



**Audubon New York
Center for Working Families
Citizens Campaign for the Environment
Environmental Advocates of New York
Natural Resources Defense Council (NRDC)
New York City Environmental Justice Alliance (NYCEJA)
New York League of Conservation Voters
New York Public Interest Research Group (NYPIRG)
New York State Apollo Alliance
Sustainable South Bronx**

November 17, 2008

Governor David Paterson
State Capitol
Albany, NY 12224
(and *VIA EMAIL* to David.Paterson@chamber.state.ny.us)

Re: RGGI Funds for the Green Jobs/Green Homes NY Program

Dear Governor Paterson:

Thank you for your commitment to spending proceeds generated by New York's participation in the country's first program to reduce climate-altering pollution, the Regional Greenhouse Gas Initiative (RGGI), on energy efficiency programs and clean energy technologies.

As the State Legislature returns to Albany to address the budget crisis, there may be mounting pressure to raid RGGI auction revenues for purposes that are not aligned with its goal of reducing power plant pollution, such as filling budget gaps. The undersigned organizations would like to take this opportunity to once again voice our position that this money should *only* be used to further advance the core intent of the regional climate plan—to reduce carbon dioxide emissions from power plants. This end can best be achieved by wisely investing RGGI monies in energy efficiency projects and clean, renewable energy sources.

As the process of allocating RGGI revenues gets under way, we'd like to highlight one specific initiative that meets the above criteria: **Green Jobs/Green Homes NY, a**

program to make one million New York homes energy efficient over the next five years. As you know, this initiative will save consumers on energy bills, combat climate change, and stimulate a new, green economy with tens of thousands of green collar jobs. The proposal is structured to ensure that energy efficiency projects are performed in partnerships with community based organizations, with a priority on low income communities and communities of color facing disproportionate economic, environmental and health burdens.

Direct monetary incentives to encourage efficiency and renewable energy projects are the simplest and most time-tested mechanisms by which to reshape the state's energy mix and infrastructure. However, without a sufficient workforce to carryout such projects, on-the-ground implementation will be hindered. Investing some portion of RGGI revenues to fast track the Green Jobs/Green Homes NY program will accelerate reductions in electricity demand, thereby reducing pollution from power plants.

The bulk of the cost of implementing the Green Jobs/Green Homes NY initiative is expected to be raised through private capital. However, there will be costs associated with program administration and developing the large workforce needed to begin performing the residential retrofits. The undersigned believe that investing some portion of RGGI auction revenue to jumpstart this unprecedented, large-scale energy-efficiency initiative should be a top priority.

Regulations requiring that regional climate plan funds are spent on energy efficiency investments¹ are consistent with the goal of ensuring the plan's financial viability. In advocating for the RGGI, supporters argued that even if electric rates rise slightly as part of the program's implementation, electric bills would likely fall for most consumers because auction-generated funds would be invested in energy efficiency. The Massachusetts Division of Energy Resources, on behalf of the RGGI State Working Group, estimates that doubling energy efficiency spending would reduce annual household utility bills by \$66 in 2015, and by \$109 in 2021. These savings will be essential to low-income consumers. Increased energy efficiency investment will also reduce the need to build new sources of power generation, further lowering electric bills, as well as reducing carbon emissions.

Energy efficiency investment will protect New Yorkers from the harmful effects of air pollution created by fossil fuel-fired power plants. These harmful effects include asthma attacks and premature deaths in seniors, increased levels of mercury contamination, destruction of our forest ecosystems by acid rain, as well as wide-ranging negative effects associated with global climate change. These benefits are especially important to communities already facing a disproportionate environmental burden.

¹ The CO2 Allowance Auction Program regulations state that "The proceeds of the CO2 Allowance Auctions will be used by [NYSERDA] to promote and implement programs for energy efficiency, renewable or non-carbon emitting technologies, and innovative carbon emissions abatement technologies with significant carbon reduction potential." 21 NYCRR Part 507.4(d) (Adopted Version; Effective October 8, 2008) (emphasis added).

A recent *New York Times* editorial raised concern about the “real danger that auction proceeds will be diverted to state budgets rather than used to accelerate the transition to a clean-energy economy.” The *Times*’ Editorial Board noted that “New York, in particular, has a history of playing fast and loose with the public’s money...” New York State is proud to have a Governor who has rejected that path.² We respectfully request that you now commit to investing some portion of the RGGI funds in the Green Jobs/Green Homes NY energy-efficiency initiative, and continue to publicly assert and follow through with your commitment to use these revenues only to fund projects that have proven to reduce carbon dioxide emissions, such as energy efficiency and clean, renewable energy sources.

Thank you for your leadership on this issue. We look forward to continuing to work with your office on this new green economic stimulus.

Sincerely,

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² Timothy Gardner, *First U.S. greenhouse cap-and-trade market opens*, Reuters, September 26, 2008, at <http://www.reuters.com/article/environmentNews/idUSTRE48091C20080925> (Quoting Governor Paterson, ““There are times when governor types have raided incoming revenues for other purposes,’ he said, ‘and certainly this would be an economic condition that would create that temptation.’ But he said he was sure New York’s proceeds would be spent in the right place, because helping consumers pay power bills and potential jobs created by clean energy are integral to the state’s economy.”)