

EXEC-2009-003387



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

DAVID A. PATERSON
GOVERNOR

March 3, 2009

Hon. Steven Chu
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: State Energy Program Assistance

Dear Secretary Chu:

As a condition of receiving New York State's share of the \$3.1 billion funding for the State Energy Program (SEP) under the American Recovery and Renewal Act of 2009 (ARRA), I am providing you with the following assurances.

I have written to New York's public utility regulatory body, the New York State Public Service Commission (PSC), which has already taken significant steps to implement policies that encourage utility promotion of energy efficiency by consumers, and requested it to consider any additional actions, consistent with State law, ARRA and the Public Utilities Regulatory Policies Act, to implement, in appropriate proceedings for each gas and electric utility, a policy that (1) ensures that utility financial incentives are aligned with helping their customers use energy more efficiently, and (2) provides timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently, consistent with ARRA and with the PSC's obligations to maintain just and reasonable rates, while protecting the public.

I have also written to the appropriate New York State agencies and public authorities for the purpose of prioritizing grants toward funding energy efficiency and renewable energy programs, including:

- (1) expansion of existing energy programs approved by New York State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded by the State, or through rates under oversight of the PSC and/or other appropriate regulatory authority to the extent applicable;

(2) expansion of existing programs, approved by the PSC or other appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives and other forms of financial assistance; and

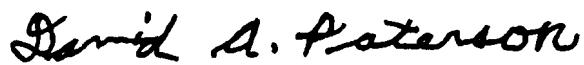
(3) cooperation and joint activities between states to advance more efficient and effective use of this funding to support the priorities described herein.

In addition, I will soon propose legislation that will require New York State's energy conservation construction code (Energy Code) to be updated to include: (1) a building energy code for residential buildings throughout the State that meets or exceeds the most recently published International Energy Conservation Code or achieves equivalent or greater energy savings; and (2) a building energy code for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007 or achieves equivalent or greater energy savings. I will ask the State Legislature to take action to pass this legislation as quickly as possible. In addition, I have requested New York's Secretary of State, who has responsibility for ensuring the effective enforcement of the Energy Code, to take all necessary actions to ensure that New York obtains compliance with the updated Energy Code in the manner required by ARRA. We anticipate that an updated Energy Code will be implemented by January 2010. In addition, training in the new Energy Code will be available to all state and municipal code officers by that date.

While New York State is a national leader in energy efficiency and renewable energy, we remain committed to improving our performance in these areas and to achieving a balanced and environmentally responsible State energy policy. I want to assure you that, within the limits of my authority as Governor, we will continue to move forward and maintain a leadership role in these critical areas.

We look forward to immediate distribution of the federal SEP funds to permit New York State to continue to make progress in energy efficiency and renewable energy.

Sincerely,



David A. Paterson
Governor

cc: Mr. Gilbert P. Sperling, Office of the Weatherization and Intergovernmental Program, U.S. Department of Energy