



July 10, 2008

VIA HAND DELIVERY

Mr. Thomas Congdon
Executive Director
Energy Coordinating Working Group
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203-6399

Dear Mr. Congdon:

The City of New York ("City") supports the vision expressed in Governor Paterson's recent creation of a State Energy Planning Board by Executive Order, and in large part shares the goals expressed in the Draft Scope document offered for public comment by the Energy Planning Board and the Energy Coordinating Working Group (ECWG).

Under the direction of Mayor Bloomberg, the City has promulgated PlaNYC, which incorporates a significant energy planning function designed to meet the unique needs of the City. The City believes that the respective State and City planning efforts will be complementary, and that development of a truly comprehensive statewide plan should be materially aided by the perspective of the City as developed in its own energy assessment and planning process.

As to specific concerns raised by the Draft Scope, the City notes the following:

1. The scope of Regional Energy Issues Brief should be broadened to include distinct markets within New York State as well as in those jurisdictions adjoining the State. Thus, while it is important to examine such topics as area-wide power flows from and to neighboring states and Canadian provinces, it is even more critical to examine key load pocket regions of the State such as New York City that warrant extended treatment. The unique characteristics of the energy market in the City (and in other similar submarkets such as Long Island) deserve a separate analysis both in their own terms, and in how they affect energy planning for the State as a whole.

In fact, intrastate energy planning issues may warrant treatment in a separate Issue Brief. The City recommends that this addition be made

to the Planning Board's final scope. This point is best illustrated by noting some of the unique market concerns in New York City, including its transmission constraints, its persistent status as a load pocket, its crucial economic influence across the entire State, and its preeminent status as a world financial and business center. As noted, the City is not unique in being an area that deserves extended treatment in the State Energy Plan. However, it is clearly the most notable distinct region in the State, and along with Long Island, represents 50% of the State's energy load and more than 60% of the State's Gross Nominal Product.

Moreover, the City's ongoing efforts in the PlaNYC process to address its energy planning issues will provide a tangible base on which the ECWG and State Energy Planning Board could draw to reach their own independent conclusions. The City now has under way extensive plans to address its own energy-related issues, including a ten-year plan to reduce the energy consumption and greenhouse gas emissions (GHG) of the City's municipal buildings and operations by 30% by 2017, an inventory of New York City GHG emissions, a plan for economic transmission projects including a specific rationale for the City's public support for such projects, and other data that will be directly relevant to the work of the State Planning Board.

2. The State's comprehensive planning process as outlined in the Draft Scope does not explicitly address the 15 by 15 goal that is now being implemented in the Energy Efficiency Portfolio Standard (EEPS) proceeding at the Public Service Commission. Limitations necessarily have to be imposed in establishing any achievable project scope, but the City views this omission as a concern in that the EEPS process will clearly affect the planning and infrastructure needs of the State and its constituent regions over the next several years. Therefore, the City believes that the full implications of the EEPS should be examined in much the same way that the Scope Draft suggests will be done in treating the effects of the Regional Greenhouse Gas Initiative and other programs. Such analyses will require the use of program projections and estimates of future effects that are to an extent unknown. However, they may have profound effects on our future energy needs and the optimal means to meet those needs.
3. While the State Planning Board has a very broad directive from the Governor, and must, under the terms of the Executive Order, address numerous topic areas, the City believes that the focus of the Board and

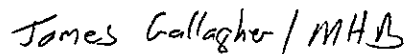
the ECWG will need to be concentrated primarily on issues of energy supply and demand, system reliability, environmental impacts and the wide range of economic issues associated with long-term planning. Other subject areas such as vehicle mileage reduction and climate adaptation are to an extent addressed in other forums, and it may be possible to incorporate by reference analyses and plans undertaken elsewhere, and to thereby lighten the burden assumed by the Planning Board.

The principal concern here is that an equally thorough treatment of all issues before the Planning Board could result in a product that is more diffuse and less useful than it would otherwise be. Prioritization of topic treatment can be employed to optimize the efforts of all parties, and to make the Board's final product as valuable as possible to the Governor and to the public at large.

4. Establishing a New York City Energy Planning Board (NYCEPB) is a key initiative of PlaNYC. The NYCEPB, which is expected to meet later this summer, will develop strategies, policies, and programmatic recommendations regarding the City's energy policy within the broader context of Mayor Bloomberg's City wide sustainability goals. The NYCEPB will consist of six members: two from the City, two from the State, and one each from Con Edison and National Grid. The work of the NYCEPB will be supported by the Mayor's Energy Policy Task force, inaugurated in 2003 under the direction of the New York City Economic Development Corporation. The City looks forward to working in a productive partnership with the State Energy Planning Board, on a complimentary and parallel schedule.

Very truly yours,

New York City Economic Development Corporation

A handwritten signature in black ink that reads "James Gallagher / MHB". The signature is written in a cursive, slightly slanted style.

James Gallagher
Senior Vice President for Energy and Telecommunications