

**REMARKS FOR WILLIAM M. FLYNN
PRESIDENT, NYSERDA**

**COMBINED HEAT & POWER IN NEW YORK STATE:
USING TECHNOLOGY TO IMPROVE EFFICIENCY
THROUGHOUT NEW YORK STATE**

**THURSDAY JUNE 20, 2002
SHERATON NEW YORK
NEW YORK CITY**

Good morning. On behalf of Governor Pataki, NYSERDA and NYSERDA's Chairman Vincent DeIorio, I'd like to welcome all of you to New York State and New York City.

I'm Bill Flynn, the President of NYSERDA. I couldn't be more pleased to host this conference with our partners:

- The Department of Energy,
- The Environmental Protection Agency,
- The New York State Public Service Commission,
- The New York Power Authority,
- The United States Combined Heat and Power Association,
- The New York Energy Buyers Forum,
- KeySpan,
- ConEd Solutions, and
- The New York Chapter of the Association of Energy Engineers.

There must be a joke in there about how many energy experts it takes to put together a CHP conference, but I'll leave the punch lines for you to fill in. I hope I didn't forget anybody and all jokes aside, I think the number of partners that came together to sponsor this conference reflects the importance of the topic and the technology to our energy, economic, and environmental future.

It also reflects the approach NYSERDA takes to address any of our energy and environmental challenges. Partnerships have been critical to NYSERDA's success over the years. The type of work that we do requires that we partner with private sector businesses, municipalities, trade associations, and other government agencies to ensure that new, clean energy technologies make it from the laboratory to the real world. NYSERDA can invest money into technologies, but without commitment from the private sector and the cooperation of regulatory agencies, these new technologies will never reach the marketplace.

Evidence of the success of this type of approach can be seen in how we administered the first three years of System Benefits Charge programs. Some of you from outside of New York may not be familiar with the System Benefits Charge, but it was created by the Public Service Commission and Governor Pataki in 1998 to support energy efficiency and renewable energy programs while the State's utilities transitioned to a more competitive market. The funding level for the program was established at about \$78 million a year for three years. In that three year period, NYSERDA invested a little more than \$200 million into energy efficiency programs, R&D, and programs designed to lower energy costs for the State's low-income utility customers.

While \$200 million may sound like a good chunk of money, we were able to leverage more than \$600 million in additional spending from our partners to support these programs in those three years, increasing the total investment in System Benefits Charge programs to more than \$800 million in three years. By all accounts, this money has been invested wisely because we've been able to achieve substantial results, like lowering energy costs by about \$120 million, reducing energy-related emissions by the equivalent of removing 134,000 vehicles from the roads, installing more than 40 megawatts of wind power in the State, and just last year, investing more than \$10 million into CHP demonstration and technology development projects that will ultimately result in more than 20 megawatts of added capacity throughout the State while taking advantage of waste heat to support the heating or cooling needs of the host facilities.

In January of 2001, Governor Pataki and the Public Service Commission increased the funding level for the System Benefits Charge programs to \$150 million per year over a five-year period. If we're as successful at leveraging money in this second round as we were in the first, we will help to stimulate **\$1.75 billion** in investments into energy efficiency on top of the \$750 million we invest over that five-year period, raising the total investment into energy efficiency and renewable energy in New York State to more than \$3 billion in an eight-year period. That's a substantial commitment to energy and a large portion of that will be devoted to CHP.

Which brings me to an important announcement for this conference. Today, Governor Pataki will announce the commitment of \$24 million by NYSERDA and the PSC to support 45 CHP demonstration projects and 11 projects to advance distributed generation technologies ranging from flywheels for energy storage to a project to generate power from the tides of the East River.

If you stop by the registration table after this first session, you'll find copies of a press release from Governor Pataki announcing the details of this effort. Governor Pataki is highly supportive of CHP because he recognizes its ability to add much needed generation throughout the State in a manner that is environmentally responsible and highly efficient. If all of the projects move ahead, the CHP demonstrations will result in 35 megawatts of new capacity while in all cases, taking advantage of clean technologies that will preserve air quality.

At the risk of stepping on the toes of our partners from the DOE, I don't believe there is another State or federal agency in the country that is committing as much money as New York State to installing combined heat and power systems in applications where they make economic and environmental sense. The interest in these types of systems is very high throughout New York State. While we are offering \$24 million in support of more than \$90 million worth of projects, we received and reviewed more than 140 proposals requesting more than \$55 million in NYSERDA funding to support \$184 million worth of projects.

This brings the grand total of awarded CHP projects during the SBC program to about \$40 million.

There is simply more demand for CHP in New York State than we can accommodate with our budget. That's clear evidence that the time is right for CHP in New York State and NYSERDA is thrilled at the prospect of these demonstrations moving forward to alleviate the strain on the electric grid while empowering energy users to take control of their own energy needs and costs.

Before I wrap things up, I'd like to point out that one of the projects selected for funding under this latest announcement is none other than our host site, the Sheraton New York, which has partnered with PPL Energy Services Holdings to install a 250-kilowatt fuel cell system that will provide power to the hotel while taking advantage of the waste heat to support laundry operations and other domestic hot water needs. NYSERDA will be providing \$920,000 in support of this effort. I understand that John Lembo, the Director of Energy for Starwood – which is the parent company that owns Sheraton is here in the audience today along with Steven Gabrielle and Kurt Zwerko of PP&L, the company that submitted the proposal to us and will be responsible for installing the system. Let me be the first to congratulate you folks on your successful proposal. I hope that if we hold a follow-up conference here next year we'll get a chance to see the system operating.

It's not everyday that NYSERDA administers \$24 million for any one solicitation, so I hope that I've given all of you something to talk about for the remainder of this conference. I know that the real work has just begun and my staff will be very busy moving those projects forward over the next several months, but I'm sure they can find some time to talk to you about our programs and the new projects we're supporting. Let me just point out a few of my staff that are largely responsible for putting this conference together.

Gunnar Walmet, Nag Patibandla, Peter Douglas, Richard Drake, Mark Torpey, Scott Smith, Dana Levy, Joe Borowiec, John Love, Jim Foster, Ed Kear and last but certainly not least Tammy Cunningham who is out at the registration table played a big role in coordinating this conference.