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Partnership for New York City

May 14, 2009

Mr. Paul A. DeCotis
Deputy Secretary for Energy
Chairman, Energy Planning Board
Executive Chamber, 2nd Fl.
State Capitol
Albany, NY 12224

Dear Mr. DeCotis:

On behalf of the Partnership for New York City, I would like to offer comments on the Interim Report of the State Energy Plan (SEP). The Partnership is an organization of business leaders dedicated to strengthening the economy of New York City and State. The Governor's executive order to form the State Energy Planning Board is good public policy and will create an energy roadmap for the State to follow as we address the triple challenges of the economy, climate change and energy independence.

1) Sustainable Energy Resources

In order to reach the goal of reducing electricity use by 15% and generating 30% of electricity from renewable sources by 2015, the State should develop a regulatory framework that allows for aggressive deployment of new technologies and offers incentives for the development of renewable and low carbon sources of energy such as wind, solar and nuclear energy. The Partnership suggests that the plan:

- Allow utilities to own and invest in some portion of new supply assets;
- Maintain a diverse energy portfolio and insure the continued operation of non-carbon emitting sources such as Indian Point. Nuclear energy is critical to stable energy prices in the region and to reach emission reduction goals; and,
- Provide for a sustainable supply of natural gas, which will continue to play an important role as we build low carbon energy capacity. The development of liquefied natural gas projects in Long Island Sound should be permitted to support this objective.

2) Expanded Transmission Infrastructure

In addition to the physical and operational limitations of the current high voltage transmission network in the State, large renewable wind farms in upstate or off the coast of Long Island will require new transmission lines. In order to cope with the challenges of siting, permitting, financing and constructing major transmission facilities, the State needs to:

- Streamline siting and permitting of transmission lines;
- Implement a comprehensive intra-state and regional approach to transmission planning; and,
- Create a mechanism to fairly address cost allocation for infrastructure investments. Investments on one utility's transmission system can require complementary investments on another utility's network. The allocation of costs associated with such projects to all customers that benefit is necessary to resolve debates and remove obstacles that often delay or prevent critical investments.

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3) Smart Grid

Smart grid technologies will enhance the reliability and flexible operation of the energy network and increase the effectiveness of energy efficiency and demand response (including distributed generation) programs. The Partnership supports:

- Policies that would smooth the transition to energy efficiency measures targeted by recent green building legislation introduced in the New York City Council; and,
- Incentives that encourage innovation and economic growth in a nascent green industry sector that could help place New York at a competitive advantage for attracting business investment and creating new jobs.

4) Transportation

The State estimates that it will need more than \$500 billion to maintain its current multi-modal transportation system in a state of good repair over the next twenty years. Federal revenues and existing tolls and fares will not be sufficient to cover these costs. The Partnership stands ready to work with the State to:

- Create market incentive mechanisms such as congestion pricing and variable tolling to contribute to capital investments in transportation infrastructure;
- Promote public private partnerships, highlighted in the State Asset Maximization Commission's report, to finance transportation infrastructure projects; and,
- Press for more federal funds for mass transit and for changing the traditional "roads vs. mass transit ratio" in favor of mass transit.

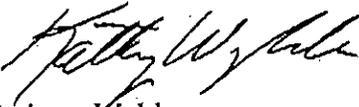
5) Economic Development

Leveraging federal stimulus funds, attracting investments, deploying new technologies and locating sites for demonstration projects should all be components of the economic development strategy for the SEP, which should:

- Update the regulatory framework to favor the deployment of new green technologies;
- Authorize municipalities to establish special tax districts to enable financing of energy retrofits (following the Berkeley model);
- Ensure a sound and consistent policy for cost of capital and timely investment recovery for New York's utilities; and,
- Review and update NYPA's 75 year-old business model in order to support the State's broader economic development plans.

Thank you for your consideration.

Sincerely yours,



Kathryn Wylde
President and CEO