

**Energy Efficiency Conservation Block Grant Proposal Project Narrative
New York State Partnership for Innovative Financing of Energy Efficiency Retrofits**

New York State Energy Research and Development Authority

Letters of Support



Martin Cook
Vice President
Energy Management

December 10, 2009

**VIA ELECTRONIC MAIL AND
FEDEX OVERNIGHT DELIVERY**

Mr. Francis J. Murray, Jr., President and CEO
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203-6399

**Re: ENERGY EFFICIENCY AND CONSERVATION
BLOCK GRANT PROPOSAL**

Dear Mr. Murray:

Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid" or the "Company") supports the proposed application by the New York State Energy Research and Development Authority ("NYSERDA") for the U.S. Department of Energy ("DOE") Energy Efficiency and Conservation Block Grant ("EECBG") program that will provide funding to leverage new and existing programs for the demonstration of innovative financing mechanisms to encourage energy efficiency retrofits in buildings in New York. National Grid hereby agrees to participate as a partner with NYSERDA for the On-Bill Recovery Pilot (the "On-Bill Pilot"), one of the three types of energy efficiency financing pilots proposed for demonstration by NYSERDA should it be successful in receiving a DOE grant.

National Grid believes the On-Bill Pilot provides an opportunity to explore the implementation of innovative tools that could increase participation in energy efficiency programs by providing customers with an alternative to finance energy efficiency improvement project costs over time. In many cases, the initial cash outlay required by the customer is a barrier to participation in energy efficiency programs. The Final On-Bill Financing Report submitted by the Department of Public Service Staff on October 30, 2009 in Case 09-M-0465¹ concluded by stating:

"Given the Legislature's directive to NYSERDA to solicit proposals for innovative financing mechanisms for energy efficiency measures, support of and participation in that process may be the best approach for interested parties to further explore the possibility of on-bill financing at this time."

National Grid, as a proposed On-Bill Pilot partner and sub-recipient under the EECBG program with NYSERDA, has estimated that the Company will require \$400,000² to configure and

¹ See Case 09-M-0465 – *Proceeding to Consider a Pilot On-Bill Financing Program of KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island*, On-Bill Financing Report, October 30, 2009, at 28.

² This estimate does not include additional requirements that would be imposed by a program design that includes a meter-based obligation and/or third party financing.

upgrade the legacy Niagara Mohawk customer information system in order to handle an on-bill repayment pilot program for electric and gas residential and small commercial customers. This money will be used to fund the anticipated cost for system configuration and upgrade will result in the following enhancements:

- Capability of mapping dollars collected for the On-Bill Pilot to the Company's general ledger
- Inclusion of new bill print line on customer bill stating "On-Bill Recovery Payment"
- Ability to set-up on-bill payment obligation on new account
- Ability to automatically generate "letter to customer" under a new account set-up
- Ability to record unbilled installments under customer account termination
- Ability to show pro-rated installment on final bill under customer account termination
- Ability to generate reports on outstanding balances, non-payments, partial payments, > 30 days in arrears, >180 days in arrears
- *InDemand* (energy efficiency participation workflow tracking system) program software upgrade including requirements gathering, system coding, testing and implementation

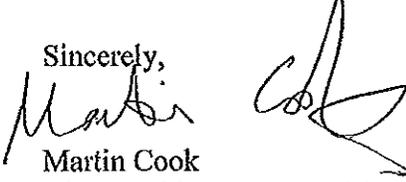
Based on the estimated scope and size of the On-Bill Pilot as proposed by NYSERDA, National Grid has opted not to utilize an Electronic Data Interchange ("EDI") for transferring On-Bill Pilot participant payment information to NYSERDA's selected third party lending provider at this time. National Grid has determined that utilizing other file transfer mechanisms for monthly On-Bill Pilot customer data transfers will be adequate. As such, NYSERDA's third party lending provider will receive those payments collected from customers via an aggregated monthly payment using current National Grid vendor payment practices.

