for low-income individuals to employment opportunities. The report instead indicates that incentives will be provided to encourage individuals to use public transportation in lieu of driving their own personal vehicle. Since public transportation is the only transportation option for the majority of low-income individuals we serve, such incentives will be of limited value to our clients.
- The proposed research agenda includes an assessment of the economic impacts of climate change in New York. We recommend that this assessment be included as part of the evaluation component as well, with a focus on the specific economic impacts of climate change on low-income families.
- The plan indicates that the proposed “green” workforce development and training efforts will be aligned with the Governor’s “pathway out of poverty” priority and that NYSERDA will partner with other State agencies, including OTDA, on this initiative. We look forward to working with you to provide opportunities for Temporary Assistance recipients and other low-income New Yorkers to obtain employment and become self sufficient.

I appreciate the opportunity to comment and request that you work closely with Deputy Commissioner Russell Sykes (518) 474-9222 and HEAP Director Phyllis Morris (518) 473-0332 as you finalize the operating plan.

Sincerely,



David A. Hansell  
Commissioner

cc: Deputy Secretary Joseph Baker  
Deputy Secretary Paul DeCotis  
Lola Brabham Harder  
DEC Commissioner Pete Grannis  
NYSERDA President and CEO Francis Murray