



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

DAVID A. PATERSON
GOVERNOR

August 3, 2009

Dr. Steven Chu
Secretary of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: Smart Grid Investment Grant Program (DE-FOA-0000058)
Smart Grid Demonstration Program (DE-FOA-0000036)

Dear Secretary Chu:

On July 27, the New York State Public Service Commission (Commission) issued an order approving a wide-range of advanced smart grid initiatives, with a total cost of approximately \$825 million, proposed by the six major investor-owned electric utilities in New York, including: Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., National Grid, New York State Electric and Gas Corporation, Rochester Gas and Electric Corporation, and Central Hudson Gas and Electric Corporation.

After a rigorous regulatory review, the Commission approved ratepayer-matching funding of approximately \$390 million, with the expectation that this commitment will place New York electric utilities in an appropriate position at the Department of Energy (DOE) to secure a portion of the available smart grid competitive grants, as provided in the American Recovery and Reinvestment Act (ARRA).

Considering that the ARRA was signed into law less than six months ago, and the DOE's final guidance documents for these programs were released on June 25, the Commission's swift action in approving projects of this magnitude is unique and unprecedented. This action underscores New York's strong commitment to creating a clean-energy economy through investments in the smart grid, clean-energy technologies, and energy efficiency programs.

In addition to the utility proposals being submitted, the Long Island Power Authority (LIPA) and the New York Power Authority (NYPA) also plan to submit proposals in response to DOE's smart grid competitive grant programs, including LIPA's proposal to create the Smart Energy Corridor which was announced in May. That project will demonstrate smart metering; distribution and substation automation; the integration of renewable energy storage, and demand response; cybersecurity testing of smart grid devices; and a training program. NYPA is submitting a proposal, in collaboration with the New York Independent System Operator, to provide a high speed fiber-optic communication backbone to support future smart grid applications that will enable optimization of grid operations and enhance situational awareness to minimize system disruptions.

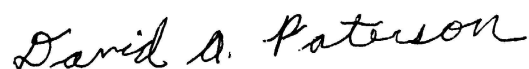
Earlier this year, I called for 45 percent of the New York's electricity needs to be met through improved energy efficiency and renewable energy by 2015. This aggressive plan expands upon existing programs, and will act as a catalyst for developing clean-energy industries in New York. By adopting this ambitious but achievable clean-energy goal, we have set New York on a path to become a global leader in a new economy based on knowledge, technology and innovation. Investment in the proposed advanced smart grid initiatives will provide an instrumental tool for accomplishing New York's energy efficiency and renewable energy goals by enabling customer demand response through smart meters and appliance controls and by providing electric grid optimization to enable interconnection of renewable resources.

The development of a smart grid system is just one of the economic development steps I announced in June in my "Bold Steps to the New Economy Jobs Plan." The plan is designed to drive economic recovery in the fields of energy, environmental protection, technology and health care. I appreciate the value of attracting clean-technology businesses to the State, creating green jobs, boosting the economy and protecting the environment.

To ensure the potential promise of the smart grid is realized, the New York State Smart Grid Consortium, Inc. has been created. The mission of this new not-for-profit organization, comprised of government, industry, utility, universities, and consumers is to develop a strategic smart grid vision and assist in the deployment of secure, efficient, and reliable smart grid technologies in New York. This unique collaborative brings together all facets of the electric power sector in order to implement a robust smart grid system that adheres to a well coordinated and phased long-term strategy.

In closing, I wish to express my support for all of these proposed projects to deploy smart grid technologies in New York. The smart grid will provide direct benefits to energy consumers, create new jobs in New York to support the new economy, and support the state's clean-energy goals. I hope that DOE will provide the necessary funding for these worthy initiatives.

Sincerely,

A handwritten signature in black ink that reads "David A. Paterson". The signature is written in a cursive, slightly slanted style.

David A. Paterson