Under the On-Bill Pilot as proposed by NYSERDA, National Grid assessed potential residential and small commercial electric and gas On-Bill Recovery Pilot participants based on the Company's experience to date with Energy Efficiency Portfolio Standard ("EEPS") programs in the upstate New York service territory. National Grid estimates that under the gas High Efficiency Heating, Water Heating and Controls Program, there is a potential of approximately 1,800 eligible residential participants annually, who could also be eligible for the On-Bill Pilot for 2010 and 2011, respectively. In addition, under the electric High Efficiency Central Air Conditioning Program³, there is an estimated 550 residential participants annually, who could also be eligible for the On-Bill Pilot for 2010 and 2011.

National Grid has also assessed potential On-Bill Pilot participation by its small commercial customers. Based on the expected level of customer participation developed from savings goals under the Company's Energy Initiative Programs (electric and gas), which have been approved by the New York Public Service Commission to be launched in January 2010, National Grid estimates that approximately one half of the expected participants, or 600 business customers in each year have 100 employees or less and , therefore, fit NYSERDA's criteria.

³ High Efficiency Central Air Conditioning Program is awaiting approval by the New York Public Service Commission for program years 2010 and 2011.

National Grid welcomes the opportunity to participate with NYSERDA in this worthwhile endeavor and looks forward to being able to test the proposed On-Bill Pilot which has the potential to increase participation in the state's energy efficiency efforts and help New York State achieves its ambitious energy use reduction and climate change policy goals.

Sincerely,

Martin Cook
Vice President - Energy Management

cc: Janet Gail Besser via electronic mail
Tim Stout via electronic mail;
Carol White via electronic mail
Catherine Nesser via electronic mail
Cathy Hughto-Delzer via electronic mail

TOWN OF BEDFORD
OFFICE OF THE SUPERVISOR

Lee V. A. Roberts
Supervisor

Peter Chryssos
Deputy Supervisor

Marcy W. Marchlano
Secretary to Supervisor



TOWN BOARD
Peter Chryssos
Francis Corcoran
Chris Burdick
David Gabrielson

December 11, 2009

Mr. Francis J. Murray, Jr.
President and CEO
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203-6399

Re: ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROPOSAL

Dear Mr. Murray:

The Town of Bedford supports the proposed application by the New York State Energy Research and Development Authority ("NYSERDA") for the U.S. Department of Energy ("DOE") Energy Efficiency and Conservation Block Grant ("EECBG") program that will provide funding to leverage new and existing programs for the demonstration of innovative financing mechanisms to encourage energy efficiency retrofits in buildings in New York. The Town of Bedford hereby agrees to participate as a partner with NYSERDA for the Property Assessed Clean Energy (PACE) loan program, one of the three types of energy efficiency financing pilots proposed for demonstration by NYSERDA should it be successful in receiving a DOE grant.

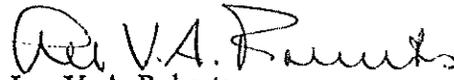
The Town of Bedford sees benefits in becoming a partner to NYSERDA to secure funding for the implementation of a PACE loan program. The Town of Bedford has demonstrated leadership in advancing the PACE model in New York State. Representatives of the town won passage of a home rule exemption from the New York State Legislature which amended the general municipal law so as to make possible the creation of a PACE loan program within the town's boundaries. Bedford's detailed planning and strong advocacy has since contributed to the passage of statewide legislation, authorizing any willing municipality to create and administer PACE loan programs. As a result, Bedford's loan program is positioned to serve as a pilot effort for broader deployment throughout the Northern Westchester Energy Action Coalition (NWEAC), an alliance of fourteen municipalities in Northern Westchester County.

The Town Of Bedford aims to leverage NYSERDA's Home Performance with Energy STAR (HPwES) program for the delivery of technical services in conjunction with its PACE loan fund. Bedford's program will receive the full benefit of award winning program design, robust quality assurance infrastructure and an active partnership with agency staff providing perspective and support from the nation's longest running Home Performance program. NYSERDA will coordinate program marketing efforts with Bedford officials, and in conjunction with the HPwES program make available to its contractors marketing support from a cost sharing cooperative advertising fund. Additionally, outreach coordinators working under NYSERDA's Energy Smart Communities program will continue to provide marketing and public education services in support of Bedford's program.

