

COMMENTS ON THE INTERIM REPORT ON BEHALF OF POWER FOR ECONOMIC PROSPERITY

In accordance with the schedule established in the Interim Report issued by the Energy Coordinating Working Group (ECWG) on March 31, 2009, the Power for Economic Prosperity (“PEP”) group hereby files its comments on the Interim Report. PEP filed comments on the Draft Work Scope for the 2009 New York State Energy Plan and incorporates those comments by reference.

In the Introduction to the Interim Report, the ECWG stated that the preliminary findings that are discussed in the Interim Report “are intended to convey a sense of direction for the Plan and to enable public comment on substantive issues under consideration.” PEP’s comments address only the preliminary findings relating to the New York Power Authority (NYPA). As set forth in more detail below, PEP urges the State Energy Planning Board (“Planning Board”), in the 2009 State Energy Plan, to recognize the importance of Replacement Power and Expansion Power to the economy of Western New York and recommend that all of the current Replacement Power and Expansion Power contracts be extended.

NYPA AND ECONOMIC DEVELOPMENT

The Interim Report recognizes that NYPA is a valuable State asset that "occupies a singularly important position in the State's energy sector and its economy." (Interim Report at 4-12). The PEP member companies certainly agree. The PEP companies purchase Replacement Power and Expansion Power from the New York Power Authority. There are over 100 companies in Western New York that have allocations of Replacement Power and Expansion Power. According to a June 26, 2008 press release issued by Governor Paterson, “[t]he Niagara Project is directly linked to more than 46,000 jobs on the Niagara Frontier...and \$2 billion in annual payroll.” (June 26, 2008 press release “Governor Paterson Announces Hydropower Allocations to Three Western New York Businesses”).

The Replacement Power and Expansion Power programs have proven to be highly successful in the creation and retention of businesses in Western New York. The 2009 New York State Energy Plan Report should recognize that the Replacement Power and Expansion Power programs are vitally important to the Western New York economy and should recommend the extension of all of the current Replacement Power and Expansion Power contracts.

The current Replacement Power and Expansion Power customers, most of which are manufacturers, are the backbone of the Western New York economy. The creation of new jobs in the manufacturing sector in New York State is very limited. Thus, it is essential that the State retain the manufacturers that purchase Replacement Power and Expansion Power. The State should encourage the manufacturing firms that purchase Replacement Power and Expansion Power to stay in New York by ensuring that the low-cost hydropower will continue to be available to them on a long term basis.

For the PEP companies and the many other Replacement Power and Expansion Power customers, it is low-cost hydropower that attracted them to the Buffalo Niagara region and it will be the continued availability of low-cost hydropower on a long term basis that will make it possible for them to continue to operate in Western New York. The economic benefits provided by these businesses in terms of payroll, taxes, capital investment, and the multiplier effect of both suppliers and customers located in New York State are directly linked to the availability of their current Replacement Power and Expansion Power allocations.

CONCLUSION

PEP urges the Planning Board to recommend in the 2009 New York State Energy Plan that all of the current Replacement Power and Expansion Power contracts be extended.

Dated: May 15, 2009

Respectfully,

Barbara S. Brenner (bbrenner@whitebrenner.com)

Counsel for Power for Economic Prosperity