



PO Box 700
Jamestown, NY 14702-0700

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NEWS RELEASE: For immediate release

PATAKI VETOES POTENTIAL FUNDING BILL

The Board of Public Utilities has learned that the legislation meant to provide financial support for the development of the BPU's proposed 40 MW clean coal project has been vetoed by Governor George Pataki.

The legislation, sponsored by Sen. Catharine Young and Assemblyman William Parment, was passed overwhelmingly by both the New York State Senate and the New York State Assembly at the end of June.

The bill was structured to provide financial support for the construction of the proposed 40 MW CFB plant; the legislation used the definitions established in economic development state law to provide support for "clean energy research and development enterprises".

Under the definitions provided in the law, a "clean energy research and development enterprise" is defined as "any electric generation facility that used pulverized coal technology, circulating fluidized bed technology, or integrated gasification combined cycle technology and that is capable of capturing carbon dioxide for sequestration or capable of being retrofitted to capture carbon dioxide for sequestration."

This language provides empire zone designation and empire zone program benefits for electric generating facilities developed using the identified technologies. These provisions were developed to advance the program goals of Governor Pataki's "Clean Coal" initiative, a program to advance the development of clean coal technology in New York State.

As the only clean coal project currently under regulatory review in New York State, the BPU's proposed project meets both the Governor's program objectives and the definition of eligible technology as defined in the budget language. However, as a municipal utility, the BPU is ineligible to receive any of the eight benefits investor-owned utilities could avail themselves of under the current Empire Zone program structure. The legislation would have enabled the BPU to receive one of the eight benefits that are available to any private utility developing a CFB clean coal project.

More than fifty letters of support were sent to Governor Pataki from all sectors of the Jamestown community and the region urging his support for this proposal. The community support for this project, the endorsement of the New York State Senate and Assembly, and the support indicated by energy policymakers in Albany have reinforced the resolve of the BPU Board to advance this proposed project for the benefit of the community.

"Needless to say," said BPU Board Chairman John Zabrodsky, "We are very disappointed that the Governor has chosen to veto financial support for the first significant power plant construction, utilizing proven clean coal technology, to occur in New York in 20 years. The Board is committed to providing low cost power to this community and we have developed an excellent project to do just that. We will now have to pursue other avenues of economic support to further the project."

In ongoing discussions with both Sen. Young and Assemblyman Parment, the BPU Board of Directors has indicated a continuing commitment to this proposal and a willingness to continue collaboration with the regulatory and legislative participants in Albany to advance the effort to secure support for the project.

Wally Haase, BPU General Manager stated, “It is difficult to have the BPU denied the same funding for a very worthwhile project that could be accessed by any investor-owned utility for their project. The Governor’s veto means we will have to work that much harder and be that much more innovative to fund the BPU clean coal project.”