Working together, NYSERDA's HPwES program and Bedford's PACE program will advance the State's energy goals called out by Governor Patterson's "45 by 15" plan, and reinforced by the recently updated State Energy Plan; to meet 45% of New York State's electricity needs through clean renewable energy and improved energy efficiency by 2015.

The Town of Bedford welcomes the opportunity to participate with NYSERDA in this worthwhile endeavor and looks forward to demonstrating the potential to increase participation in the State's energy efficiency efforts and help New York State achieve its ambitious energy use reduction and climate change policy goals.

Sincerely,


Lee V. A. Roberts

December 10, 2009

Mr. Francis J. Murray, Jr.
President and CEO
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, New York 12203-6399

**Re: ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT
PROPOSAL**

Dear Mr. Murray:

The Rockefeller Foundation supports the application by the New York State Energy Research and Development Authority ("NYSERDA") for the U.S. Department of Energy ("DOE") Energy Efficiency and Conservation Block Grant ("EECBG") program that will provide funding to leverage new and existing programs for the demonstration of innovative financing mechanisms to encourage energy efficiency retrofits in buildings in New York.

NYSERDA proposes to demonstrate three financing approaches: Property Assessed Clean Energy (PACE) loans, On-Bill Recovery, and third-party loans that will allow consumers to select the financing method that works best for them. Each of these approaches requires the ability to access the credit or capital markets to establish a Revolving Loan Fund that can make funds available at low-interest rates. NYSERDA is well positioned to accomplish this task with years of experience implementing innovative energy efficiency programs and issuing bonds on behalf of utilities for capital projects.

The Rockefeller Foundation, in coordination with several other foundations, is interested in exploring the potential for investing Program Related Investment (PRI) funds to assist NYSERDA's efforts to establish the Revolving Loan Fund. The PRI funds could be used as part of a loan guarantee or as a low-interest rate component of the Revolving Loan Fund.

The Rockefeller Foundation welcomes the opportunity to work with NYSERDA in this important endeavor and looks forward to demonstrating the potential for innovative financing approaches to increase participation in energy efficiency efforts that can be replicated in communities across the country.

Sincerely,



Brinda Ganguly
Rockefeller Foundation, Associate Director



333 Earle Ovington Boulevard, Suite 403
Uniondale, NY 11553
(516) 222-7700 • Fax (516) 222-9137
<http://www.lipower.org>

December 10, 2009

Ms. Claire Johnson, Acting Director
Weatherization and Intergovernmental Programs
and
Mr Mark Bailey, Program Manager
Energy Efficiency and Conservation Block Grant Program

Re: New York State Energy Research and Development Authority
DOE Retrofit Ramp-Up Application

Dear Ms. Johnson & Mr. Bailey:

I am writing to express the Long Island Power Authority's (LIPA) support for the initiative put forth by the New York State Energy Research and Development Authority (NYSERDA). By bringing this program to scale across New York State, customers throughout LIPA's service area, which includes approximately 3 million people on Long Island and in New York City, has the potential to achieve significant reductions in their energy use and greenhouse gas emissions, as well as the potential for lower bills. This grant could mean that tens of thousands of homeowners, businesses and targeted communities will reap significant fiscal and environmental benefits. Moreover, the program will create or retain hundreds of jobs both directly and indirectly, providing a much needed stimulus to our local, regional and state economy.

LIPA supports this statewide strategy for residential and commercial retrofits across our service area as it could result in great benefits to LIPA's customers. We have already been coordinating our substantial residential and commercial energy efficiency and renewable power programs with NYSERDA and Long Island's municipalities, including the Town of Babylon's groundbreaking Long Island Green Homes program, and we will expand this partnership if the grant is awarded to NYSERDA.

