

C.U.R.E.

Communities United for Responsible Energy

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Labor Community Advocacy Network
to Rebuild New York

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May 8, 2003

The Honorable George Pataki
Governor of the State of New York
The Capitol
Albany, New York 12224

The Honorable Michael Bloomberg
Mayor of the City of New York
City Hall
New York, New York 10007

Re: Liberty Bonds and Energy

Dear Governor Pataki and Mayor Bloomberg:

This letter is submitted on behalf of Communities United for Responsible Energy (CURE), the Labor Community Advocacy Network (LCAN), the Liberty Bonds Housing Coalition and the Rebuild Coalition with a Spotlight on the Poor. CURE is a citywide coalition of community-based organizations working for an equitable, economically viable, and environmentally sound energy policy for New York City and New York State. Specifically, CURE has been active with respect to issues related to the State Energy Plan and to power plant siting in low-income communities and communities of color. Recently, we learned that the City and/or the State are considering the use of Liberty Bonds to finance power plants. CURE, LCAN, the Liberty Bonds and Rebuild Coalitions would strongly oppose these monies going to private energy developers to build fossil fuel fired merchant plants, which are almost exclusively sited in poor neighborhoods of color as a 2001 study by the New York Power Authority demonstrated.

The purpose of the federal legislation establishing the eight billion dollar Liberty Bond program was to provide tax incentives and financing first to encourage the rebuilding of downtown and then to assist in revitalizing the economy throughout New York City. See Job Creation and Worker Assistance Act of 2002, Public Law 107-147, Title III, amending the Internal Revenue Code of 1986 by adding new Section 1400L. As a legal matter, the newly enacted legislation prohibits use of these bonds to finance power

plants outside what is designated as the New York Liberty Zone (the Zone). The Zone covers a significant portion of the downtown area south of Canal Street.

Outside the Zone, bond financing of up to \$2 billion may be used only for non-residential development if that development provides at least 100,000 square feet of “usable office or other commercial space.” Internal Revenue Code, Section 1400L(d)(4)(B). While energy is certainly required for increased commercial activity, the bonds were not intended for financing merchant industrial facilities such as power plants. The bonds, however, may be available for distributed energy projects, such as fuel cells or photovoltaic equipment, associated with high performance building design. Use of the bonds for “green” design would certainly be in sync with the Mayor’s statement that the Liberty Bond Program seeks to “encourage environmentally responsible design and construction.”¹ In addition, Liberty Bond financing could be used to encourage green commercial facilities that produce, assemble or install renewable energy and/or energy efficiency technologies.

Accordingly, CURE and our fellow coalitions would support City and State investment in projects promoting clean distributed energy, development of renewable sources, and energy efficiency. In addition to an increased energy supply, such investment would:

- provide permanent New York jobs (solar, wind and energy efficient technologies create two to five times more jobs per dollar than fossil fuel fired power plants),
- make New York State a leader in the technologies of the future,
- respond to reliability and pollution problems of existing generating facilities in New York City,
- reduce reliance upon nuclear generated capacity produced at Indian Point, currently the subject of significant public opposition on both environmental and security grounds, and
- demonstrate New York's commitment to make the City an even better place to live and do business.

It is our understanding that the City is close to completing a draft energy plan for the City. Strategic use of the Liberty Bonds to encourage energy efficiency and the development of renewable sources of energy in the rebuilding of our magnificent city would be a testament to the true New York spirit - creative, innovative, forward-looking, and financially astute. Representatives of CURE, LCAN, the Liberty Bonds and Rebuild Coalitions would appreciate an opportunity to meet with you and appropriate staff from

¹ Even if the legislation could be interpreted to include the construction of a free standing electric generating facility, as a policy matter, it would be completely inappropriate to allow private energy developers to take advantage of these tax-payer supported bonds. The only exception to this rule might be to encourage true repowering projects where a new, cleaner, more efficient facility would replace an older, more polluting facility, resulting in a significant decrease in emissions at the existing site.

your respective offices to discuss further the Liberty Bond Program and related energy policy. As we have all learned through the downtown design process, meaningful public participation in decision-making processes significantly advances the chance of success.

Thank you for your attention to this important matter. We look forward to hearing from you shortly in order to schedule a meeting date.

Sincerely,

Gail Suchman/Eddie Bautista	New York Lawyers for the Public Interest
Timothy Logan/Mathy Stanislaus	NYC Environmental Justice Alliance
Lois Sturm	East River Environmental Coalition
David Kallick	Labor-Community Advocacy Network
Susan Kingsland	Rebuild Coalition with a Spotlight on the Poor
Bettina Damiani	Liberty Bonds Housing Coalition

Cc: Deputy Mayor Dan Doctoroff
Richard Miller, New York City Economic Development Corporation
Esther Fuchs, Mayor's Office
Carl Patka, Energy Staff, Governor's Office
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