We look forward to integrating LIPA's "Efficiency Long Island" program with NYSERDA's programs, thereby leveraging funds to the advantage of LIPA's customers. LIPA will also cross-promote and market NYSERDA's program through LIPA's website, www.lipower.org. If NYSERDA is successful in its application, this could have the following impacts:

- Funding to utilities to upgrade systems for on-bill recovery;

- Long Island's smaller municipalities could compete for the \$18 million NYSERDA would control to start their own municipal sustainable energy loan programs;
- Long Island's larger municipalities could compete for the \$5 million NYSERDA would control to start their own municipal sustainable energy loan programs, and;
- All Long Islanders could access the Green Jobs/Green New York fund that will be expanded through this application.

LIPA's proposed budget for 2010 for Efficiency Long Island and our renewable programs for 2010 is approximately \$74,000,000 and projects -- pending the Board of Trustees approval of the respective annual budget -- greatly increasing funds for these programs in the following two years, as further leverage for NYSERDA's program.

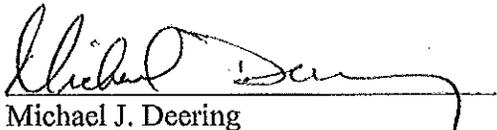
LIPA will also assist the NYSERDA by continuing to update and improve our systems for reporting, evaluating, and transmitting energy usage data back to retrofit providers. This will include smart meters and other technical innovations that are becoming available on the market, which will assist NYSERDA in obtaining performance data sought by the United States Department of Energy.

Further, LIPA has made a commitment to providing Building Performance Institute (BPI) training for contractors who wish to create or expand their businesses to be certified to provide the audits and the energy efficiency improvements. We intend to continue this training effort and will coordinate our efforts with NYSERDA in an effort to stimulate jobs in this industry.

We encourage you to provide funding for NYSERDA's initiative under the Retrofit Ramp-Up Program.

Thank you.

Sincerely,



Michael J. Deering
Vice President of Environmental Affairs

Cc: Honorable U.S. Congressman Steve Israel
Kevin Law, LIPA
Francis Murray, NYSERDA
Hal Brodie, NYSERDA

ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROPOSAL PROJECT SUMMARY

PROJECT TITLE: New York State Partnership for Innovative Financing of Energy Efficiency Retrofits

APPLICANT: New York State Energy Research and Development Authority (NYSERDA), on behalf of New York State, in partnership with New York City, the Town of Bedford and National Grid

PROJECT DIRECTOR: Jeffrey J. Pitkin, Treasurer, NYSERDA

The New York State Partnership is proposing to leverage new and existing energy efficiency retrofit and finance programs to create large-scale, sustainable approaches to financing energy retrofits across the State. The project includes separate, but coordinated, efforts among the partners to offer three distinct energy efficiency financing mechanisms to New Yorkers. By providing three financing mechanisms, *i.e.*, property assessed clean energy (PACE) loans, credit-enhanced bank loans and on-bill recovery loans, the Partnership will allow consumers to select the finance method that works best for them and will also produce information on consumer receptivity and program effectiveness for the benefit of energy efficiency program administrators across the State and the nation.

Taking advantage of New York's recently passed Municipal Sustainable Energy Loan program legislation, New York City will set up a Local Development Corporation to administer a Property Assessed Clean Energy (PACE) financing program and provide, through its neighborhood-based program partners, ground-level marketing, outreach, and coordination services to building owners to help them undertake audits and retrofits and identify available financing sources. NYSERDA will competitively solicit additional large and small municipalities interested in establishing PACE loan programs and will subgrant EECBG funds to those selected. The Town of Bedford will demonstrate the implementation of a leveraged PACE program by a small municipality. NYSERDA will also use the EECBG grant to leverage and help fund the State's Green Jobs – Green New York program under which NYSERDA will offer consumers energy efficiency retrofits financed by PACE loans, bank loans or on-bill recovery. National Grid will pilot on-bill recovery in New York.

The objectives of the partners include creating replicable and sustainable energy retrofit programs, supporting municipal PACE programs, demonstrating on-bill recovery programs in New York, leveraging EECBG grant funding and achieving verifiable economic, environmental and energy benefits.

The New York State Partnership will achieve an overall leveraging of EECBG funds of approximately 6 to 1 and, during the project period, will retrofit 29,800 buildings, saving consumers \$73 million on their energy bills, creating 6,293 jobs and reducing carbon dioxide emissions by 447,000 metric tons.

Applicant Name: NYSERDA

Award Number: _____

Budget Information - Non Construction Programs

OMB Approval No. 0348-0044

Section A - Budget Summary						
Grant Program, Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1. NYSERDA GJGNY	81.128			\$8,000,000		\$8,000,000
2. NYSERDA PACE	81.128			\$27,000,000		\$27,000,000
3. NYC PACE	81.128			\$40,000,000		\$40,000,000
4.						\$0
5. Totals		\$0	\$0	\$75,000,000	\$0	\$75,000,000
Section B - Budget Categories						
6. Object Class Categories	(1)	Grant Program, Function or Activity		(4)	(5)	Total (5)
		(2)	(3)			
a. Personnel		\$838,000				\$838,000
b. Fringe Benefits		\$572,000				\$572,000
c. Travel		\$30,000				\$30,000
d. Equipment						\$0
e. Supplies						\$0
f. Contractual		\$73,000,000				\$73,000,000
g. Construction						\$0
h. Other						\$0
i. Total Direct Charges (sum of 6a-6h)		\$74,440,000	\$0	\$0		\$74,440,000
j. Indirect Charges		\$560,000				\$560,000
k. Totals (sum of 6i-6j)		\$75,000,000	\$0	\$0		\$75,000,000
7. Program Income						\$0

Section C - Non-Federal Resources					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) Totals	
8.					\$0
9.					\$0
10.					\$0
11.					\$0
12. Total (sum of lines 8 - 11)	\$0	\$0	\$0		\$0

Section D - Forecasted Cash Needs					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th quarter
13. Federal	\$15,143,940	\$366,668	\$4,525,758	\$5,125,757	\$5,125,757
14. Non-Federal	\$0				
15. Total (sum of lines 13 and 14)	\$15,143,940	\$366,668	\$4,525,758	\$5,125,757	\$5,125,757

Section E - Budget Estimates of Federal Funds Needed for Balance of the Project				
(a) Grant Program	Future Funding Periods (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. NYSERDA GJGNY	\$3,183,333	\$333,333		
17. NYSERDA PACE	\$12,068,803	\$14,597,863		
18. NYC PACE	\$14,836,364	\$14,836,364		
19.				
20. Total (sum of lines 16-19)	\$30,088,500	\$29,767,560	\$0	\$0

Section F - Other Budget Information	
21. Direct Charges	
22. Indirect Charges	

23. Remarks	
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Instructions for the SF-424A

Public Reporting Burden for this collection of information is estimated to average 3.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Please do not return your completed form to the Office of Management and Budget; send it to the address provided by the sponsoring agency.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the later case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a single Federal grant program (Federal Domestic Assistance Catalog number) and not requiring a functional or activity breakdown, enter on Line 1 under Column (a) the catalog program title and the catalog number in Column (b).

For applications pertaining to a single program requiring budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the catalog program title on each line in Column (a) and the respective catalog number on each line in Column (b).

For applications pertaining to multiple programs where one or more programs require a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Columns (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5—Show the totals for all columns used.

Section B. Budget Categories

In the column headings (a) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Lines 6a-i—Show the totals of Lines 6a to 6h in each column.

Line 6j—Show the amount of indirect cost.

Line 6k—Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7—Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program narrative statement the nature and source of income. The estimated amount of program income may be considered by the federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11—Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a)—Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b)—Enter the contribution to be made by the applicant.

Column (c)—Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d)—Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e)—Enter totals of Columns (b), (c), and (d).

Line 12—Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f) Section A.

Section D. Forecasted Cash Needs

Line 13—Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14—Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15—Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19—Enter in Column (a) the same grant program titles shown in Column

(a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper column amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20—Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21—Use this space to explain amounts for individual direct object-class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22—Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23—Provide any other explanations or comments deemed necessary.



U.S. Department of Energy

National Energy Technology Laboratory



September 30, 2009

RECEIVED

OCT 02 2009

NYSERDA FINANCE

Peter V. Mahar, Controller & Assistant Treasurer
New York State Energy Research & Development Authority
17 Columbia Circle
Albany, NY 12203

Subject: Provisional Indirect Rate Agreement for Fiscal Year 2010

Dear Mr. Mahar:

As the cognizant U.S. Department of Energy (DOE) office for your organization, we have approved provisional billing rates per the attached indirect cost rate agreement. In accordance with applicable Federal regulations (FAR 42.7 and/or 10 CFR 600.103) governing indirect cost rates for your award(s), billing rates are not to be construed as determinative of the indirect costs to be distributed or of the bases of distribution to be used in the final settlement of your award(s).

Please confirm your acceptance of the terms and conditions of this rate agreement by having it signed by the appropriate authorized official. **Upon obtaining the required signatures, please return an original copy of the document to this office** (two copies with original signatures are enclosed so that you may keep one for your records).

You are expected to monitor the approved billing rates and notify the undersigned Contracting Officer in writing of any substantial change in the indirect rates. Adequate documentation supporting requests for revised billing rates must also be provided.

You are reminded to submit your proposed final indirect cost rates for each fiscal year to the undersigned Contracting Officer no later than six (6) months after the end of that fiscal year. The proposed final rates should be based on actual costs incurred and be supported by adequate cost data.

In compliance with the payment clause of your award(s), we are requesting that you make any appropriate invoice adjustments to reflect the approved provisional billing rates for all active DOE, and other Federal agency, awards. Audit adjustments should be clearly delineated so as to be readily identifiable for verification by auditors. Care should be taken that amounts claimed do not exceed cost limitations or indirect cost rate ceilings contained in any awards.

If you have any questions, please contact me as indicated in the footer below.

Sincerely,

Andrew J. Ferlic
Cognizant Contracting Officer
Indirect Cost Rate Management

Attachment: 2010 Provisional Indirect Rate Agreement



U.S. Department of Energy

National Energy Technology Laboratory



INDIRECT COST NEGOTIATION AGREEMENT
STATE / LOCAL GOVERNMENT

DATE: September 24, 2009

ORGANIZATION:

New York State Energy Research & Development Authority (NYSERDA)
17 Columbia Circle
Albany, NY 12203

FILE REF: Indirect Cost Proposal dated August 4, 2009

PREAMBLE

The purpose of this Agreement is to establish indirect cost rate(s) for use in award and management of contracts, grants and other financial assistance arrangements with the Federal Government to which Office of Management and Budget (OMB) Circular A-87 applies subject to the limitations contained in the Circular and Section II-A, below. The Agreement consists of four parts: I – Rates and Allocation Bases; II – Particulars; III – Special Remarks; and IV – Approvals. The rate(s) were negotiated by the U. S. Department of Energy on behalf of the Federal Government in accordance with the authority cited in Attachment E, Section E of OMB Circular A-87.

SECTION I – RATES AND ALLOCATION BASES

Type	<u>Effective Period</u>		Rate	<u>Coverage</u>	
	From	To		Location	Applicability
Fringe Benefits:					
Provisional	4/1/09	3/31/10	68.42%	All	All Programs
Operating Overhead:					
Provisional	4/1/09	3/31/10	97.21%	All	All Programs
Combined Rate:			165.63%		

ALLOCATION BASE: Direct Labor Dollars

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave and other paid absences are charged against accrual balances as used throughout the fiscal year. Leave time earned is added to the accrual balances on a bi-weekly basis. The net increase or decrease in the value of the accrual balances is accounted for quarterly as a Fringe Benefit cost. This cost is charged to contracts, grants, and other financial assistance agreements through the application of the entity-wide Fringe Benefit rate to direct labor costs incurred under those contractual instruments.

TREATMENT OF OTHER FRINGE BENEFITS:

Other fringe benefits such as mandatory payroll taxes, insurances, and pension costs are included in the Fringe Benefits pool of expenses and are charged to contracts, grants, and other financial assistance agreements through the application of the entity-wide Fringe Benefits rate to direct labor costs incurred under those contractual instruments.

SECTION II – PARTICULARS

1. **SCOPE:** The indirect cost rate(s) contained herein are for use with contracts, grants, and other financial assistance agreements awarded by the Federal Government to the above state or local department or agency and subject to OMB Circular A-87.
2. **LIMITATIONS:** Use of the rate(s) contained in this Agreement is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rate(s) agreed to herein is predicated upon the following conditions:
 - (a) that no costs other than those incurred by the grantee/contractor or allocated to the grantee/contractor via an approved central service cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of the grantee/contractor and allowable under the governing cost principles;
 - (b) that the same costs that have been treated as indirect cost have not been claimed as direct costs;
 - (c) that similar types of costs have been accorded consistent treatment; and,
 - (d) that the information provided by the grantee/contractor which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate.

The elements of indirect cost and the type of distribution base(s) used in computing provisional rates are subject to revision when final rates are negotiated. Also, the rates cited in this Agreement are subject to audit.

3. **CHANGES:** The grantee/contractor is required to provide written notification to the indirect cost negotiator prior to implementing any changes which could affect the applicability of the approved rates. Changes in the indirect cost recovery plan, which may result from changes such as the method of accounting or organizational structure, require the prior written approval of the Department of Housing and Urban Development. Failure to obtain such approval may result in subsequent cost disallowance.
4. **FIXED RATE(S):** Any fixed rate contained in this Agreement is based on an estimate of the cost which will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made in the negotiation following, such determination, to compensate for the difference between that cost used to establish the fixed rate and that which would have been used were the actual costs known at the time.
5. **NOTIFICATION TO FEDERAL AGENCIES:** A copy of this document is to be provided by this organization to other Federal funding sources as a means of notifying them of the Agreement contained herein.

SECTION III - SPECIAL REMARKS

1. Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate cited herein and applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Grants/contracts providing for ceilings as to the indirect cost rates(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. The ceiling rate or the rate(s) cited in this Agreement, whichever is lower, will be used to determine the maximum allowable indirect cost on the grant or contract agreement.
3. The indirect cost rate(s) Section I, above, includes:
 - a. Applicable central service costs allocated through the HHS-approved State-wide Cost Allocation Plan.
 - b. Allocations from the following departmental administration central services:
 - i. Fiscal Agent Fee – Department of Tax & Finance
 - ii. NYS Shared Services Cost Recovery Fee

ACCEPTANCE

BY THE STATE OR LOCAL
GOVERNMENT AGENCY:

NEW YORK STATE ENERGY

RESEARCH + DEVELOPMENT AUTHORITY
(Contractor)


(Signature)

JEFFREY J. PITKIN
(Name)

TREASURER
(Title)

10/6/09
(Date)

BY THE COGNIZANT AGENCY
ON BEHALF OF THE FED GOV:

U. S. Department of Energy
(Agency)


(Signature)

Andrew J. Ferlic
(Name)

Contracting Officer
Indirect Cost Rate Management
(Title)

September 24, 2009
(Date)

(412) 386-4647
(Phone)

Davis-Bacon Act Compliance

When issuing announcements or requesting applications for American Recovery and Reinvestment Act programs or activities that may involve construction, alteration, or repair, the Authority will require that all laborers and mechanics, employed by contractors and subcontractors, on related projects shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor under the Davis Bacon Act, as provided below.

The Authority will include in contracts, when required, the following provisions:

Section __. (1) Minimum wages. (i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii)(A) Any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. An additional classification and wage rate and fringe

benefits therefore will be approved only when the following criteria have been met:

- (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- (2) The classification is utilized in the area by the construction industry; and
- (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the Authority agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the Authority to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, is required to approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the Authority or will notify the Authority within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the Authority do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the Authority shall refer the questions, including the views of all interested parties and the recommendation of the Authority, to the Administrator for determination. The Administrator, or an authorized representative, is required to issue a determination within 30 days of receipt and so advise the Authority or will notify the Authority within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (1)(ii) (B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs